



**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

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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](#)

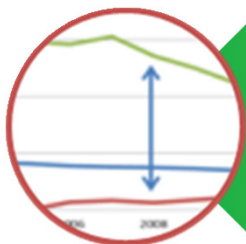
Moving towards UHC requires more public financing, less OOPs and carefully designed coverage policies

**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

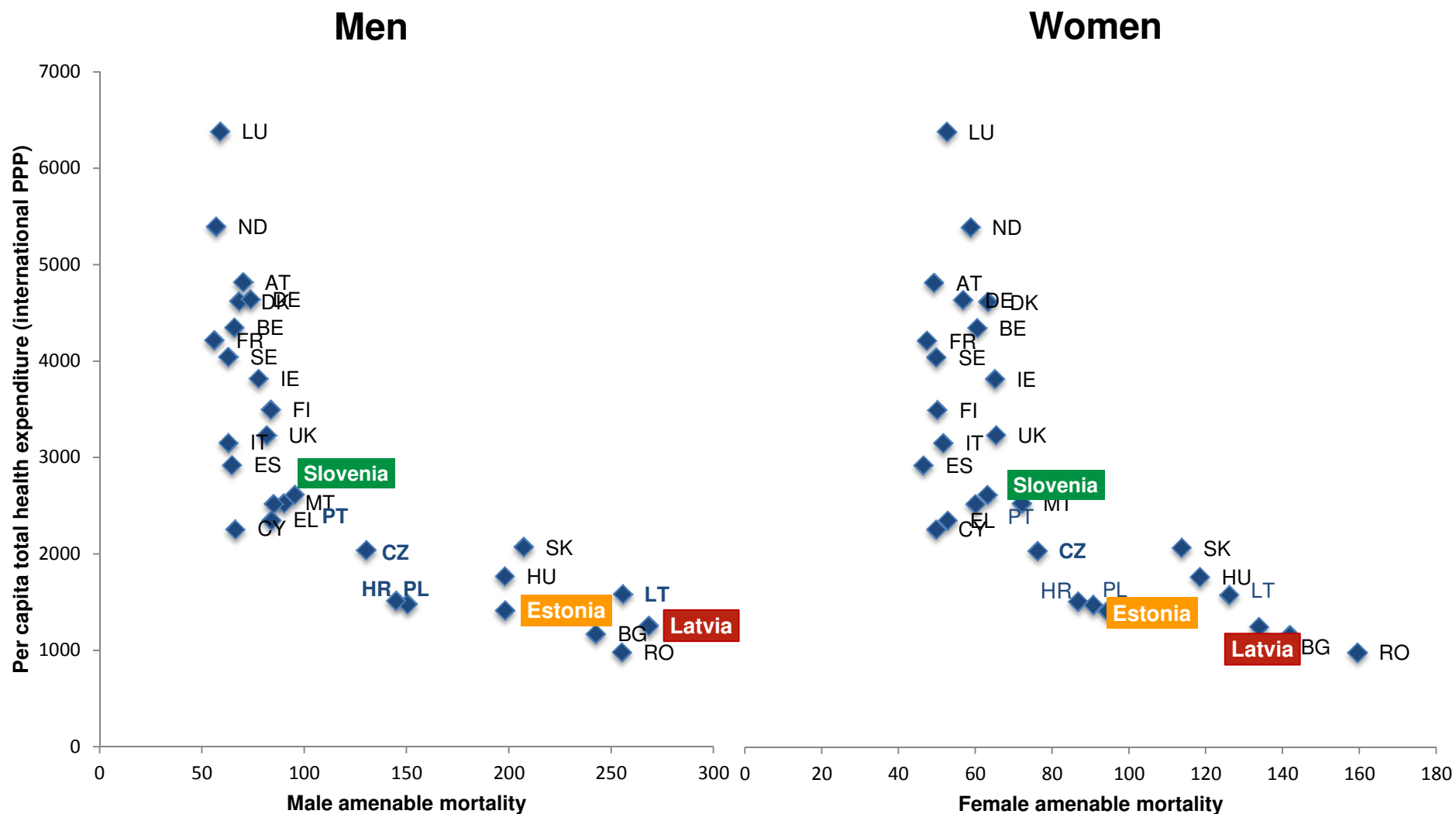


Financial protection



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

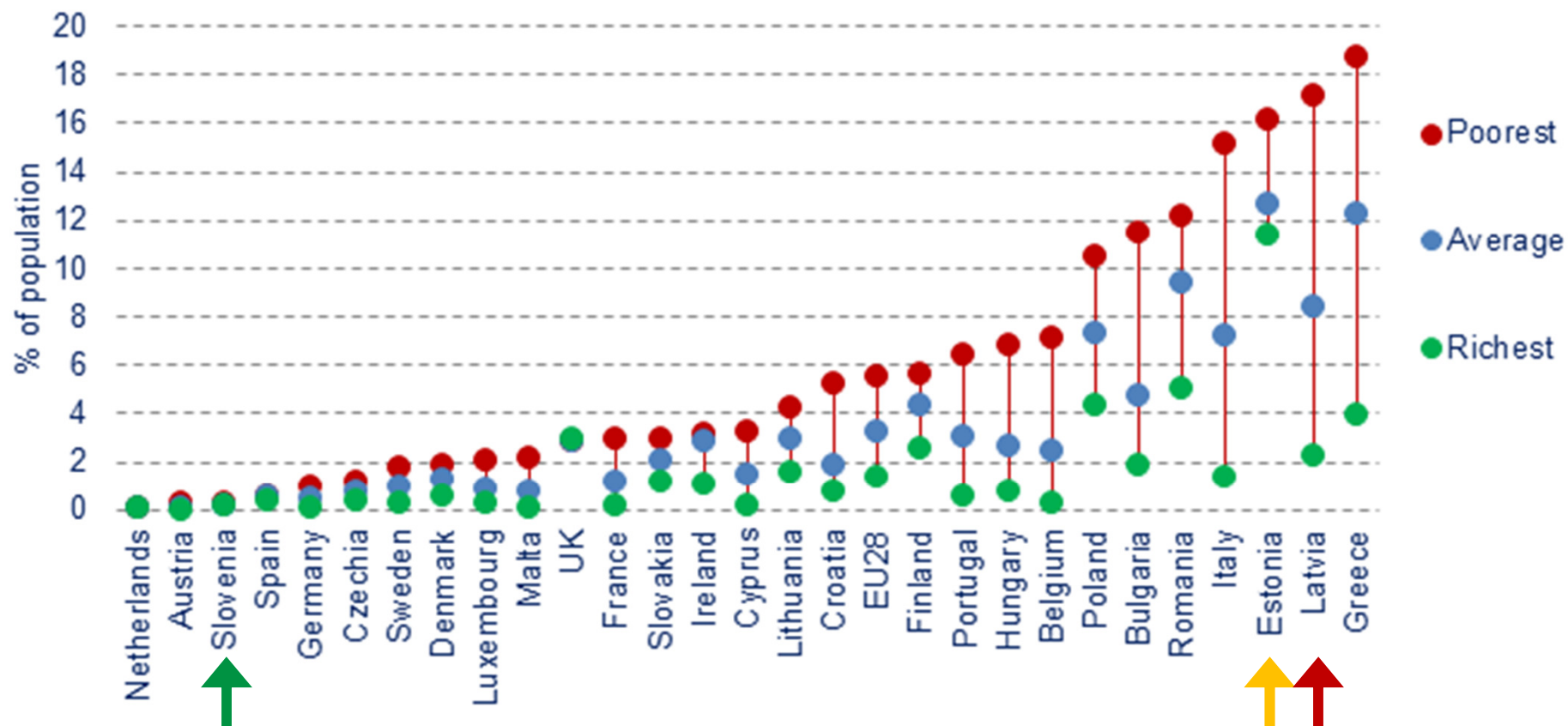
Amenable mortality could be improved by increasing spending and improving services (including prevention)



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

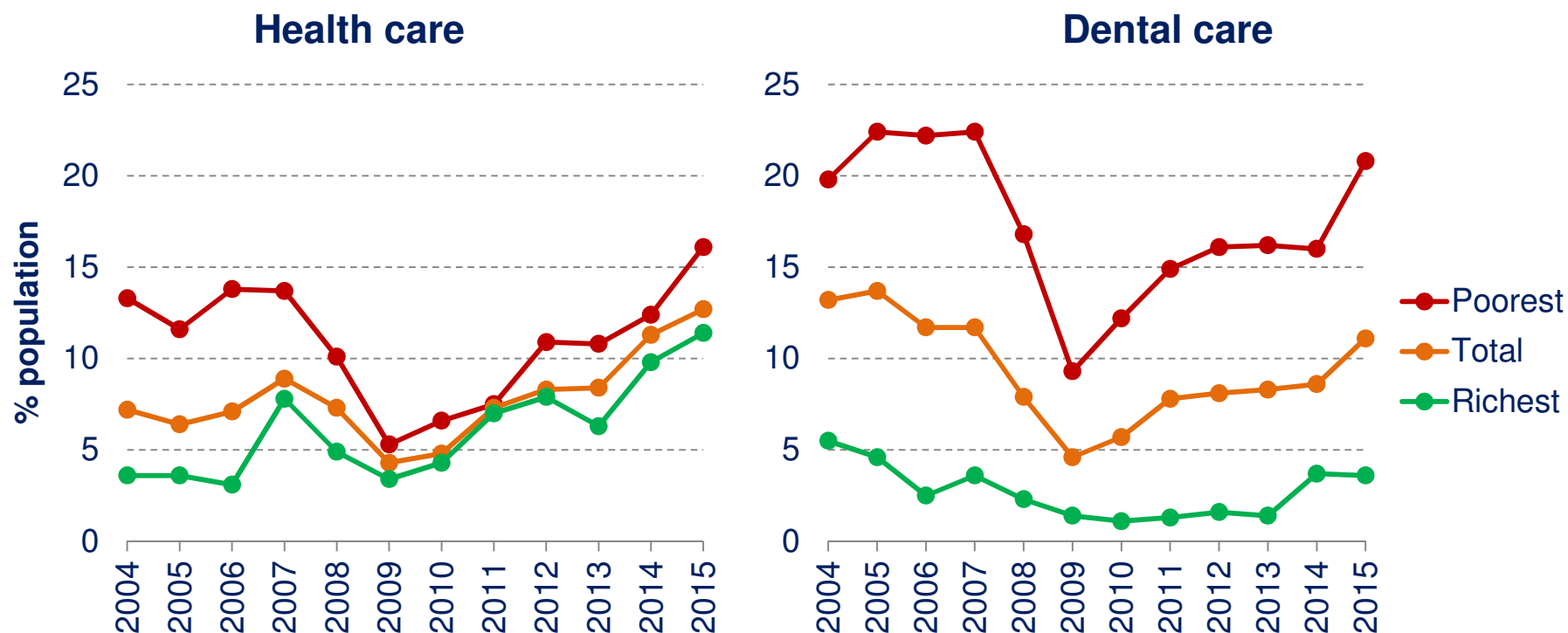
# Unmet need: Estonia is among the worst performers in the EU

