



Eesti  
Haigekassa



# Estonian Health Insurance Fund Yearbook 2019

<b>Name</b>	Estonian Health Insurance Fund
<b>Registry code</b>	74000091
<b>Address</b>	Lastekodu 48, 10144 Tallinn
<b>Phone</b>	+372 620 8430
<b>E-mail</b>	<a href="mailto:info@haigekassa.ee">info@haigekassa.ee</a>
<b>Website address</b>	<a href="http://www.haigekassa.ee">www.haigekassa.ee</a>
<b>Start of the financial year</b>	1 January 2019
<b>End of the financial year</b>	31 December 2019
<b>Principal activity</b>	National health insurance
<b>Management Board</b>	Rain Laane (Chairman)  Pille Banhard Maivi Parv Karl-Henrik Peterson
<b>Company of auditors</b>	AS PricewaterhouseCoopers

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# Statement by the Management Board

We are on our journey of becoming Tervisekassa, i.e. an organization that offers people services related to the treatment as well as prevention of diseases in a way that enables to increase the number of healthily lived years for everybody.

Investments in healthcare are growing year by year. It is our job to invest this money wisely to make sure that necessary healthcare services become available to as many people as possible. At the same time, healthcare costs are also growing rapidly, and it is still challenging for us to ensure both the financial sustainability of health insurance and reducing of long waiting lists. Finding solutions to these tasks depends not only on money, but also on the fact that people live longer but at the same time suffer more from illnesses, and we do not have enough doctors or nurses who could take care of all those in need.

Therefore, **disease prevention and health promotion** has become increasingly important, and we will continue allocating more funds into these areas. This helps save our health as well as our common treatment money. We fund cancer screening, vaccines for children and elderly in nursing homes, prevention and treatment of dental diseases, as well as medical checks and counseling, mental health services and many other health projects.

**Holistic approach to patient care starts from the family physician.** Over the years, our family physicians and nurses have made great progress. We have created new and flexible ways to improve the availability and quality of primary care. At the same time, **e-consultation** between family physicians and medical specialists is now available in 22 specialties. In 2019, the consultation was extended to four more specialties - rehabilitation, skin and sexually transmitted diseases, vascular surgery and pain management. More and more family physicians have opened their practices at larger **primary care centers** that provide better conditions for the treatment of patients. In 2019, we signed 17 new primary care center agreements, and this year we are planning to sign 20 more.

**We will continue updating and expanding our specialized medical care package** to provide up-to-date services to as many people as possible. As a result of our hard work, we will be able to fund 13 new healthcare services and treat illnesses with 14 new in-hospital pharmaceuticals in 2020.

**We allocated 43 million euros to reduce waiting lists**, and the same amount was given to the services to provide pay rise to healthcare professionals. In 2019, we increased the number of pediatricians, otolaryngologists, ophthalmologists and child psychiatrists appointments. We also provided larger funding for oncology and hematology, psychiatry, cardiology and neurology. We continued to reduce the waiting lists for endoprostheses and cataract surgeries.

**Every year, we add new and high-quality pharmaceuticals to the list of reimbursable pharmaceuticals and healthcare services.** In 2019, we reimbursed nearly 900 000 people for pharmaceuticals and started reimbursing for more than 20 new pharmaceuticals. These also include six new cancer medicines and orphan medicines. In addition, we started financing biological treatment and immunotherapy based on new indications. In early 2020, we started funding several dozens of new pharmaceuticals, most of which are used to treat various tumors.

We reimburse for medical devices that can be used to treat diseases and injuries, or which help prevent the aggravation of diseases. In 2019, we reimbursed 79 000 people for medical devices and started reimbursing for 287 new devices. In 2020, we started reimbursing for another 117 new medical devices. Blood sugar monitoring options for children with diabetes have significantly improved. More precisely, we reimburse children at a 90% rate for insulin pump with continuous glucose monitoring, sensors and transmitter. This year, we added a new pump-free continuous glucose monitoring system to the list, which we are funding together with sensors for children under the same conditions as for pump therapy.

**To ensure the quality of healthcare**, we continue to support the development of clinical and patient guidelines, conduct clinical audits and publish the results of treatment quality indicators.

**Innovation supports the development of medicine.** We are strongly geared towards the development of a human-centered system and needs-based services. In 2019, national **digital registry** was introduced, through which a person

can choose available appointment times for a medical specialist from more than 30 healthcare institutions. To improve the patient-centered and integrated care pathway, we have also launched a **stroke pilot project**, which involves four hospitals across Estonia. In 2019, we also worked actively on creating a **clinical decision support** solution for family physicians in order to contribute to the harmonization of the quality of family physicians' work. The clinical decision support solution will be launched in spring 2020.

Our team works hard every day to ensure that people are provided with high-quality healthcare services, pharmaceuticals and benefits as much as our shared medical funds allow.

The journey to better health begins first and foremost with yourself. Together, we are taking a step towards good health so that our time, money and energy would not be spent on fighting diseases, but instead on living together a healthy and long life.



*Management Board of the Estonian Health Insurance Fund.*



# Management Report



## Health Insurance System and Estonian Health Insurance Fund

Solidary health insurance is the core of the Estonian healthcare system. The Estonian Health Insurance Fund (hereinafter referred to as EHIF) is a public law organization that operates in accordance with social justice and solidary health insurance principles.

The purpose of EHIF is to provide health insurance benefits, fund healthcare services and perform other tasks related to the organization of healthcare services in accordance with the Health Insurance Act, the Health Services Organization Act and other legislation.

EHIF is guided by two principles when organizing health insurance:

**Solidarity** - currently employed insured persons cover the costs of health insurance for currently unemployed insured persons. It means solidarity between generations - the cost of health care for children, students and pensioners is fully covered by those currently employed. It also means solidarity between employed persons whose financial contribution to the health insurance depends on their income, not on their personal health risks, and who receive health insurance benefits on an equal basis, regardless of the size of their financial contribution.

**Equal treatment** - we guarantee equal rights and equal treatment for all insured persons and partners in accordance with applicable legislation.

Estonian health insurance system complies with internationally approved principles:

- as much of the population as possible must be covered with health insurance;
- the scope of health insurance must be as wide as possible, i.e. based on the principle of solidarity, health insurance must offer a package of health services that is as comprehensive, coherent and modern as possible;
- health insurance must be as far-reaching as possible, i.e. the out-of-pocket expenses of a person in the total cost of treatment have to be optimal and should not lead to poverty risk.

The vision of EHIF is to create a sense of security for members of society when they face health problems and seek medical care, so as to increase the number of healthy life years.

**The mission of EHIF** is to ensure the availability of health insurance benefits to insured persons. In carrying out its mission, EHIF shall act as follows:

- health insurance benefits planning is transparent and set for a long-term;
- relationships between healthcare providers and EHIF are regulated by appropriate contracts;
- the pricing and financing of health services is clear, transparent, flexible and financially sustainable;
- EHIF is one of the best public sector organizations in Estonia in terms of efficiency and quality of service management.

## The core values of EHIF

**Aspiration** – we are aiming at continuous and sustainable development, relying on competent, loyal and result-oriented employees.

**Consideration** – we are reliable, open and friendly. Our decision-making is transparent and considerate of others.

**Cooperation** – we create an atmosphere of trust within our organization and in relations with our partners and clients.

## Organization and management

The supreme body of the Estonian Health Insurance Fund is the Supervisory Board, the members of which represent the interests of employers, insured persons and the state. The Chairman of the Supervisory Board is the Minister of Health and Labour. The daily work of EHIF is managed by a four-member board. As at 31.12.2019, EHIF had 185 employees.

Table 1. Key indicators 2015–2019

	2015 actual	2016 actual	2017 actual	2018 actual	2019 actual	Change compared to 2018
Number of insured persons at the end of the period	1 237 336	1 237 277	1 240 927	1 251 617	1 262 381	1%
Revenue (thousand euros)	964 353	1 028 963	1 133 971	1 318 541	1 476 102	12%
Health insurance expenditure (thousand euros)	973 609	1 049 270	1 117 192	1 287 860	1 424 249	11%
Operating expenses of EHIF (thousand euros)	9 284	9 288	9 975	11 514	13 383	16%
<b>Number of persons who used healthcare services and benefits</b>						
<b>Number of persons who used healthcare services</b>	<b>1 129 880</b>	<b>1 133 233</b>	<b>1 137 156</b>	<b>1 141 044</b>	<b>1 145 078</b>	<b>0%</b>
Primary healthcare	1 011 305	1 019 429	1 027 837	1 035 493	1 037 415	0%
Specialized medical care	799 305	798 592	784 175	779 027	778 197	0%
outpatient care	779 593	779 316	767 185	761 799	761 279	0%
day care	56 901	57 705	58 000	60 086	61 301	2%
inpatient care	150 154	145 568	131 749	131 978	131 871	0%
Nursing care	18 259	18 078	18 387	19 045	19 326	1%
Dental care	170 566	169 287	168 092	167 367	171 975	3%
<b>Number of persons who used benefits</b>						
Dental care benefit	0	0	78 579	223 619	263 657	18%
Benefit for dentures	38 799	39 201	43 323	38 653	40 957	6%
Reimbursed pharmaceuticals	851 627	847 628	846 554	861 925	863 060	0%
Medical devices	67 848	70 457	71 297	75 157	78 681	5%
Benefit for incapacity for work	168 816	174 187	179 012	186 223	183 659	-1%
<b>Number of appointments</b>						
Number of family physician appointments	6 082 739	6 309 616	6 573 234	6 955 358	6 941 853	0%
family physician appointments	4 558 967	4 622 354	4 710 294	4 961 469	4 867 540	-2%
family nurse appointments	1 180 147	1 342 697	1 494 205	1 635 461	1 726 106	6%
prophylactic appointments	343 625	344 565	368 735	358 428	348 207	-3%
Number of outpatient appointments for specialized medical care	4 031 675	4 071 794	3 976 540	3 936 966	3 972 992	1%
physician appointments	3 156 956	3 060 561	2 979 179	2 893 274	2 857 921	-1%
nurse appointments	462 037	495 129	496 053	531 087	589 481	11%

other appointments	412 682	516 104	501 308	512 605	525 590	3%
Number of nursing care appointments	312 282	312 631	320 350	332 921	360 351	8%
physician appointments	54 969	53 628	62 811	66 948	74 013	11%
nurse appointments	248 874	247 681	246 673	254 769	272 974	7%
other appointments	8 439	11 322	10 866	11 204	13 364	19%
<b>Number of surgeries</b>	<b>144 772</b>	<b>139 895</b>	<b>134 631</b>	<b>140 950</b>	<b>144 406</b>	<b>2%</b>
outpatient care	16 557	15 683	15 132	15 674	16 644	6%
day care	54 039	53 044	52 352	57 923	58 557	1%
inpatient care	74 176	71 168	67 147	67 353	69 205	3%
<b>Number of births</b>	<b>13 552</b>	<b>13 567</b>	<b>13 197</b>	<b>13 803</b>	<b>13 594</b>	<b>-2%</b>

