



**World Health
Organization**

REGIONAL OFFICE FOR **Europe**

**WHO Barcelona Office
for Health Systems Strengthening**

Can People Afford to Pay for Health Care? Coverage, Access and Financial Protection in Estonia

Tamás Evetovits & Sarah Thomson

Tallinn, 26 October 2017



Moving towards universal health coverage: new evidence on financial protection in Estonia

Andres Vörk

Evidence for universal
health coverage



Estonia

Part of an international series published by WHO

Prepared by national and international experts

Data from Statistics Estonia's household budget survey: 2000-2015

Leading to a regional analysis: *Can people afford to pay for health care in Europe?*



Source: [SDGs](#)

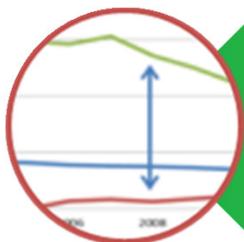
Moving towards UHC requires more public financing, less OOPs and carefully designed coverage policies

Goal 3.8 on UHC: All people should have

- **access** to needed health services
- of sufficient **quality** to be effective
- without experiencing **financial hardship**

How do you know if the level
of public spending on health
is **not sufficient**
and coverage policies need
improvement?

A few key performance indicators and performance in Estonia



Health outcomes



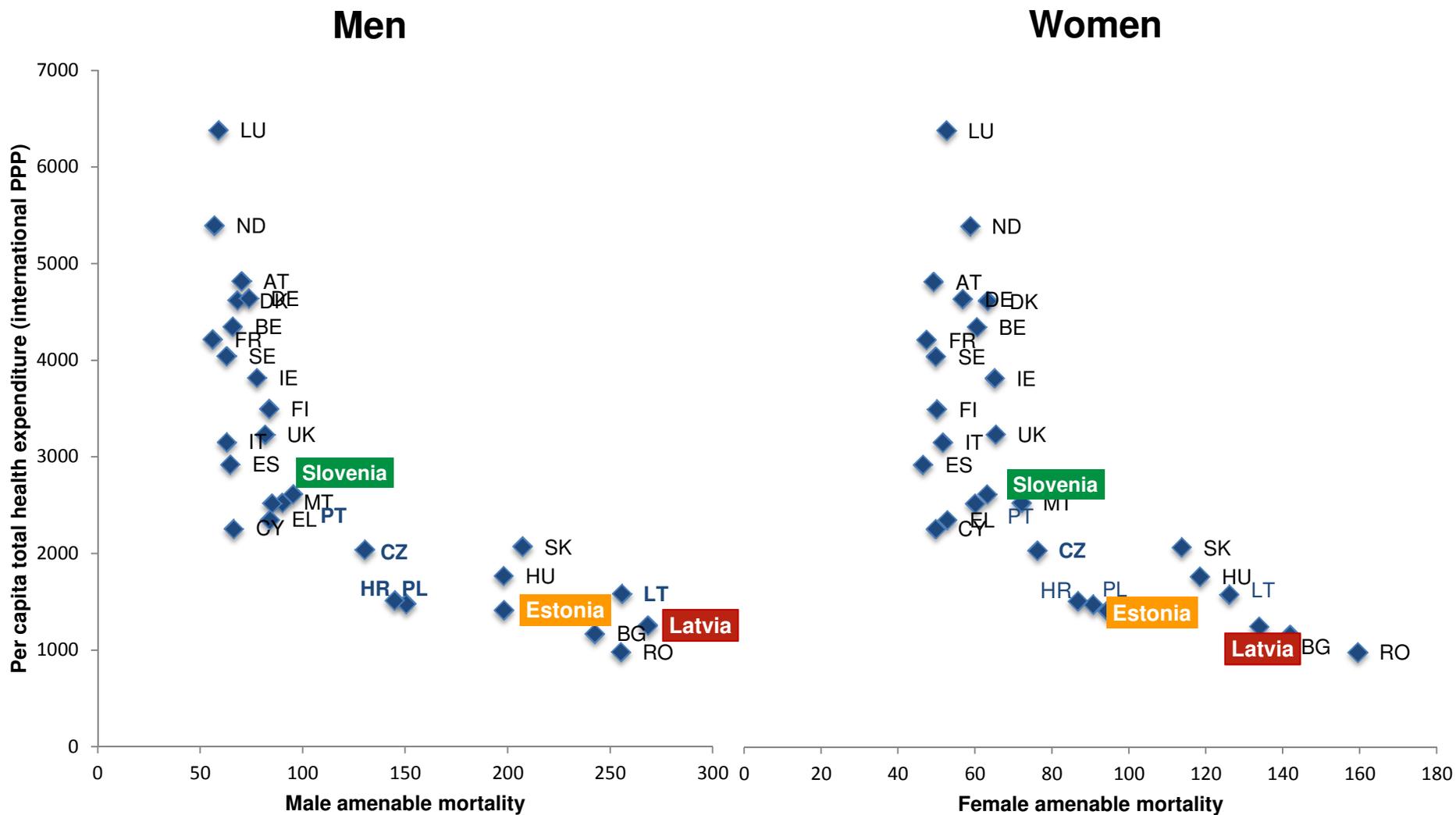
Unmet need



Financial protection

Good health outcomes at low cost? Yes, but...

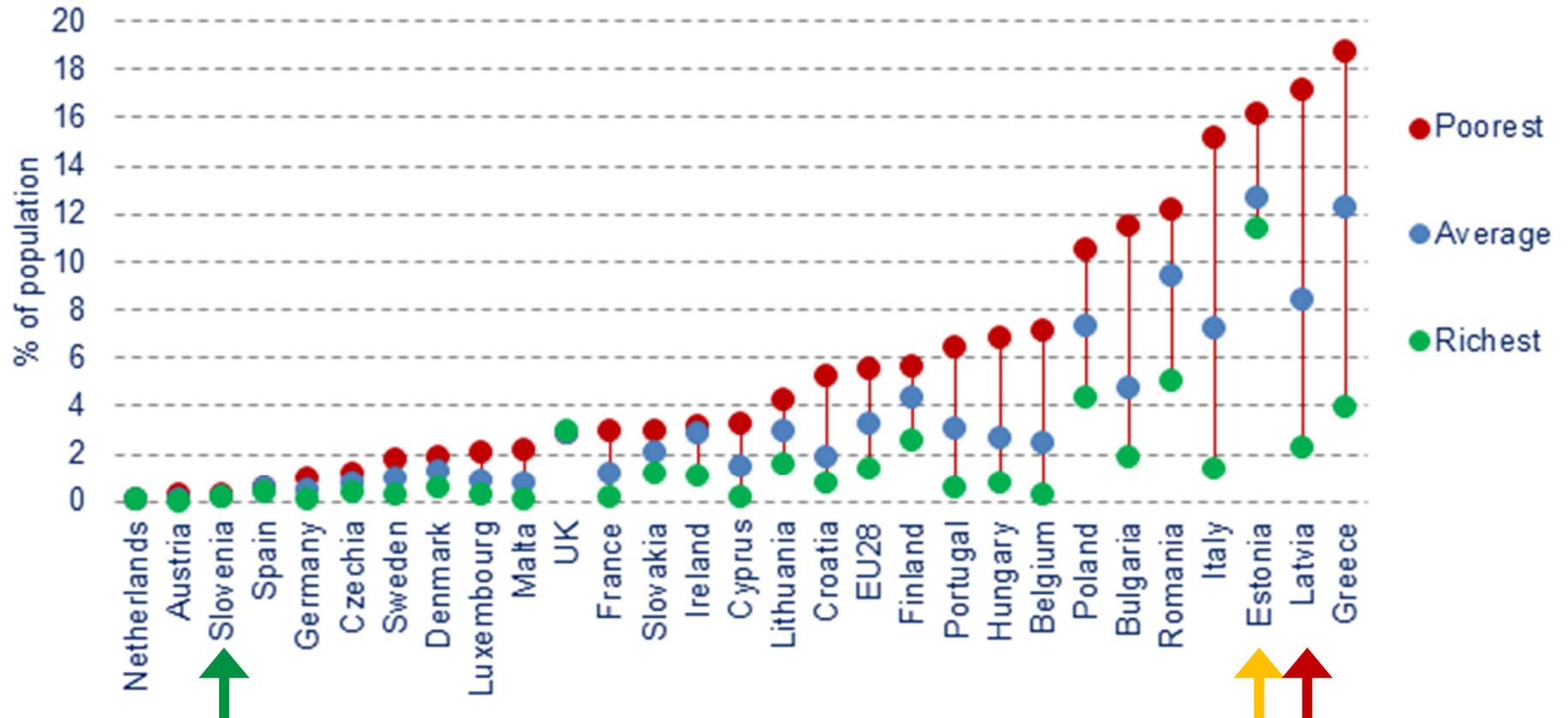
Amenable mortality could be improved by increasing spending and improving services (including prevention)



Source: Jonathan Cylus using GHED and WHO Mortality database, 2015

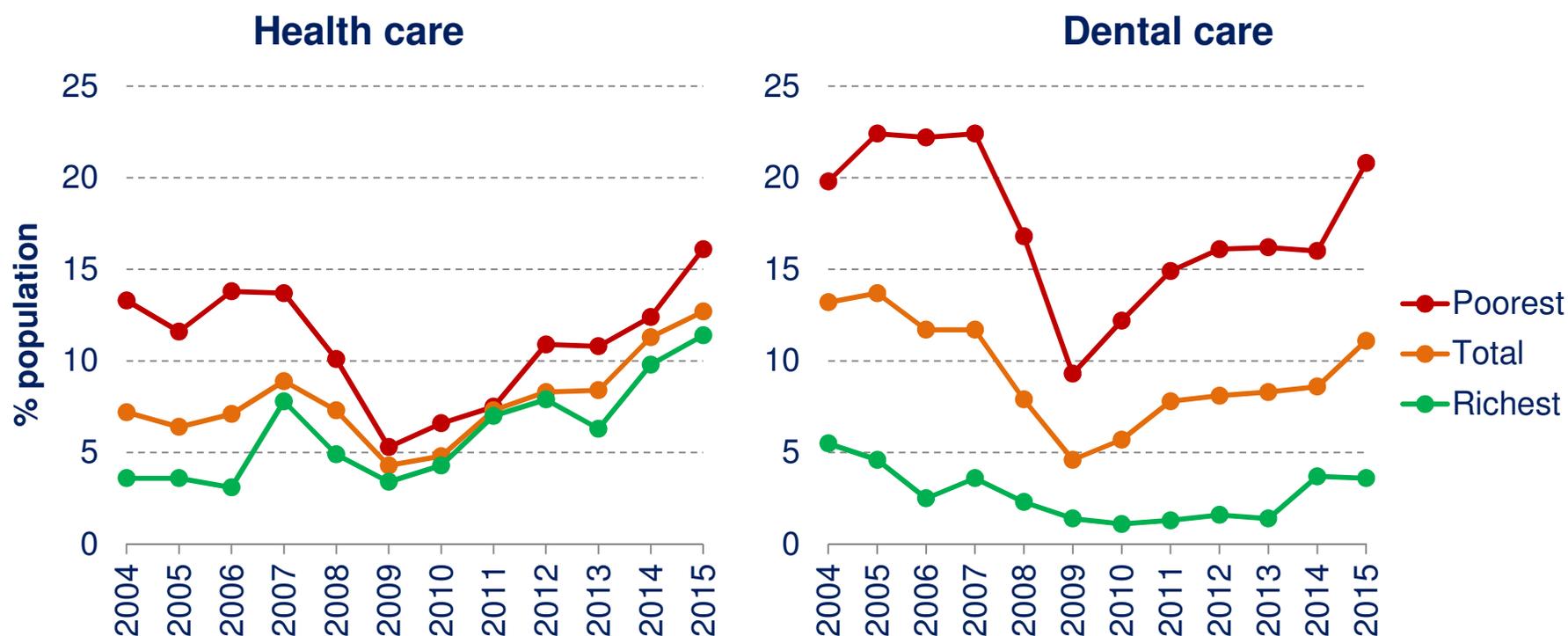
Unmet need: Estonia is among the worst performers in the EU