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

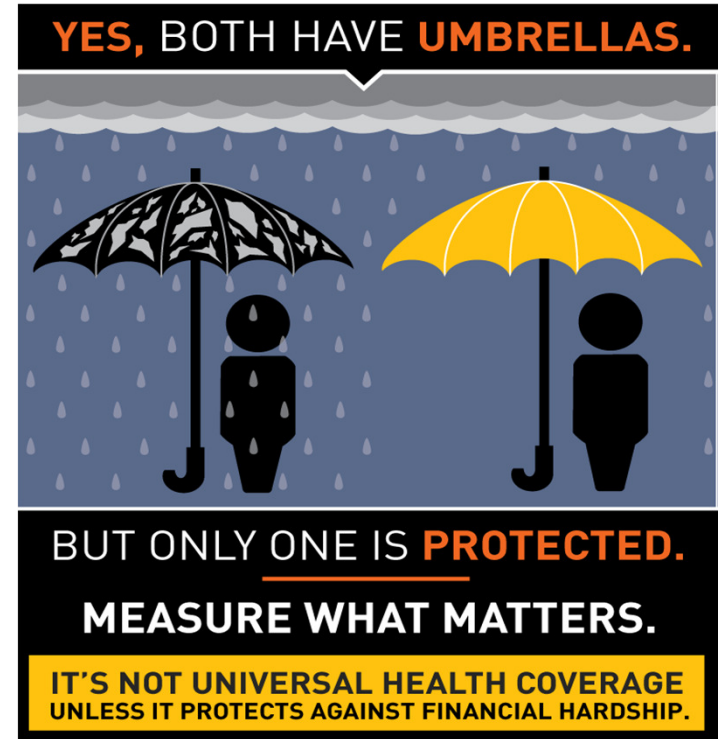




**Financial hardship** is an outcome of using health services and medicines and having to pay out-of-pocket for them



Photo: Chris Thomond, The Guardian



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

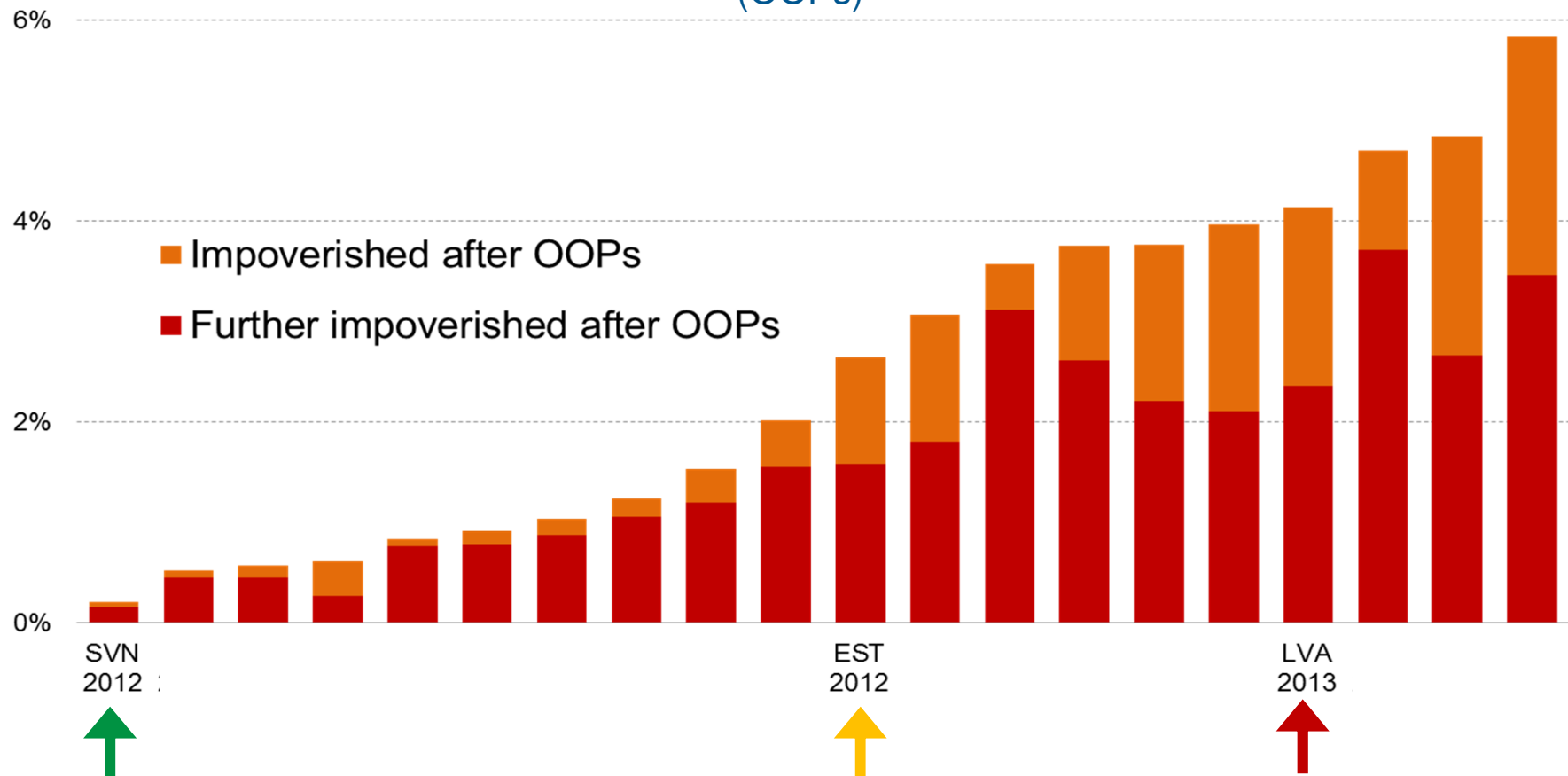
**Catastrophic**  
out-of-pocket  
payments:  
OOPs > 40% of a  
household's  
capacity to pay for  
health care

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

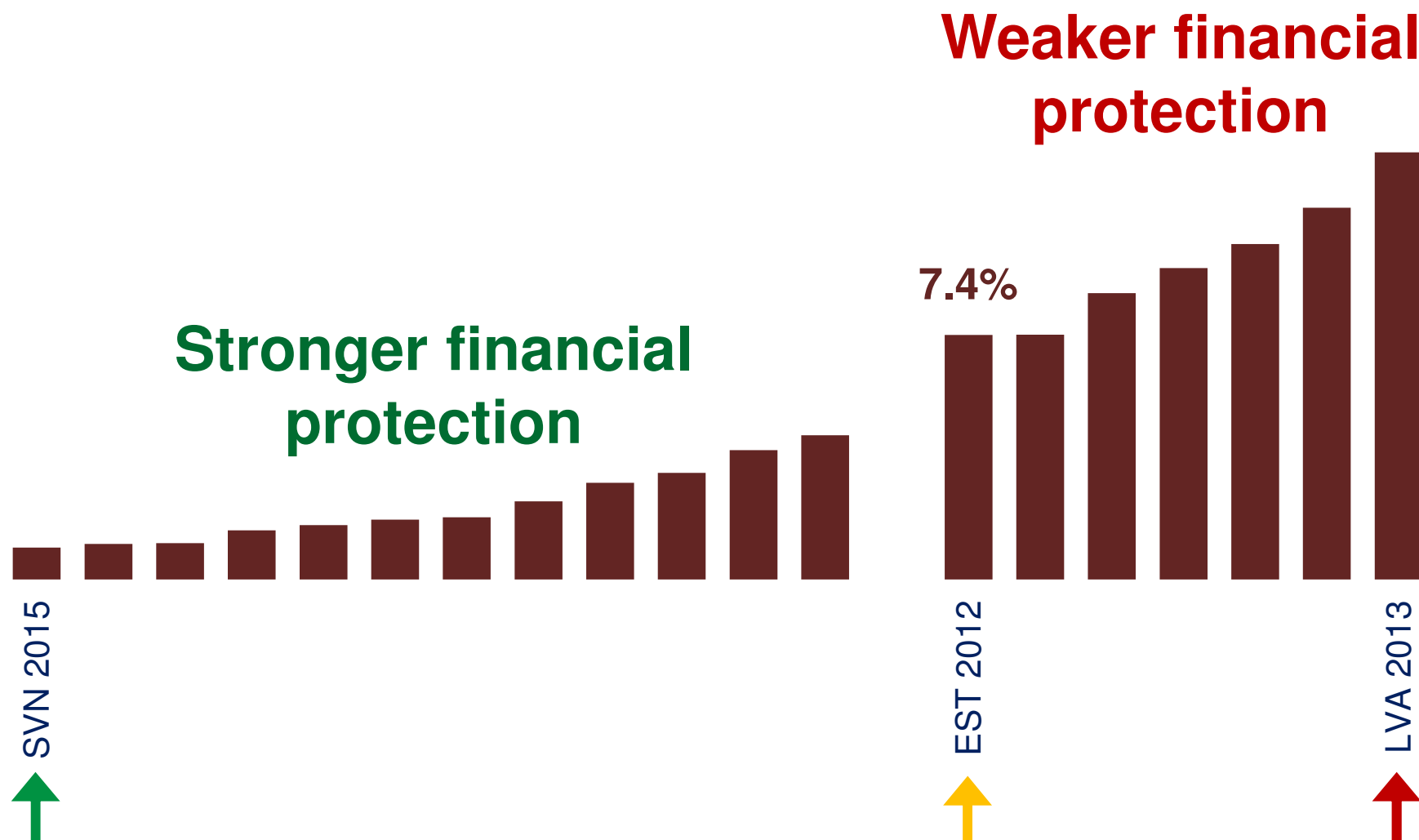
Calculated using routinely collected data on  
household spending (budget surveys)

