

Summary of the workshop in Tallinn on 20 October 2009

Background

EHIF, in collaboration with the Ministry of Social Affairs and the World Health Organization Regional Office for Europe, conducted an in-depth analysis of the Estonian health financing system's mid- and long-term sustainability.

The first workshop was held in April to launch the process by facilitating discussion among invited stakeholders and experts on the value base of the health financing system as well providing input to shape the next steps of the process. The second follow-up workshop took place in October where the preliminary results and recommendations of the draft report were presented and discussed with invited stakeholders, interviewed people and experts. The workshop was aimed to provide an opportunity to validate the results and conclusions of the analysis. The recommendations were discussed in detail to confirm common understanding.

Brief summary of the key recommendations in the draft report

The aims of the report under preparation are to assess the performance of current health financing policy, to identify key long-term challenges and to recommend options for strengthening health financing policy in light of the values underpinning the health system in Estonia. Presentations were given by the working group on:

- report aims, methods and content
- summary of stakeholders views
- assessment of health financing policy
- health expenditure projections
- developments in health finance, macroeconomic context and options to bridge the gap
- options for change
- recommendations.

The report's recommendations are based on a comprehensive assessment of financing policy and reflect current values and political feasibility. A vast amount of data was presented to logically reach key recommendations. The first recommendation in the report is to broaden the revenue base to bridge the revenue-expenditure gap and reduce reliance on mainly employment-related financing. This should be tackled by making contributions to the health insurance system on behalf of pensioners and applying the social tax to dividends. The second recommendation is to curb patient spending to enhance financial protection by capping out-of-pocket spending, as well improve targeting by exempting poor households and high users of health care. To address the main driver of OOPs, rational drug use should

be promoted. The third recommendation is to improve system efficiency with better control over investments (in hospital capacity, long-term care and high-tech equipment) and strengthened purchasing. Several approaches to improved purchasing need to be adopted including shifting from inpatient to outpatient care, enabling family doctors to steer patients through the health system, implementing schemes to coordinate care between levels and greater use of health technology assessment in decision-making. The fourth recommendation is to improve governance of the whole health system to ensure accountability, where the current single, autonomous purchaser system has been internationally recognized as an excellent example of a well-functioning system. The fifth recommendation is to invest in public health to contribute to healthy aging. The cost of doing nothing is high and analysis clearly confirms that decisions taken in now and coming years will affect health care spending in the long term.

Participants views on draft report results and recommendations

All participants agreed that current report with its assessment of the current policy and recommendations is quite valuable and an important milestone for further action. It was emphasized that it is important not to treat the health sector as part of the total social sector and use health insurance reserves to cover social sector gaps. International evidence shows that independent health insurance systems perform better than those integrated into other social sectors. Most social sector entities (e.g. pension systems) can cut expenditures during a crisis without demolishing the system for a longer period whereas the health sector is more fragile.

It was asked whether there is really need for extra funding or the spending cap can be met by increasing system efficiency. It was recognized that even if there is some room to tackle inefficiencies, that would not solve the long-term financial sustainability issue, and additional revenue sources must be found. The question is the size of the gap and not whether the gap exists. It was stressed that one area where efficiency gains can be achieved is the better central control over investments in infrastructure and expensive technologies. Providers are interested in increasing their market share by improving their competitiveness through capital investments, which will boost the demand for health care services.

Patients' views and expectations are important. There is pressing need to further develop approaches to steering patients through the system. In addition to core health care, the broader view of population health needs to be maintained. There are unmet needs (e.g., long term care) and continuing challenges such as HIV/AIDS and inequalities that need more attention.

The importance of solidarity as an intrinsic principle of the health financing system was stressed and several examples of solidarity bases from other European countries in this century were given (Belgium, the Czech Republic, France, Ireland and the Netherlands). Nevertheless, a silent erosion of solidarity can be seen in increasing OOPs, and is a matter of concern for the near future.

Broadening the revenue base by making contributions in the behalf of pensioners was recognized as a serious long-term solution to the financial sustainability issue, but the importance of carefully designing the contribution system was noted, since there have been instances where state contributions have remained fixed for years without adjustment or were stopped during difficult times. Therefore, the proposed contribution scheme on behalf of pensioners should be amenable to increases and earmarked to ensure stability. It was also mentioned that this scheme should not impose an additional tax on pensions.

Summary

It was acknowledged that Estonia has been able to use previous difficult periods to make hard decisions, thus enabling the use of favourable periods for development. In this respect, the current economic crisis can be an opportunity to provide a solid common basis for improved health system performance while preparing for future crises. The cost of doing nothing is very high and if there is no political will to increase public financing, there will be strong pressure for increased private spending, to the detriment of financial protection of the population.