Unmet need for health care due to cost, distance or waiting time by income group in the European Union in 2015



Unmet need has increased since the crisis and inequality has grown especially in dental care

Unmet need due to cost, distance or waiting time by income group, 2004-2015



Financial hardship is an outcome of using health services and medicines and having to pay out-of-pocket for them



Photo: Chris Thomond, The Guardian

YES, BOTH HAVE UMBRELLAS.



BUT ONLY ONE IS PROTECTED.

MEASURE WHAT MATTERS.

**IT'S NOT UNIVERSAL HEALTH COVERAGE
UNLESS IT PROTECTS AGAINST FINANCIAL HARDSHIP.**

Due to out-of-pocket payments, people may not spend enough on basic needs – food, housing, heating – or may delay seeking health care

Two measures of financial protection

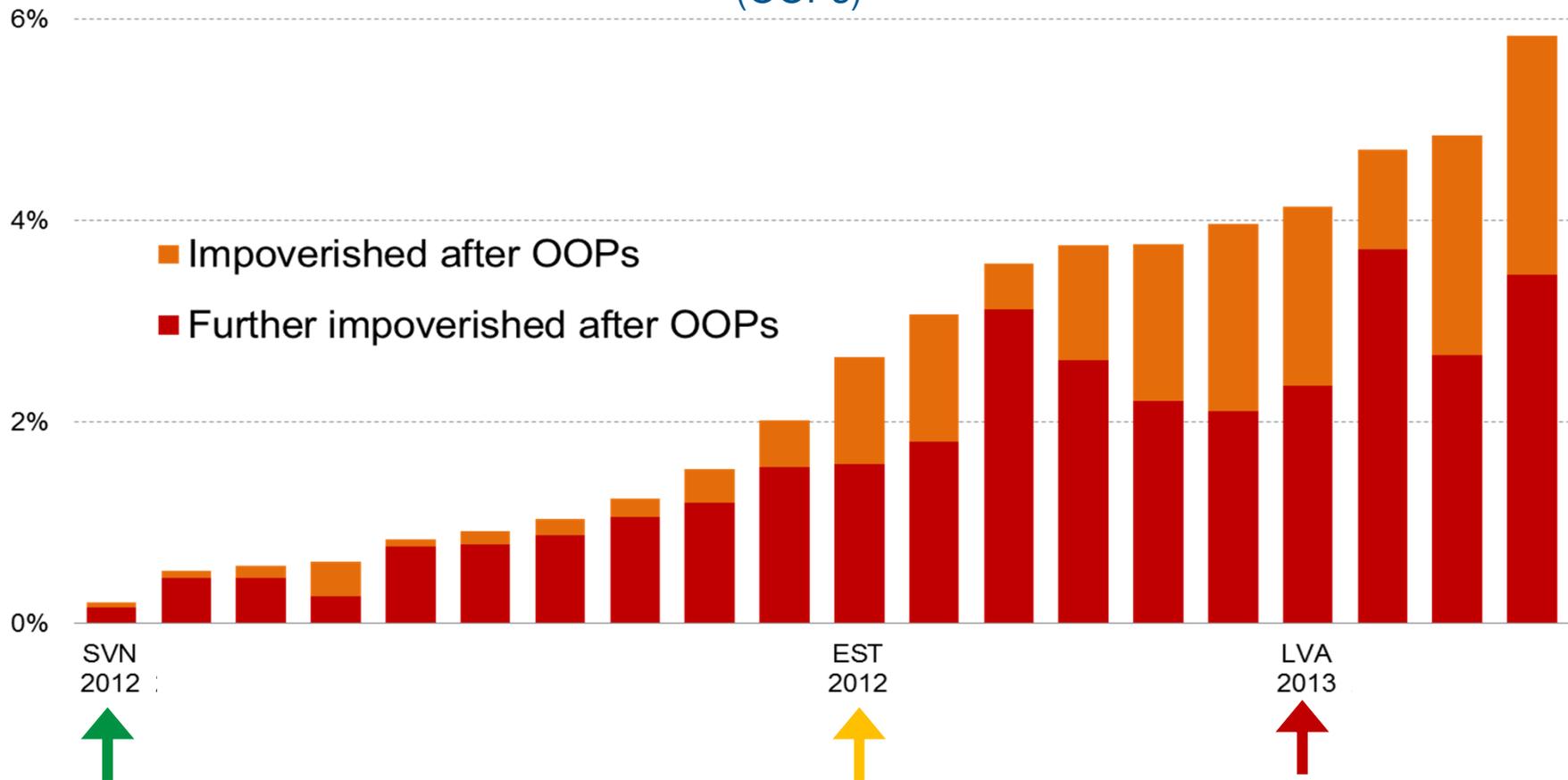
Catastrophic
out-of-pocket
payments:
OOPs > 40% of a
household's
capacity to pay for
health care

Impoverishing
out-of-pocket
payments:
OOPs that push
households below
(or further below)
the poverty line

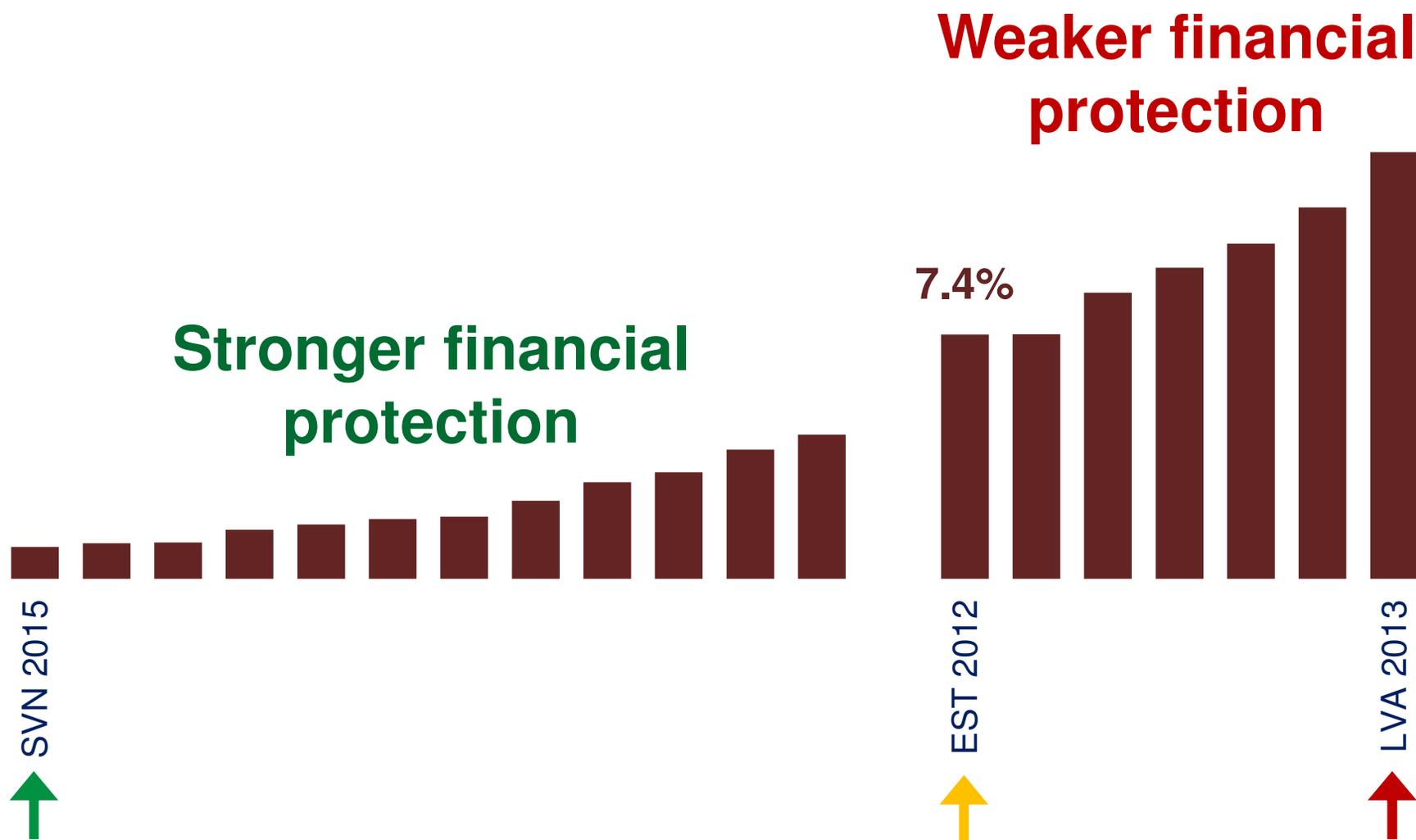
Calculated using routinely collected data on
household spending (budget surveys)

Weak financial protection leads to impoverishment and deepens the **poverty** impact of OOPs

Share of households **impoverished** or fall into **deeper poverty** after out-of-pocket payments (OOPs)