# 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)

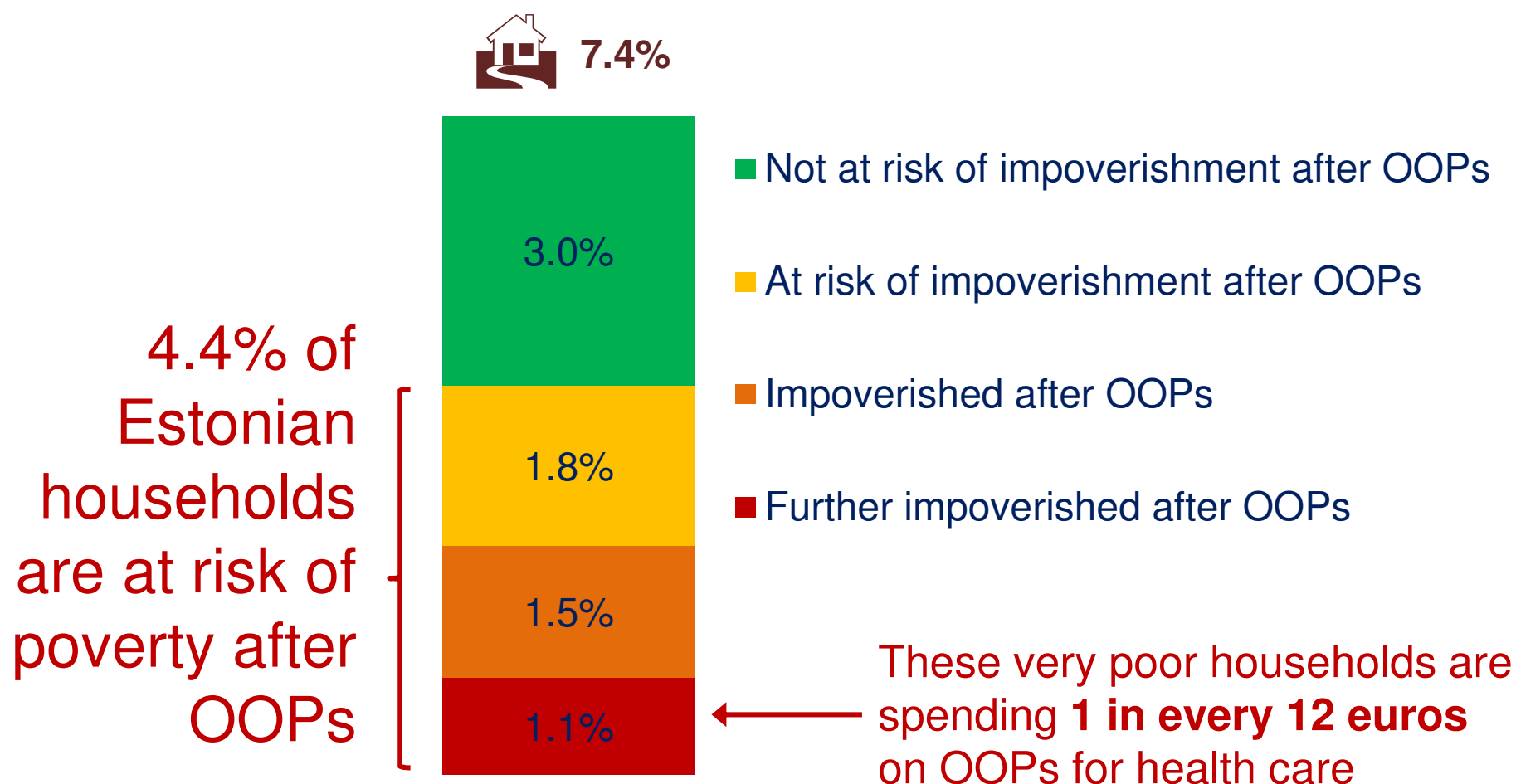


# Share (%) of households with catastrophic OOPs in EU countries



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

# Breakdown of households with catastrophic OOPs by risk of poverty



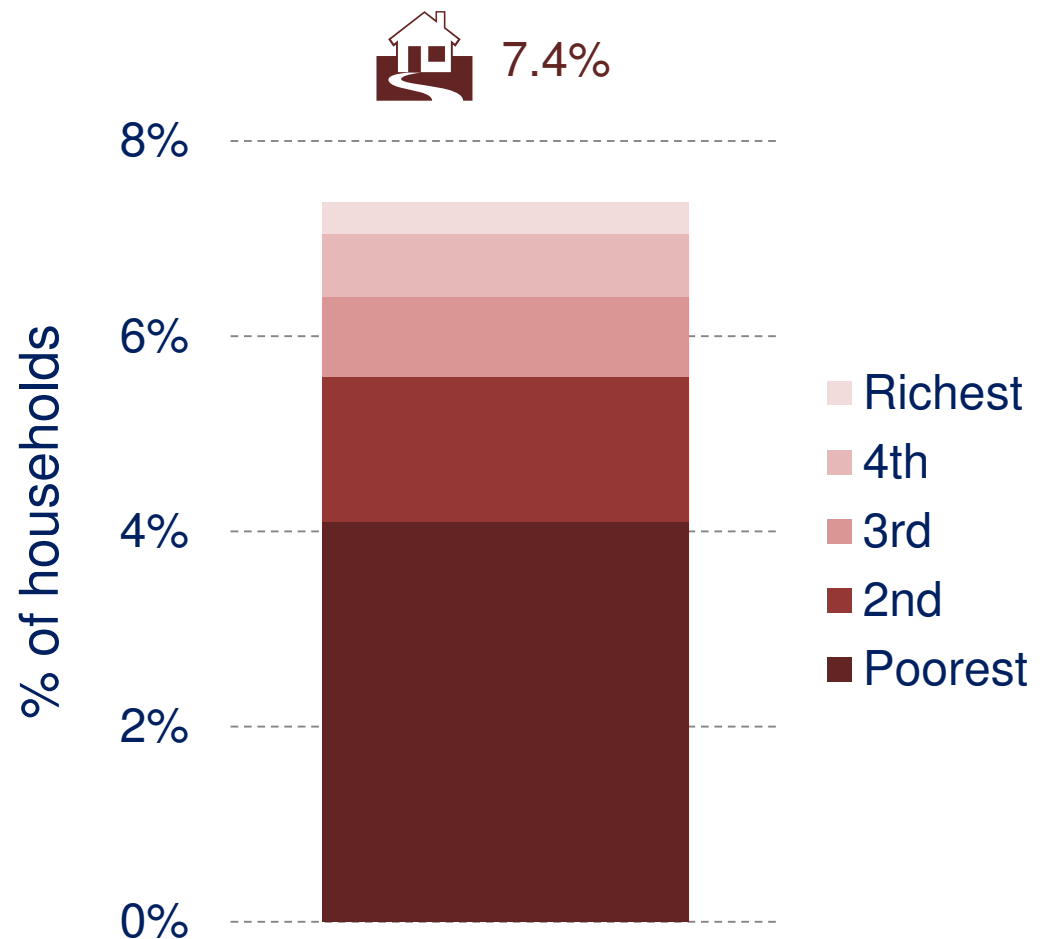
That's the bad news

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



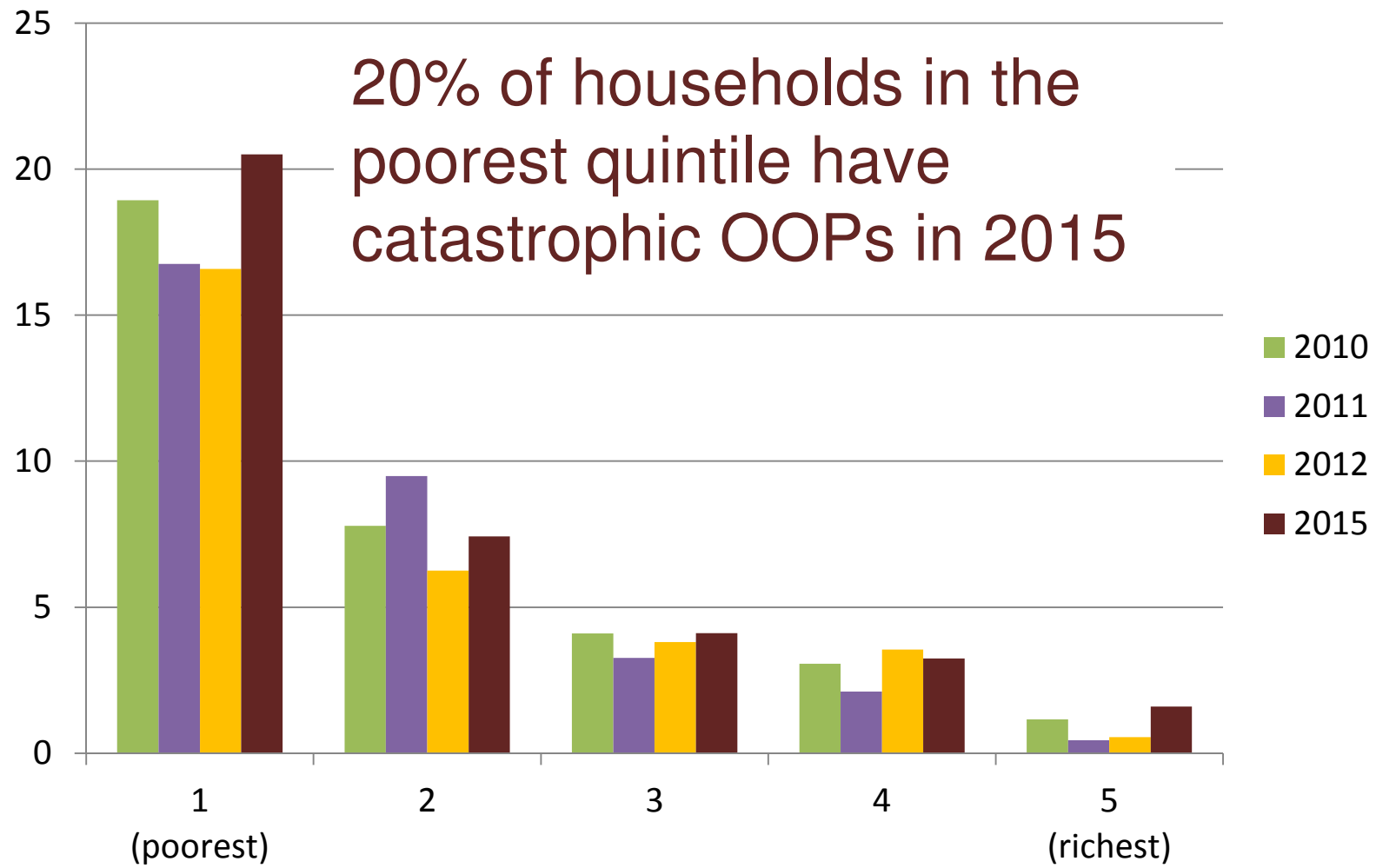
## Distribution matters: Breakdown of households with catastrophic OOPs by income quintile (2015)