# Strategic goals and their achievement in 2019

Weight (%)	Indicator	Goal	Execution	Achievement %
<b>Human-centered healthcare</b>				
30	<p><b>COVERAGE OF PREVENTIVE AND EARLY DETECTION ACTIVITIES</b></p> <p>(1) Coverage is measured on the basis of the health insurance database as a % of the women who have received the service out of all the target group women in the age group who have been screened over the last three years.</p> <p>(2) Coverage of immunization according to the immunization schedule under the Primary Healthcare Quality System (PHQS)</p>	<p>breast cancer 73%; cervical cancer 72%; colorectal cancer 64%; immunization &gt; = 94%</p>	<p>breast cancer 68.1%; cervical cancer 72.3%; colorectal cancer 70.5%; immunization 92.5%</p>	29.3
<b>Collaborative healthcare system</b>				
10	<p><b>AVAILABILITY OF SPECIALIZED MEDICAL CARE</b></p> <p>Based on retrospective reports, the actual waiting lists for initial scheduled appointments have stayed within 42 days (during up to six weeks).</p>	70%	66%	9.4
10	<p><b>BUDGET BALANCE</b></p> <p>EHIF's budget is planned to be implemented in line with good accounting practices and stays within the range of +/- 3%</p>	+/-3%	yes	10.0
10	<p><b>STRENGTHENING OF PRIMARY HEALTHCARE</b></p> <p>Number of practice lists that have joined primary care centers - 180 practice lists have joined by the end of 2019,</p>	yes	7.9 (142 practice lists, 27 primary care centers)	7.9
<b>Speed of innovation implementation</b>				
10	<p><b>USE OF DIGITAL REGISTRATION WITH DIGITAL REFERRALS</b></p> <p>Contributing to the implementation of the solution completed by the Health and Welfare Information Systems Center (TEHIK)</p> <p>- general, central and regional hospitals have joined the common system within six months of the availability of the technical solution</p>	yes	yes	10.0
10	<p><b>CLINICAL DECISION SUPPORT PROJECT</b></p> <p>Clinical decision-making support system for family physicians</p> <p>- the procurement has been successfully completed (in 2019), a contract concluded for the implementation of developments, a test environment is in use</p>	yes	yes	10.0
10	<p><b>A NEW WAY OF FUNDING TO SUPPORT INTEGRITY/ CONTINUITY OF TREATMENT</b></p> <p>The first pilot project in chosen field launched in 2019</p>	yes	yes	10.0
10	<p><b>DATA ANALYSIS</b></p> <p>Machine learning pilot program - two new analytical solutions have been introduced</p>	yes	yes	10.0
<b>100</b>	<b>Total performance indicators</b>			<b>96.6</b>



# Budget Execution Report



Table 2. Budget execution in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution	Change compared to 2018
<b>REVENUE OF EHIF</b>					
Health insurance component of social tax	1 218 829	1 311 839	1 333 714	102%	9%
Operational support	92 541	139 994	135 723	97%	47%
Revenue from insurance contracts	1 518	1 500	1 521	101%	0%
Recoveries and revenues from health insurance benefits	1 571	1 350	1 329	98%	-15%
Financial income	38	50	128	256%	237%
Other income	4 044	3 000	3 687	123%	-9%
<b>TOTAL BUDGET REVENUE</b>	<b>1 318 541</b>	<b>1 457 733</b>	<b>1 476 102</b>	<b>101%</b>	<b>12%</b>
<b>HEALTHCARE EXPENDITURE</b>					
<b>Healthcare services costs</b>	<b>956 919</b>	<b>1 071 165</b>	<b>1 066 908</b>	<b>100%</b>	<b>11%</b>
Disease prevention	11 339	15 715	14 377	91%	27%
Primary healthcare	127 155	145 564	143 770	99%	13%
Specialized medical care	688 990	750 382	752 053	100%	9%
Nursing care	35 636	40 448	39 982	99%	12%
Dental care	48 779	54 004	54 752	101%	12%
Ambulance	45 020	52 000	53 164	102%	18%
Emergency medical care for uninsured persons	0	8 050	8 810	109%	-
Reserves	0	5 002	0	0%	-
<b>Health promotion costs</b>	<b>1 791</b>	<b>2 400</b>	<b>2 504</b>	<b>104%</b>	<b>40%</b>
<b>Costs of pharmaceuticals</b>	<b>146 479</b>	<b>169 302</b>	<b>165 455</b>	<b>98%</b>	<b>13%</b>
Costs of reimbursable pharmaceuticals	136 178	137 602	139 160	101%	2%
Additional benefit for pharmaceuticals	10 301	9 600	7 481	78%	-27%
HIV, AIDS, antidotes and immune preparations	0	22 100	18 814	85%	-
<b>Costs of benefits for temporary incapacity for work</b>	<b>157 570</b>	<b>166 166</b>	<b>167 352</b>	<b>101%</b>	<b>6%</b>
<b>Costs of benefits for medical devices</b>	<b>9 694</b>	<b>11 078</b>	<b>11 471</b>	<b>104%</b>	<b>18%</b>
<b>Treatment of Estonian insured persons abroad</b>	<b>13 194</b>	<b>14 911</b>	<b>8 257</b>	<b>55%</b>	<b>-37%</b>
<b>Other expenses</b>	<b>2 213</b>	<b>5 242</b>	<b>2 302</b>	<b>44%</b>	<b>4%</b>
<b>Total healthcare expenses</b>	<b>1 287 860</b>	<b>1 440 264</b>	<b>1 424 249</b>	<b>99%</b>	<b>11%</b>

<b>OPERATING EXPENSES OF EHIF</b>					
Labour costs	6 735	7 452	7 360	99%	9%
Administrative costs	1 644	2 050	1 893	92%	15%
IT costs	2 068	2 262	2 689	119%	30%
Development costs	187	396	271	68%	45%
Other operating expenses	880	1 140	1 170	103%	33%
<b>Total operating expenses of EHIF</b>	<b>11 514</b>	<b>13 300</b>	<b>13 383</b>	<b>101%</b>	<b>16%</b>
<b>TOTAL BUDGET EXPENSES</b>	<b>1 299 374</b>	<b>1 453 564</b>	<b>1 437 632</b>	<b>99%</b>	<b>11%</b>
<b>BUDGET OUTTURN</b>	<b>19 167</b>	<b>4 169</b>	<b>38 470</b>	<b>-</b>	<b>-</b>
<b>RESERVES</b>					
Change in legal reserve	2 058	9 463	9 463	-	-
Change in risk reserve	3 210	3 469	3 470	-	-
Change in retained earnings	13 899	-8 763	34 923	-	-
<b>Total change in reserves</b>	<b>19 167</b>	<b>4 169</b>	<b>38 470</b>	<b>-</b>	<b>-</b>

# The number of insured persons

Table 3. The number of insured persons

	31.12.2017	31.12.2018	31.12.2019	Change compared to 2018 (number of persons)	Change compared to 2018
Employed insured persons	618 289	632 428	639 904	7 476	1%
Persons considered equal to insured persons	578 221	575 621	576 743	1 122	0%
Other insured persons	44 417	43 568	45 734	2 166	5%
State-insured persons	41 234	39 895	41 591	1 696	4%
Persons insured under international contracts	2 612	3 146	3 620	474	15%
Persons considered equal to the insured persons under a voluntary contract	571	527	523	-4	-1%
<b>Total</b>	<b>1 240 927</b>	<b>1 251 617</b>	<b>1 262 381</b>	<b>10 764</b>	<b>1%</b>

Every permanent resident of Estonia, as well as those living in Estonia by virtue of a temporary residence permit or by the right of permanent residence or temporary basis to stay, are entitled to health insurance, provided that social tax has been paid for them. In addition, the state provides health insurance for children under the age of 19, pupils and students, conscripts, pregnant women, unemployed people, people on parental leave, dependent spouses, retired people, caregivers of disabled persons and voluntary insurance contractors. In health insurance statistics, insured persons are divided into five groups, based on the grounds of insurance:

- **employed insured persons** - persons working under an employment contract, self-employed persons (including spouses involved in their activities), members of the management or control body, persons who have signed a contract under the law of obligations, persons who pay taxes on business income, persons with partial or no work ability;
- **persons considered equal to insured persons** – old-age pensioners, children, students, pregnant women, dependent spouses, nuns or monks registered in a religious association;
- **state-insured persons** - persons registered in the Unemployment Insurance Fund, persons on parental leave, parents of dependent children, caregivers of disabled persons, conscripts, recipients of doctoral studies allowances, recipients of support for creative activity, recipients of rescue service support, non-working retirement age persons, beneficiaries of international protection;
- **persons insured under international contracts** – old-age pensioners from another European Union (EU) Member State residing in Estonia, workers posted in Estonia from another EU Member State, Estonian pensioners leaving to reside in another EU Member State, military pensioners of the Russian Federation;
- **persons considered equal to insured persons under a voluntary contract** - people insured under a contract for the equalization with insured persons pursuant to the Health Insurance Act.

In statistics, the category of employed insured persons, in particular, is considered. This means that if a person has several effective insurance covers, these data are not duplicated in health insurance statistics. The data of a person insured both as a pensioner and an employed person are therefore only recognized in the category of employed insured persons.

# Revenues

Table 4. Revenue budget execution in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Health insurance component of social tax	1 218 829	1 311 839	1 333 714	102%
Operational support	92 541	139 994	135 723	97%
Revenue from insurance contracts	1 518	1 500	1 521	101%
Recoveries and revenues from health insurance benefits	1 571	1 350	1 329	98%
Financial income	38	50	128	256%
Other income	4 044	3 000	3 687	123%
<b>Total</b>	<b>1 318 541</b>	<b>1 457 733</b>	<b>1 476 102</b>	<b>101%</b>

## Health insurance component of social tax

EHIF's revenue budget is most affected by the income from the health insurance component of social tax. In 2019, the health insurance component of social tax was 1.3 billion euros, which exceeded the budget planned for 2019 by 21.9 million euros (budget execution by 102%).

In planning for the health insurance component of social tax for 2019, EHIF used a forecast prepared by the Ministry of Finance, which predicted a 11% increase in the health insurance income of social tax in 2019 compared to the 2018 budget.

## Operational support

From 2018, the EHIF budget has been earmarked for additional allocation from the state budget, which is calculated from the old age pensions of non-working old-age pensioners. The purpose of the operating support is to extend the health insurance revenue base in order to reduce its dependence on employment-based funding and thereby ensure long-term sustainability of the health insurance system. In 2019, the amount allocated to EHIF from the state budget was 10% of the total of non-working pensioners' pensions. The increase of more than 40 million euros compared to 2018 is due to the fact that in 2018 the amount of the allocation was 7% of the total amount of pensions of non-working pensioners.

## Revenue from insurance contracts

Revenue from insurance contracts means the income received from the contract under which a person is considered equal to insured persons and from the insurance of military pensioners of the Russian Federation living in Estonia.

Pursuant to §22 of the Health Insurance Act, an uninsured person can insure themselves by signing a contract with the Health Insurance Fund and paying monthly insurance premiums. The insurance premium is calculated based on the last published average gross monthly salary in Estonia of the previous calendar year, multiplied by 0.13.

The amount of the insurance premium changes each year after the Statistics Estonia publishes the average gross salary of the previous calendar year in Estonia. The amount of the insurance premium for one calendar month was 158.70 euros until 31 March and 170.30 euros from 1 April, 2019. As of December 31, 2019, there were 523 people insured based on the contract under which a person is considered equal to insured persons, and in 2019 the income was 1.1 million euro.