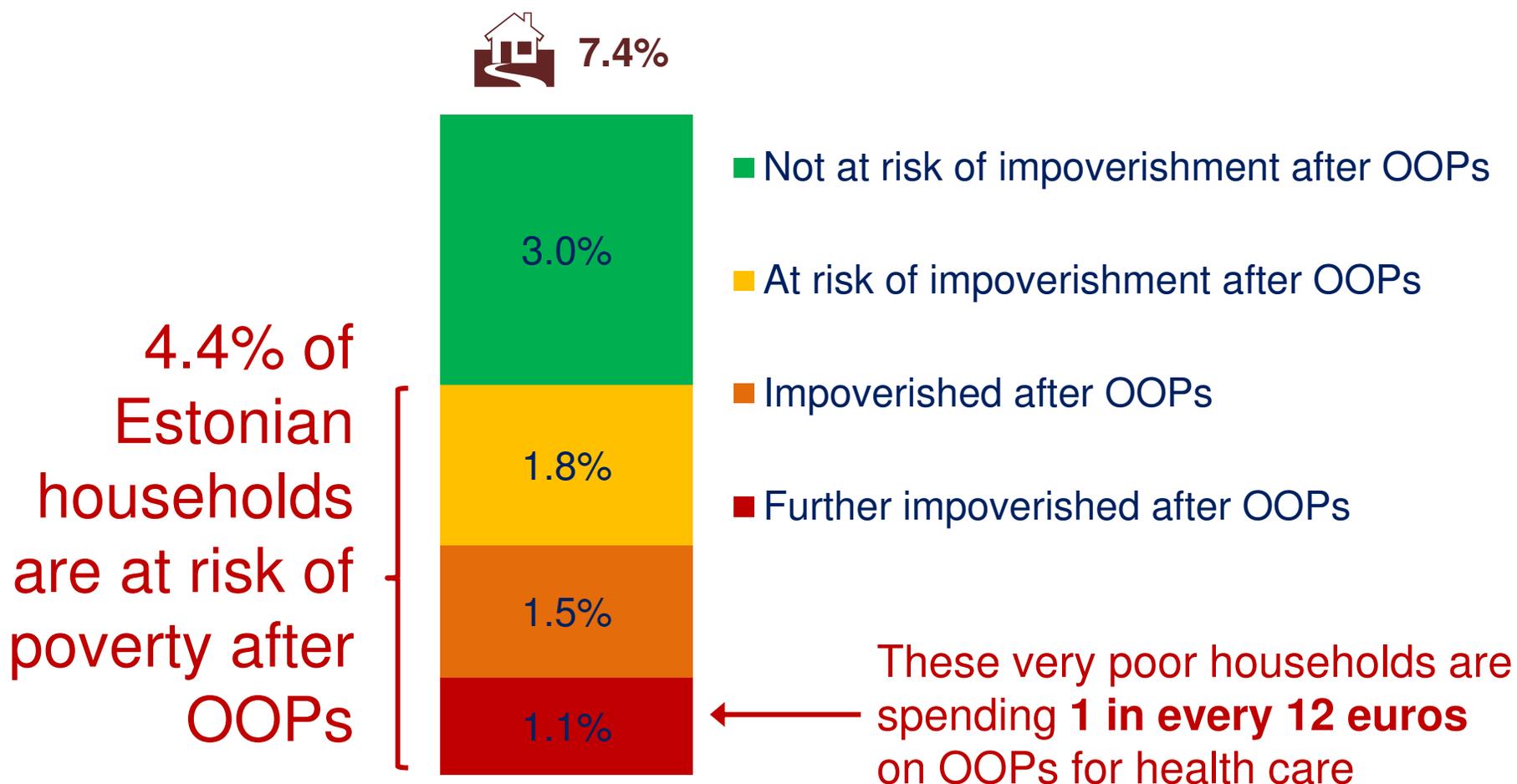


Share (%) of households with catastrophic OOPs in EU countries



Source: WHO Barcelona Office preliminary estimates using national data for the latest year available

Breakdown of households with catastrophic OOPs by risk of poverty

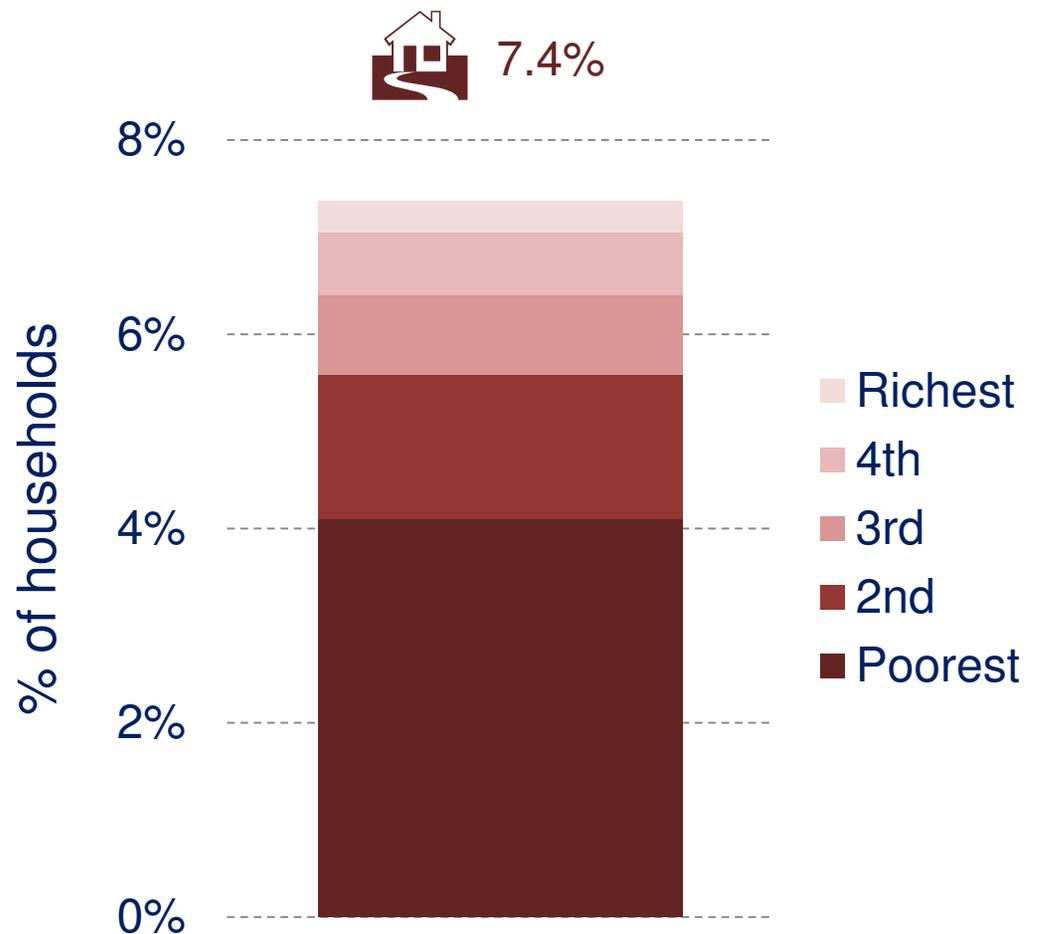


That's the bad news

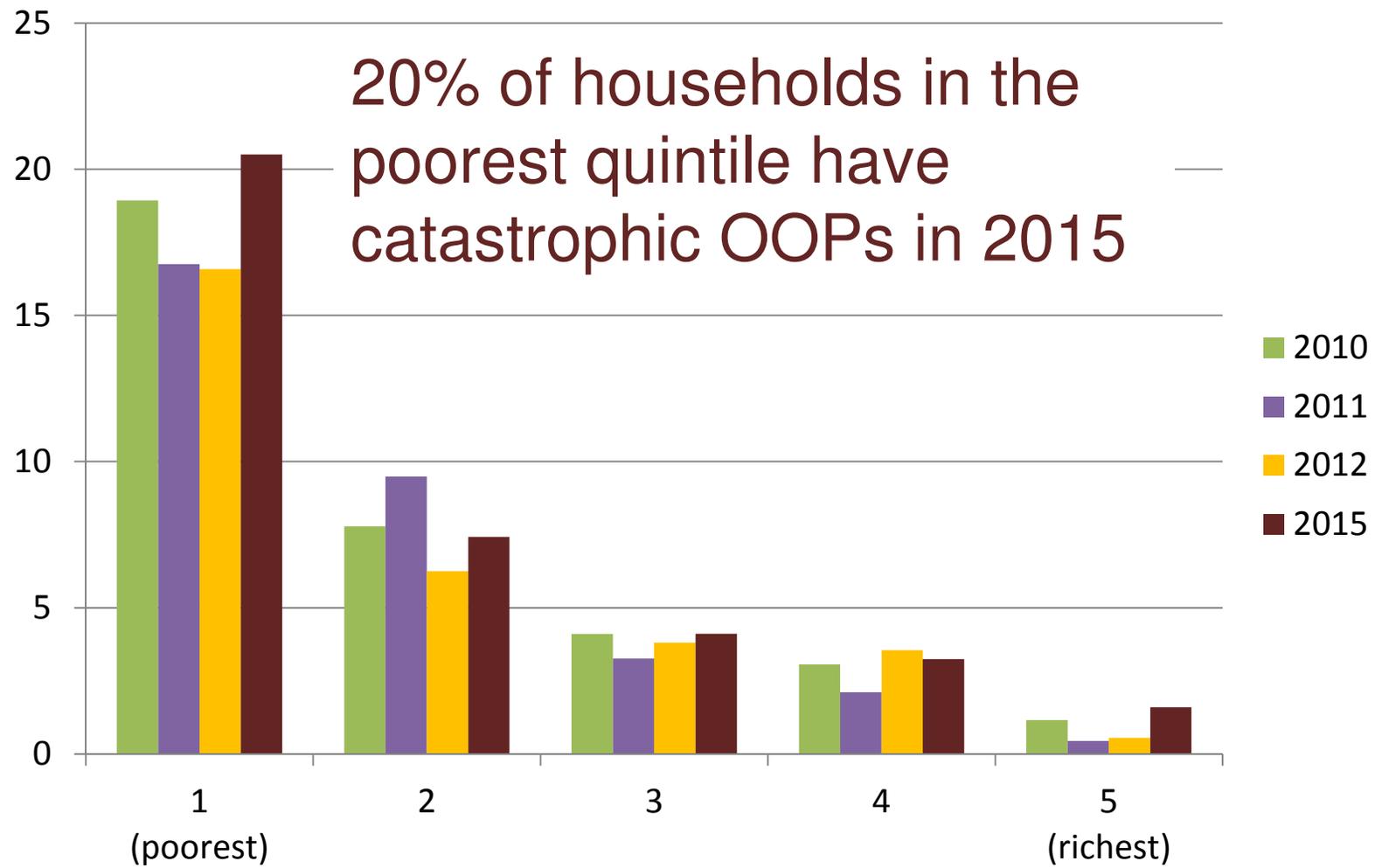
The good news is that further analysis clearly points to solutions and the Ministry is already taking action

