¿Tienen los gobiernos margen para elegir sus recortes? Oportunidades y estrategias para la reforma de la sanidad en un contexto multinivel

Eloísa del Pino (IPP-CSIC) y Juan A. Ramos (URJC)

Abstract

Hasta qué punto, en contextos de fuerte crisis económica, los gobiernos de derechas y de izquierdas tienen algún margen de maniobra para elegir sus recortes; en qué medida este margen de maniobra puede ser más o menos amplio en contextos de gobierno multinivel. La gravedad de la crisis sufrida por España desde 2008, sumada al significativo alcance de las competencias y capacidad de gasto de las Comunidades Autónomas, convierten a las regiones españolas en un caso idóneo para realizar comparaciones controladas del proceso político mediante el que se han elegido las políticas de ajuste fiscal y de reforma del Estado de Bienestar. En el caso de la sanidad, las cinco Comunidades Autónomas analizadas en este trabajo, Madrid, Cataluña, Asturias, Castilla-La Mancha y Andalucía, se vieron sometidas a considerables limitaciones presupuestarias y presiones para el recorte por parte del gobierno central. Aún así pudieron asegurarse cierta libertad de elegir sus recortes en buena medida gracias al uso estratégico del sistema de organización territorial.

I. Crisis and social policy retrenchment in a multilevel system

Especially in the aftermath of the second phase of the economic crisis that began in 2007, many citizens perceived that regardless of their political leaning, governments have cut social policies that were once safe from retrenchment, instead prioritizing the financial markets as part of a general movement in which economy trumps politics (Streeck and Schafer, 2013). This article asks to what extent this perception is valid and whether, in the context of the economic crisis, the fiscal consolidation paths pursued by governments of the right and the left are similar and inevitably lead to retrenchment for the most important social policies – or, on the contrary, whether governments have the capacity to avoid certain reforms and cuts according to their preferences or those of their citizens.

The literature on fiscal consolidation seems to confirm the citizens' perceptions. When the economic situation is dire and (international) mainstream pressure supports adjustments, the ability of governments to choose their policies is severely constrained (Wagschal and Wenzelburger, 2012; Dellepiane and Hardiman, 2012; Blyth, 2013; Heald and Hood, 2014:14). This type of fiscal squeeze goes beyond government partisanship and even voter preferences. The room to maneuver for governments is limited to the use of blame avoidance strategies in order to conceal cuts or convince citizens that retrenchment is necessary, thereby mitigating electoral retribution (Wenzelburger, 2011; Bonoli, 2012).

The literature on the Politics of Welfare State reform over the last thirty years is less conclusive. Although government partisanship has become less salient in explanations of the resilience of social policies since the 1990s, it still seems to play a role (Pierson, 2001). However, it should be noted that most of this literature was published prior to the crisis or refer only to its first phase and do not concentrate on the countries that have suffered its most severe effects (Vis et al., 2011; Jensen, 2012; Starke et al., 2014; Heald and Hood, 2014; Kickert et al., 2015). The second phase of the economic crisis forced major adjustments in public finances (Posner and Sommerfeld, 2013; Starke et al., 2014; Heald and Hood, 2014; Kickert et al., 2015). In good times, governments are often reluctant to cut social policies, as such decisions endanger electoral support. However, during the second phase of the crisis, these specific policies, which can represent up to 65 percent of total public spending in European countries, have been significantly affected by fiscal adjustments (OECD, 2012). In Southern Europe, social cuts have been applied even more strictly by governments of both the right and the left

due to the more drastic deterioration of public accounts and pressure from European institutions to reduce public deficits (Dellepiane and Hardiman, 2012; Guillén and Pavolini, 2015; Heins and de la Porte, 2015).

This article investigates the determinants of the content and scope of social policy reforms during the crisis, examining whether economic pressures outweigh political ones (specifically, government partisanship and citizens' preferences) in hard times. To analyze this issue, we study the healthcare reforms implemented in five Spanish regions (*Comunidades Autónomas*, hereafter ACs) between 2007 and 2014.

We choose a decentralized system for two reasons. Firstly, by selecting regions within the same country, we can better control for the effects of the institutional context. The chosen regions feature similar levels of political and financial autonomy, and in all of them, citizens strongly oppose any cuts to healthcare (97 percent of Spaniards are against cuts in healthcare). The analyzed ACs, in which nearly 25 million people live – more than half of the population of Spain – have been affected by the crisis to differing degrees and are ruled by different parties. Secondly, a decentralized context is the best option for a study of how governments make welfare decisions in hard times. Subnational governments can make strategic use of the territorial system when they face austerity situations (Pierson, 1995; Greer, 2010; Braun and Trein, 2014). They can utilize the veto points available to avoid retrenchment decisions that other levels of government might wish to impose, and they can shift the blame for unpopular cuts to other governmental levels when they do decide for retrenchment.

Spain has a National Health System (NHS) that has gradually been universalized since 1986 to assist all Spanish citizens and registered foreigners, providing a wide range of services mostly supplied by the government and financed by taxes. This policy had never been affected by retrenchment (Pavolini and Guillén, 2013). Responsibility for healthcare policy is shared by the central and regional governments. The Central Government (CG) establishes the basic conditions for the seventeen regional governments (ACs), which manage 92 percent of Spanish healthcare expenditures. The regional governments implement and develop the basic legislation set out by the CG according to their priorities, resources and citizens' preferences (Moreno-Fuentes, 2009). To date, there has been no systematic analysis of the differences across regions in terms of healthcare reform measures related to the crisis and their drivers (as partial exceptions, Bacigalupe et al., 2016; Gallego, 2016).

With the aim to assess the extent of reforms, we have developed a composite index made up of several indicators, both qualitative and quantitative. Traditionally, the primary indicator used to measure reform in social policies has been change in social spending. However, in recent years, this indicator has been criticized by those who claim that it is not capable of capturing the wide range of initiatives that governments may enact (Green-Pedersen, 2007). Our hypotheses about the determinants of reforms have also been verified with the help of fifteen in-depth interviews with policy-makers, the content of which will be explained below.