In 2019, the income from the insurance of non-working military pensioners of the Russian Federation amounted to 0.5 million euros. As of 31 December, there were 272 insured persons. Until 28 February, 2019, the Russian Federation paid 125.67 euros per month for each military pensioner and from 1 March, 134.92 euros per month. The monthly cost of a health insurance premium is based on the average cost of treatment in 2018 in the age group of 70 to 79 years.

## Recoveries and revenues from health insurance benefits

Claims submitted to insurance companies for health insurance indemnities paid as a result of traffic damage, as well as claims submitted to health care service providers, pharmacists and insured persons are recognized as recoveries.

Revenues from recoveries have decreased by 15% compared to 2018. In 2019, 66% of the recoveries consist of claims for traffic damages submitted to insurance companies, 22% are claims submitted to health care service and 12% consist of amounts recorded as revenues calculated on the basis of private persons' claims.

## Financial income

Based on the deposit contract signed with the Ministry of Finance, EHIF earns interest on the balance of funds held on the state's group account at the rate which equals the profitability of the state cash reserve. The profitability of a period depends on the events that influenced the price fluctuations on the bond market and on short-term deposit interest rates.

During the financial year, EHIF earned a total interest of 128 000 euros on the balance of funds held in the state group account.

## Other income

Other income includes the claims submitted by EHIF to the competent authorities of other Member States for health care services provided in Estonia to insured persons of EU Member States, income from processing of medical treatment invoices, and the exchange rate gains related to operating expenses and health insurance costs.

In 2019, we submitted to the competent authorities of other Member States claims for the medical care services provided in Estonia to the insured persons of other EU Member States in the amount of 3.5 million euros.

# Expenses

EHIF's expenditure budget is divided into healthcare costs and operational costs.

In planning of the healthcare budget for the year 2019, we were guided by the following principles:

- provide insured persons an extended range of evidence-based healthcare services, pharmaceuticals and medical devices;
- finance 96% of the demand but insured persons for health care services as assessed by EHIF;
- account for wage component change in service prices as of April 1, 2019.

Underrun of the 2019 healthcare expenditure budget is due to:

- execution of the budget for treatment provided to Estonian insured persons abroad;
- execution of the budget for health care services;
- execution of budget for pharmaceuticals.

## Execution of budget for treatment provided to Estonian insured persons abroad

The underrun of the 2019 budget for treatment provided to Estonian insured persons abroad was affected by the costs of both planned treatment and healthcare benefits for Estonian insured persons in another Member State. In 2019, EHIF assumed the obligation to pay for treatment or examinations provided abroad from 162 applicants.

## Execution of budget for healthcare services

The execution of the budget for healthcare services has been affected by the underrun of the primary healthcare and prevention budget. The execution of the primary healthcare budget has been affected by smaller than planned number of primary care centers. The underrun of the prevention budget has been affected by the smaller than planned number of participants in screening and lower use of funds allocated for prevention.

## Execution of budget for pharmaceuticals

The execution of the budget for pharmaceuticals has been affected by lower use of supplementary benefits for pharmaceuticals and the budget for HIV, AIDS, antidotes and immune preparations. The underrun of the budget for supplementary pharmaceuticals benefit is due to the fact that at the end of 2018, patients bought pharmaceuticals for some time in advance, as a result of which patients' costs and also the payment of benefits were slightly lower in the first months of 2019. HIV, AIDS, antidotes and immune preparations services have so far been funded from the state budget, as these services must be available to both insured and uninsured persons. From 2019, EHIF is responsible for pharmaceutical procurements.

## Average expenses per insured person

The calculation of average expenses is based on the costs of healthcare services, reimbursed pharmaceuticals and medical devices or budgeted benefits compensated by EHIF to insured persons in Estonia. Average expenses per insured person have increased from year to year. Compared to the previous year, the average monthly expenses per insured person increased by 9% in 2019.

The average expenses based on age are the highest in the age group of 80–89.

Table 5. Average expenses per insured person in 2019, in euros

Age	Number of insured persons	Prevention	Primary health-care	Specialized medical care	Nursing care	Dental care	Pharmaceuticals, incl. supplementary pharmaceutical benefit	Benefit for incapacity for work	Medical devices	Total
0-9	144 356	16	117	308	0	147	24	0	6	618
10-19	138 401	54	88	225	0	140	24	4	11	546
20-29	125 795	9	92	357	0	9	50	252	4	773
30-39	177 470	1	94	418	1	9	65	351	5	944
40-49	166 702	2	99	423	4	9	83	166	6	792
50-59	159 061	8	126	612	9	13	142	157	9	1 076
60-69	160 643	9	131	876	26	24	221	107	14	1 408
70-79	111 691	0	152	1 207	88	26	323	20	17	1 833
80-89	66 195	0	150	1 253	254	18	314	2	14	2 005
90-99	11 893	0	140	922	554	8	213	0	8	1 845
100-109	174	0	125	761	655	0	79	0	2	1 622
<b>Total</b>	<b>1 262 381</b>	<b>11</b>	<b>114</b>	<b>580</b>	<b>32</b>	<b>43</b>	<b>123</b>	<b>132</b>	<b>9</b>	<b>1 044</b>



# Healthcare expenditure

## 1. Healthcare services

The healthcare services budget is a budget for services that are reimbursed to hospitals under contracts signed between EHIF and medical institutions. The healthcare services budget includes disease prevention, primary healthcare, specialized medical care, nursing, children and adult dental care benefits, ambulance and emergency care for uninsured persons. These are so-called non-financial health insurance benefits - EHIF pays for them directly to service providers.

One of the major goals of the Estonian solidary health insurance is to ensure equal access to medical care and other health insurance benefits for all insured persons. To achieve this goal, a methodical assessment of the need for medical care, i.e. the demand for healthcare services, is carried out every year prior to planning for treatment financing contracts. We estimate the demand in all specialties and types of services at county level, according to the place of residence of an insured person. In the evaluation, we assess the projected need for healthcare services for the next year by age groups with 10-year-interval in the county. As the budget usually allows for less than actually needed, we adjust the estimated demand to EHIF's budget options, based on which we will determine the volume of healthcare services to be funded. When planning for demand to be financed in 2019, it was agreed that the estimated demand for healthcare services by insured people would be funded up to 96%.

Demand for funded healthcare services is a very important input in the planning for contract offers to medical institutions. Based on this, we draw up contracts and consider treatment needs of insured persons by specialty as well as their admittance for treatment in different medical institutions.

A reserve of EUR 5 million was planned in the healthcare services budget to cover additional costs related to the changes to the list of healthcare services that entered into force on 1 July 2019.

Table 6. Execution of budget for healthcare services, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Disease prevention	11 339	15 715	14 377	91%
Primary healthcare	127 155	145 564	143 770	99%
Specialized medical care	688 990	750 382	752 053	100%
Nursing care	35 636	40 448	39 982	99%
Dental care	48 779	54 004	54 752	101%
Ambulance	45 020	52 000	53 164	102%
Emergency medical care for uninsured persons	0	8 050	8 810	109%
Reserves	0	5 002	0	0%
<b>Total</b>	<b>956 919</b>	<b>1 071 165</b>	<b>1 066 908</b>	<b>100%</b>

## 1.1 Disease prevention

The prevention activities funded by EHIF are directly related to the national health plan and strategic objectives of EHIF. Only a small portion of prevention activities funded by the health insurance are financed from the disease prevention budget, many of the activities are included in various health services. In addition, EHIF also compensates to its insured, to a large extent, for pharmaceuticals and medical devices prescribed for preventative purposes.

Thus, the prevention of diseases takes place at all levels of healthcare.

We support prevention activities that enhance early detection of diseases (children's health checks, monitoring of pregnant women and newborn infants, cancer screening), as well as activities aimed at reducing or preventing the onsets of chronic diseases and consequential complications. Rapidly aging population, with an increase in chronic diseases, causes on the one hand, increased demand for healthcare services, but on the other hand, changes the demand. The development and effective implementation of activities for the elderly and chronic patients can help postpone or prevent early incapacity to work, disability and death.

In Estonia, national screenings for breast cancer, cervical cancer and colorectal cancer have been launched, which will only serve their purpose, if more than 70% of the target group participates. Thus, EHIF makes efforts to raise people's awareness. Early detection of cancer and initiation of treatment can lead to better treatment outcomes and avoid high treatment costs, which is why we believe that screening must be available to everybody. In order to meet the above goals, we plan for paying for cancer screening of uninsured people already in 2021.

Table 7. Execution of budget for disease prevention, in thousands of euros, and the number of treatment cases

	2018 actual		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
School healthcare	6 524	-	8 196	-	8 188	-	100%	-
Enhancement of youth reproductive health	1 298	28 844	2 090	46 011	1 545	32 538	74%	71%
Medical check-up of young athletes	926	9 737	1 204	11 400	1 071	10 046	89%	88%
Early detection of breast cancer	1 241	44 131	2 325	61 556	1 973	48 247	85%	78%
Early detection of cervical cancer	406	17 449	721	26 356	441	17 971	61%	68%
Early detection of colorectal cancer	699	41 865	979	35 871	966	54 943	99%	153%
Men's health project	0	0	0	0	20	275	-	-
Analyses to improve disease prevention and development of healthcare system	150	0	200	0	0	0	0%	-
Other prevention	95	0	0	0	173	0	-	-
<b>Total</b>	<b>11 339</b>	<b>142 026</b>	<b>15 715</b>	<b>181 194</b>	<b>14 377</b>	<b>164 020</b>	<b>91%</b>	<b>91%</b>

\*The number of treatment cases does not include the volume of school healthcare, as school healthcare is financed based on the number of students.

The main goal of **school healthcare service** is to systematically monitor the health and development of school-age children, to inform parents in case of possible problems, and refer the child to relevant specialist for further examination and help. School healthcare service includes students' preventive medical check-up together with nursing anamnesis collection and evaluation of health status. In 2018, a work group was established whose task is to update the code of conduct of school nurses. The new guide will take effect on 1 April 2020. We also renewed the school healthcare financing model, and new service price will be effective from 1 January 2019. We have designed principles for monitoring the availability of services through financing contracts.

**Counselling on youth reproductive health and prevention of sexually transmitted diseases** is targeted at young people of both sexes up to the age 26 years. In cooperation with the Estonian Sexual Health Association, the Estonian Gynaecologists Society and the Estonian Midwives Association, we described the content of youth reproductive health service, competencies of service providers, scope of the service, and infrastructure.

**Medical check-up of young athletes** is aimed at young people up to the age of 19, who regularly engage in sports for at least three times a week in addition to the physical education classes at school. The medical check-up of young athletes is based on the guidelines for sports medicine medical examinations updated by the Estonian Sports Medicine Federation and EHIF in 2017.

The purpose of **breast cancer screening** is to increase the proportion of breast cancer detection in the early stages and to reduce breast cancer mortality. Screening is based on the guidelines updated in 2018. The document describes the screening team and network, the method for inviting women to the screening, the target group of screening and the grounds for its formation, main studies and the scope of additional studies. Until 2017, insured women up to the age of 62 were invited to breast cancer screening in Estonia. From 2018, in accordance with the updated national guideline of breast cancer screening, we started inviting additionally women up to the age of 69. The step-by-step expansion will end in 2022, when all women aged 50–69 will be screened for breast cancer in Estonia. This is in line with the European Commission's recommendations.