Distribution matters: Breakdown of households with catastrophic OOPs by income quintile (2015)

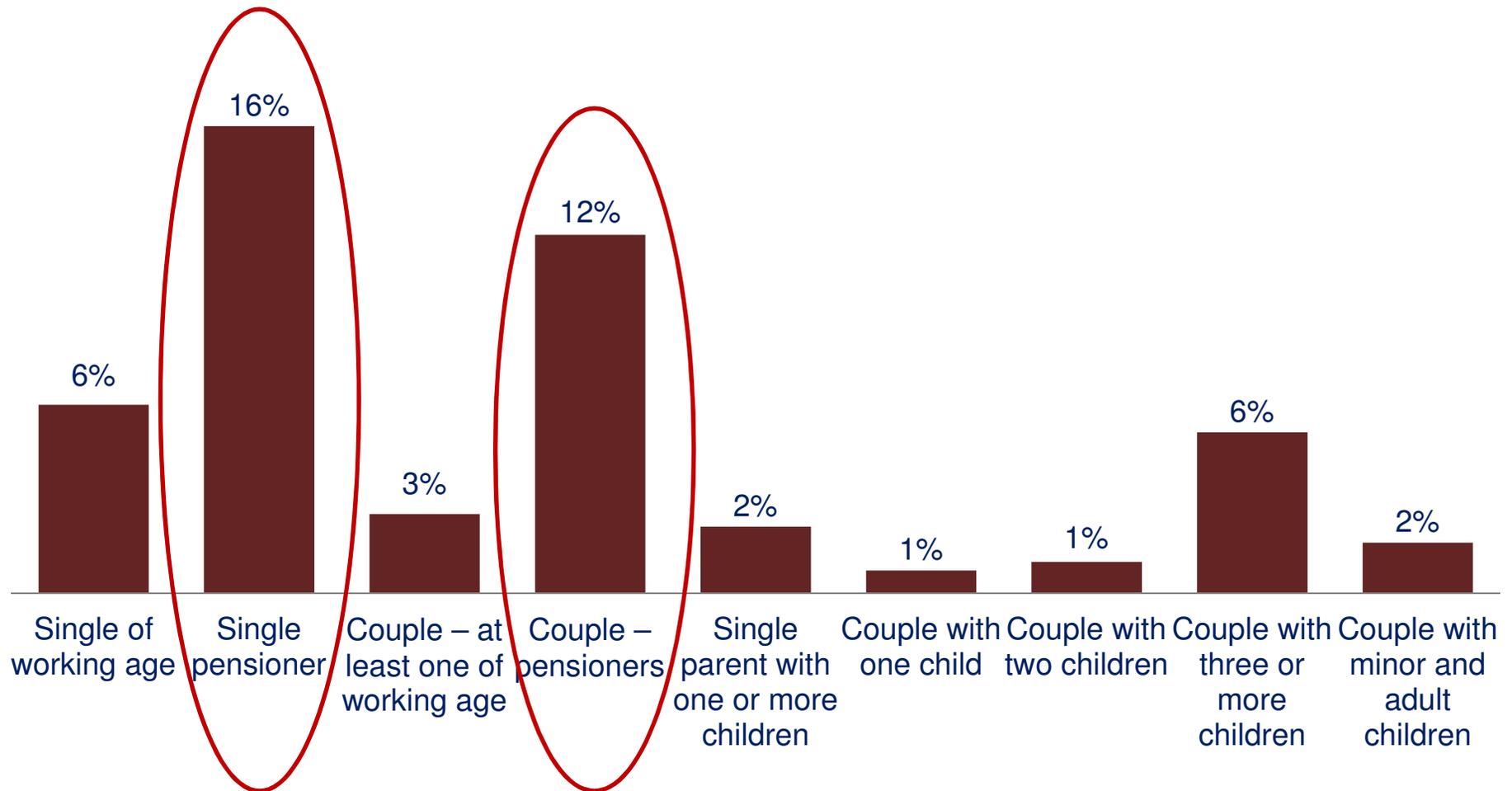
More than half of these households fall in the poorest quintile of the distribution



Distribution of households with **catastrophic OOPs** by income quintile over time (2010-2015)

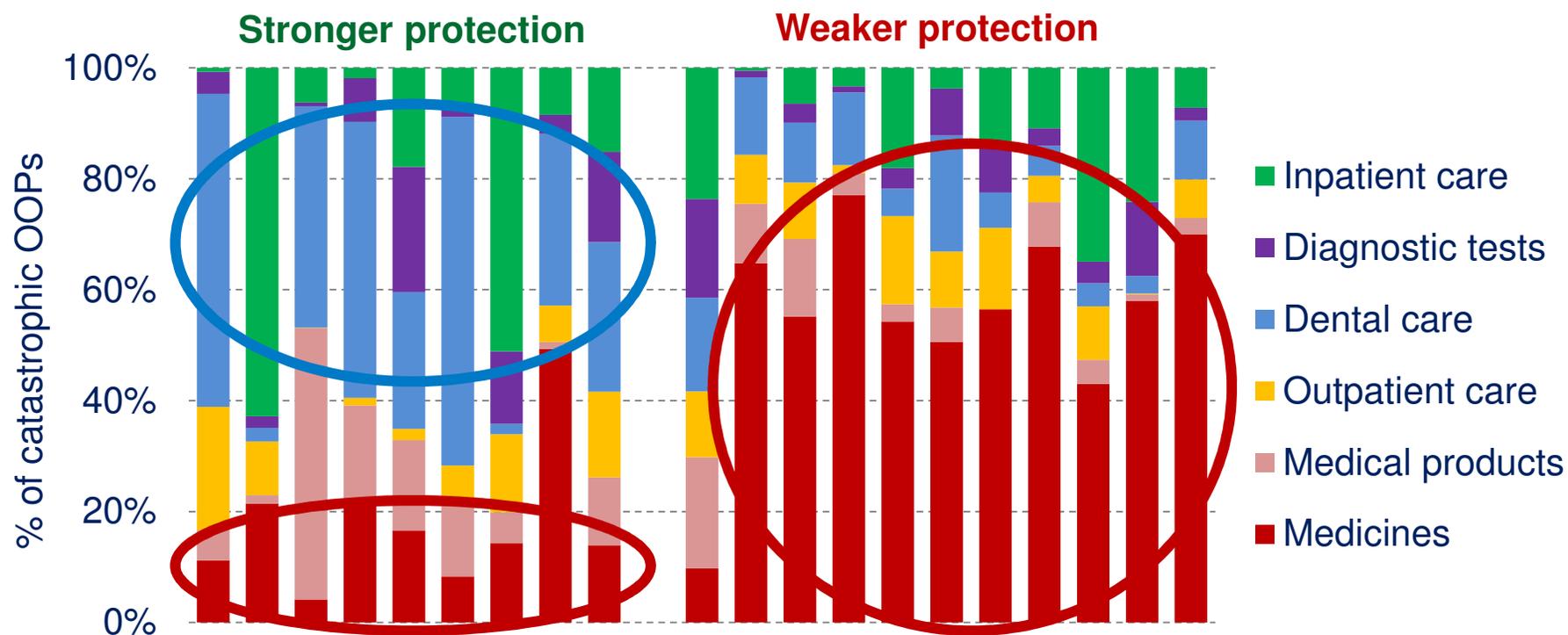


Incidence of catastrophic OOPs by type of household



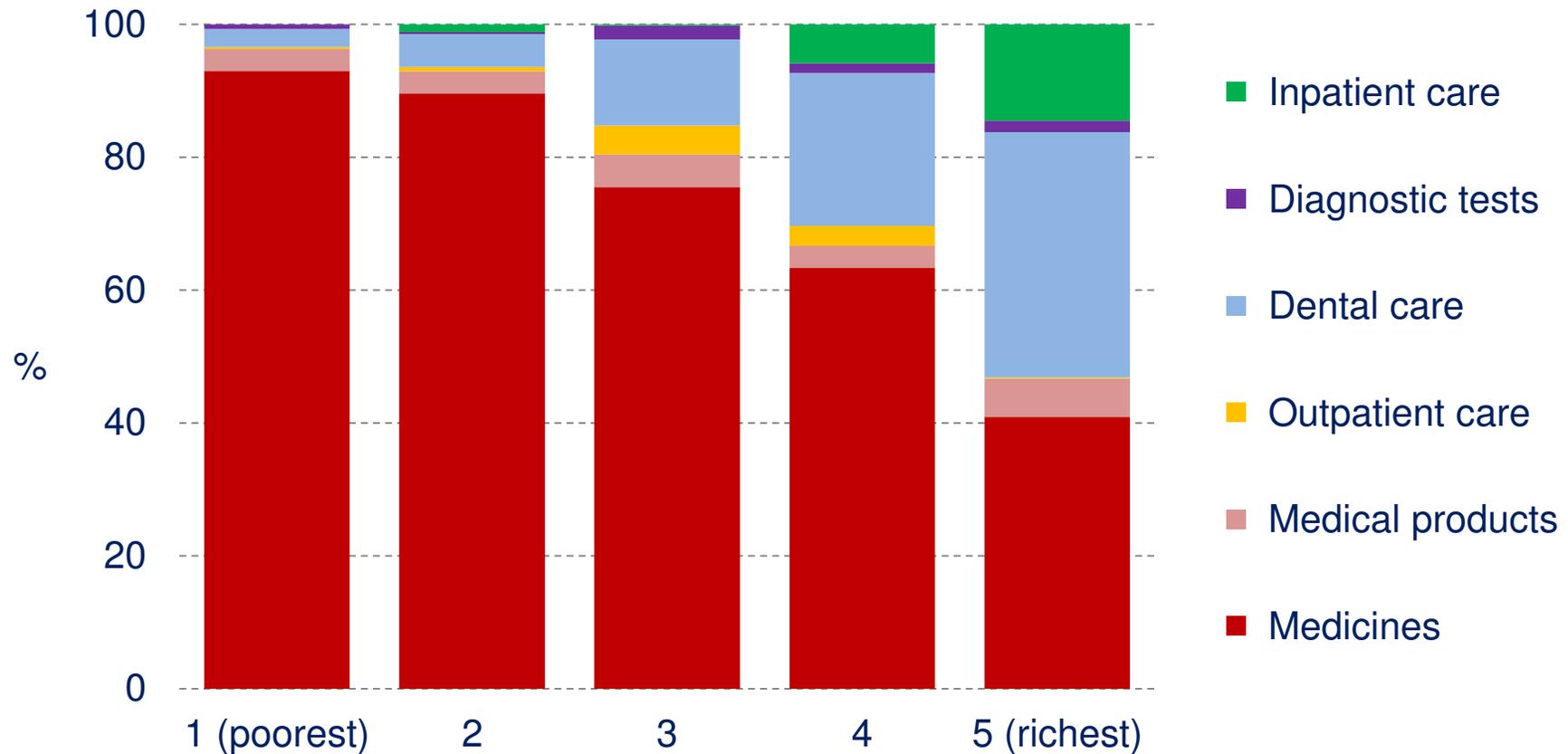
The drivers of catastrophic OOPs vary across countries – but there is a pattern

