

From values to action

Responding to the challenge of financial sustainability in Estonia's health system

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Defining sustainable health financing: asking the right questions

Can the health system meet its obligations in the face of cost pressures and declining revenues?

Is health financing policy able to achieve its goals as circumstances change?

What level of goal attainment are you willing to sustain?

Responding to the challenge of financial sustainability: values and priorities

- The concept of sustainability is meaningless if not linked to health system objectives
 - performance orientation versus accounting exercise
- Sustainability is primarily a question about values and preferences of the society in pursuing different social objectives
- What mix of policy objectives reflect the values of the society and what level of goal attainment are you willing to –collectively- pay for?
 - Fundamental political questions to answer

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Report aims

- assess the performance of current health financing policy
- identify and quantify long-term cost pressures (based on projections)
- recommend options for strengthening health financing policy in light of the values underpinning the health system

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Report methods

- working group
 - Estonian Health Insurance Fund
 - Ministry of Social Affairs
 - World Health Organization Regional Office for Europe
- literature review
- stakeholder involvement:
 - workshops and interviews

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Stakeholders views: strengths and weaknesses

- solidarity
- earmarked Social Tax financing
- EHIF transparency and competence
- value for money, timely access, reasonable benefits, decent quality

- small public sector
- low investment in health
- health financing linked to employment
- coverage issues: cost, population and services
- rising household spending
- some inefficiencies

In general,

the health system performs well *but* concerns for the future

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Guiding the policy response to concerns about sustainability

Challenges

- demographic factors
 - impact of ageing
- public finance factors
 - low-tax policy
- health system factors
 - poor investment control
 - risk of increasing cost and volume of services/drugs
 - no universal coverage
 - weak care coordination
 - weak long-term care capacity

Values

- general support for solidarity
 - but interpretation varies
- split views on pensioner contributions
- preference for broad benefits even if with user charges
 - but overall private expenditure should not increase further
- some interest in “individual responsibility” for health
- lack of trust in government
 - preference for earmarking

Commitments of the Tallinn charter: special responsibility for Estonia

What determines level of public spending on health?

- **Context**
 - Size of the economy
 - Size of the government: taxation policy
- **Priorities**
 - Government decision on allocation to health

But not all spending is good spending!

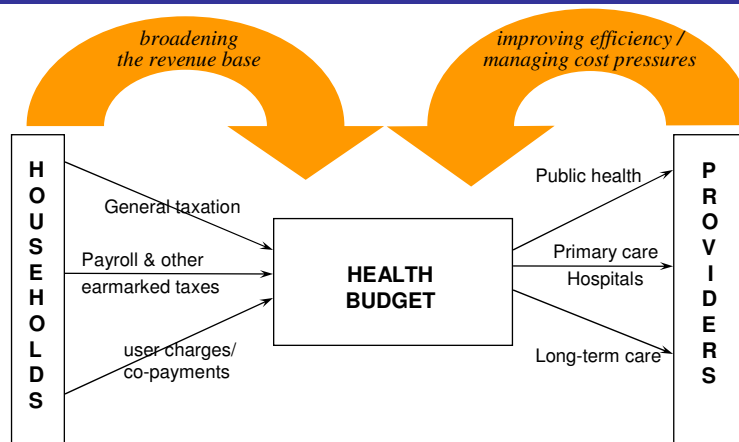
The health system has to demonstrate good performance otherwise there is no willingness to pay - either publicly or privately!

Key messages from the report

- This report does not simply argue for more money for health, but makes a strong case for **more and better public financing**
 - The public revenue base for the health sector should be broadened to ensure that the health system is better able to achieve its objectives now and in the longer term
 - The health financing system can be further strengthened to manage cost pressures better and improve performance

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Action is needed on both fronts to generate sufficient revenue and manage expenditures



Modified after Reinhardt 1984

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Call for a new public health agenda

Investing now in healthy ageing by health promotion and prevention reduces the cost pressure on the demand side and improves the health of the population at the same time

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