To preview our results, we find that all regions under investigation retrenched their healthcare policies between 2009 and 2014 and the economy and financial markets often seem to have taken precedence over domestic partisan politics, as discussed in the literature on austerity policies referred to the Nation-State (Armingeon and Baccaro, 2012; Streeck and Schafer, 2013). However, the analysis of the individual reform processes shows that politics plays a role even in hard times. These findings contribute to the literature on the determinants of fiscal consolidation policies and reforms of the Welfare State in the wake of the crisis, as well as the issue of how multilevel systems have responded to the crisis.

The article is organized as follows. In the second section, we review previous work on the main determinants of social policy reform and how variables interact in a context of severe crisis. We also explain our main hypotheses. In the third section, we discuss how we measure the scope of social

policy reform and its determinants and clarify our methodology. In the fourth section, we analyze the socio-economic context in the selected regions and investigate the scope of healthcare reforms. In the fifth section, we discuss the determinants of these reforms. Finally, we present conclusions and implications for further research.

II. The determinants of Welfare State reform: literature review and hypotheses

At least three drivers explain the direction in social policy reforms: specifically, the roles played by partisan governments, public opinion and the institutional context. That said, there is no definitive agreement as to how these variables interact in a context of severe crisis and how they can influence the direction of reforms (Molnar, 2012; Bonoli, 2012; Starke, et al., 2014; Heald and Hood, 2014; Kickert et al., 2015).

The literature is unambiguous in recognizing the importance of left-wing parties and trade unions in the phase of Welfare State expansion (Pierson, 2001; Iversen and Stephens, 2008). However, there is general agreement that partisan politics has become less relevant to social policy since the 1970s and especially in the 1990s, with the left being constrained by permanent austerity and the right by the Welfare State support among its constituencies (for instance, doctors and teachers) as well as the majority of citizens (Pierson, 2001; Swank, 2010; Kwon and Pontusson, 2010; Klitgaard et al., 2015; Jordan 2011 for healthcare). But even these findings have been discussed (Green-Pedersen, 2001; Korpi and Palme, 2003). For example, although some left-wing governments have implemented welfare cuts, others have tried to develop expansive initiatives (Klitgaard and Elmelund-Præstekær, 2014); moreover, some right-wing governments have been able to implement social cuts with no electoral retribution by using diverse strategies to conceal such cuts from the public (Bonoli, 2012).

Since the onset of the crisis, contributions on the scope of reforms and the effects of government partisanship and political factors in general have been scarce and not entirely conclusive. Some scholars have explained that in hard times, the ability to choose reforms is severely limited (Wagschal and Wenzelburger, 2012). Nevertheless, during the first phase of the crisis, some expansive reforms were undertaken (Van Kersbergen et al., 2014) by governments with various ideological orientations (Vis et al., 2011). According to neofunctionalist approaches, endogenous and exogenous functional pressures (such as the crisis itself) limit the ability of actors to make decisions about social policies because, depending on the context, certain ideas such as expansion or austerity tend to prevail over others (Van Kersbergen and Vis, 2014). Jensen (2012) concludes that because the crisis has had a negative impact on the majority of the population – right-wing voters included – right-wing parties have been induced to refrain from making cuts in public spending. Kickert et al. (2015) similarly find that right-wing parties did not adopt severe retrenchment initiatives during the first phase of the crisis. Notably, Starke et al. (2014) observe that the ideology of governments makes a difference in their policy decisions, especially in countries with less generous Welfare State.

The available research on the second phase of the crisis, particularly analyses of Southern European countries, clearly shows that governmental leeway has been reduced (Guillén and Pavolini, 2015; Heins and de la Porte, 2015). However, there have not been enough systematic studies on the scope of this reduction or on the impact of political factors, especially in relation to the ideology of governments.

The scope and direction of reforms in social policies also depends on the institutional context. As noted in the introduction, we analyze healthcare reforms in a decentralized system during the crisis. Braun and Trein (2014) suggest that, even in a crisis context, subnational governments can behave in an opportunistic fashion. A subnational government that wants to implement cuts can blame the CG for imposing them (Pierson, 1995); however, it can also profit from the opportunities offered by a decentralized system to block undesirable reforms designed by the CG when they do not match its policy preferences (Jordan, 2009; Simeon, 2006). In this type of institutional context, we may find that left-wing or even nationalist parties that consider social policies to be a key element in nation-building

processes will use the veto powers provided by the system to avoid cuts. In contrast, right-wing subnational governments could shift the blame for retrenchment onto the CG in order to pursue their cutback policies without paying any electoral price (Greer, 2010).

As our main hypothesis, we propose that the ideology of governments will predict variations in the content and scope of reforms in healthcare in response to the crisis, with left-wing parties and, to a certain extent, nationalist parties more reluctant to engage in retrenchment. However, in times of severe crisis, the likelihood of avoiding retrenchment is far lower, thus limiting the role of governments to attempts to obscure the blame for unpopular reforms imposed by the circumstances. Decentralization can be useful in both cases: for subnational governments that want to shift blame for implemented cuts to the national government, and for subnational units that seek to utilize the opportunity offered by the federal structure to escape the pressure of the central government in favor of austerity and avoid cuts.

III. Measuring the scope and content of social policy reforms and assessing their determinants

In order to analyze the differences between the healthcare reforms recently implemented in certain Spanish regions, we have developed a composite index consisting of seven qualitative and quantitative indicators. We seek to assess the scope of reforms in a way that helps to overcome the limitations that the literature attributes to the use of social spending as the sole indicator of welfare reforms. The evolution of social spending as a percentage of GDP is widely used to answer a frequently recurring question for public opinion and analysts: has the welfare state been reduced in size? Social spending data are relatively easy to find; moreover, they capture the extent of the major programs and are essentially comparable. However, in recent years, researchers have criticized this indicator because a number of reforms are not reflected in social spending, instead involving a reduction of citizens' rights.