Breakdown of catastrophic OOPs by type of care



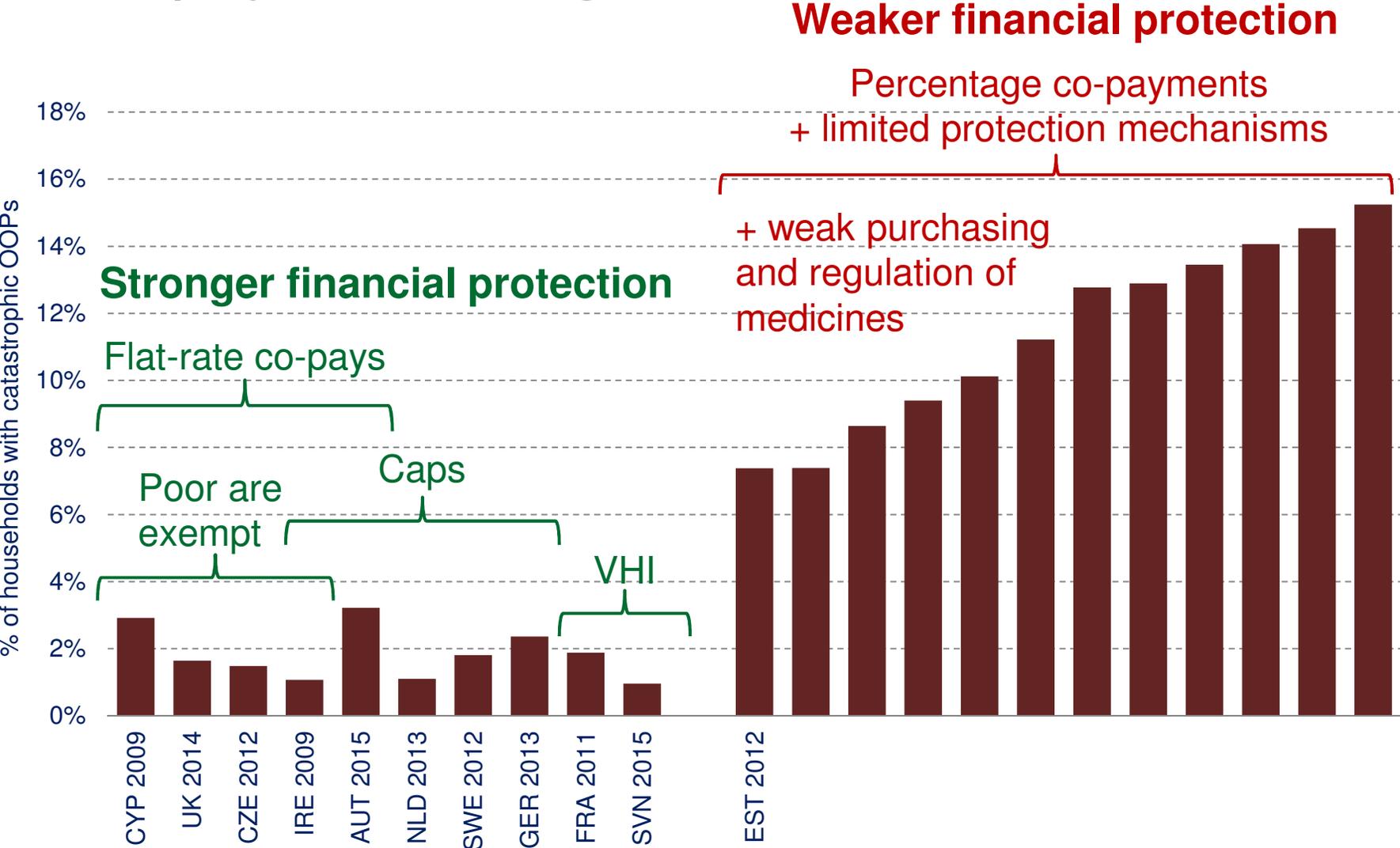
The power of evidence: supporting pro-poor coverage policy action in Estonia

Medicines are the main driver of catastrophic spending especially for the poor



Source: Estonian HBS, WHO calculations

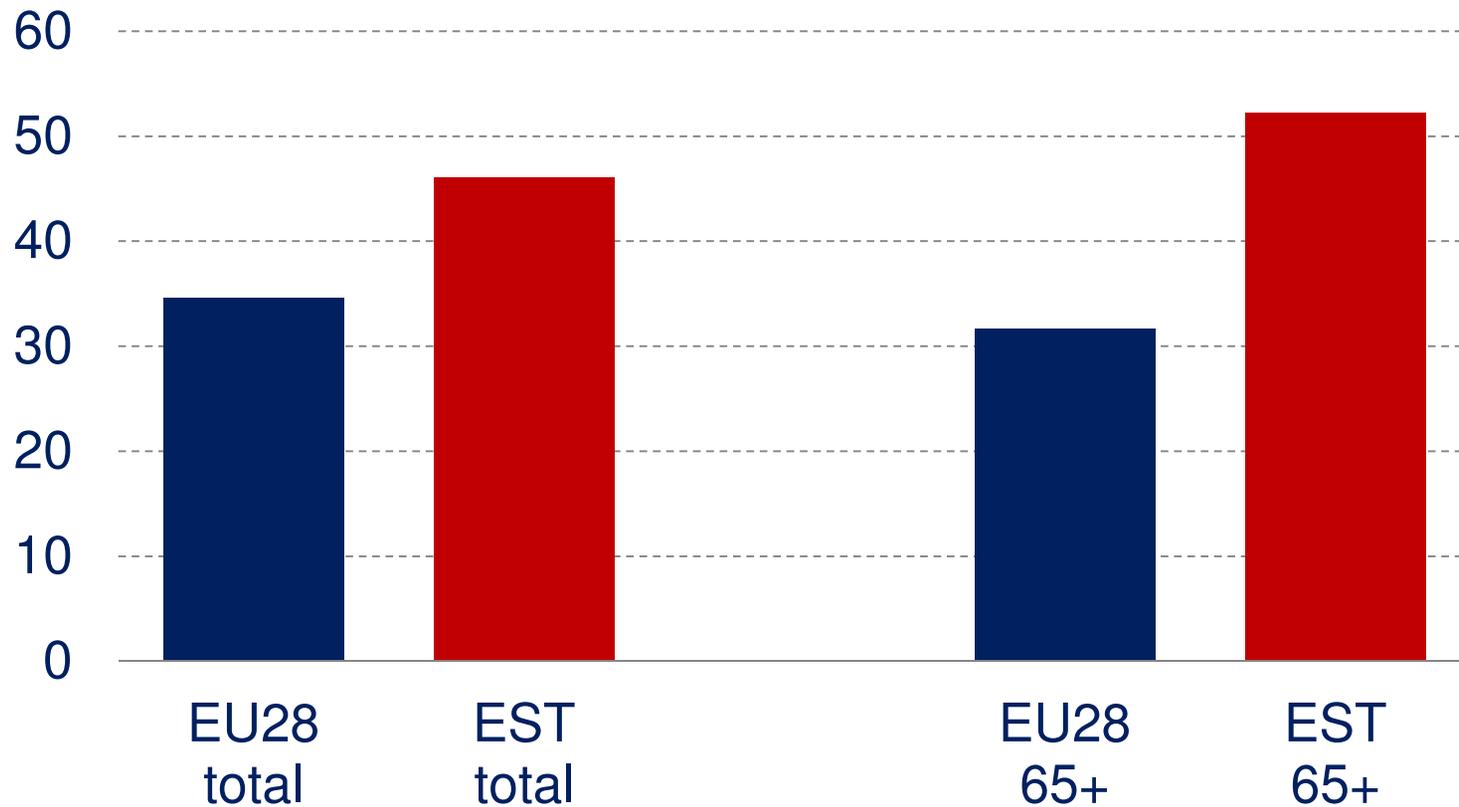
In Europe, financial protection is closely linked to co-payment design



Source: WHO Barcelona Office preliminary estimates using national data plus authors' research

High use of non-prescribed medicines may also be an issue

Share (%) of the total population or older people using non-prescribed medicines: Estonia vs EU28



Improve co-payment design further

There is a lot to be learnt from co-payment design in countries with stronger financial protection:

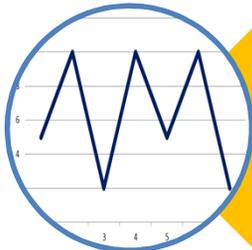
- ✓ avoid percentage co-payments
- ✓ exempt poor and regular users
- ✓ cap co-payments

Stronger coverage design will improve access, financial protection – and efficiency

