



Weekly Briefing

Romania Social briefing:
2017 summary of main social developments in Romania
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While the economic and political events of the year 2017 in Romania had large visibility, the evolutions in the social area risk going unnoticed, although they represent the translation into practice of the main political and economic decisions of the past years. This paper provides a picture of the social state of Romania's citizens in 2017 and takes a deeper view of the developments in the healthcare system.

1. Romania's position in the EU from a social perspective

Romania managed to obtain the highest economic growth rate in the third quarter of 2017 among the EU member states. In 2016, it achieved the second largest GDP rate, of 4.6%, after Malta (5.5%), more than twice over the EU performance (2%). Still, the statistics are not yet reflected in the material welfare of the population. A recent release of the European Commission indicated that half of the population in Romania, namely one in two citizens, suffered from material and social deprivation in 2016. Romania's level of material deprivation is more than three times higher than the EU average and it even surpasses Bulgaria, the country with the lowest level of GDP per capita.

The deprivation level is correlated with the educational attainment level: almost two thirds of population with less than primary and lower secondary education have deep social difficulties, almost 46% of those with upper secondary and non-tertiary education have a similar state, while 15% of the population with tertiary studies share similar conditions. Unfortunately, Romania is confronted with several major problems in education. The rate of school dropout is increasing since 2013 and reached 18.5% in 2016, almost twice the EU average of 10%. The share of higher education graduates was 25.6% in the same year, below the EU average of 39%. Progress is hard to be made because the budget for education was only 3.1% of GDP in 2017, as compared to an average of 4.9% of GDP at the European level. Such

circumstances risk to perpetuate the poor state of population, especially in the rural areas, and to further encourage the migration of population.

For overcoming the deprivation issues, the Government plans to have another increase of the minimum wage in 2018. Other increases are already announced for the minimum child allowance and the minimum pension. The European funds are an opportunity for dealing with such problems, but the absorption rate in Romania is quite low. The actual absorption rate, representing the amounts reimbursed by the European Commission, is only 6.5% at the end of this year. The disparities between the member states are important, and the next step for Romania is to bridge these gaps by a solid investment strategy, a deeper increase of the EU funds absorption, the creation of new jobs by ensuring stability and predictability in the business and especially in the fiscal environment. The ultimate goal of Romania should be the convergence of population's living standard.

2. Crisis in the healthcare system

The healthcare system faced severe problems in 2017, most of them given to the shortcuts in the pharmaceutical industry, the difficulties in the management of the crises and the lack of the healthcare personnel. The outcome affected patients' access to treatments.

•The measles epidemic

While the measles epidemic grieved 15 other EU countries, Romania was the most affected. In Romania, the measles epidemic started in February 2016 and, according to an official report, until mid-July 2017 there were over 8,240 cases of measles, out of which 32 deaths. More than three quarters of the total number of infectious diseases were registered this year. The measles had a large spread across the whole country, but it was more intense especially in the counties where a little over 50% of the eligible children were vaccinated. The official report notices that the mortality rate, of 4 deaths in 1,000 cases, is double as compared to the one known from the specialty literature. There are

two causes that overlapped and led to this situation: the first one is the parents' refusal in accepting the vaccine for their children, while the second one is the periodic absence of the vaccine.

While in the last years, Romania had no problems in ensuring the needed quantity of vaccines, the vaccine crisis started in 2016, when the producer lost its production and commercialization authorization in the EU. Since 2017, the vaccine supply was hampered by the incapacity of the two existing producers to provide the needed product.

At the same time, Romania is known as a country where the anti-vaccination movement grew in the last years. Parents' reticence in vaccinating children in Romania caused a continued decrease of the immunization rate, from 95% in 2007 to an average of 86% at present. An immunization rate of more than 95% is considered necessary by the World Health Organization to prevent the emergence of new epidemic outbreaks.

As a reaction to the situation in the last period, the Romanian Government took the initiative to increase population's level of information related to the benefits of vaccination. In addition, the law establishing the obligation of children vaccination was adopted in October this year. Children will not be admitted to kindergartens and schools without having the mandatory vaccines, while parents opposing vaccination could be fined. In addition, the normative act establishes the constitution of a reserve of vaccines, at least equal to the annual requirements, with a minimum validity of 18 months. In this way, Romania joined the other 17 EU member states where vaccination for childhood diseases is compulsory.

•The immunoglobulin crisis and the potential crises of other drugs

Immunoglobulin is used as drugs in immunotherapy and is indispensable to patients with certain autoimmune disorders; in Romania, there are around 500 patients who are currently treated with immunoglobulin. In 2016, following a Government decision, the immunoglobulin was introduced on the list of essential drugs. Still, due to the low number of patients, the profit of the

producers who deliver the drug in Romania is reduced. Moreover, the drug is compensated; therefore the price is established by the Government. Last year, the Government decided to have a small increase in the price, set by the average of the three EU countries with the lowest price, for motivating these producers to provide the drug on the Romanian market. After the Government change at the beginning of the year, the actual minister decided to eliminate the immunoglobulin from the list of essential drugs. This led to a gradual withdrawn of the producers from the Romanian market because of the low prices, therefore the needed drugs have disappeared.

In July-August, the hospitals announced the lack of sufficient immunoglobulin stocks for their patients. Moreover, a similar situation was signalled by the patients, because the drug was missing from the medicines market. The situation was prolonged in the next three months, while in November the Health Minister announced the supply of immunoglobulin doses. The provision was enough for only 20% of the patients undergoing treatment, while the following doses are expected to be delivered in January. A quick solution of the Government for bringing the drug producers back was to eliminate the clawback tax for two years for the immunoglobulin medicines. The tax applies to all producers who deliver their drugs in Romania. While this is a temporary solution, it risks to become a precedent and to extend this requirement to all drug producers, for ensuring a higher profit. Still, this is a practice adopted by the EU member states for the medicinal products derived from plasma and blood.

The important increase of the clawback tax in the last year risk to become an impediment in providing cheap drugs in Romania. Over 60% of the 2,300 medicines that may disappear from the market in the next period are drugs that cost less than 25 lei (almost 5.5 euro). Moreover, in the last year and a half, over 450 notifications regarding the temporary or the permanent lack of medicines were registered to the competent authority, due to manufacturing or commercial reasons.

Romania failed the opportunity to host the European Medicines Agency, the regulatory body for the single market for medicines, after the reorganization of the institution caused by the United Kingdom decision to leave the EU in 2019. While Bucharest was considered one of the best candidates in Eastern Europe due to its accessibility and the quality of the educational system in medicine, it failed to provide the needed social conditions for the agency's employees, such as the access to the labour market and to the social and medical services.

The way in which the authorities dealt with these crises in covering the treatment necessities for the patients indicate a need for improving the management skills.

•Crisis of the healthcare personnel

The migration of doctors and nurses is a perpetual problem for Romania in the last years. An estimation at the middle of the year indicated that 12,000 healthcare personnel left the country for practicing their profession elsewhere. Under these circumstances, Romania is facing a crisis of doctors, which is more accentuated in small towns and hospitals and in the rural areas.

The discrepancy between the urban and the rural area is severe. For example, while in the urban area there are 6,700 family medicine offices, in the rural region there are only 4,600 such offices. Moreover, 10,400 independent medical practitioners' offices are located in the urban region, while only 381 are in the rural area. Under these circumstances, active prevention actions are difficult to be implemented.