Green-Pedersen (2007) suggests that when we are interested in the political determinants of reform (e.g., the effect of public opinion on its scope), indicators that measure the direct impact of reform on citizens should be also considered. Our index reflects the extent to which regional governments implemented a number of retrenchment measures designed by themselves or by the CG. Because we are interested in observing the political determinants of reforms, including ideology and the role of public opinion, we focus especially on initiatives that are more visible to the public and/or reduce the system's capacity to provide services to citizens. As we describe below in more detail, in addition to the evolution in public healthcare spending per capita, we have included six indicators that measure healthcare coverage and the conditions for accessing the system, as well as its capacity and evaluation in the public opinion.

With regard to the determinants of reforms, we have measured the severity of the crisis in each AC by using several indicators (GDP trends, unemployment rate and public deficit). The regions were selected according to the ideology of the ruling party. We analyze the determinants of reforms through a process-tracing study of policy documents that justified the reforms, as well as political speeches by policy-makers. Fifteen in-depth interviews were also conducted with healthcare decision-makers in regional departments and members of civil society in each of the ACs. Although the bulk of regional retrenchment legislation was enacted in 2012 and subsequent years, the period considered extends from 2009 to 2014 in order to allow a more contextualized understanding of the situation. The interviews, which were conducted over a three-year period, involved questions about the determinants of retrenchment decisions, the political and technical processes concerned and the obstacles encountered in the implementation phase. Unlike quantitative contributions, especially in the area of fiscal consolidation (Dellepiane and Hardiman, 2012), this approach facilitates a more complete understanding of the mechanisms that connect the decisions of policy-makers with the economic and political context.

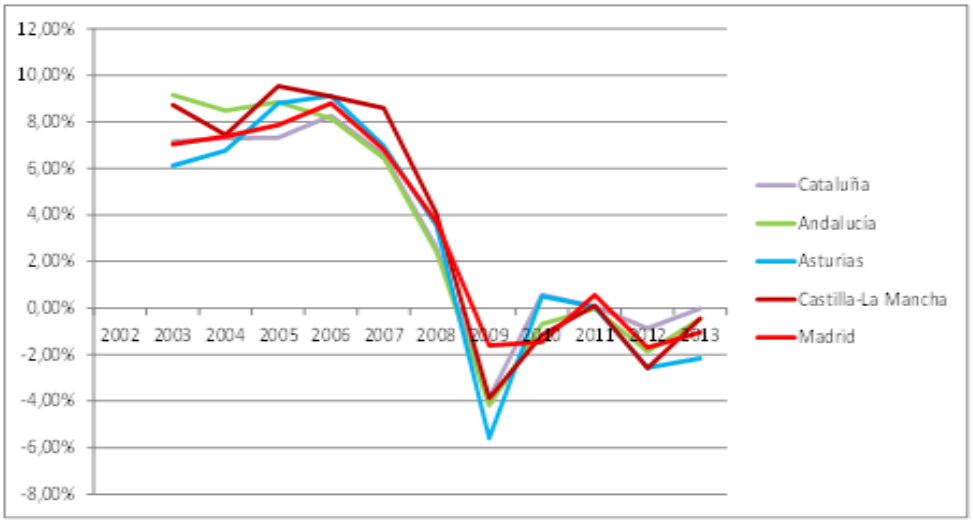
IV. Healthcare adjustments in Spain (2009-2014)

The economic and political context

In 2009, the Spanish deficit eventually reached 11.4 percent of GDP (De la Fuente, 2013). That year, the European Union approved an excessive deficit procedure against Spain, triggering the adoption of severe fiscal consolidation policies. The CG, in the hands of the social-democratic PSOE until November 2011 and the conservative PP thereafter, pursued a series of retrenchment measures to correct the imbalances in public finances that affected most public policies at all three levels of government.

Although the economic situation was clearly adverse in all ACs discussed here, considerable differences between them can be appreciated. With regard to economic activity (Figure 1), the situation was particularly serious in Asturias, whereas Madrid experienced a significantly lower level of economic contraction. The situations in Andalusia, Catalonia and Castile-La Mancha fell in between these two extremes.

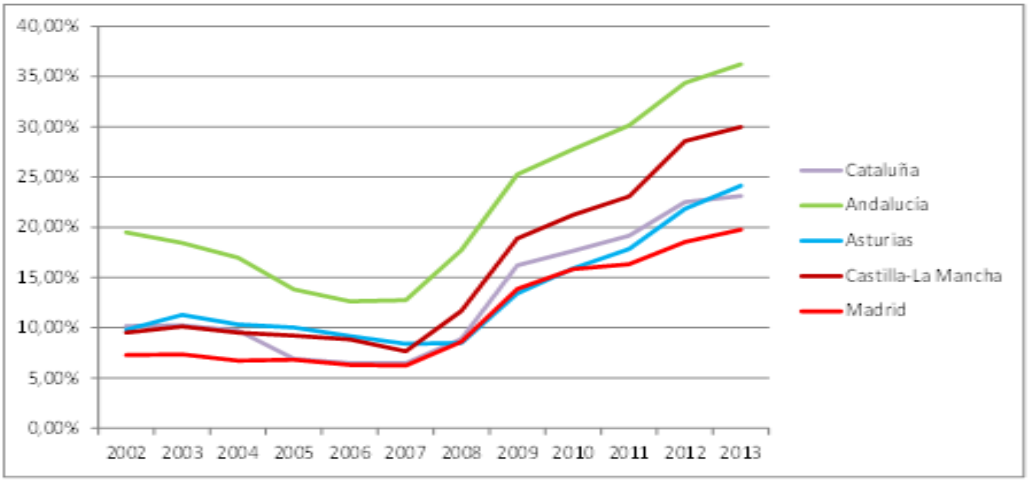
Figure 1. Evolution of annual change rate in GDP (2003-2013)



Source: Author's elaboration based on *Regional Accounts* data. Base year 2008. Spanish National Statistics Institute (INE).