The goal of **cervical cancer screening** is to detect and treat pre-cancerous conditions in a timely manner to reduce the incidence of cervical cancer. The further objective of the cervical cancer screening project is to reduce the mortality and incidence of cervical cancer and to increase the survival over the 5-year period.

In 2018, we started, in cooperation with professional associations, reviewing the guidelines for cervical cancer prevention and treatment. The purpose of guideline reviewing is to agree on organizational issues for cervical cancer prevention activities. These include the organizing team and network of screening, the method for inviting women to screening, the study methodology, the target group, quality control issues, incl. compliance with quality requirements, and structured transfer of data to the Cancer Screening Register and Health and Welfare Information System Center (TEHIK) standard set. The guide will be completed in 2020.

**Screening for early detection of colorectal cancer** was launched on July 1, 2016. The screening consists of a fecal occult blood test and, if necessary, an additional colonoscopy. Colorectal cancer screening is coordinated by family physicians whose responsibility is to advise the target group and make fecal occult blood test available. Insured persons aged 60–69 are invited to the screening in every two years.

**Analyses to improve disease prevention and development of healthcare system** – in 2018, we continued our cooperation with the World Bank and agreed on the objectives and activities of the third phase of our cooperation project. The goal of the third phase of the cooperation project is to evaluate the integration of treatment from the point of view of health care system, focusing primarily on the role of primary healthcare and specialized medical care. The focus is on chronic disease prevention, improving of health care services availability and development of quality and remuneration systems. The World Bank project team works closely with the Estonian Society of Family Physicians, the Estonian Hospitals Association and other partners. The work has already commenced and we are expecting first results by Spring 2020.

Under **other prevention**, we have recognized the development costs of the interactions database. The interaction database is an application which helps physicians assess the interactions of pharmaceuticals used by patients. The evaluation of pharmaceuticals interaction aims at improving the quality of care and increasing the safety of pharmaceuticals.

## 1.2 Primary healthcare

A timely primary contact with the healthcare system is a precondition for achieving a high-quality treatment outcome. Therefore, we consider it important to strengthen and expand the role of family physicians as a treatment coordinator and health advisor. Primary healthcare must contribute to the development of patient-centered health care, which in turn means providing holistic and integrated care in cooperation with different levels of healthcare system, which includes close cooperation with social sector.

We continued working on the development of primary care centre service. By starting up new primary care centres, we support holistic approach to patient care, and expand the selection of primary care services offered by a family physician. In addition to the services of family physicians and family nurses, primary care centres will provide also physiotherapy, midwifery and home nursing services. Depending on the local needs, other medical specialists may also practice there. In this way, the primary care centre system helps ensure the development of primary healthcare, allows for cooperation and exchange of experiences and helps organize work more flexibly.

Table 8. Execution of budget for primary healthcare, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Basic allowance	14 608	22 883	18 187	79%
Distance allowance	645	717	627	87%
Second family nurse allowance	8 370	10 559	9 847	93%
Total capitation fee	69 096	73 804	76 236	103%
Capitation fee for insured persons of up to 3 years of age	4 004	4 204	4 441	106%
Capitation fee for insured persons 3–6 years of age	4 083	4 279	4 496	105%
Capitation fee for insured persons 7–49 years of age	27 919	29 471	30 620	104%
Capitation fee for insured persons 50–69 years of age	19 452	20 743	21 316	103%
Capitation fee for insured persons over 70 years of age	13 638	15 107	15 363	102%
Medical tests fund	26 721	29 019	29 438	101%
Operation fund	1 163	974	2 021	207%
Therapy fund	1 263	1 933	1 529	79%
Allowance for out-of-hours appointments	373	558	408	73%
Performance pay	4 206	4 347	4 754	109%
Family physician advisory line	710	770	723	94%
<b>Total</b>	<b>127 155</b>	<b>145 564</b>	<b>143 770</b>	<b>99%</b>

The budget for primary healthcare in 2019 was 146 million euros, however, the actual amount of funding was 144 million euros, which is 13.1% higher than in 2018. **Capitation fee** has increased by 10.3% compared to 2018 due to increased number of insured persons (by 8357 persons) for whom capitation fee is paid, and changed reference price which increased in connection with wage agreement of medical staff. As of the end of 2019, **basic allowance** was paid to 786 family physician practices. The use of basic allowance grew by 24.5 %, which was due to changed reference price and increased number of primary care centres.

In 2019, there were in total 786 practice lists, which is 7 lists less than in 2018. In 2019, EHIF had contracts with 429 providers of primary care service. One practice list included an average of 1586 people, which is 25 people more compared to 2018. We paid additional capitation fee for 10 464 persons in the lists of fewer than 1200 persons.

Table 9. The number of family physicians practice lists, the number of insured persons in the list and the number of out-of-hours appointments

	2018 actual	2019 actual	Change compared to 2018
<b>Number of practice lists</b>			
Number of practice lists	793	786	-1%
Number of lists receiving distance allowance	179	170	-5%
Number of lists receiving second family nurse allowance	449	486	8%
Average size of a list (the number of insured persons)	1 561	1 586	2%
<b>Number of people</b>			
Total number of persons for whom capitation fee has been paid	1 238 045	1 246 402	1%
Insured persons up to 3 years of age	40 519	40 916	1%
Insured persons 3–6 years of age	56 095	56 226	0%
Insured persons 7–49 years of age	642 258	644 315	0%
Insured persons 50–69 years of age	316 457	316 094	0%
Insured persons 70 years of age and older	182 716	188 851	3%
<b>Number of out-of-hours appointments</b>			
Family physician out-of-hours appointments	7 786	8 760	13%
Family nurse out-of-hours appointments	7 718	9 272	20%
<b>Number of calls to advisory line</b>			
Number of calls to advisory line	257 456	234 662	-9%

In 2019, a total of 170 practice lists received **distance allowance**, which is 9 lists less than in 2018. The number of practice lists receiving **second family nurse allowance** has increased year by year. In 2019, EHIF provided funding for second nurses in 486 lists, which is by 8.2% more than in the previous year.

**Medical tests fund** (fee-for-service) is allocated to family physicians to carry out necessary lab tests and procedures in patients. In 2019, the funding of medical tests fund increased by 10.2% compared to the previous year. The increased volume of the fund is primarily due to increased reference price, as the medical tests fund is calculated as a share of capitation fee, as well as the use of the fund and increased service prices. The use of medical tests fund is still rather varied among family physicians.

The purpose of the **operation fund** is to support the activities within the competence of a family physician so that they remained in the primary level care. Therefore, the services provided by family physicians (minor surgical procedures and gynecological services) were transferred from the research fund to the operation fund. The financing of operation fund is service-based and therefore, the e-consultation service and autopsies ordered by family physicians are recognized under the operation fund expenses. The financing of operation fund increased by 73.8% as compared to the previous year.

In 2019, 729 family physicians from 403 primary care centres used the e-consultation service. In 2019, the health information system received

30 441 digital referrals for **e-consultation**, from a total of 414 institutions and 868 healthcare professionals per 25 776 patients. The service was provided for 499 000 euros. The biggest number of consultations were in the field of neurology (6311 cases), followed by orthopedics (3361 cases), gastroenterology (2866 cases), allergy-immunology (2828 cases) and endocrinology (2459 cases). Compared to 2018, the number of e-consultations increased by 42%. In 2020, child psychiatry field was added to the e-consultation service list and a pilot project will be carried out in the said field in 2020.

The aim of **the therapy fund** is to extend the role of a family physician as a coordinator of a patient's treatment process from the beginning to the end. The therapy fund allows the family physicians, if necessary, to order the services of a clinical psychologist, speech therapist and physiotherapist for their patients without them having to visit a medical specialist, and to pay the providers for their services. In 2019, a total of 417 providers used the opportunity of therapy fund. The service was provided to 19 782 patients in the total amount of 1.5 million euros. Compared to 2018, the number of people who used the funding options of the therapy fund increased by 26%. In 2019, individual physiotherapy service was used the most (11 765 persons), which was followed by individual psychotherapy session (4 279 persons) and consultation with a clinical psychologist (2 566 persons).

The development of the **quality bonus scheme for family physicians** will continue in order to motivate family physicians focus on disease prevention, monitoring of chronic patients and increasing their competence. In 2019, EHIF paid quality bonus to 522 family physician practices. Thus, 66% of family physicians received performance pay. In 2020, we are developing a mentoring system for family physicians, which will help us better achieve our goals.

Table 10. Number of family physician and family nurse appointments in 2015–2019

	2015	2016	2017	2018	2019
Family physician appointments	4 558 967	4 622 354	4 710 294	4 961 469	4 867 540
Family nurse appointments	1 180 147	1 342 697	1 494 205	1 635 461	1 726 106
Prophylactic appointments	343 625	344 565	368 735	358 428	348 207
<b>Total appointments</b>	<b>6 082 739</b>	<b>6 309 616</b>	<b>6 573 234</b>	<b>6 955 358</b>	<b>6 941 853</b>
Number of persons admitted	1 006 406	1 015 123	1 024 118	1 031 449	1 033 047
Number of persons in the family physicians' practice lists	1 235 817	1 236 012	1 234 046	1 238 045	1 246 402
The share of people who visited a family physician of all the people in the family physicians' practice lists	81%	82%	83%	83%	83%

## 1.3 Specialized medical care

Our priority is to support the introduction of modern diagnostic and therapeutic methods, both by including new services in the list of health care services, as well as by enabling wider deployment of services included in previous years. In co-operation with professional associations, we are regularly updating the structure of services, standard expenses, reference prices and implementing conditions of services in order to provide patients with modern and evidence-based treatment, and to ensure effective use of health insurance resources.

The most significant changes made to the list of healthcare services that affected the 2019 budget and budget execution are as follows:

- the addition of new services (including total mandibular endoprosthesis, enteral feeding, new indications for biological treatment, immunotherapy for lung cancer and Hodgkin's lymphoma, pharmaceuticals for several rare diseases, etc.) and changes to existing services to ensure better treatment options for insured persons;
- The wage component in service prices increased as of 1 April 2019.
- comprehensive modernization of services by specialties - changes to the list of endovascular surgery and blood preparation services, reference prices and implementation conditions;
- modernization of remuneration in Hiiumaa Hospital - the remuneration reflects optimal overhead costs agreed in specialist medical care and the component of physician's remuneration is changed in order to motivate visiting and local physicians to provide services in Hiiumaa Hospital;
- modernization of operating premises and transport services - the descriptions of operating premises and transport services are updated in the services list based on actual costs;
- updating of the cost of the IT cost component - resulting from the analysis of actual costs and the possibilities of the health insurance budget. Hospitals' IT-costs are increasing year by year, mainly due to e-system development investments;
- changes in the maximum reference prices of pharmaceutical services due to changes in the unit prices of active substances.

The priorities of the 2019 budget for specialist medical care were primarily pediatric treatment, psychiatry, infectious diseases and specialties with a high proportion of emergency care. The aim was also to maintain the level achieved in 2018 for endoprostheses and cataracts.

