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LONDON, UK (GlobalData), 20 June 2012 - **European healthcare** is being transformed as a result of **economic recession**, as **austerity measures** reshape the way that countries run, states a new report by healthcare experts GlobalData.

The new report* looks at the sovereign debt crisis, formed by a collection of budget deficits created by insufficient tax revenue and excessive spending in across Europe. Many governments are imposing stringent austerity measures to deal with this, creating dramatic **changes** for **healthcare industries**.

The economic crisis during 2008-2009 was characterized by increasing government deficit and public debt, affecting almost all European countries. Governments in Europe have traditionally spent a large amount on healthcare and hospitals, but cost cutting measures are pushing hospitals and healthcare services to increase efficiency and productivity on reduced resources. Slow economic climates have resulted in wage reductions and increased unemployment, which in turn affect public revenue produced by taxes and social insurance contributions. A number of subsidies to medical care have been scrapped by countries who have received bailouts, and dropping public revenue due to rising unemployment is further reducing healthcare affordability throughout Europe.

Healthcare spending has been slowed throughout Europe, with some countries reducing the operational costs of health services, and the prices paid to providers for services covered by health insurance. Several countries set up more comprehensive interventions, improving their healthcare services: promoting efficiency measures, rationalizing the healthcare supply, and improving coordination between different levels of care and outpatient activity. The National Health Service (NHS) aims to cut £20 billion from UK healthcare costs by 2015, and such massive financial changes dictate austerity measures such as recruitment freezes, job cuts, outsourcing and restructuring.

Free healthcare is now becoming a thing of the past - a new hospital fee of €5 per visit has been introduced in Greece, and Berlusconi’s €60 billion austerity plan enacted in 2010 introduced new charges for emergency treatment in Italy, while fresh charges for regular doctor appointments were also levied.

Employment policies and retirement reforms are expected to change in European member states, meaning that healthcare professionals are also affected. Several governments have implemented restrictive policies on new recruitment, and are looking to reduce staffing in the healthcare industry. Many hospital units have been shut down, while recruitment is halted and a consequent shortage of healthcare workers emerges. Wage-cutting measures have also become common. In Romania, the salary cuts for public servants have been as high as 25%, and can potentially drive away healthcare professionals to other countries with better opportunities.