There were also significant differences in unemployment levels (Figure 2). The unemployment rate in Andalusia exceeded 35 percent in 2013, more than 15 percentage points above the rate in Madrid. Castile-La Mancha had the second-highest rate, significantly higher than those of Asturias and Catalonia. We also observe different degrees of imbalance in public finances (Figure 3), with Castile-La Mancha in the worst position and Madrid in the best, with Catalonia, Asturias and Andalusia in intermediate circumstances.

Figure 2. Evolution of regional unemployment rate (2003-2013)



Source: Author's elaboration based on data from the *Economically Active Population Survey* (INE).

Figure 3. Evolution of regional public deficits in percent of GDP (2003-2014)

Source: Author's elaboration based on data from the Ministry of Finance.

With respect to the political leaning of regional governments, we were especially interested in the governments that formed in 2011 or 2012, as it was at this point that the ACs began to enact their most important adjustments (see Figure 3). The Andalusian regional election of 2008 resulted in a PSOE (social-democratic) government with an absolute majority; this government remained in power after the 2012 election due to an agreement with the post-communist IU. In Catalonia, the 2010 election resulted in a CiU (center-right Catalan nationalist party) government facilitated by the Catalan branch of the PP (conservatives); after the 2012 election, CiU remained in office thanks to an agreement with ERC (left-wing secessionist party). Meanwhile, in the Madrid region, the PP maintained its absolute majority. The election held in May 2011 resulted in the loss of the PSOE majority in Castile-La Mancha, which would also come to be governed by the PP. In Asturias, the minority government of a right-wing regional party did not finish its term; a new snap election held in 2012 resulted in a PSOE government supported by the left-wing IU. In both Castile-La Mancha and Asturias, the bulk of retrenchment was carried out after 2011 by governments from the right and the left, respectively.

In short, with regard to the economic situation prior to adjustments, Madrid was in the best position, with Castile-La Mancha at the opposite extreme. In between, the situation of Catalonia was similar to those of Asturias and Andalusia, although the latter was experiencing higher levels of unemployment. From a political standpoint, Madrid and Castile-La Mancha were governed by the PP (conservatives), Asturias and Andalusia had social-democratic governments and Catalonia was ruled by the nationalist right in a minority government that required the occasional support of other parties.

Healthcare adjustments in the regional governments

Because healthcare accounts for some 40 percent of regional budgets, it came as no surprise that fiscal consolidation would eventually require some difficult decisions regarding healthcare policies. The federal structure of the Autonomic State significantly shaped the way in which healthcare retrenchment was implemented at the regional level. Some of the measures undertaken by the CG were mandatory and had to be implemented by the ACs; in other cases, the framework contents established by the CG were later developed by the regions, both at the policy level and in terms of everyday management. In this sense, although the CG's decisions constrained the leeway of regional

governments, the ACs demonstrated some ability to adapt or resist (openly or covertly) CG initiatives. In addition, the ACs also designed certain initiatives of their own.

Regional public healthcare spending in Spain amounted to 56.746 million Euros in 2013 (7.641 million less than in 2009) (Bandrés and González, 2015). The pace of retrenchment was greater in the biennium 2012-2013 (5.847 million) than in previous years. Below, we briefly present some of the main measures developed by both the CG and the ACs.

Measures by the Central Government directly related to healthcare

The Decree-Law 16/2012 on *urgent measures to guarantee the sustainability of the NHS* contained the main retrenchment measures established by the CG and provided the overall framework for the cuts developed by the ACs. The implementation of the measures provided in this regulation was not peaceful, and some regions appealed to the Constitutional Court.

The most important initiative was the suppression of the universality of healthcare in Spain. Illegal immigrants would only have access to healthcare in emergency situations or for assistance during pregnancy, childbirth and the postpartum period. The position of the ACs regarding this point was not homogeneous (Moreno-Fuentes, 2015).

The decree also sought to reduce drug spending by establishing the prescription of drugs by active ingredient, the customization of doses and the regulation of the price system. However, the most important measure was the increasing of pharmaceutical co-payment for workers to between 40 and 60 percent of the drug's price, depending on income, with a monthly cap. A co-payment for pensioners (between 8 and 60 Euros per month, depending on income) was also introduced. In addition, subsidies for more than 400 medicines were abolished.

Other initiatives by the Central Government with effects on regional healthcare policies

Without focusing specifically on healthcare, the CG pursued several measures that have inevitably affected regional healthcare policies. The Organic Law 2/2012 established a spending rule according to which expenditures "cannot increase above the rate of growth with reference to gross domestic product". Because the capital markets were virtually closed to the regions, the CG also implemented several financing instruments, in exchange for which the ACs had to accept certain conditions, such as the development of complementary retrenchment plans evaluated by the Ministry of Finance, as well as reductions in healthcare spending.

Regarding human resources, in 2010, the PSOE government implemented certain measures to cut spending, specifically restrictions in the supply of public employment and a reduction in the wages of public employees of 5 percent. In 2012, the PP government approved a wage freeze and the suppression of Christmas bonus payments for that year, as well as freezing the supply of public employment (replacement rate of 10 percent for healthcare workers).

Measures designed by the Autonomous Communities

The ACs also tried to rationalize and modernize healthcare in their territories. . Measures such as the centralized management of surgical waiting lists, ambulatory care surgical procedures, online attendance or electronic medical histories and prescriptions were implemented. In the field of human resources, the PEFs (financial rebalancing plans required by the CG and designed by the ACs to redirect their deficit levels) included general provisions regarding hiring, the tightening of controls in the workplace and senior managers' salaries that also affected healthcare workers.

Interestingly, some of the initiatives undertaken by the ACs to achieve spending targets led to conflicts with the CG. This was the case with the auction of medications by the government of Andalusia, as well as with a new tax (the "Euro per prescription") established by Catalonia and Madrid and declared unconstitutional in May 2014.