Further health financing policy objectives and performance in Estonia



Adequate funding levels

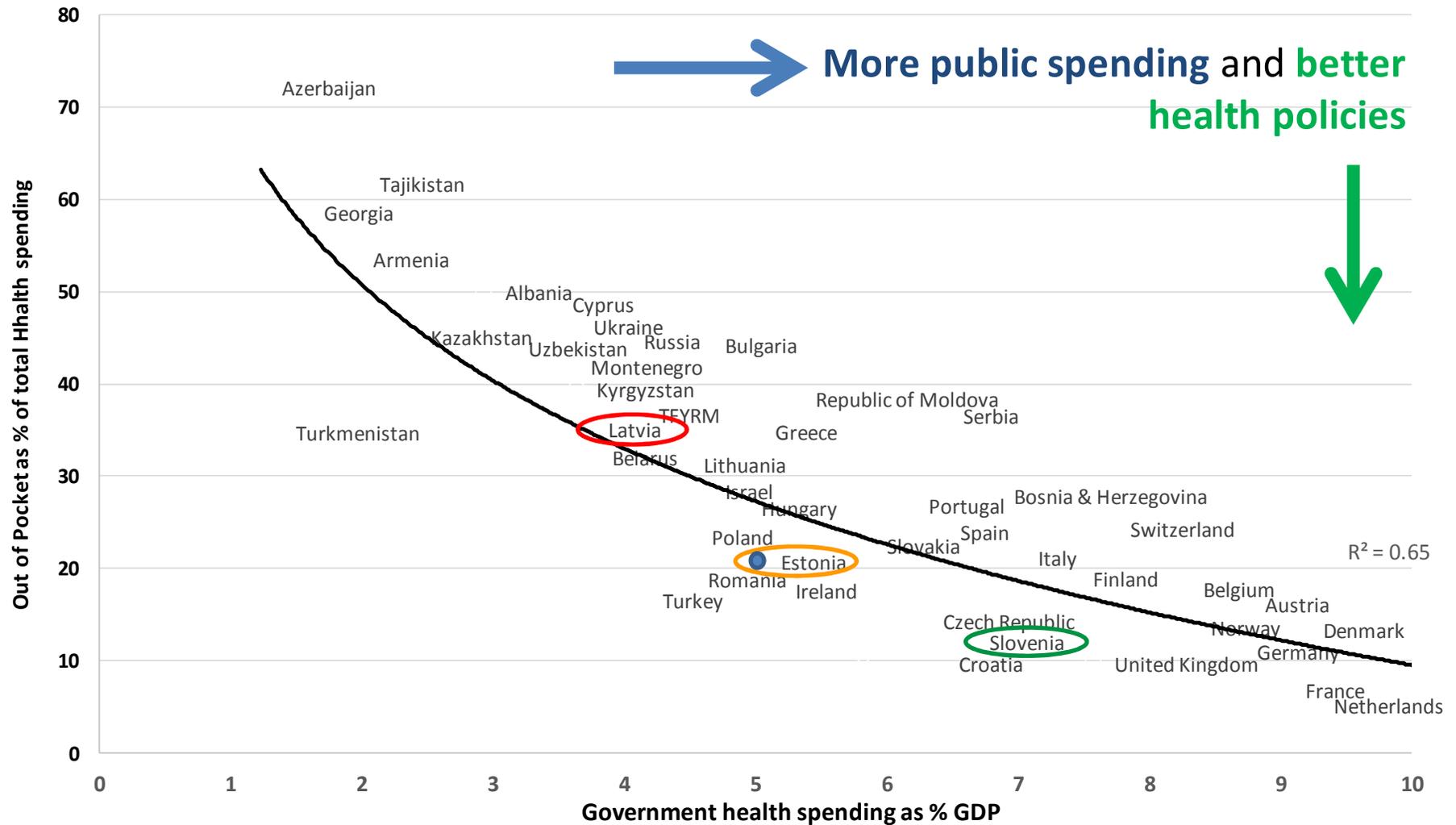


Stable and sustainable revenue flows



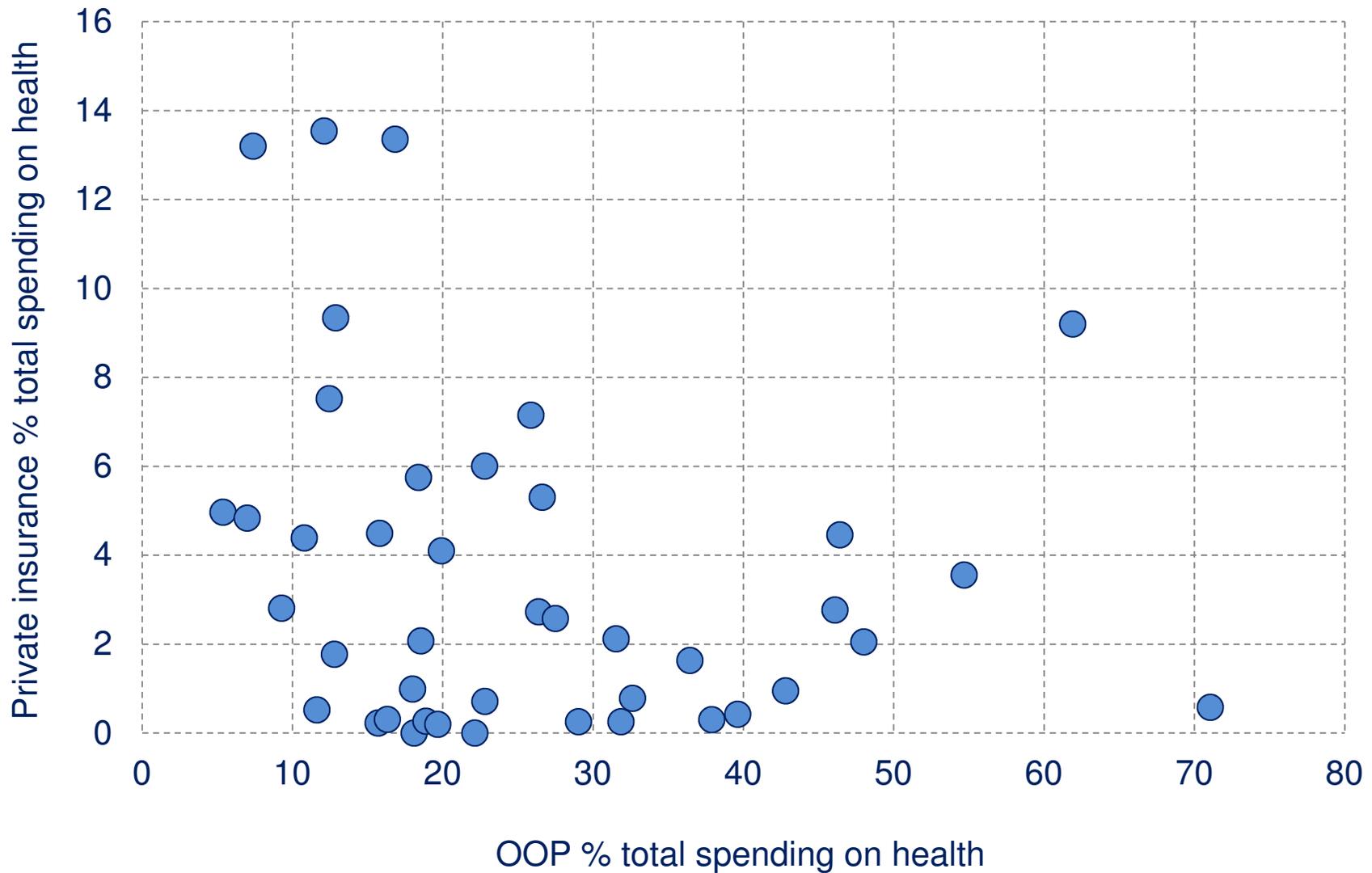
Efficiency

More public spending means lower burden on patients, but policies matter

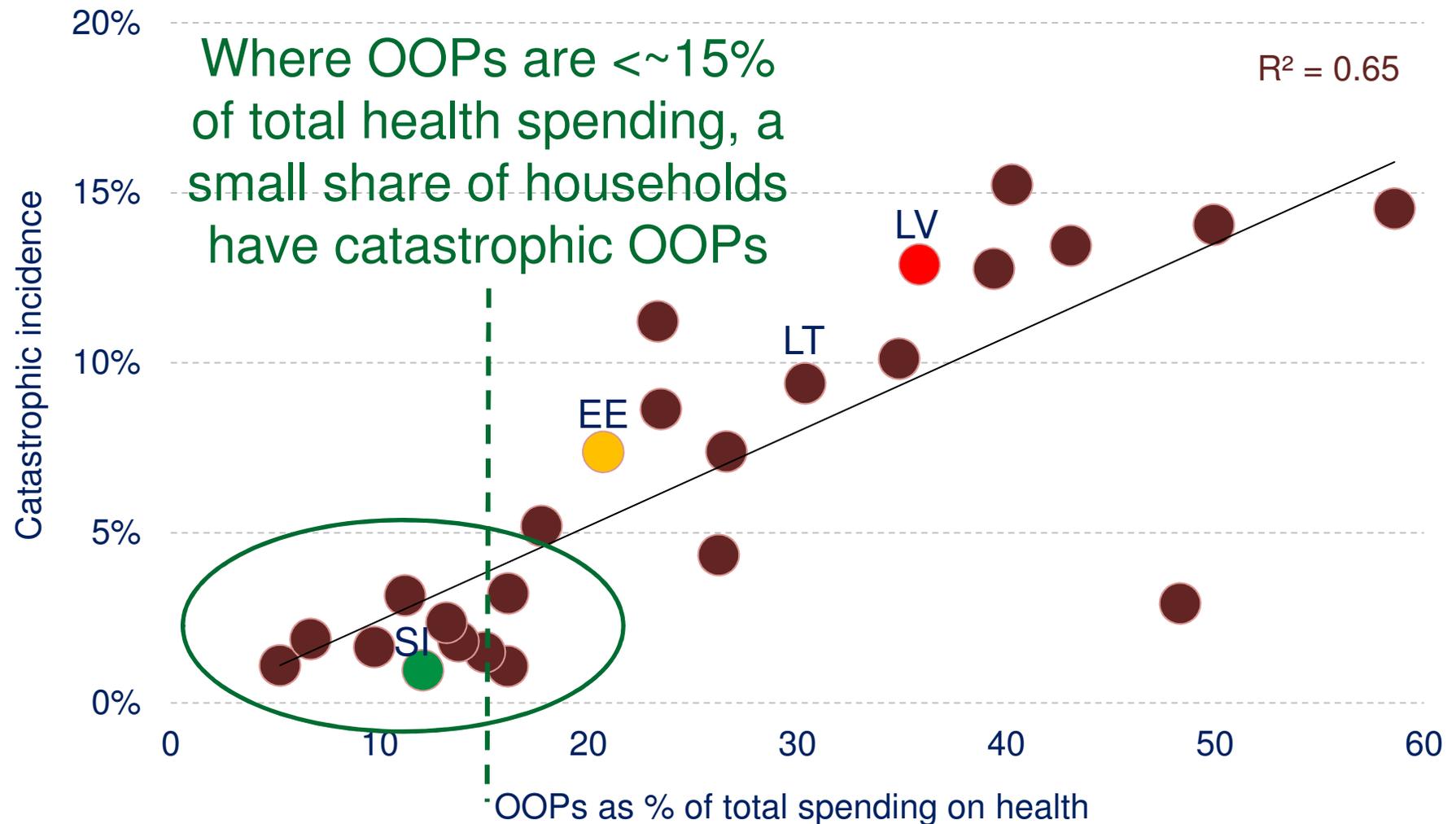


Source: WHO estimates for 2014, selected countries with population > 600,000

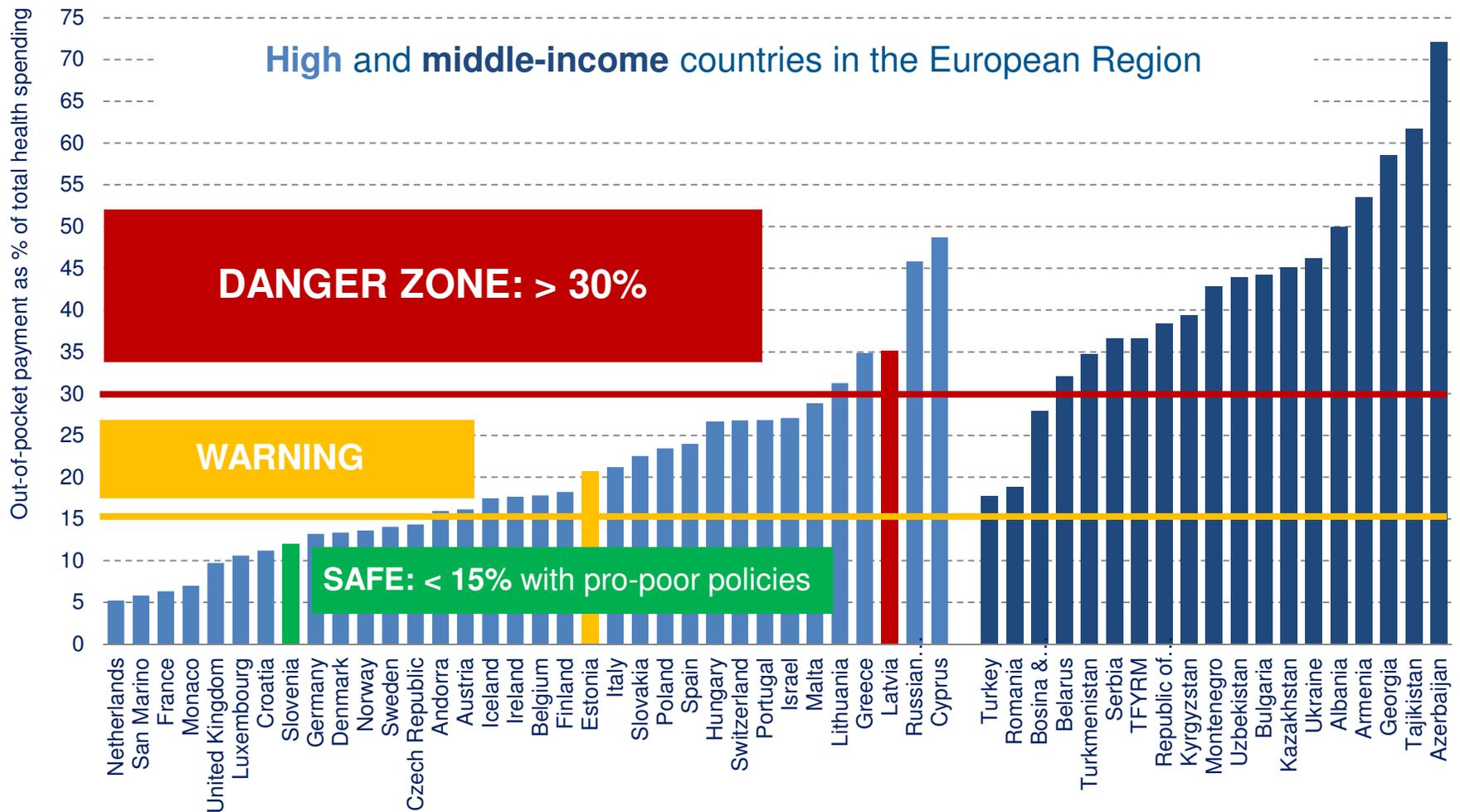
But note that more private insurance does not mean lower out-of-pocket payments