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

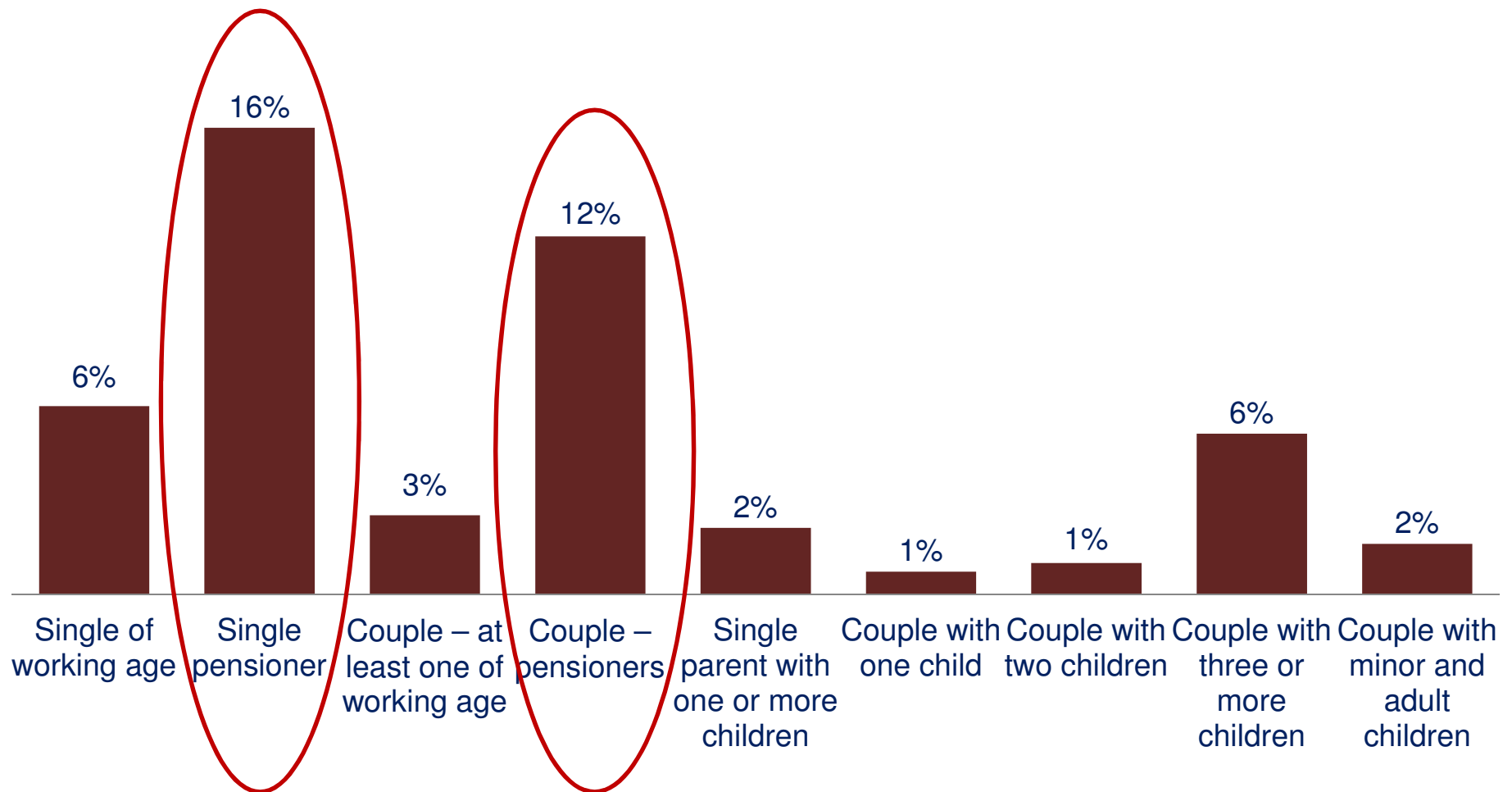


Source: Vörk 2017; data for 2015

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



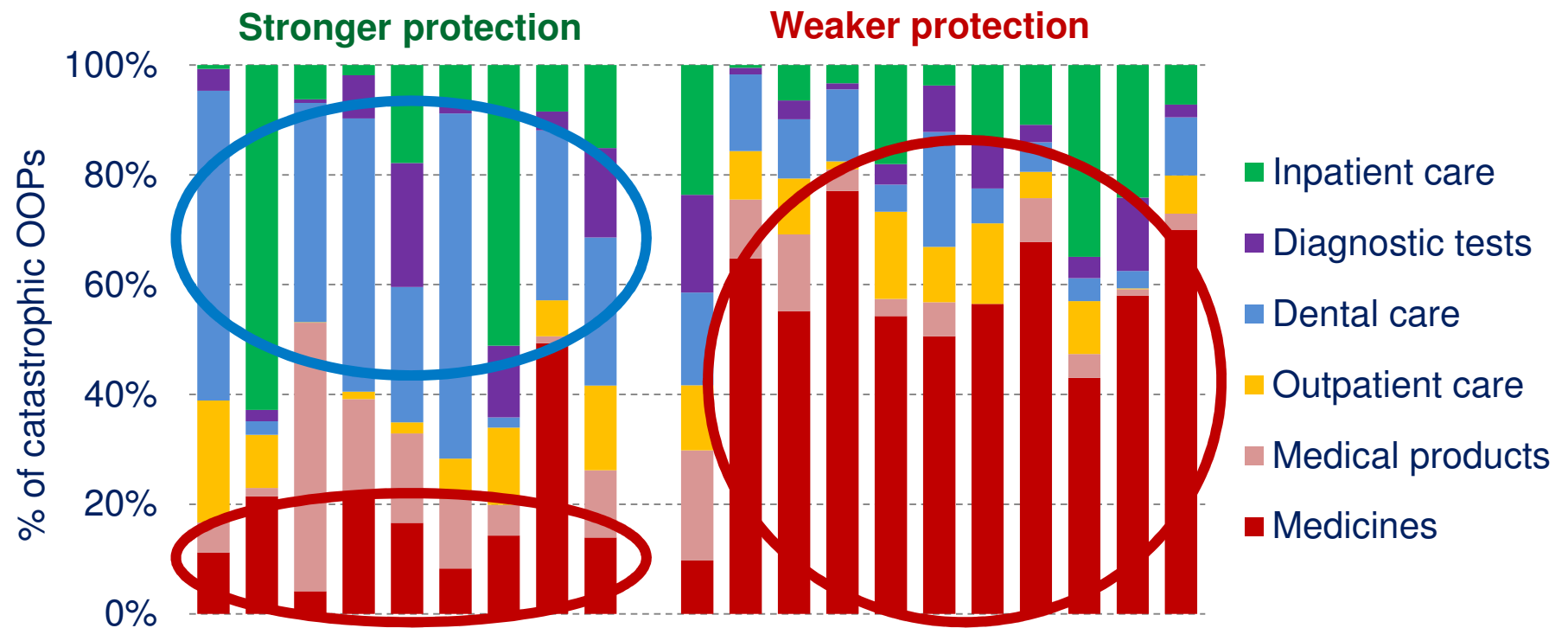
# Incidence of **catastrophic OOPs** by type of household



Source: Vörk 2017; data for 2015

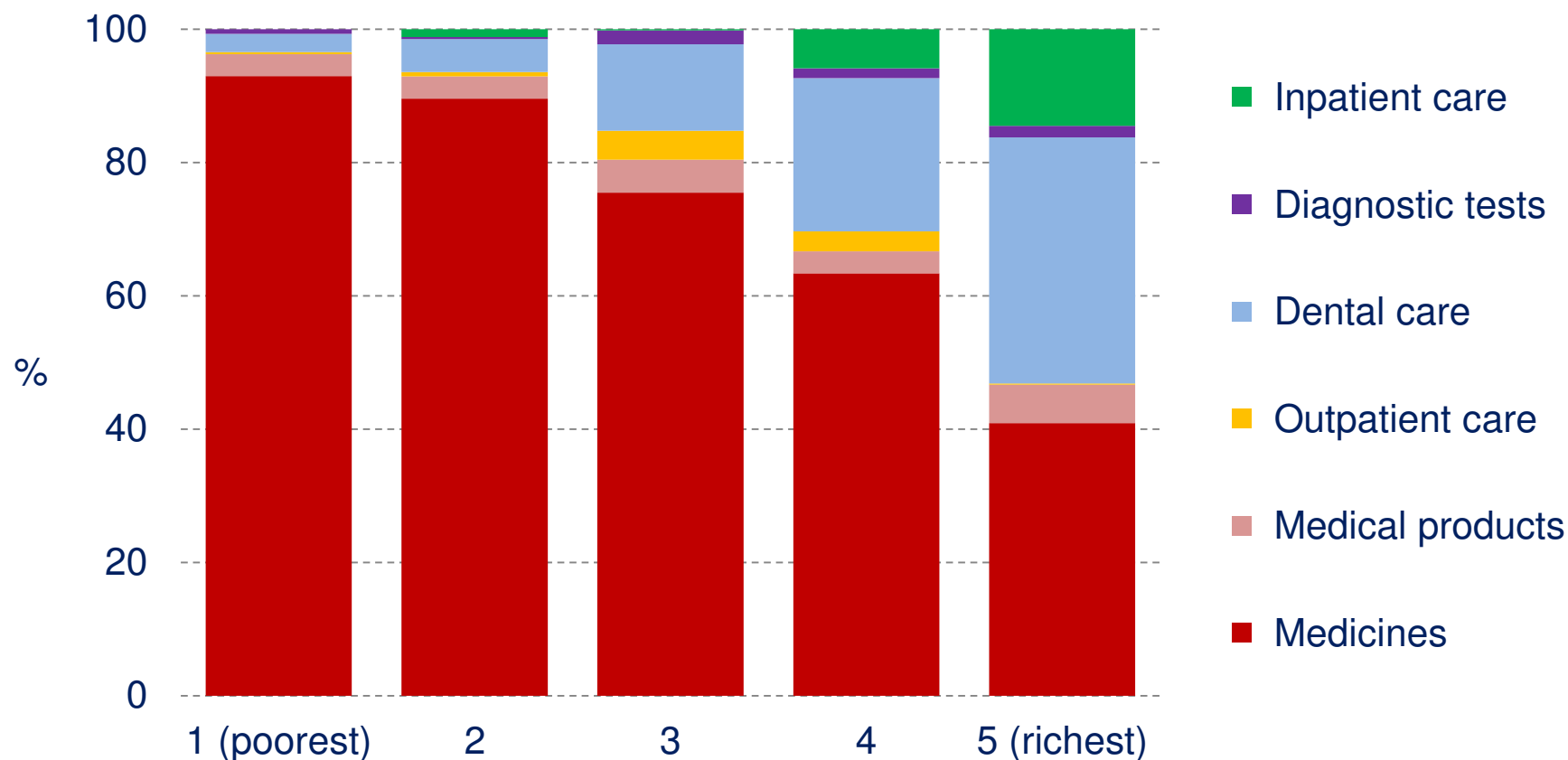
# The drivers of catastrophic OOPs vary across countries – but there is a pattern