The healthcare retrenchment

Table 1 presents a selection of quantitative and qualitative indicators regarding various initiatives that entail a decrease in the rights, benefits or services granted to citizens before the crisis. The last column shows an additive composite index that summarizes the severity of cuts in healthcare in the ACs considered.

The first two columns on the left relate to retrenchment measures directly derived from CG measures. In these columns each AC could receive 0 or 1 point (0 in the case of no implementation, 1 in the case of effective implementation of the initiative). Column one reflects the withdrawal of healthcare cards from certain groups of people who previously received free public healthcare. Three of the five ACs analyzed decided not to apply this measure, whereas the other two (Madrid and Castile-La Mancha) did. Column two indicates whether new co-payments for medicines prescribed by doctors were adopted; this provision was implemented by all ACs.

In the next columns each region gets 0, 1 or 2 points (0 if it does not cut resources, 1 if the cuts are below the average of all ACs, 2 if cuts are above the average). Column three shows an indicator usually used to measure the extent of cuts: the variation in healthcare spending per capita. All ACs cut their healthcare spending per capita, although Asturias and Madrid implement it below the average of all regions.

Columns four through six show indicators that attempt to account for the reduction in the capacity of the healthcare system. First, the reduction in the number of workers could make it difficult to maintain quality standards in the delivery of services. In this case, although the cut is below the regional average in Asturias and Catalonia, again all regions cut the number of workers. With regard the number of available beds in the NHS per 1000 inhabitants, three ACs (Andalusia, Asturias and Madrid) reduced below the Spanish average, but Catalonia and Castile-La Mancha are above average.

Column six shows the evolution of the budgets dedicated to partnership agreements between the NHS and private or third-sector organizations for the provision of certain services. This indicator contributes to a more accurate measurement of system capability; it is especially relevant in Catalonia, where the direct provision of healthcare is less important than in other regions. Asturias and especially Madrid increased the financial resources dedicated to private-public partnerships. Catalonia and Castile-La Mancha cut more resources than Andalusia, but all these three regions cut above the average. Interestingly, as we have just seen, Madrid combined reforms to retrench in zone areas of the public health system while was also significantly increasing the public-private partnerships.

Table 1. Indicators of health-care adjustments and the Composite Index (2009-14)

	Healthcare card withdrawal	**Increased pharmacy co-payments**	**Healthcare expend. cut (pc) (1)**	**Cuts in healthcare system capacity**			**Citizens who perceive that public healthcare in their AC has deteriorated over the last 5 years (5)**	**Index value**
				HR (2)	Hospital beds (3)	Public-private collaboration initiatives (4)		
Andalusia	No (0)	Yes (1)	-12.9% (2)	-7.3% (2)	-4.4% (2)	-5.3% (2)	26% (1)	**10**
P. Asturias	No (0)	Yes (1)	-5.3% (1)	-3.5% (1)	No cuts 1,3% (0)	No cuts 1.4% (0)	30% (1)	**4**
Castile- La Mancha	Yes (1)	Yes (1)	-15.1% (2)	-8.1% (2)	-11.0% (2)	-20.6% (2)	42% (2)	**12**
Catalonia	No (0)	Yes (1)	-13.7% (2)	-2.7% (1)	-5.4% (2)	-18.8% (2)	49% (2)	**10**

C. Madrid	Yes (1)	Yes (1)	-4.6% (1)	-9,2% (2)	-2.9% (1)	Not cuts37% (0)	37% (1)	**7**

Source: Author's calculations. (1) Healthcare spending in 2013 minus spending in 2007 (percentage), Ministry of Finance (data available in 2016). (2) *Boletín estadístico de personal al servicio de las Administraciones Públicas*, Ministry of Finance. Andalusia, Asturias and Madrid: difference between 2009 and 2014; Catalonia and Castile-La Mancha: difference between 2012 and 2014 due to a change in methodology; Spanish average of workers reduction -4.2 (CCOO, 2015). (3) Hospital beds per 1000 inhabitants in operation in the NHS; difference between 2010 and 2012 according to the Ministry of Health; Spanish average -3,6 (CCOO, 2015). (4) Difference between spending in Private-Public Partnerships between 2009 and 2014; Spanish average -2,2. Data from the Ministry of Health Website (CCOO, 2015). (5) Data from *Barómetro Sanitario* (2014), CIS Estudio 8814, Question 30; includes primary care, specialty care, hospital care and emergency care; average of perceived deterioration 37%.

As a proxy for the negative impact on citizens, an indicator takes into account public opinion on whether healthcare has worsened over the last five years. About a third of Spaniards feel that the healthcare system has deteriorated. In Castile-La Mancha and Catalonia, this perception of decline is particularly intense, Madrid is located in the middle and in Asturias and Andalusia, the perception of deterioration is comparatively lower.

In sum, not all ACs pursued retrenchment with the same intensity. Castile-La Mancha is the region where the negative impact of adjustment measures on citizens was the greatest, and Asturias, which features the lowest score. The remaining three regions are in intermediate positions, with Andalusia and Catalonia in a slightly worse situation.

V. Determinants of healthcare retrenchment

We have shown above that the scope and content of healthcare policies differed in the five studied regions. But are these differences related to the degree of crisis severity faced by each region? Or did the regional governments have some leeway to influence the path of reforms? Where did this room for maneuver come from? And, finally, is this path consistent with the regional government's partisan nature?

The limited effects of the severity of the crisis on adjustments

The context of the crisis facilitated the implementation of reforms and encouraged their pace. In all the ACs, healthcare spending had progressively increased due to the growth in needs and the electioneering use of the policy. Regional policy-makers mention as examples the increase in the salary of the healthcare workforce and the promise of new healthcare centers disconnected from rational planning criteria ("in every electoral campaign, two or three new hospitals were promised"; "Now we program the location of centers on the basis of accessibility and population parameters"). To a large extent, the crisis has precipitated certain decisions to rationalize expenditures that would have been necessary sooner or later due to the pressure of factors such as population ageing and the incorporation of new technologies.