Strong correlation between OOPs as a share of total health spending and financial protection

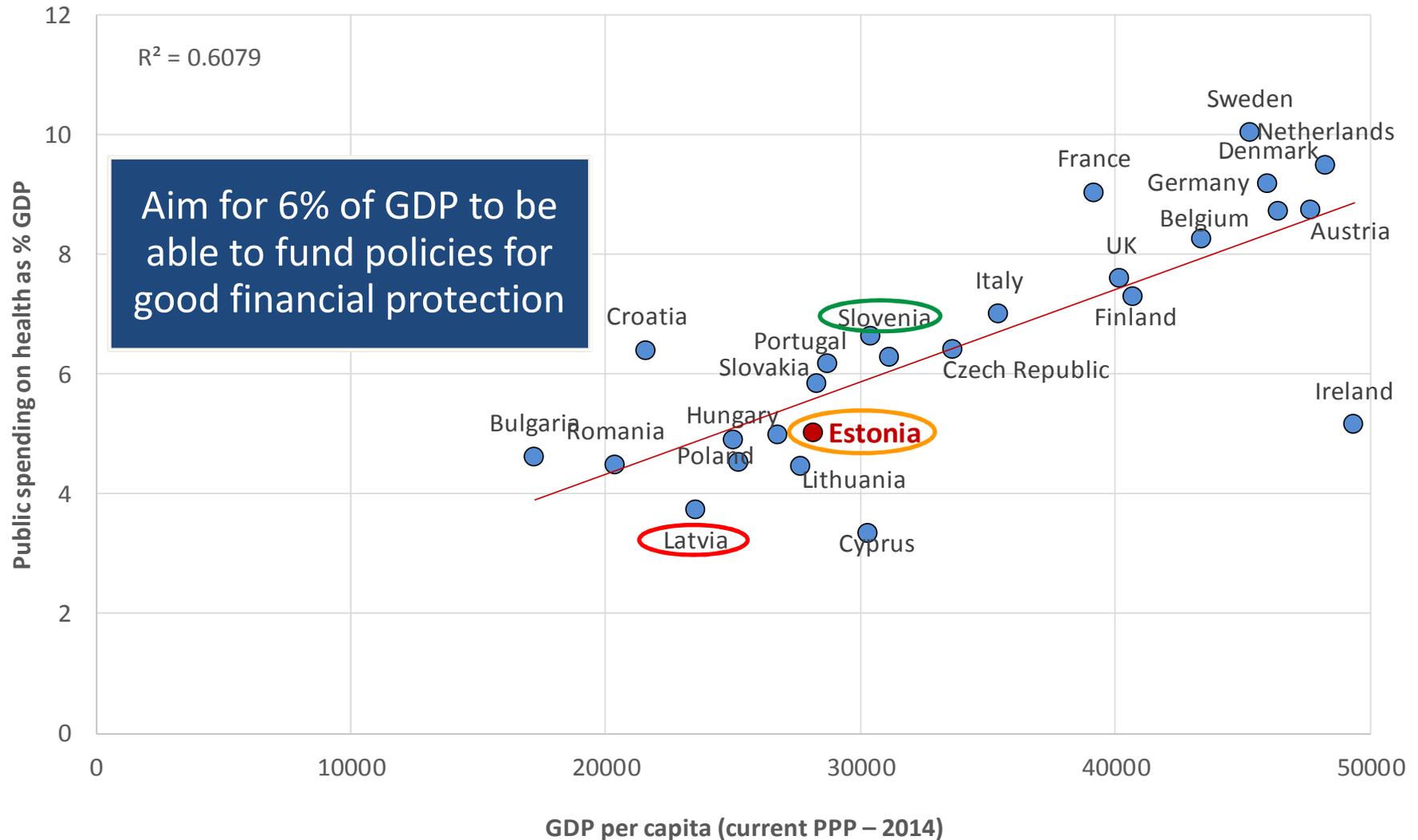


Out-of-pocket payments (OOPs) as % of total spending on health by country: room for improvement in Estonia



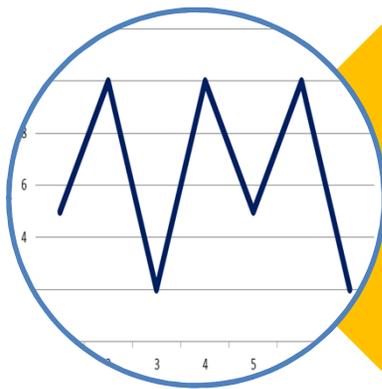
Source: WHO data for 2014

Public spending on health is still below EU trendline



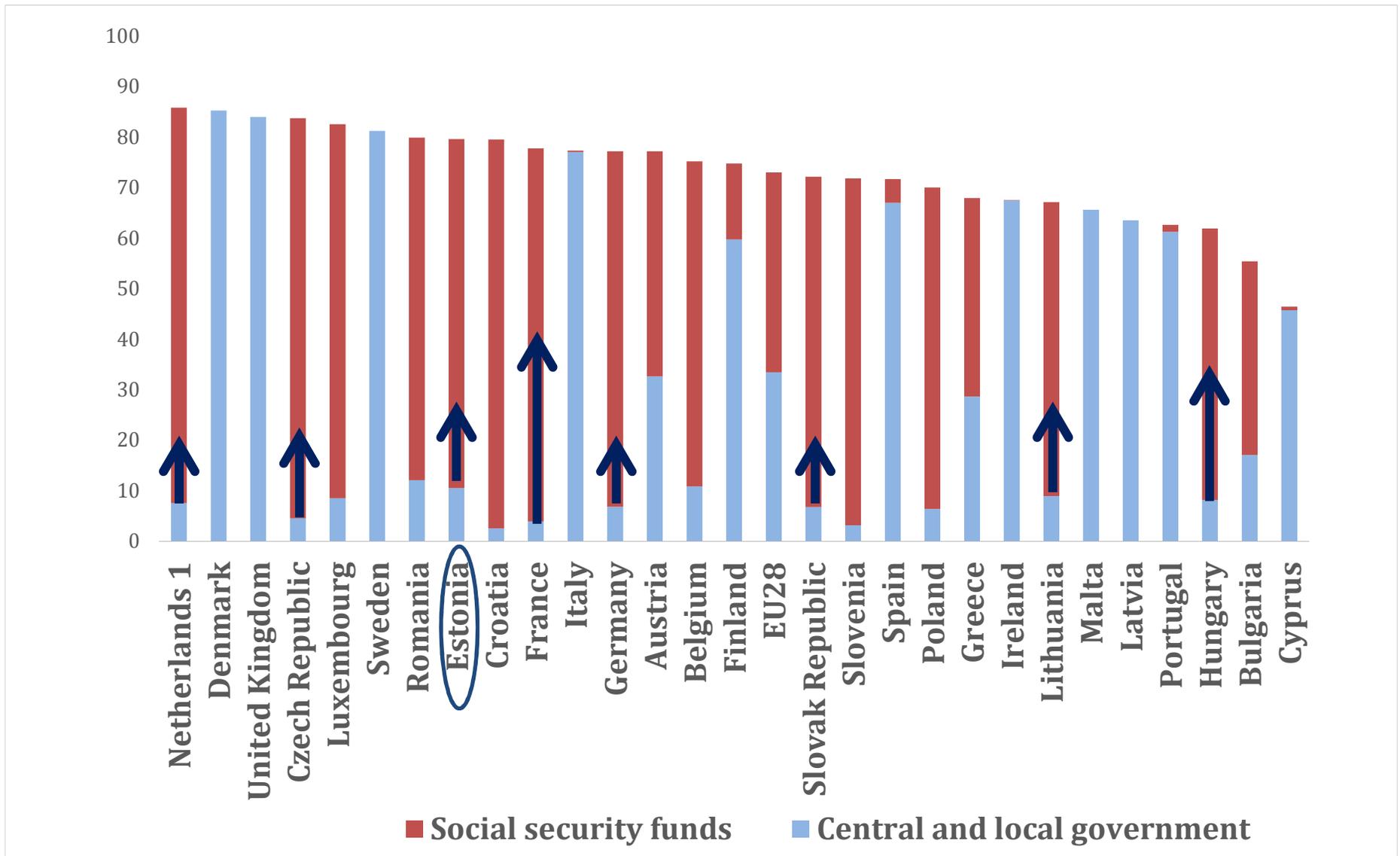
Source: WHO estimates for 2014, selected countries with population > 600,000