Breakdown of catastrophic OOPs by type of care



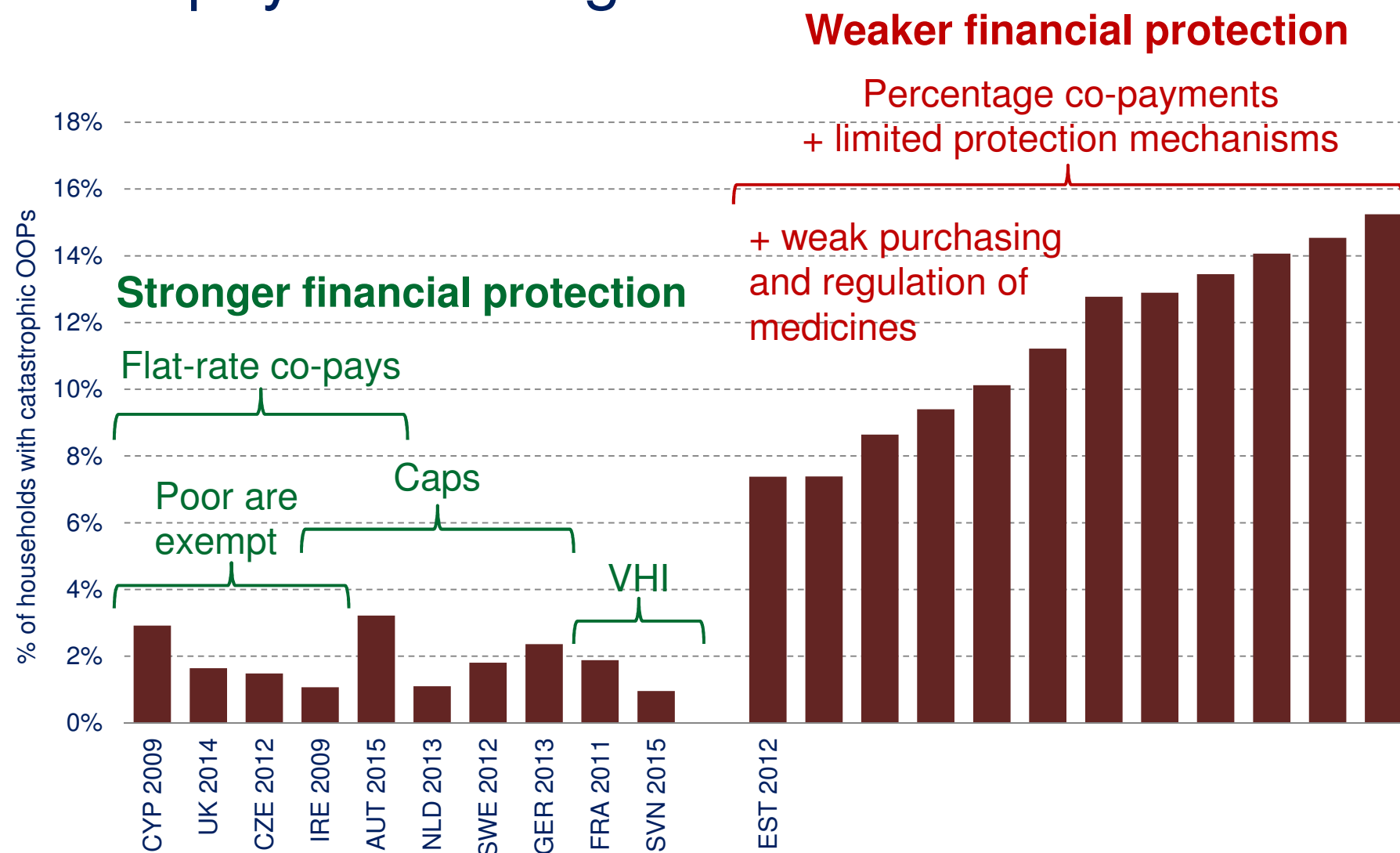
# The power of evidence: supporting pro-poor coverage policy action in Estonia

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

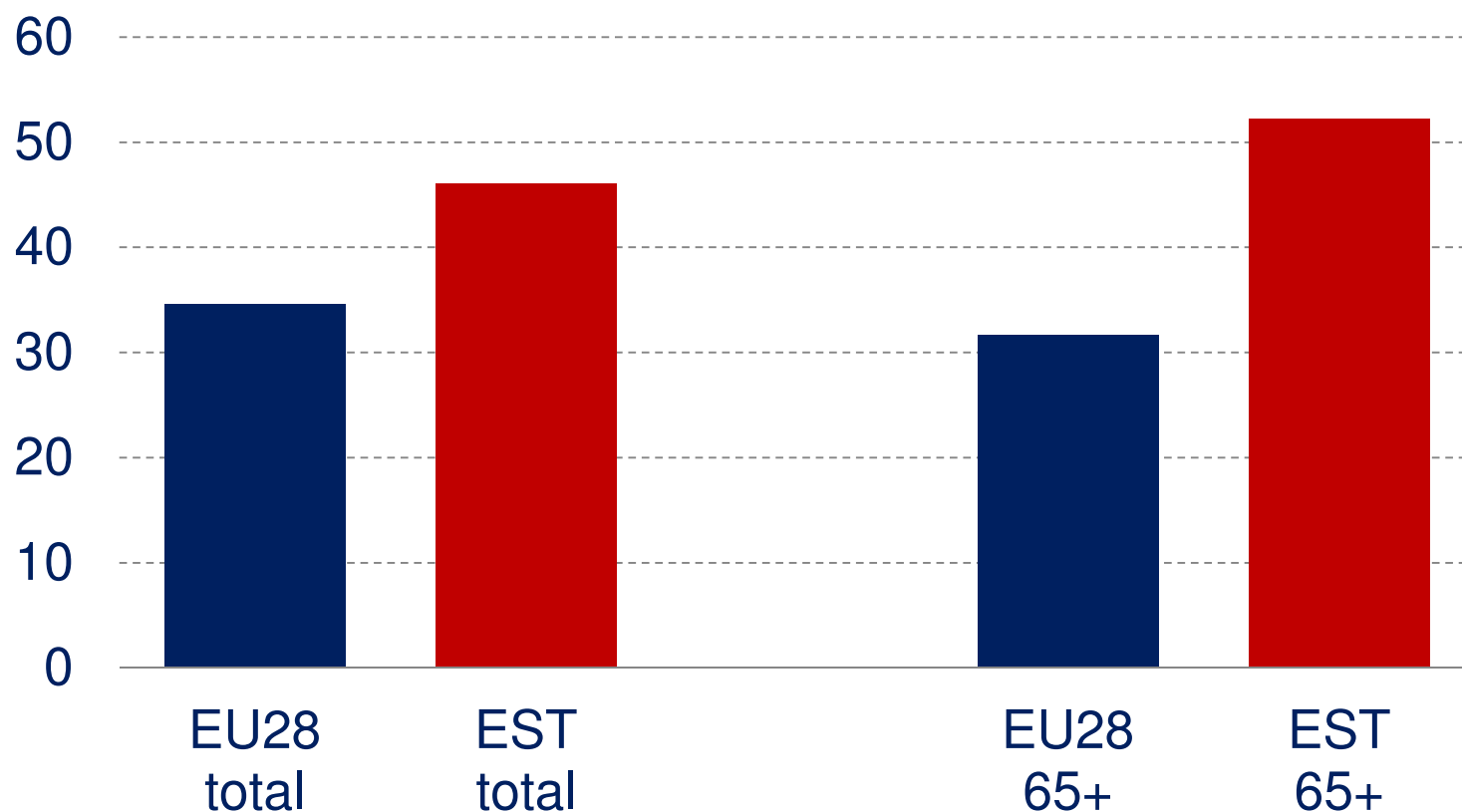


Source: WHO Barcelona Office preliminary estimates using national data plus authors' research



# 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:

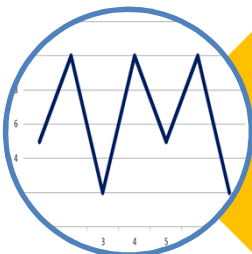
- ✓ avoid percentage co-payments
- ✓ exempt poor and regular users
- ✓ cap co-payments

