Management and financing Estonian health system during the financial crisis

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võrdsed võimalused inimväärseks eluks

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Tallinn Charter: Health Systems for Health and Wealth

Member States of WHO committed themselves to:

- Promote shared values of solidarity, equity and participation;
- Invest in health systems and foster investment across sectors;
- Promote transparency and be accountable;
- Make health systems more responsive;
- Engage stakeholders;
- **Foster cross-country learning and cooperation;**
- **Ensure that health systems are prepared and able to respond to crises.**

Be prepared

- Estonian Health Insurance Fund (EHIF) (1991)
  - Accumulation of reserves in EHIF
- Primary health care based on family practitioners (1997)
  - Family practitioner phone line 24/7 (2005)
- Hospital Master Plan (2002)
- National Health Development Institute to implement public health programmes (2003)
- Medical ambulance (since Soviet times)
- Use of WB loans, European structural funds and grants for capacity building, development of e-health system and renovation of hospitals

Decisions affecting health system made due to financial crisis – state budget

- cancelled compensation of capital costs from the state budget to EHIF
- increased general value added tax (VAT) (18%→20%)
- increased value added tax on medicines (5%→9%)
- increased contributions to unemployment insurance fund (0.9%→1.5% → 4.2%)
- decreased funding for public health programmes, but also ambulance budget etc.

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Social tax and EHIF expenditures, 2001 – 2012

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Decisions affecting health system made due to financial crisis – EHIF

- due to high unemployment huge decline of payroll tax → reduction of health insurance revenues and budget
- increased maximally allowed waiting times (6→8 weeks for outpatients, 8 months remained for inpatient and day care)
- abolished dental care compensation to adults
- change of sick leave benefits system sharing more responsibilities with patients and employers, decrease of compensation (80%→70%)
- coefficient 0.94 applied to EHIF price list starting Nov 15, 2009 (0.95 to specialist care and 0.97 to primary care since Jan 1, 2011), **coefficient abolished since Jan 1, 2012**
- co-payment of 15% to nursing inpatient care starting 2010