## Execution of specialized medical care budget by service types

Table 11. Execution of specialized medical care budget, in thousands of euros, and the number of treatment cases by service types

	2018 actual*		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
<b>Total of specialized medical care</b>	<b>598 644</b>	<b>3 148 710</b>	<b>660 731</b>	<b>3 085 115</b>	<b>658 529</b>	<b>3 145 945</b>	<b>100%</b>	<b>102%</b>
Total of outpatient care	240 980	2 910 377	257 899	2 832 639	264 926	2 904 493	103%	103%
Total of day care	30 512	62 764	31 493	63 444	33 113	65 436	105%	103%
Total of inpatient care	327 152	175 569	371 339	189 032	360 490	176 016	97%	93%
<b>Special cases</b>	<b>72 991</b>	<b>43 556</b>	<b>69 471</b>	<b>42 103</b>	<b>73 344</b>	<b>44 628</b>	<b>106%</b>	<b>106%</b>
High-cost treatment cases	9 970	98	6 015	40	7 192	53	120%	133%
Other special cases	63 021	43 458	63 456	42 063	66 152	44 575	104%	106%
<b>Periodic fees</b>	<b>17 355</b>	<b>368</b>	<b>20 180</b>	<b>368</b>	<b>20 180</b>	<b>360</b>	<b>100%</b>	<b>98%</b>
Monthly fee of specialized medical care	1 781	9	2 794	12	2 794	12	100%	100%
Preparedness fee	15 574	359	17 386	356	17 386	348	100%	98%
<b>Total</b>	<b>688 990</b>	<b>3 192 634</b>	<b>750 382</b>	<b>3 127 586</b>	<b>752 053</b>	<b>3 190 933</b>	<b>100%</b>	<b>102%</b>

\*From 2019, the budget structure changed and, as a result, the comparative data for 2018 have been made similar.

\* The number of specialized medical care treatment cases includes the treatment cases of Hiiumaa Hospital, which are financed from the monthly fee for specialized medical care.

In 2019, we paid for the treatment of 778 000 people. The number of treated persons has decreased by approximately 1000 persons as compared to 2018. The decrease has been at the expense of outpatient treatment, where the number of service users has decreased by 520 persons, whereas the number of people who have used day care has increased by 1 215.

When looking at the distribution of costs by persons who used the service, then 1% of persons used 26% of the funds spent on specialist care.

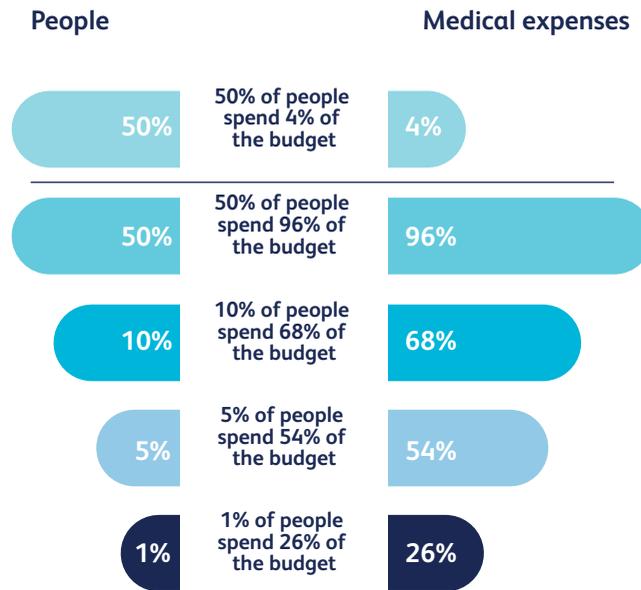


Figure 1. Distribution of budget execution for specialized medical care by people who used the service

Nearly 4 million outpatient admissions were provided during the reporting period. The number of appointments has increased by 1% or 35 000 appointments compared to the same period last year. The increase in the number of appointments has also been influenced by the 5% increase in the number of appointments in the emergency department. The reason for this is the increased number of triages nurses performed at the emergency department. Compared to the previous year, the number of nurses' appointments has increased by 11% or 58 000 appointments. The number of nurses appointments has increased in the emergency medicine department for triages performed by nurses. However, physicians appointments have decreased by 1% or 36 000 appointments, and this is mostly due to the decrease in first time appointments.

The share of emergency care in treatment cases has remained at the previous year's level. The share of emergency treatments among treatment cases is the highest in surgery, oncology and pediatrics, accounting for 31–32% of each specialty's treatment cases. However, treatment costs are the highest in the field of pediatrics, accounting for 58% of the specialty's costs.

Out of all treatment cases in 2019, 14% were provided at emergency departments, compared to the previous year, the number of treatment cases provided at emergency departments has decreased by 1%. Most admissions were to the specialty of surgery - in 28% of all cases.

## Budget execution and treatment cases by specialties

In the budget for specialized medical care, the main specialties are: primary follow-up treatment, surgery, ophthalmology, oncology, paediatrics, psychiatry, internal medicine, gynaecology, and rehabilitation.

Table 12. Execution of specialized healthcare budget in thousands of euros, and the number of treatment cases

	2018 actual*		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
<b>Surgery</b>	<b>156 139</b>	<b>832 765</b>	<b>172 783</b>	<b>816 591</b>	<b>173 668</b>	<b>826 095</b>	<b>101%</b>	<b>101%</b>
outpatient care	48 055	756 322	52 204	738 276	53 370	749 360	102%	102%
day care	12 201	25 417	12 851	24 114	13 198	24 942	103%	103%
inpatient care	95 883	51 026	107 728	54 201	107 100	51 793	99%	96%
<b>Ophthalmology</b>	<b>18 197</b>	<b>361 623</b>	<b>20 189</b>	<b>347 287</b>	<b>21 482</b>	<b>360 785</b>	<b>106%</b>	<b>104%</b>
outpatient care	15 598	358 418	17 175	344 005	18 330	357 346	107%	104%
day care	515	1 309	515	1 193	673	1 460	131%	122%
inpatient care	2 084	1 896	2 499	2 089	2 479	1 979	99%	95%
<b>Oncology</b>	<b>92 716</b>	<b>174 713</b>	<b>103 979</b>	<b>179 558</b>	<b>103 251</b>	<b>181 935</b>	<b>99%</b>	<b>101%</b>
outpatient care	48 358	152 313	49 424	153 843	53 077	158 633	107%	103%
day care	3 528	6 318	5 855	7 168	4 293	7 139	73%	100%
inpatient care	40 830	16 082	48 700	18 547	45 881	16 163	94%	87%
<b>Gynaecology</b>	<b>42 575</b>	<b>454 491</b>	<b>43 774</b>	<b>422 726</b>	<b>46 370</b>	<b>453 141</b>	<b>106%</b>	<b>107%</b>
outpatient care	28 742	426 122	29 742	394 219	31 618	425 264	106%	108%
day care	4 155	16 835	4 198	16 069	4 519	16 793	108%	105%
inpatient care	9 678	11 534	9 834	12 438	10 233	11 084	104%	89%
<b>Paediatrics</b>	<b>24 265</b>	<b>128 410</b>	<b>26 743</b>	<b>134 274</b>	<b>27 626</b>	<b>134 399</b>	<b>103%</b>	<b>100%</b>
outpatient care	8 309	112 287	8 277	117 773	9 068	117 885	110%	100%
day care	1 559	3 080	854	2 735	1 684	3 380	197%	124%
inpatient care	14 397	13 043	17 612	13 766	16 874	13 134	96%	95%
<b>Psychiatry</b>	<b>34 750</b>	<b>254 828</b>	<b>39 460</b>	<b>246 384</b>	<b>36 592</b>	<b>252 483</b>	<b>93%</b>	<b>102%</b>
outpatient care	10 046	244 890	11 414	236 452	10 620	242 666	93%	103%
day care	600	609	717	681	605	633	84%	93%
inpatient care	24 104	9 329	27 329	9 251	25 367	9 184	93%	99%
<b>Internal medicine</b>	<b>211 017</b>	<b>857 211</b>	<b>231 804</b>	<b>853 599</b>	<b>228 530</b>	<b>844 993</b>	<b>99%</b>	<b>99%</b>

outpatient care	75 432	786 016	82 748	775 284	81 455	772 013	98%	100%
day care	7 939	9 154	6 487	11 442	8 121	11 040	125%	96%
inpatient care	127 646	62 041	142 569	66 873	138 954	61 940	97%	93%
<b>Primary follow-up treatment</b>	<b>3 824</b>	<b>3 713</b>	<b>4 377</b>	<b>3 973</b>	<b>4 101</b>	<b>3 913</b>	<b>94%</b>	<b>98%</b>
inpatient care	3 824	3 713	4 377	3 973	4 101	3 913	94%	98%
<b>Rehabilitation</b>	<b>15 161</b>	<b>80 956</b>	<b>17 622</b>	<b>80 723</b>	<b>16 909</b>	<b>88 201</b>	<b>96%</b>	<b>109%</b>
outpatient care	6 440	74 009	6 915	72 787	7 388	81 326	107%	112%
day care	15	42	16	42	20	49	125%	117%
inpatient care	8 706	6 905	10 691	7 894	9 501	6 826	89%	86%
<b>Total</b>	<b>598 644</b>	<b>3 148 710</b>	<b>660 731</b>	<b>3 085 115</b>	<b>658 529</b>	<b>3 145 945</b>	<b>100%</b>	<b>102%</b>
<b>outpatient care</b>	<b>240 980</b>	<b>2 910 377</b>	<b>257 899</b>	<b>2 832 639</b>	<b>264 926</b>	<b>2 904 493</b>	<b>103%</b>	<b>103%</b>
<b>day care</b>	<b>30 512</b>	<b>62 764</b>	<b>31 493</b>	<b>63 444</b>	<b>33 113</b>	<b>65 436</b>	<b>105%</b>	<b>103%</b>
<b>inpatient care</b>	<b>327 152</b>	<b>175 569</b>	<b>371 339</b>	<b>189 032</b>	<b>360 490</b>	<b>176 016</b>	<b>97%</b>	<b>93%</b>

\*From 2019, the budget structure changed and, as a result, the comparative data for 2018 have been made similar.

The specialty of **surgery** includes cardiac surgery, paediatric surgery, neurosurgery, face and jaw surgery, orthopaedics, otorhinolaryngology, thoracic surgery, urology, vascular surgery and general surgery.

In 2019, we paid for the surgical treatment of 384 000 people. Compared to the previous year, the number of treated persons has decreased by 2150 persons, which is due to decreased use of general surgery and otorhinolaryngology services. Compared to the previous year, the number of persons using outpatient urology service has increased by 13%.

During the reporting period, we funded over 9 000 treatment cases more than planned in the budget. Urology, where more than 17 000 more cases than planned, and orthopedics, where almost 5 800 more cases than planned were reported, have the greatest impact on the increased use of the treatment cases budget. There were fewer cases than planned in general surgery and otorhinolaryngology.

As for sub-specialties, urology and otorhinolaryngology have accounted most to the overrun of the budgeted amount. The budget execution in the specialty of otorhinolaryngology has been affected by the 11% increase in the average cost of a treatment case compared to the budgeted cost.

In the specialty of **ophthalmology**, we paid for the ophthalmologist services of approximately 174 000 persons. The number of persons has decreased by 1.3%, while the financing has increased by 18.1% compared to the previous year. This is due to increased funding for analyses and procedures. In 2019, EHIF paid for ophthalmic examinations and procedures by 24% more than in the previous year. The grown costs of examinations and procedures is mostly due to increased use of coherent ocular tomography. In 2019, over 53 000 more examinations were performed than in 2018. In outpatient appointments, the number of first-time appointments has decreased compared to the previous year, and the number of recurring appointments of medical specialists has increased. The funding of outpatient appointments has been affected by the increased number of triages performed by nurses at the emergency department.