In any case, the severity of the crisis only partially explains the extent of retrenchment. In Castile-La Mancha, policy-makers have tended to emphasize the dire financial situation, and indeed this AC is in the leading position with regard to the analyzed reforms. However, despite the fact that Madrid was the region in the best economic situation when the crisis arrived, it has carried out reforms with harsher impacts on citizens than those developed by more troubled regions such as Asturias. The reforms implemented by Andalusia are similar to those enacted by Catalonia, despite the fact that the crisis was more severe in the former region.

Leeway provide by the institutional context

The institutional features of the Autonomic State grant the CG an important role in the design of retrenchment in healthcare policy through mechanisms such as the obligation to submit financial rebalancing plans in the case of regional deficits and the conditioning of access to certain funding programs; in principle, these reduce the leeway of the ACs. However, the CG has not applied sanctions to noncompliant ACs. In fact, some regions have repeatedly complained that noncompliant

ACs are not penalized, going so far as to oppose easing the deficit targets for worse-off regions. In addition, because the regional level has genuine political and administrative power and is charged with implementing the healthcare initiatives designed by the CG, ACs can to a certain degree manage the process in terms that are relatively consistent with their priorities.

The Autonomic State has been used in an opportunistic way by the different regions. Three ACs have utilized strategies to circumvent the restrictions on access to healthcare for certain groups designed by the CG. Andalusia simply continued including these groups without adopting any specific legislation in order to prevent a legal reaction on the part of the CG. This AC explained its decision by appealing to social justice, and its policy-makers claimed that the measure adopted by the CG was the first step in dismantling the universal healthcare system. Also in Catalonia, all patients continued receiving medical care. This AC used the efficiency argument, as Madrid did, but in a different manner: policy-makers asserted that the lack of primary care treatment would oblige patients to resort to emergency care, which is more expensive; they also argued that denying care to patients could aggravate their illnesses. In Asturias, an alternative procedure to assist illegal immigrants was set out within the NHS. Finally, in Madrid and Castile-La Mancha, which were governed by the same party ruling the CG, the implementation of the measure was justified using two arguments: the obligation to comply with the law, and the need for efficient spending in times of crisis.

The territorial fragmentation of power contributed to the implementation of a reform that could be unpopular. The ACs recognized the necessary "push" by the CG's regulation to facilitate retrenchment in pharmaceutical spending and wages in a context in which regional consolidation initiatives were insufficient. In this case, the ACs employed a strategy of shifting blame to the GC as the designer of the provisions. Regional policy-makers recognized that these measures helped them: "Without the CG legislation, it would have been very difficult in political terms for each AC to implement it".

The room for maneuver in healthcare policies

. The regional Ministers of Finance gained prominence in decisions to freeze or reduce expenditures to the detriment of sectoral ministers. Healthcare policy must comply with the so-called "expenditure ceiling" (which cannot be exceeded). However, the healthcare sector could afford to be "rebellious" because of the basic nature of its services. Moreover, there is flexibility in terms of deciding where cuts should be implemented. In the five cases, public officials in the regional Ministries of Finance and Health were responsible for proposing a wide range of possible initiatives – albeit without much time for reflection, given the economic situation. Politicians then selected from among these initiatives.

In short, the institutional features of both the territorial system and the policy sector have allowed a degree of leeway for regional governments to implement healthcare reforms. Apart from the crisis, which does not seem to be decisive for the reforms implemented in each AC in order to achieve fiscal consolidation targets, what other factors have determined these decisions?

The modest weight of public opinion and mobilization by professionals

The popularity of public healthcare, the fact that it is an employment-intensive policy, the visibility of reforms and the capacity of professionals to mobilize citizens are all factors that might hinder the implementation of cuts. In Madrid, where there has been an intense mobilization of healthcare professionals and citizens, the electoral risk arising from the unpopularity of the reforms has prevented some measures from going further. Similarly, in Castile-La Mancha, public officials acknowledged that citizens' protests, promoted in part by the force of mobilization initiatives in Madrid, helped to curb the privatization of hospital management. In all regions, public pressure linked to the electoral cycle also worked to reduce austerity at the end of electoral terms.

However, social mobilization has not prevented the implementation of retrenchment, even in those areas with a significant impact on citizens, as clearly demonstrated by the cases of Castile-La Mancha and Madrid.

The ideology of retrenchment

In all the analyzed ACs, policy-makers were worried about the quality of the healthcare system. However, there was no agreement on the best way to maintain quality standards in the midst of a severe crisis. In some of the ACs, increased co-payments or public-private partnerships were preferred; at the same time, some ACs were more anxious than others (at least at the discursive level) about the potential effects of retrenchment on the equity and the public nature of the NHS.

Generally speaking, governmental actors recognized the weight of ideology in policy decisions. In Madrid, retrenchment decisions were made "out of responsibility", but interviewees also noted that "the ideology that matters is that the Government should not do things; they should be done by society, then the Government has to do the bare minimum. Spending has to be cut". In Asturias, we heard that "public healthcare is part of our DNA". In Andalusia, it "is about ideology: we are not going to close healthcare centers, we are not going to privatize". In the case of Catalonia, the word "ideology" is avoided; reforms are explained in terms of "viability, sustainability, efficiency". In Castile-La Mancha, the "liberal orientation" of the regional government is mentioned to justify retrenchment.

In Madrid, Catalonia and Castile-La Mancha, the opposition and the unions also refer to ideology as one of the main determinants of the scope and style of governmental reforms (pursuing cuts without bothering much either to negotiate or to explain them to the public). They also point out the crisis as an excuse to carry out retrenchment measures that would not have been acceptable to citizens in the context of prosperity. Where they do not govern, left-wing parties have clearly opposed retrenchment initiatives, even challenging them in the courts, which have proved a bulwark against privatization in Madrid. To some extent, Catalonia is the exception. There, the sovereigntist claims made by some left-wing parties have validated the Catalan government's strategy of blaming the CG for the retrenchment and the "financial asphyxiation" to which this AC has allegedly been subjected.