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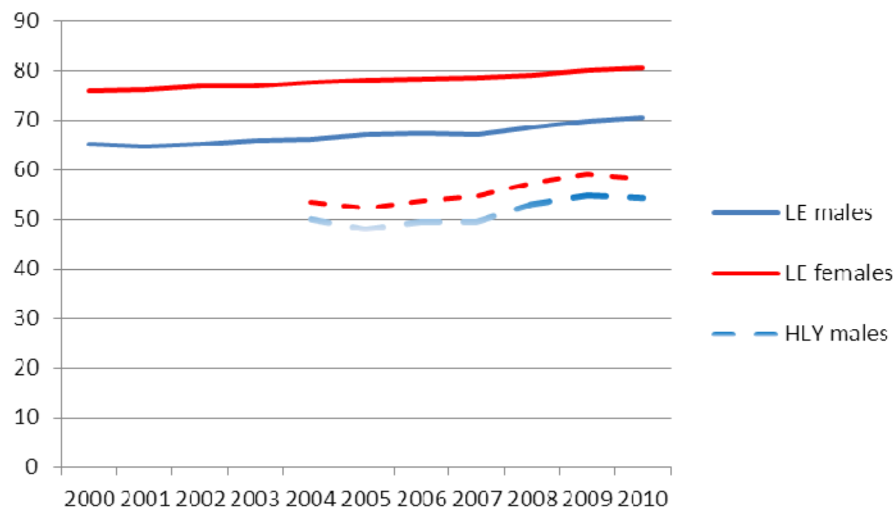
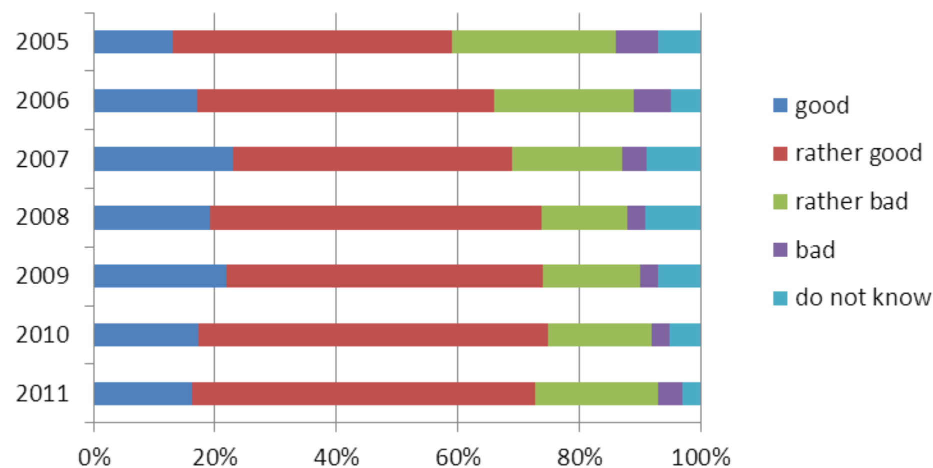
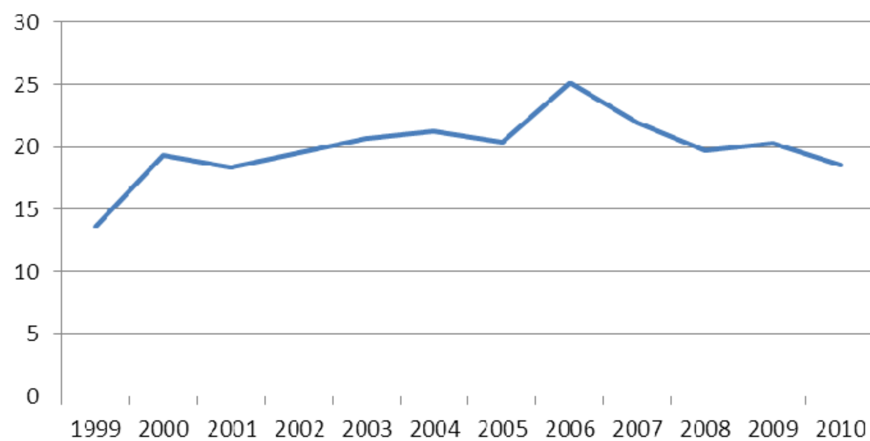
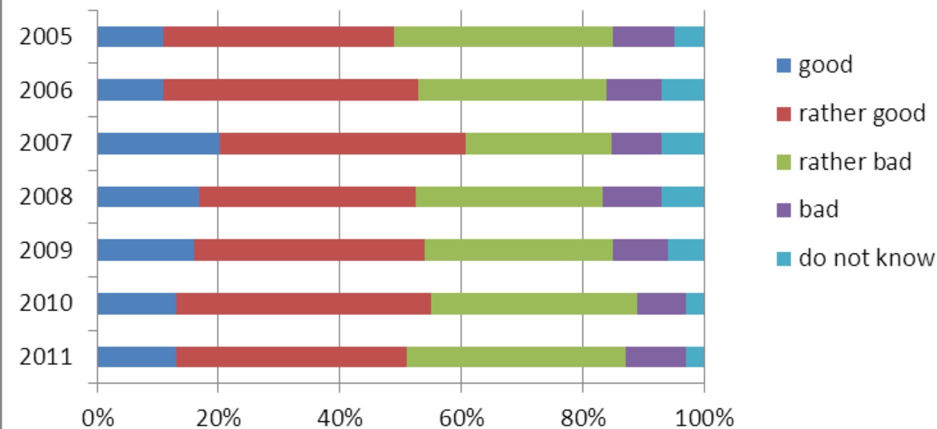
Monitoring the impact of crisis









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Priorities and measures to maintain health

- EHIF started to use accumulated reserves
- health budget was less affected than general state budget
- primary care and communicable diseases were prioritised within health budget
- rising of excise taxes for tobacco and alcohol (five times since 2008)
- alcohol excise will annually rise by 5% until 2016
- state contributes to EHIF on behalf of unemployed
- state pays for emergency care of uninsured people

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Improving efficiency and performance – **health system level**