The data of **oncology** specialty include also the use of haematology services. In oncology, we paid for the treatment of 49 000 persons. The number of persons treated has remained at last year's level. However, funding for oncology has increased by 11%, or almost 11 million euros. Increased funding is due to the increased use of examinations and procedures as well as pharmaceuticals. The funding of pharmaceuticals has been affected by the addition of lung cancer and Hodgkin's lymphoma treatment to the list of healthcare services in 2019. Increased funding for examinations and

procedures is due to increased number of uses – in 2019, the performed 27 000 examinations and procedures and 87 000 laboratory examinations more than in 2018.

During the reporting period, 186 000 persons used **gynaecology services** which included about 453 000 treatment cases for which EHIF paid to medical institutions 46.4 million euros. The number of treated persons has decreased by 1% or by 1495 persons compared to the previous year, whereas, the funding has increased by 9%. Increased funding has been due to the increase in the use of examinations and procedures, in 2019 we funded 34 000 examinations and procedures and laboratory examinations more than in the previous year.

In **pediatrics**, we paid for the treatment of 62 000 children. The number of children receiving treatment has increased by 5.2% or 3 086 children compared to the previous year, in particular at the expense of children receiving outpatient treatment. In pediatrics, the number of outpatient appointments has increased, with 3% more first-time appointments and 6% more recurring appointments. Compared to the previous year, the number of laboratory tests has also increased.

In **psychiatry speciality**, EHIF paid for the treatment of 70 000 people. The number of treated persons has increased by 1.4% or by 989 persons compared to the previous year. The number of persons has grown in outpatient care and is related to increased number of outpatient appointments. Increased funding for outpatient appointments has been mostly influenced by the 9% increase in the reference price of the service “psychiatrist’s appointment during the period of active treatment”. Increased funding for the speciality of psychiatry compared to the previous year has also been influenced by the 9% increase in the reference price for an acute psychiatry bed day.

The speciality of **internal medicine** covers the medical services of dermatovenerology (skin diseases), endocrinology (hormonal diseases), gastroenterology (gastrointestinal diseases), infectious diseases, cardiology, occupational diseases, nephrology (kidney and urinary tract diseases), neurology, pulmonology (lung diseases), rheumatology and internal diseases. In 2019, EHIF paid for the treatment of 344 000 persons in the speciality of internal medicine. The number of treated persons has decreased by 1,4% or by 4840 persons compared to the previous year. This is due to decreased number of people receiving outpatient care.

The use of services in subspecialties is significantly lower than planned in internal medicine, budget execution by 92%. The budget for rheumatology and infectious diseases is also under-executed.

The largest subspecialties of internal medicine are cardiology, internal diseases and neurology, accounting for 62% of the execution of internal medicine budget.

During the reporting period, 55 000 persons used cardiology services which included about 93 000 treatment cases for which EHIF paid to medical institutions 55.8 million euros. The number of treated persons has decreased by 0,8% or by 474 persons compared to the previous year, whereas, the funding has increased by 4%. Compared to the previous year, the funding for examinations and procedures and post-operative additional aids has increased the most.

In the subspecialty of internal diseases, we paid 52.2 million euros for the treatment of 93 000 persons, which included 136 000 treatment cases. The number of treated persons has decreased by 12,9% or by 14 000 persons compared to the previous year. The increase in the budget for internal diseases compared to the previous year has been mostly influenced by the increase in the reference price for a bed day of internal diseases by 8.2%.

During the reporting period, 72 000 persons used neurology services which included about 122 000 treatment cases for which EHIF paid to medical institutions 34.5 million euros. The number of treated persons has increased by 8.6% or by 5727 persons compared to the previous year. Funding for the speciality has increased by 5.2 million euros compared to the previous year, which has been due to increased funding for examinations and procedures and pharmaceuticals. The reason for the increase in the number of examinations and procedures is increased number of uses. Use of pharmaceuticals has been affected by the use of biological drug for *multiple sclerosis*- if in 2018 the drug was used 1.1 times per treatment case, then in 2019 it was 2.1 times.

The number of persons receiving **primary aftercare** and also the number of treatment cases has increased. In 2019, follow-up treatment was provided for 3658 persons. The number of persons has increased by 4,9% compared to the previous year. This increase is linked to the establishment of principles for ensuring harmonised availability of high-quality care, in which case, the treatment cases of internal medicine at general hospitals moved to follow-up care. This means that if it is no longer medically necessary to continue the treatment at a central or regional hospital but the patient can not yet be sent home, the expedient solution would be to continue treatment in a general hospital close to the patient’s place of residence.

In **rehabilitation speciality**, we paid for the treatment of more than 57 000 people. The number of treated persons has

increased by 8% or by 4402 persons compared to the previous year, which is due to increased number of people who received outpatient care. Funding has increased by 1.7 million euros.

### The use of specialized medical services by main diagnosis groups indicated on treatment invoices

The largest basic diagnosis groups<sup>1</sup> that we funded in 2019 were circulatory system diseases, tumors, factors influencing health status and contact with health services and musculoskeletal and connective tissue disorders.

Compared to the previous year, the number of people with health status “factors influencing the state of health and contact with health services” has increased. However, the number of people treated has decreased the most in respiratory diseases and musculoskeletal and connective tissue diseases. The largest increase in funding compared to the previous year is in cancer and circulatory diseases.

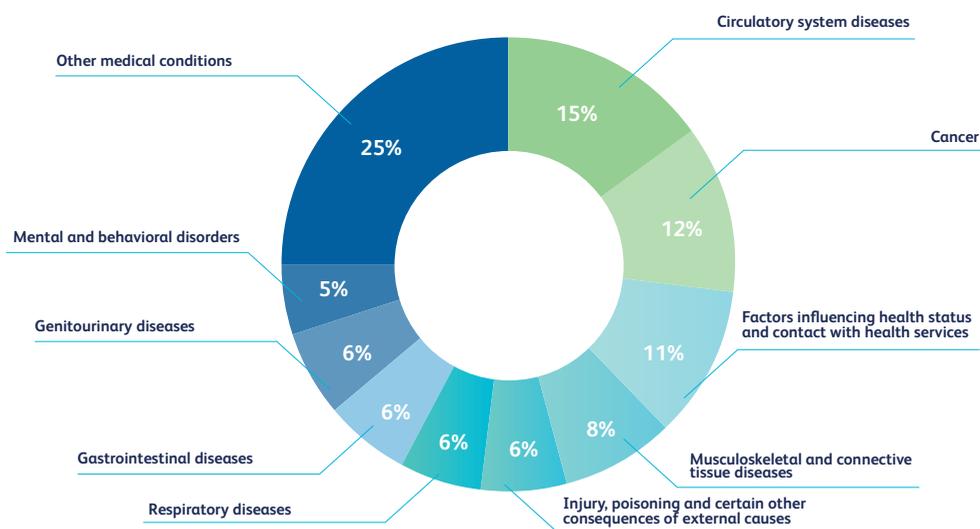


Figure 2. Distribution of specialized medical care funding by health conditions

### Healthcare services indicated on specialized medical care invoices

The biggest part in the specialized medical services invoices in 2019 included analyses and procedures (24%) and bed days (23%).

The volume of analyses and procedures increased compared to the same period in previous year, both in terms of the number of uses and amounts. The number of bed days uses has fallen by 3%, but funding has grown by 8% compared to the previous year, which is due to the renewal of bed days calculation. The funding of bed days and laboratory tests has been growing the fastest.

Compared to the same period in previous year, the number of service uses has increased most in laboratory tests, which is related to the updating of medical specialists appointments and bed day calculation. Certain laboratory tests were excluded from the reference price of a bed day, as family physicians or medical specialists may have already performed them, so further tests are not necessary in day care. The change also allows for better monitoring of the actual use of services for the patient’s treatment and the resources used for the tests. In case these laboratory tests are necessary, they can be later separately coded on the invoice.

- 1 Primary diagnosis groups indicated on the treatment invoices under the International Classification of Diseases ICD-10.
- 2 Diagnoses with Z-code, which is used when:
  - a) a person who may or may not be ill at the moment comes in contact with a health care institution for some specific purpose, such as that receive limited help or service in the event of a minor medical condition, be a tissue or organ donor, receive a prophylactic vaccine, or discuss a problem other than an illness or injury;
  - b) there is a circumstance or problem that affects the person’s state of health but which is not a real disease or injury. Such factors can be identified in mass examinations, when any person may or may not be ill at the time, or be marked as a factor to keep in mind if the person receives treatment for any disease or injury.

Table 13. Proportion of service groups recognized in treatment invoices by amounts

	2018 actual	2019 actual	Change compared to 2018
Examinations and procedures	24%	24%	0%
Bed days	24%	23%	-1%
Laboratory tests	12%	13%	1%
Outpatient appointments	11%	11%	0%
Surgeries	8%	8%	0%
Pharmaceuticals	7%	7%	0%
Other services	4%	5%	1%
Additional resources for surgeries	5%	4%	-1%
Anaesthesia	3%	3%	0%
Blood and blood products	2%	2%	0%

#### Remuneration for services exceeding the contract volume, i.e. overtime work

From 2018, EHIF pays overtime in outpatient and day care by a coefficient of 0.7. Overtime work is paid in the extent of up to 8% of the financial volume of outpatient and day care in the service provider's financing agreement. If the volume of healthcare services provided in excess of the contractual volume exceeds 8% of the total amount of the contract, we will pay the part exceeding 8% by the factor of 0.3. In inpatient care, the invoices for medical services provided in excess of the contract volume are paid by the factor of 0.3.

The share of medical services exceeding the contract volume in specialized medical care was 4% for treatment cases and 2% for the amount. Compared to 2018, the volume of overtime in treatment cases has decreased by 29% and the amount by 11%.

Table 14. Healthcare services provided in excess of contractual volume, in thousands of euros, and the number of treatment cases

	2018 actual		2019 actual		Change compared to 2018	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
Outpatient care	10 690	157 874	10 360	113 041	-3%	-28%
Day care	956	2 756	830	1 940	-13%	-30%
Inpatient care	3 772	6 889	2 590	4 612	-31%	-33%
<b>Total</b>	<b>15 418</b>	<b>167 519</b>	<b>13 780</b>	<b>119 593</b>	<b>-11%</b>	<b>-29%</b>

## Execution of special cases budget and treatment cases

The budget for special cases includes high-cost treatment cases and other special cases - organ transplants, bone marrow transplantation, childbirth, hemodialysis, peritoneal dialysis, endoprotheses, infertility treatment, cochlear implants and cataract surgeries.

### High-cost treatment cases

From 2019, a treatment invoice with a cost of at least 100 000 euros for regional hospitals and at least 70 000 euros for other healthcare providers is considered a high-cost treatment invoice. Until 2018, a treatment invoice with a cost of at least 65 000 euros was considered a high-cost treatment invoice

In 2019, healthcare providers submitted 53 high-cost treatment cases in the amount of 7 million euros to be reimbursed. As for primary diagnosis groups, the number of high-cost treatment cases was high in infectious and parasitic diseases, gastrointestinal diseases and certain conditions that occur during perinatal period of birth. The biggest number of high-cost cases occurred at the North Estonia Medical Centre (18 cases) and Tartu University Clinic (12 cases).