From an ideological point of view, the left-wing government in Asturias implemented the softest reforms with regard to the impact on citizens. On the opposite extreme, a region governed by the right, Castile-La Mancha, carried out the harshest reforms. The remaining ACs are located in the middle of the scale: Madrid (right) implemented reforms with a less intensive impact on citizens than in the case of Catalonia (right) or Andalusia (left).

VI. Conclusions

This article aims to contribute to the literature on the weight of political and economic determinants in fiscal consolidation policies and Welfare State reform. On the basis of healthcare reforms implemented between 2009 and 2014 in five Spanish regions, we analyzed to what extent a situation of crisis allowed governments certain room for maneuver to make decisions on the content of welfare reforms, as well as the factors that may explain the options they chose. The analyzed regional governments share a common institutional framework (the Autonomic State) and a strong opposition on the part of citizens to healthcare retrenchment. They differ with regard to the ideology of their governments and the severity of the economic crisis.

In accordance with the literature on the best way to measure the scope of welfare reforms, particularly in the healthcare sector, we designed a composite index of qualitative and quantitative indicators. This index should be adaptable to other sectors of social policy. In addition, in order to complement the usual quantitative data in studies of fiscal consolidation, we conducted case studies and interviews with various key actors involved in reform initiatives.

A first finding is that, as expected by the literature on fiscal consolidation, an adverse economic and financial situation seriously constrains governments, to the extent that they are forced to implement cuts in a policy such as healthcare, which is highly sensitive for citizens. As suggested by the literature on public opinion and the Welfare State, governments try to avoid unpopular reforms because they fear electoral retribution, but in all the analyzed cases, retrenchment has been enacted by both left and right governments despite strong opposition in the public opinion. Public pressure may have affected the scope of the measures proposed (some governments likely would have gone further without it), and at the end of the electoral cycle, policy-makers were less stringent in terms of budgetary targets. However, all regional governments implemented reforms to a greater or lesser extent, employing strategies to shift the blame to the Central Government, to previous governments or, more generally, to the economic situation. Although it is not the subject of this analysis, it should be noted that these strategies to avoid electoral punishment worked better in some cases than in others, where the parties in office lost their parliamentary majority or subsequent elections.

A second finding is that although the crisis has significantly reduced the leeway for reforms, it has not eliminated it. A space for partisan government still exists. The governments are subject to considerable financial constraints (which have translated into an increase in the power exerted by the regional ministers of finance over sectoral ministers), but they have been able to ensure a certain leeway in the design of their policies, consistent with what we would expect from the left-right axis. The right-wing regional governments in Madrid or Catalonia, despite being in a more comfortable o similar economic situation respectively than Asturias (left-wing), implemented more severe reforms than the ones in this region. In addition, the former combined its adjustment measures with a significant increase of the resources dedicated to public-private partnerships. Catalonia, in a better economic situation than Andalusia (left-wing), undertook reforms with a similar degree of severity. Finally, the hardest reforms were implemented in Castile-La Mancha, which was suffering the worst economic situation and was ruled by a right-wing party.

The strategic utilization of the institutional framework is an expression of their will to develop policies that correspond to their preferences. In this sense, the article also contributes to the classical controversy over whether decentralization facilitates or obstructs welfare reforms. In the study cases, decentralization did not impede some of the measures designed by the Central Government. Decentralization can even make the implementation of unpopular reforms easier, as regional governments have a ready scapegoat to shoulder the blame. However, with respect to other initiatives, regional leaders used the room for maneuver provided by the territorial system to block or at least prevent their strict application. This occurred when the central and regional governments were in the hands of different parties.

Certainly, the Spanish case is not the only one in the European context. Other Southern regions and countries that have experienced the worst economic crisis in their recent history, have made efforts in order to reduce their debts and consolidate their budgets. In doing so, they have carried out various initiatives affecting welfare policies, with an enormous impact in the daily lives of their citizens. Future research should examine other regions, countries, social policies or even indicators (such as the healthcare waiting list, not available in the Spanish case) that might help to accumulate new evidence on this topic.

References

Armingeon, K. and Baccaro, L. (2012), 'The Sorrows of Young Euro: The Sovereign Debt Crises of Ireland and Southern Europe", in N. Bermeo and J. Pontusson (eds), *Coping with Crisis: Government Reactions to the Great Recession*, New York, Russell Sage, 162-198.

Bacigalupe, A., Martín, U., Font, R., González-Rábago, Y., and Bergantiños, N. (2016), "Austeridad y privatización sanitaria en época de crisis: ¿existen diferencias entre las comunidades autónomas?", *Gaceta Sanitaria*, 30(1), 47-51.

Bandrés, E. and González, R. (2015), "La reducción del gasto sanitario en España durante la crisis", *Cuadernos de Información Económica*, 248, 37-48.

Blyth, M. (2013), *Austerity: the History of a Dangerous Idea*, New York, Oxford University Press.

Braun, D. and Trein, P. (2014), 'Federal dynamics in times of economic and financial crisis', *European Journal of Political Research*, 53(4), 803–821.

Bonoli, G. (2012), "Blame Avoidance and Credit Claiming Revisited", in G. Bonoli and D. Natali (eds.), *The Politics of The New Welfare State*, Oxford, Oxford University Press.

CCOO (Comisiones Obreras) (2015), Análisis del Presupuesto Sanitario 2014, Madrid, Comisiones Obreras.

Dellepiane, S. and Hardiman, N. (2012), "Fiscal Politics in Time: Pathways to Fiscal Consolidation (2000-2012)", UCD Geary Institute, Discussion Paper Series Geary WP2012/07.