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

# Further health financing policy objectives and performance in Estonia



Adequate funding levels

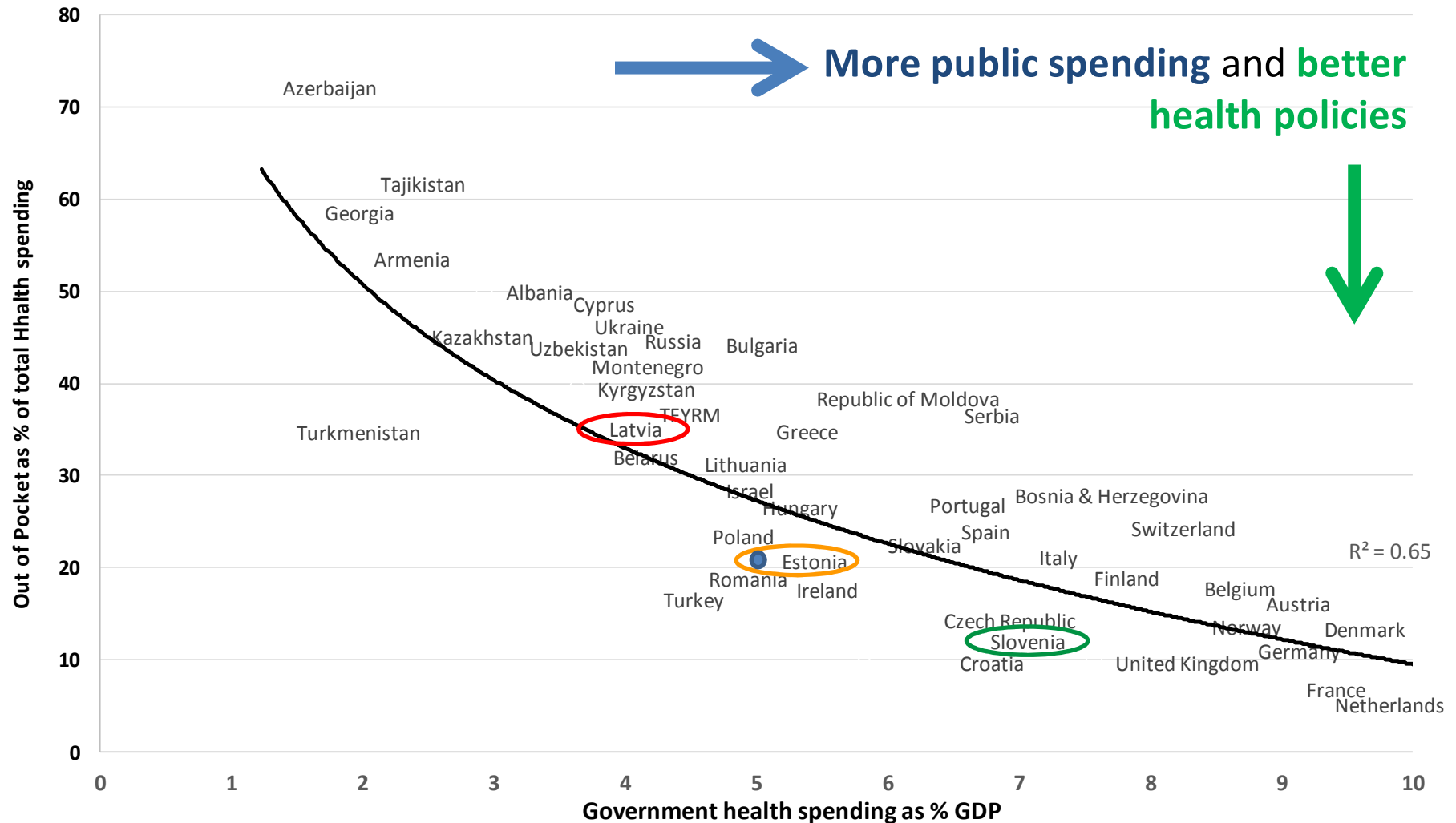


Stable and sustainable revenue flows



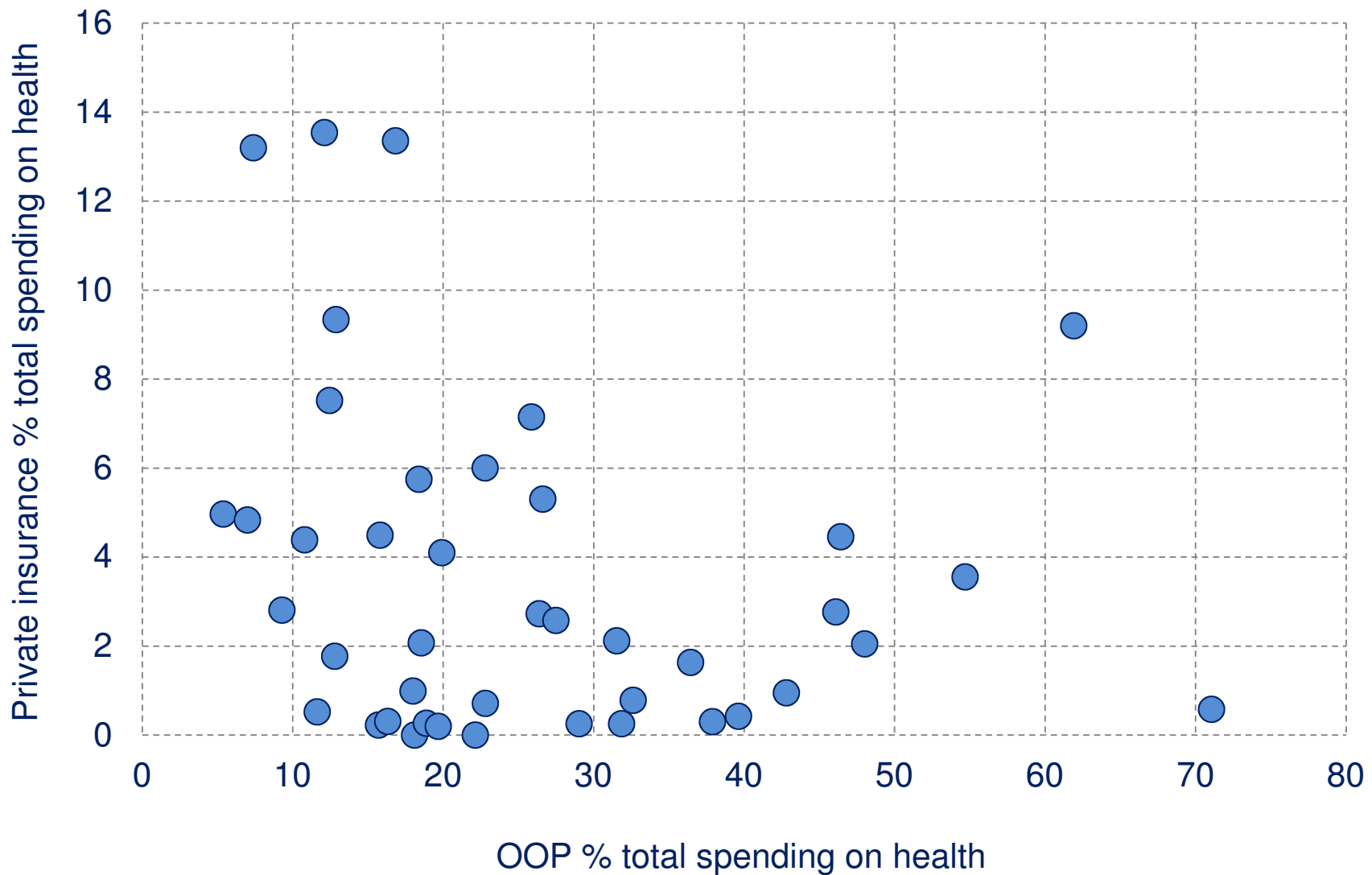
Efficiency

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

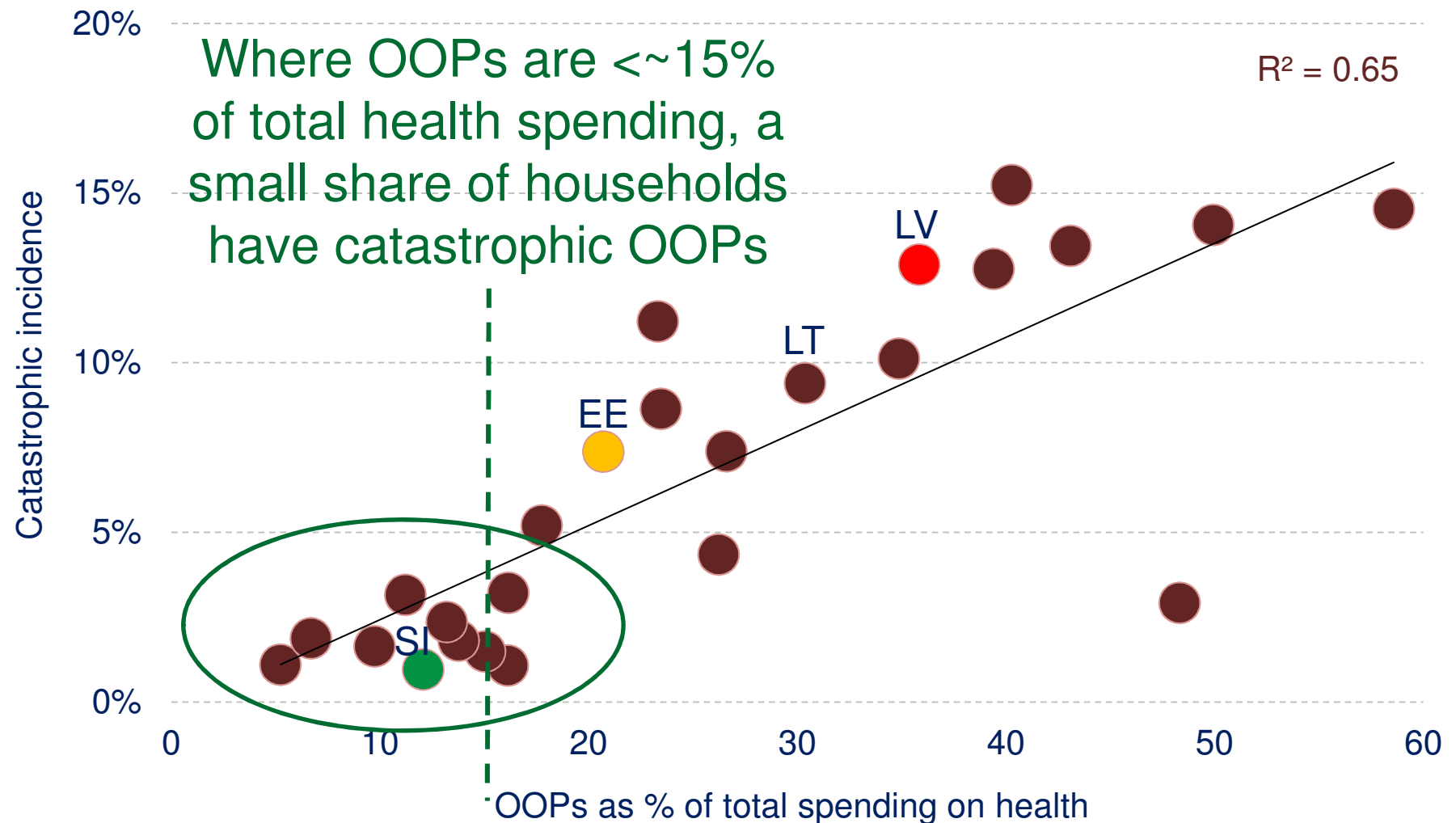


Source: WHO estimates for 2014, selected countries with population > 600,000

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

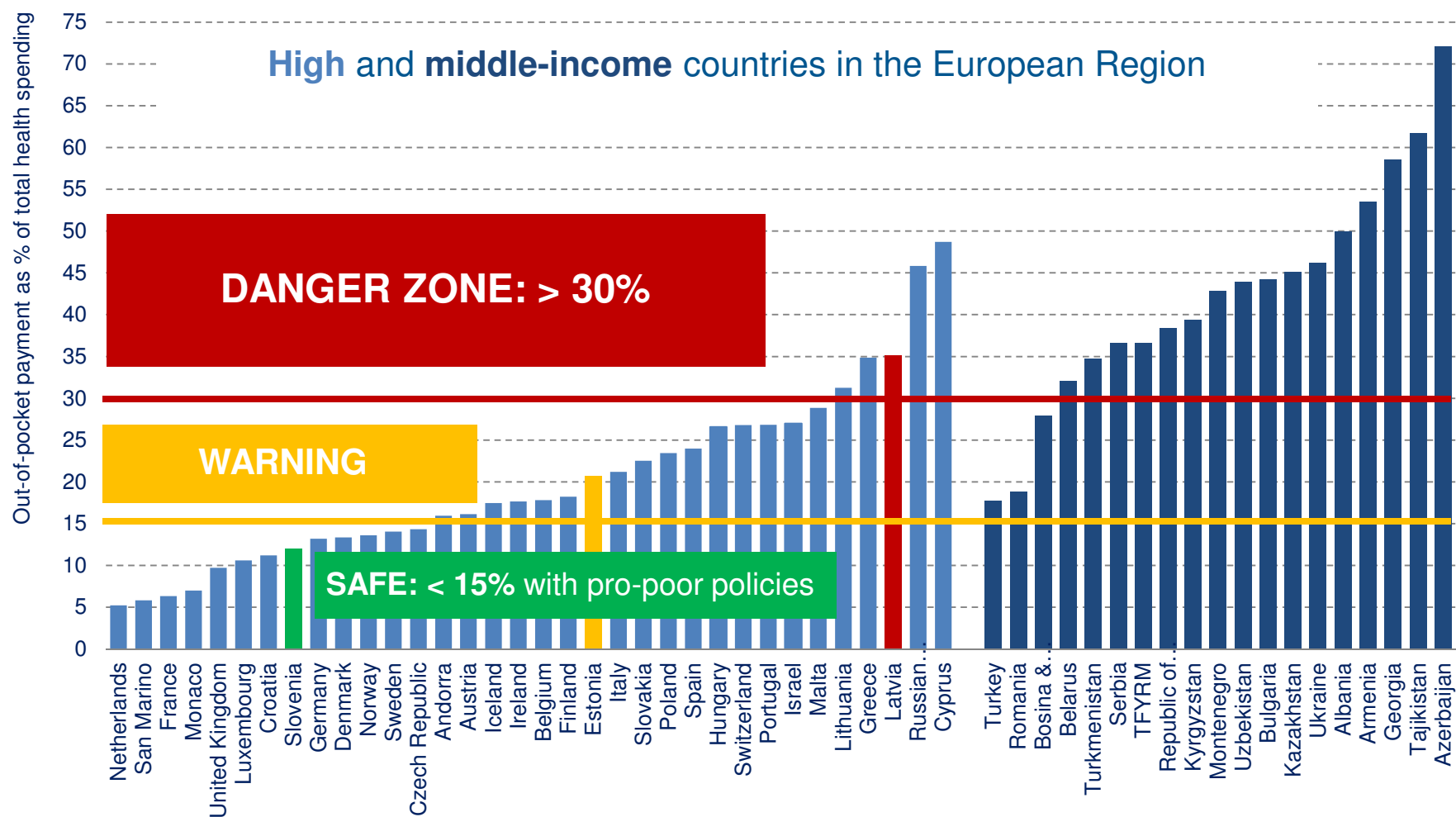