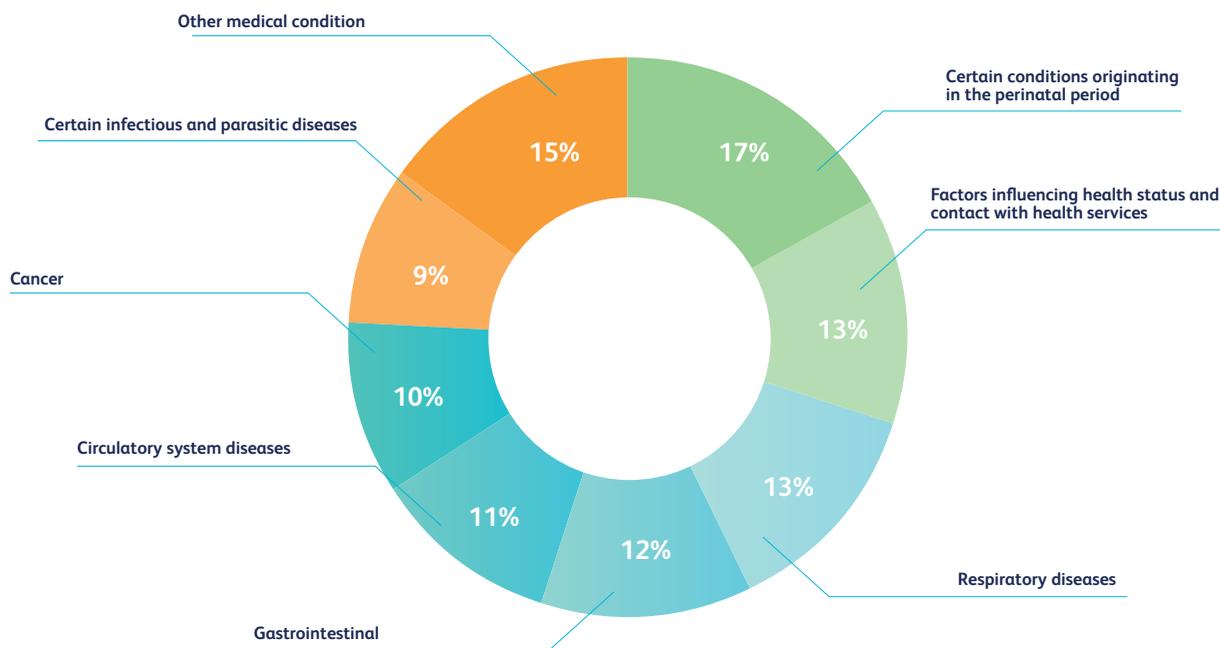


Figure 3. Distribution of high-cost treatment cases funding by health conditions

### Other special cases

Other special case is an earmarked funded case and the content of such service is described in Annex 2 to the treatment financing agreement.

In 2019, we paid for almost 33 000 special cases, which is at the same level as in 2018. The number of people was the highest in cataract surgeries and births.

Table 15. Other special treatment cases in thousands of euros, and the number of treatment cases

	2018 actual		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
Childbirth	18 579	13 803	18 446	13 289	18 803	13 594	102%	102%
Endoprostheses	16 138	3 515	16 184	3 437	17 038	3 570	105%	104%
Hemodialysis	10 932	4 466	11 317	4 470	11 912	4 626	105%	103%
Cataract surgeries	9 702	17 981	9 550	17 175	10 265	18 523	107%	108%
Infertility treatment	2 481	2 535	2 567	2 538	2 779	3 073	108%	121%
Bone marrow transplan- tation	2 493	351	2 433	345	2 460	435	101%	126%
Organ transplants	1 332	241	1 667	259	1 593	215	96%	83%
Peritoneal dialysis	973	546	908	530	914	519	101%	98%
Hearing implants	391	20	384	20	388	20	101%	100%
<b>Total</b>	<b>63 021</b>	<b>43 458</b>	<b>63 456</b>	<b>42 063</b>	<b>66 152</b>	<b>44 575</b>	<b>104%</b>	<b>106%</b>

One of the major priorities in 2018 and 2019 has been to shorten the waiting lists for cataract surgeries and endoprostheses. The goal for 2019 is to maintain the level achieved in 2018. Increased funding has enabled to serve more patients in the last two years.

In 2019, approximately 19 000 cataract surgeries were performed on 13 400 people. The number of operated people has increased by 3% and the number of operations has also increased by 3 %, i.e. 542 operations were performed more than in the previous year.

In the reporting period, the same amount of endoprostheses have been performed as in the same period of the previous year. In 2019, 3 570 endoprosthesis surgeries were performed on 3 432 people.

In 2019, we financed 13 594 childbirths, which is 2% less than in the same period last year.

## Execution of periodic fee budget

Hiiumaa Hospital has been implementing a new funding model from 1 April 2018. The goal of introducing a new funding principle is to ensure the sustainability of a hospital in a region with small population and restricted access, and to continue providing people with healthcare services in their home place. According to the new system, EHIF pays Hiiumaa Hospital on a budget basis, which means that EHIF does not buy services from the hospital by case. Instead, they agree on the specialties and services that the hospital will offer as well as on the total amount that EHIF will pay for the service of all patients. The hospital must then decide, within in the given amount, how many appointments, procedures or physicians they need to treat their patients. The new funding concerns both internal diseases, general surgery, obstetrics, follow-up treatment and independent nursing care. Specific performance and quality indicators have been agreed between the parties to assess the effectiveness of the new funding model.

## Availability of specialized medical care

### Appointments registered in waiting lists as of 1 January 2020

As of 1 January 2020, approximately 145 000 appointments have been registered to all the waiting lists of EHIF's contractual partners in specialized medical care, 79% of which are in the waiting lists of HNDP hospitals and 21% at procurement partners. The share of bookings for waiting lists at non-HNDP partners has increased by 3% over the year.

Compared to the same time in previous year, more appointments have been registered for outpatient care waiting lists (more at the non-HNDP partners) in specialized medical care. The number of people waiting for day care and inpatient treatment has decreased.

Table 16. Appointments registered in specialized medical care waiting lists

	1 January 2019		1 January 2020		Change compared to 1 January 2019
	Number of appointments in waiting lists	Waiting list with-in max. time allowed time	Number of appointments in waiting lists	Waiting list with-in max. time allowed time	Number of appointments in waiting lists
Outpatient care*	114 331	51%	121 832	50%	7 501
Day care	10 055	81%	9 395	82%	-660
Inpatient care	14 979	76%	13 649	81%	1 330
<b>Total</b>	<b>139 365</b>	<b>56%</b>	<b>144 876</b>	<b>55%</b>	<b>5 511</b>

Infertility treatment has been excluded from the waiting times for outpatient treatment in 2018, as according to the decision of the EHIF's Supervisory Board, for infertility treatment the maximum waiting time is 8 months, whereas it is 42 days for other specialties.

In the **HNDP hospitals**, the total number of appointments registered in the outpatient waiting list has increased by 6%, by a greater extent in central hospitals (Ida-Viru Central Hospital being with the largest impact). General hospitals have less appointments registered in the waiting lists (Narva Hospital).

As for specialties, the HNDP hospitals have more appointments registered in the waiting lists for orthopedics, neurology and less for internal medicine and general surgery.

The share of outpatient appointments within maximum allowed waiting time has decreased at the HNDP hospitals (from previous 42% to 40%).

Due to the shortage of physicians, basically just as many patients are waiting in the waiting lists of HNDP hospitals as a year ago (12% of all those in waiting lists). Due to low capacity of a hospital, the patients have to wait longer (over 42 days) for their appointment at Ida-Viru Central Hospital and Pärnu Hospital. By specialties, the shortage of doctors at the HNDP hospitals is the biggest in ophthalmology and orthopedics.

The total number of planned appointments registered at the HNDP hospitals on day care waiting lists has decreased by 5% (general surgery and otorhinolaryngology), and on inpatient care by 9% (general surgery, otorhinolaryngology). More and more surgeries are performed in day care instead of inpatient care.

The total number of appointments registered on outpatient waiting lists of **external partners** has increased by 25% or nearly by 6000 appointments as compared to the same period in the previous year. A year ago, fewer appointments were registered in the waiting lists of external partners. This was due to a new contract period that started on 1 October 2018, as a result of which those service providers whose contract with EHIF terminated, no longer submitted regular reports on the waiting list. At the same time, EHIF also paid for the treatment of patients who had already registered in their waiting lists (but they were excluded from this report).

By specialties, the number of appointments registered in the waiting lists at external partners has increased the most in dermatovenerology, ophthalmology and gynecology.

Due to low capacity of a medical institution, patients are expected to wait longer (over 42 days) for outpatient specialized medical care appointments at 4% of the external partners. By specialties, the shortage of physicians is the biggest in dermatovenerology and ophthalmology.

Based on this report, the number of appointments registered in inpatient and day care waiting lists at external partners has decreased (for day care by ca 31% and for inpatient care by ca 27%).

## Waiting times of hospital appointments

When assessing the waiting times of the appointments on the waiting lists, account must be taken of the fact that the reports submitted as of the 1st day of the reporting month do not include the appointments with a very short waiting time - in this context, the projected report does not provide a comprehensive overview of actual waiting times.

For outpatient care waiting times, HNBP hospitals also submit a retrospective report on waiting times

- information on actual waiting time for the first scheduled outpatient visits last month. During the 12 months of 2019, 66% of the planned first-time outpatient appointments in specialized medical care at the HNBP hospitals took place within maximum allowed waiting time (up to 42 days).

Table 17. Planned outpatient appointments at the HNBP hospitals by hospital types

	2018		2019		Change compared to 2018
	Number of appointments in waiting lists	Waiting list within allowed max time	Number of appointments in waiting lists	Waiting list within allowed max time	Number of appointments in waiting lists
Total of regional hospitals	280 543	54%	276 721	54%	-3 822
Total of central hospitals*	400 433	70%	394 936	65%	-5 497
General hospitals, total of local hospitals and rehabilitation hospitals	233 977	86%	218 836	84%	-15 141
<b>Total</b>	<b>914 953</b>	<b>69%</b>	<b>890 493</b>	<b>66%</b>	<b>-24 460</b>

Infertility treatment has been excluded from the waiting times for outpatient treatment in 2018, as according to the decision of the EHIF's Supervisory Board, for infertility treatment the maximum waiting time is 8 months, whereas it is 42 days for other specialties.

Compared to the same period last year, the number of planned first-time outpatient appointments decreased by 6% at the HNBP hospitals (more at East Tallinn Central Hospital). The number of appointments increased at East Tallinn Central Hospital (ca 5%).

By specialty, there were more first-time outpatient appointments in neurology, cardiology, pulmonology and rheumatology, whereas the number of appointments in internal medicine decreased (50%), because in 2018, physicians who provided internal medicine services entered their waiting lists data under the specialty of internal medicine.

The share of appointments within maximum allowed waiting time in outpatient waiting lists is different in the outpatient care waiting lists of the HNBP hospitals (40% according to the reports submitted as of the 1st day of the month) and in the actual data (66% according to the data of appointments already held). The difference is due to appointments with very short waiting time, which are not included in the reports on waiting lists as of the 1st day of reporting month.

By basic specialties, according to the projective reports of waiting lists, the share of appointments within allowable maximum waiting time in outpatient medical care of the HNDP hospitals is the smallest in ophthalmology and internal medicine (see Figure 4). This is also confirmed by the data on actually held appointments (based on retrospective reports).