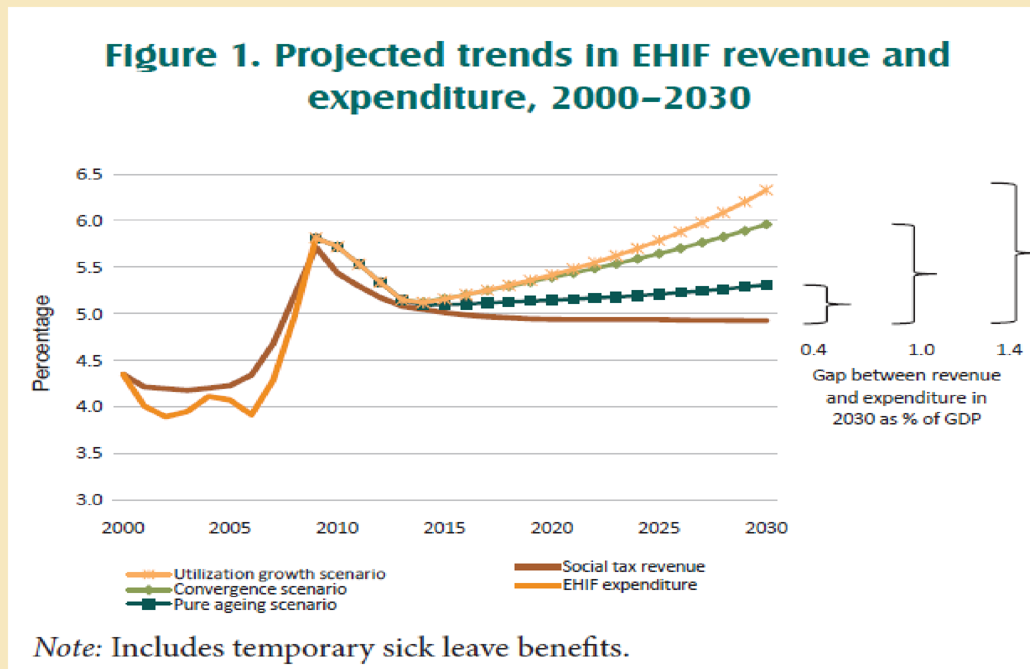
- establishment of Health Board (merging 3 agencies)
- implementation of nationwide e-Health system
  - Patient portal, e-ambulance, PACS, e-prescription ("Estonian digital prescription system - how does it work?„)
- use of structural funds for
  - acute care hospitals infrastructure
  - nursing care hospitals infrastructure
  - public health
  - use of funds from carbon quota trading to renovate hospitals to save energy
  - use of Norway and Swiss grants

acute care hospitals infrastructure

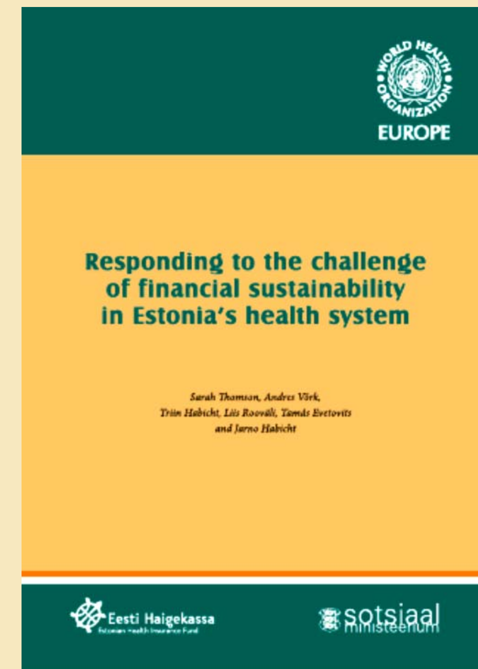
nursing care hospitals infrastructure

Improving efficiency and performance – **health system level - analysis**

- Health System Performance Assessment
- Analysis of Financial sustainability of health financing (cooperation with WHO)
- Analysis of Financial sustainability of social insurance system



Note: Includes temporary sick leave benefits.



Improving efficiency and performance – **health care services**

- more priority to day care and ambulatory care
- school medicine is fully nurse-provided since 2010
- more independency to midwives
- more responsibility and independency to family nurses
- strengthening of primary health care and its gatekeeping role –
  - surveillance of chronical diseases
  - changes in disability system (direct information change between GP-s and Social Insurance Board using E-health)
  - etc.
- centralisation of management of primary health care to the Health Board
- revision of hospital master plan

Improving efficiency and performance - **pharmaceuticals**

- strengthening ingredient-based prescribing → doctors need to explain if they prescribe original drugs and pharmacies required to note if patients refuse cheaper alternatives
- e-prescription implemented
- Over 90% of all pharmaceuticals prescribed electronically!
- promotion of generic pharmaceutical use
- price agreements to 50% reimbursed drugs
- result: average co-payment per prescription
- 2009 – 36,9%
- 2010 – 36,2%
- 2011 – 34,5%
- Bill in Parliament – abolishing ceiling for 50% reimbursed drugs

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Challenges – migration of health professionals

- motivate health personnel to work in Estonia and in remote areas
  - scholarship to newly graduated specialist doctors starting to work in general hospital starting 2012
  - same under preparation for nurses
  - changes in primary care – f.e. additional funds to family doctors based on the distance to the nearest hospital
- increased number of new doctors in residency training
- increased admission to medical school
- pilot training courses to activate physicians and nurses who left the health care system to come back and fulfil registration requirements
- deal with long term financial sustainability of the health system

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Thank you!

Questions?