# Strong correlation between OOPs as a share of total health spending and financial protection



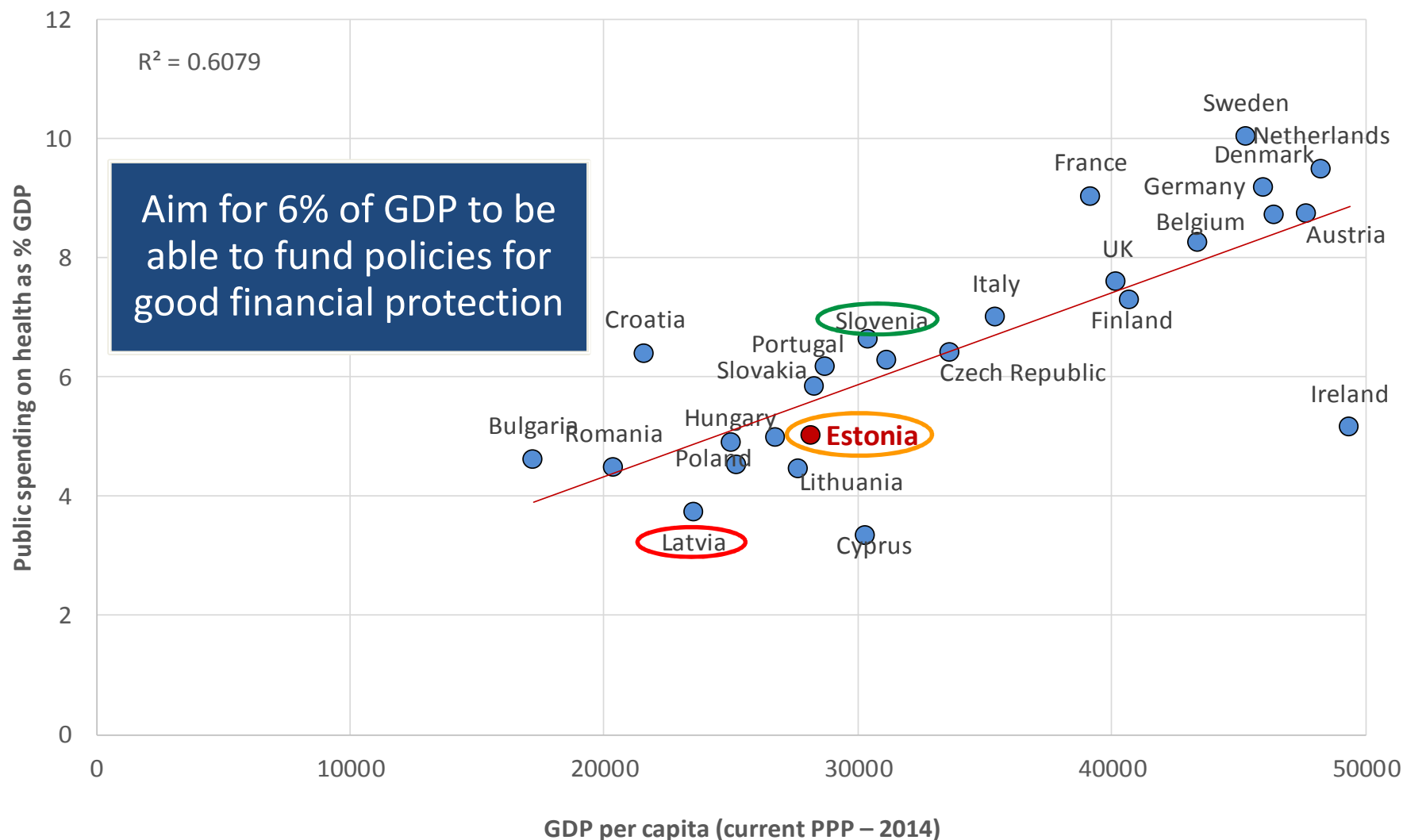


# Out-of-pocket payments (OOPs) as % of total spending on health by country: room for improvement in Estonia



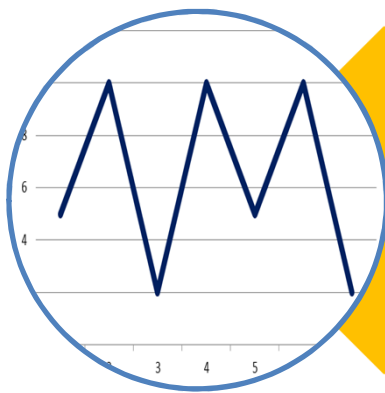
Source: WHO data for 2014

# Public spending on health is still below EU trendline



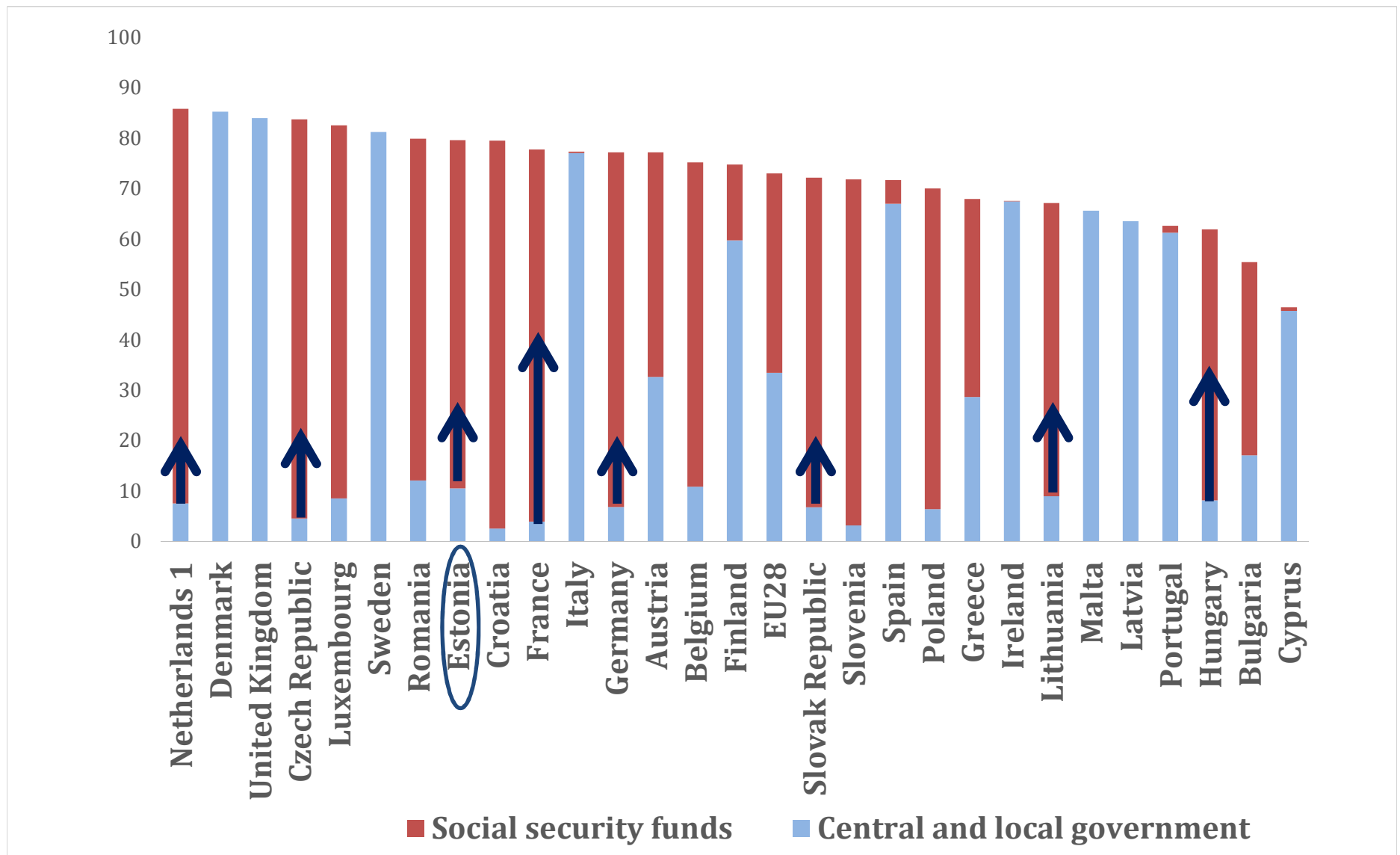
Source: WHO estimates for 2014, selected countries with population > 600,000