De la Fuente, Á. (2013), Las Finanzas Autonómicas en Boom y en Crisis (2003-2012), Fundación SEPI, http://www.fundacionsepi.es/ciea/Finanzas%20autonomicas%20en%20boom%20y%20en%20crisis%20(Angel%20de%20la%20Fuente).pdf

Gallego, R. (dir.) (2016), *Descentralización y desigualdad en el Estado Autonómico*, Valencia, Tirant lo Blanc.

Green-Pedersen, C. (2001), "Welfare-state Retrenchment in Denmark and the Netherlands 1992-1998. The Role of Party Competition and Party Consensus", *Comparative Political Studies*, 34(9), 963-985.

Green-Pedersen, C. (2007), "More than data questions and methodological issues: theoretical conceptualization and the dependent variable 'problem' in the study of welfare reform", in J. Clasen and N. Siegel (eds.), *Investigating Welfare State Change. The Dependent Variable Problem in Comparative Analysis*, Cheltenham, Edward Elgar Publishing.

Greer, S.L. (2010), "How Does Decentralization Affect the Welfare State? Territorial Politics and the Welfare State in the UK and the US", *Journal of Social Policy*, 39(2), 181-201.

Guillén, A.M. and Pavolini, E. (2015), "Welfare States under Strain in Southern Europe: Overview of the Special Issue", *European Journal of Social Security*, 17(2), 147-157.

Heald, D. and Hood, C. (2014), *The politics of the Fiscal Squeeze. Putting the Politics of Fiscal Squeeze into Perspective*, Proceedings of the British Academy, 197, 3-25.

Heins, E. and de la Porte, C. (2015), "The sovereign debt crisis, the EU and welfare state reform", *Comparative European Politics*, 13(1), 1-7.

Iversen, T. and Sthepens, J. (2008), "Partisan politics, the welfare state, and the three worlds of human capital formation", *Comparative Political Studies*, 41, 4/5, 600-637.

Jordan, J. (2009), "Federalism and Health Care Cost Containment in Comparative Perspective, *Publius. The Journal of Federalism*, 39(1), 164-186.

Jordan, J. (2011), Health Care Politics in the Age of Retrenchment. *Journal of Social Policy*, *40*(1), 113-134.

Kickert, W., Randma-Liiv, T. and Savi, R. (2015), *Europe Managing the Crisis: The politics of fiscal consolidation*, London, Routledge.

Klitgaard, M.B. and Elmelund-Præstekær, C. (2014), "The partisanship of systemic retrenchment: tax policy and welfare reform in Denmark (1975-2008), *European Political Science Review*, 6 (1), 1-19.

Klitgaard, M.B., Schumacher, G. and Soentken, M. (2015), "The partisan politics of institutional welfare state reform" Journal of European Public Policy, 22(7), 948–966.

Korpi, W. and Palme, J. (2003), "New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18n Countries, 1975-95", *American Political Science Review*, 97(3), 425-446.

Kwon, H.Y. and Pontusson, J. (2010), "Globalization, labour power, and partisan politics revisited", *Socio-Economic Review*, 8(2), 251-281.

Molnar, M. (2012), Fiscal Consolidation: Part 5. What Factors Determine the Success of Consolidation Effort? OECD Economics Department Working Papers, 936.

Moreno-Fuentes, F.J. (2009), "Del sistema sanitario de la Seguridad Social al Sistema Nacional de Salud descentralizado", in Luis Moreno (ed.), *Reformas de las Políticas del Bienestar en España*, Madrid, Siglo XXI.

Moreno-Fuentes, F.J. (2015), "El puzle de la exclusión sanitaria de los inmigrantes indocumentados en España", *Anuario de la inmigración en España 2014*, CIDOB, Barcelona 277-300.

OECD (2012), *Restoring public finance*, Paris, OECD.

Pavolini, E. and Guillén, A.M. (2013), *Health Care Systems in Europe under Austerity: Institutional Reforms and Performance*, Basingstoke, Palgrave Macmillan.

Pierson, P. (1995), "Fragmented Welfare States: Federal Institutions and the Development of Social Policy". *Governance*, 8:449–478.

Pierson, P. (2001), *The New Politics of the Welfare*, Nueva York, Oxford University Press.

Posner, P.L. and Sommerfeld, M. (2013), "The politics of fiscal austerity: Democracies and hard choices", *OECD Journal on Budgeting*, Vol. 13/1.

Simeon, R. (2006), "Federalism and Social Justice: Thinking Through the Tangle", in Scott L. Greer (ed.), *Territory, Democracy and Justice*, Basingstoke, Palgrave Macmillan, 18-43.

Starke, P., Kaasch, A. and van Hooren, F. (2014). Political Parties and Social Policy Responses to Global Economic Crises: Constrained Partisanship in Mature Welfare States. *Journal of Social Policy*, *43*(2), 225-246.

Streeck, W. and Schafer, A. (eds.) (2013), *Politics in the Age of Austerity*, Polity.

Swank, D. (2010), "Globalization", in F.G. Castles, S. Leibfried, J. Lewis, H. Obinger and C. Pierson, *The Oxford Handbook of Welfare State*, Oxford, Oxford University Press.

Van Kersbergen, K. and Vis, B. (2014), *Comparative Welfare State Politics. Development, Opportunities and Reform*, New York, Cambridge University Press.

Van Kersbergen, K., Vis, B. and Hemerijck, A. (2014), "The great recession and welfare state reform: Is retrenchment really the only game left in town?", *Social Policy and Administration*, 48(7), 883–904.

Vis, B., Van Kersbergen, K. and Hyndals, T. (2011), "To What Extent Did the Financial Crisis Intensify the Pressure to Reform the Welfare State?", *Social Policy and Administration*, 45(4), 338–353.

Wagschal, U. and Wenzelburger, G. (2012), "When do Governments Consolidate? A Quantitative Comparative Analysis of 23 OECD Countries (1980–2005)", *Journal of Comparative Policy Analysis: Research and Practice*, 14(1) 45-71.

Wenzelburger, G. (2011), "Political Strategies and Fiscal Retrenchment: Evidence from Four Countries", *West European Politics*, 34(6), 115-1184.