Broadening the revenue base and diversifying sources (2018-2022)



Stable and sustainable
revenue flows

In more and more countries with social insurance systems, tax revenues contribute a sizeable amount: Estonia is welcome to the club as of 2018



Beyond Beveridge and Bismarck: a message from Barcelona



If annual allocations are unpredictable and priority is low, stakeholders argue for insurance contributions and earmarking to secure stable revenues

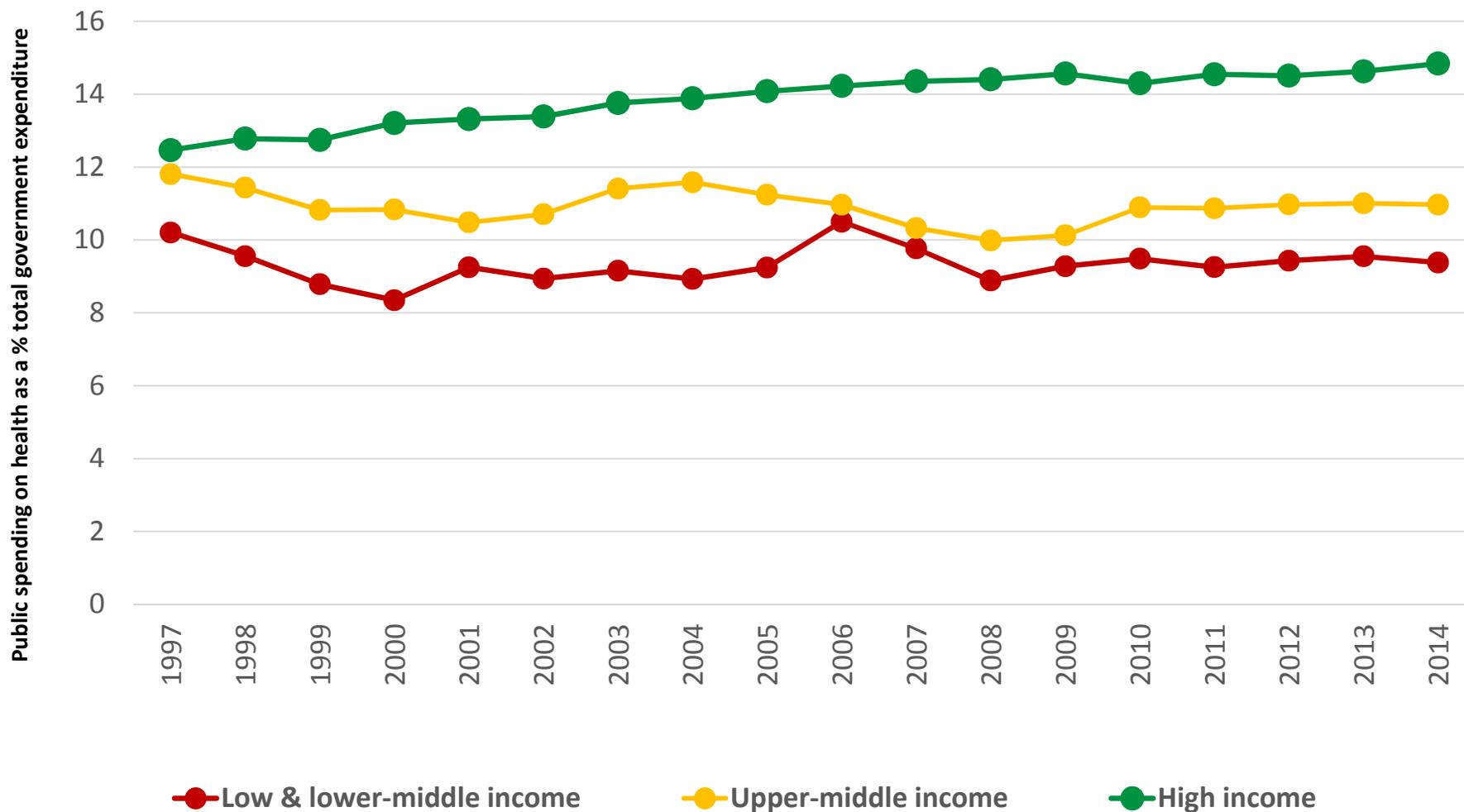


Heavy reliance on payroll taxes is a challenge for adequate and stable revenues. Linking entitlement to payment of contributions undermines universality

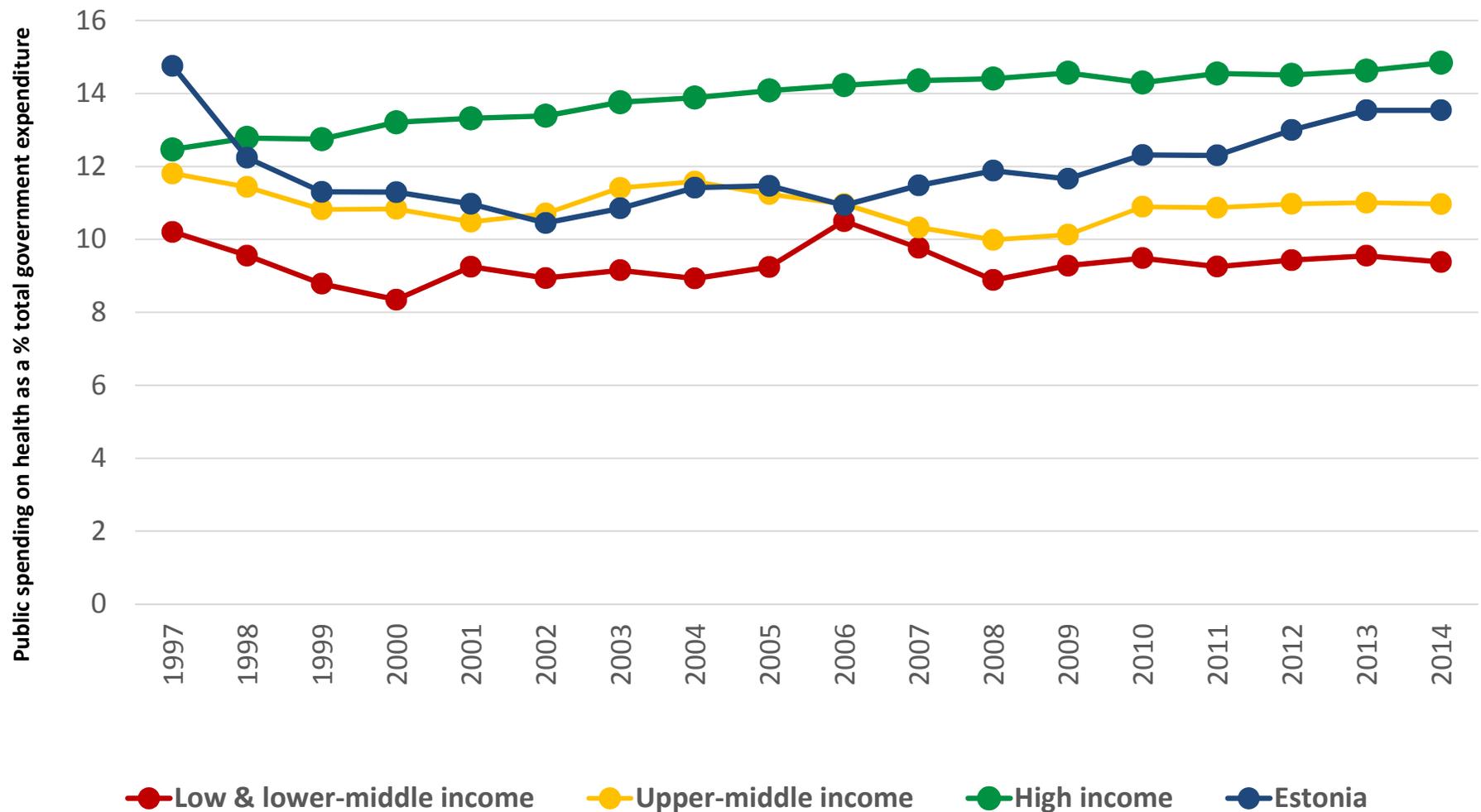


Political commitment for adequate and stable public revenues with counter-cyclical mechanism, pooled in a single fund of strategic purchaser for UHC

Share of health within government budgets by income groups in the WHO European Region



Share of health within government budgets by income groups in the WHO European Region and in Estonia



A number to remember: increase priority to health within overall public spending



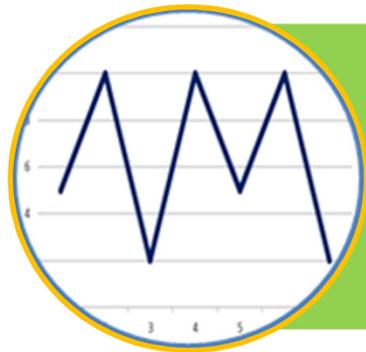
15%

Reduce OOPs
as a share of total spending on health

Roadmap for Estonia



Reduce OOPs, improve coverage & aim for universality



Increase PUBLIC spending, diversify revenue sources and maintain high priority to health



Improve efficiency through strategic purchasing, less fragmentation & more integrated care