# 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

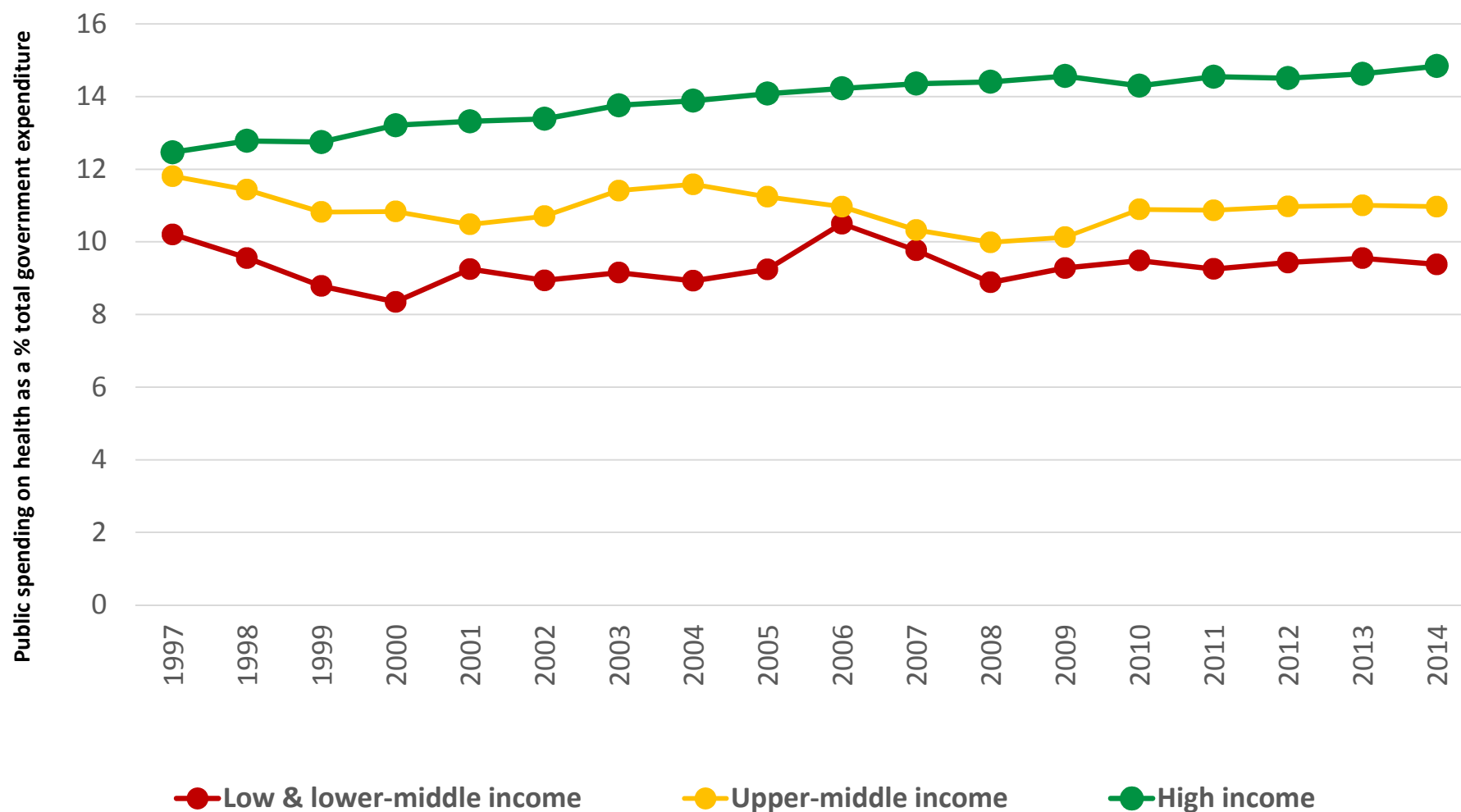


Heavy reliance on payroll taxes is a challenge for adequate and stable revenues. Linking entitlement to payment of contributions undermines universality



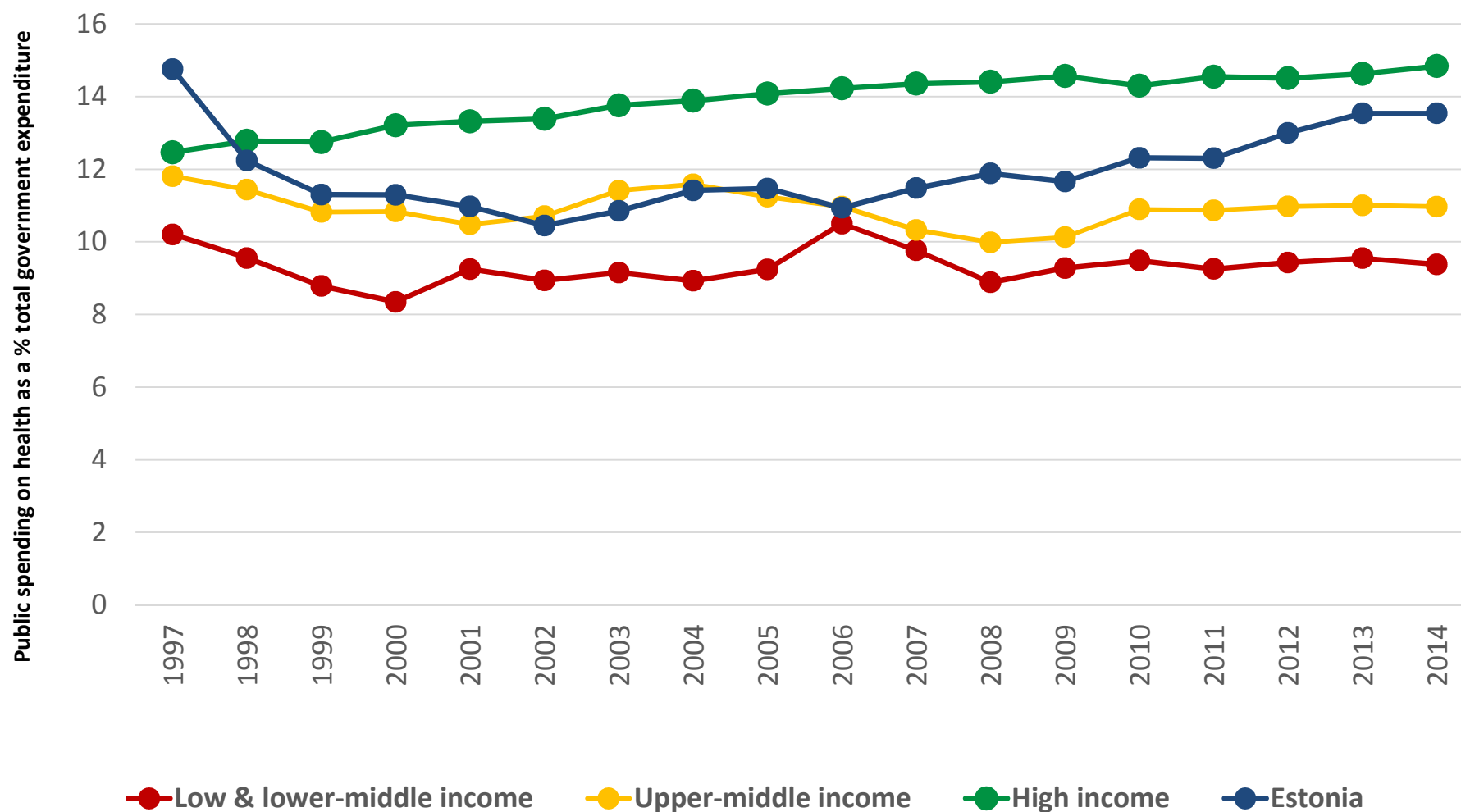
Political commitment for adequate and stable public revenues with counter-cyclical mechanism, pooled in a single fund of strategic purchaser for UHC

# 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



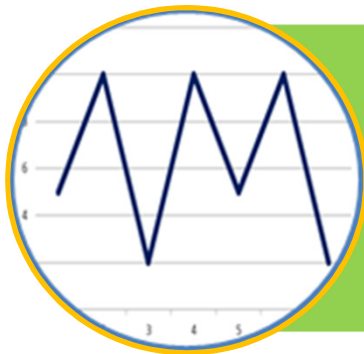
15%

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