For comparison of data from different reports, the figure below shows information on the waiting time of registered appointments at the HNDP hospitals and the actual waiting time of held appointments.

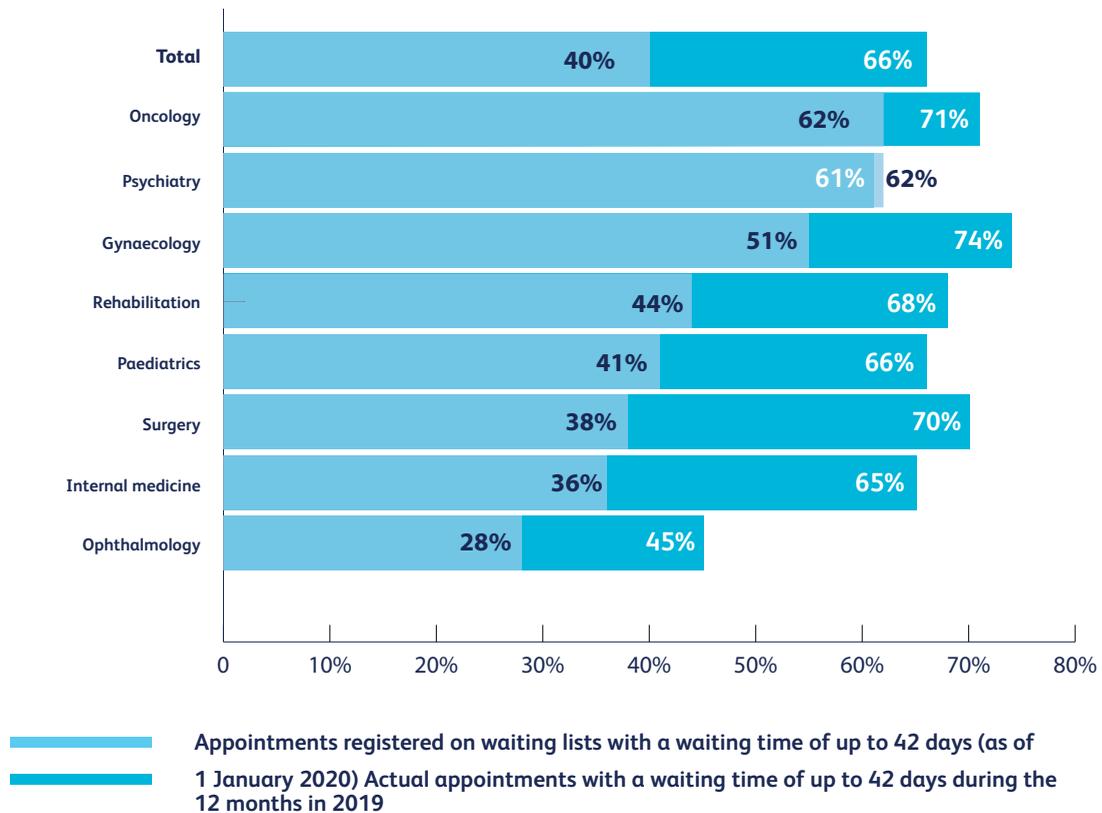


Figure 4. The share of outpatient specialized care appointments with waiting time of up to 42 days at the HNDP hospitals (registered on waiting lists) and actually held appointments

Information given in the retrospective reports of HVA hospitals on the comparison of the median waiting times for outpatient care (October, November, December 2019) with the waiting times presented in the prospective reports (as of October 1, November 1, November 1, 2019) is available on the EHIF website.

## Performance of specialized medical care contracts

Table 18. Performance of specialized medical care contracts, in thousands of euros

	2018 contract		Performance of the 2018 contract		2019 contract		Performance of the 2019 agreement	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
<b>HNDP hospitals</b>	<b>634 125</b>	<b>2 498 300</b>	<b>102%</b>	<b>107%</b>	<b>698 701</b>	<b>2 585 320</b>	<b>102%</b>	<b>105%</b>
Regional hospitals	356 109	1 024 728	101%	105%	388 992	1 065 234	101%	102%
Central hospitals	197 792	1 021 514	104%	110%	220 365	1 061 773	103%	107%
General hospitals, local hospital, rehabilitation hospital	80 224	452 058	102%	106%	89 344	458 313	101%	105%
<b>External partners</b>	<b>44 830</b>	<b>583 924</b>	<b>92%</b>	<b>89%</b>	<b>46 203</b>	<b>548 713</b>	<b>90%</b>	<b>88%</b>
<b>Total</b>	<b>678 955</b>	<b>3 082 224</b>	<b>101%</b>	<b>104%</b>	<b>744 904</b>	<b>3 134 033</b>	<b>101%</b>	<b>102%</b>

Compared to 2018, the amount paid to the HNDP hospitals increased by 9% (3% more treatment cases), whereas, the amount paid to external partners decreased by 0.5% (6% less treatment cases).

The amounts paid to **regional hospitals**, (North Estonia Medical Centre, Tallinn Children's Hospital and Tartu University Clinic) increased by 9% in 2019 compared to the previous year; the number of treatment cases increased by 4% compared to 2018. The treatment cases of regional hospitals amounted to 41%, and the amount to 56% of the total performance of specialized medical care contracts.

The amounts paid to **central hospitals** (East Tallinn Central Hospital, Ida-Viru Central Hospital, West Tallinn Central Hospital, Pärnu Hospital) increased by 11% in 2019 compared to the previous year, the number of treatment cases provided in central hospitals increased by 4% compared to 2018.

**General hospitals, local hospitals, and rehabilitation hospitals** (Hiiumaa Hospital, Järvamaa Hospital, Kuressaare Hospital, South Estonian Hospital, Läänemaa Hospital, Narva Hospital, Põlva Hospital, Rakvere Hospital, Raplamaa Hospital, Viljandi Hospital, Jõgeva Hospital and Haapsalu Neurological Rehabilitation Centre) provided 1% more treatment cases than in 2018. The amount paid to those healthcare institutions increased by 11% compared to the previous year. In 2019, the treatment cases of general hospitals and local hospitals amounted to 17% and the amount to 12% of the total performance of specialized medical care contracts.

In 2019, **external partners** provided treatment cases by 6% less than in 2018. For these treatment cases, we paid 0.5% less than in the previous year.

The performance of contracts by external partners significantly affected by the public procurement for specialist medical care in 2018. We had partners who had difficulties with launching the service. The main reason for this was that in tender documents, the partners promised us conditions that they were not able to meet immediately.

An overview of the amounts and performance of specialized medical care contracts by hospitals is available on the EHIF website on the health statistics subpage <https://statistika.haigekassa.ee/>.

## 1.4 Nursing care

The goal of nursing care is to help a patient achieve or maintain the best possible quality of life and livelihood. Patients in need of nursing care are those who are not able to independently cope with various disorders and disabilities caused by chronic diseases. These are mostly elderly people.

Nursing services are becoming more available to the population, as nurses have started providing independent appointments, also home nursing services and nursing care in primary healthcare centers have expanded.

In cooperation with the Ministry of Social Affairs, we are working on common principles and guidelines for assessing the need for care and nursing care. In this regard, we have directed additional resources to inpatient nursing care. In the 2019 budget, we also allocated more resources to improve the availability of home nursing service. In planning for the nursing care budget, we used the assessment of the treatment need of insured persons, i.e. the demand for nursing care as a healthcare service.

In 2019, we started working on the development of nursing care and hospice care services provided in general nursing homes, with the aim to ensure more effective monitoring and prevention of health conditions caused by chronic diseases through better availability and quality of nursing care.

Table 19. Execution of budget for nursing care, in thousands of euros, and the number of treatment cases

	2018 actual		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
Home nursing	7 792	39 041	10 021	38 739	8 724	40 627	87%	105%
Inpatient nursing care	27 844	18 920	30 427	21 549	31 258	18 949	103%	88%
<b>Total</b>	<b>35 636</b>	<b>57 961</b>	<b>40 448</b>	<b>60 288</b>	<b>39 982</b>	<b>59 576</b>	<b>99%</b>	<b>99%</b>

\* The number of treatment cases includes the treatment cases of Hiiumaa Hospital, which are financed from the monthly fee for specialized medical care.

In 2019, we planned 40 million euros for financing of nursing care, and we funded the nursing care services of more than 19 000 people. The number of people who received the service has increased by 1% compared to the previous year.

The increase in nursing care funding compared to the previous year is mainly due to increased wage component of service prices.

In 2019, inpatient nursing care service was provided to 13 000 people. The number of people receiving inpatient nursing services has remained at the same level as last year.

Nearly 9000 people received the home nursing service, this number has increased by 6% compared to the previous year. During the reporting period, over 289 000 home nursing visits were made, which is by 7% more than in the previous year.

## Availability of nursing care

As of 1 January 2020, nursing care waiting lists have ca 900 appointments registered.

Compared to the same period last year, the number of applications for registration on the home nursing care waiting lists is almost the same. The number of registrations on inpatient nursing care waiting lists has decreased.

97% of the appointments registered on the nursing care waiting lists takes place within the maximum allowable period.

Table 20. Number of appointments registered on nursing care waiting lists

	1 January 2019		1 January 2020		Change compared to 1 January 2019
	Number of appointments in waiting lists	Within the max. period of allowed time	Number of appointments in waiting lists	Within the max. period of allowed time	Number of appointments in waiting lists
Home nursing	346	99%	328	91%	-18
Inpatient nursing care	675	96%	587	100%	-88
<b>Total</b>	<b>1 021</b>	<b>97%</b>	<b>915</b>	<b>97%</b>	<b>-106</b>

## Performance of nursing care contracts

The performance of nursing care contracts was affected by the stoppage of service provision arising from disputes about nursing care public procurement in Harju county, where signing of contracts of six institutions was delayed and the service was launched from the second quarter of 2019, for two institutions (PJV Hooldusravi and Hiiu Ravikeskus) from 1 July 2019.

Performance of home nursing contract volumes was affected by the difficulties new partners faced by launching the service. Cooperation between the various parties for the provision of the service did not start immediately. In order to improve the availability of the service, the contract volumes of the previous partners were increased.

Table 21. Execution of contracts for nursing care in thousands of euro

	2018 contract		Performance of the 2018 contract		2019 contract		Performance of the 2019 agreement	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
<b>HNDP hospitals</b>	<b>20 795</b>	<b>24 514</b>	<b>99%</b>	<b>94%</b>	<b>23 094</b>	<b>24 471</b>	<b>99%</b>	<b>99%</b>
Regional hospitals	2 792	2 859	97%	98%	3 503	3 571	99%	102%
Central hospitals	8 950	8 592	99%	94%	9 670	8 404	99%	96%
General hospitals, local hospital	9 053	13 063	99%	94%	9 921	12 496	99%	101%
<b>External partners</b>	<b>15 200</b>	<b>35 554</b>	<b>99%</b>	<b>98%</b>	<b>18 097</b>	<b>41 263</b>	<b>94%</b>	<b>85%</b>
<b>Total</b>	<b>35 995</b>	<b>60 068</b>	<b>99%</b>	<b>96%</b>	<b>41 191</b>	<b>65 734</b>	<b>97%</b>	<b>91%</b>

## 1.5 Dental care

Our goal is to gradually increase the availability of dental services and benefits, considering people's needs related to their age and medical treatment. The majority of dental care services is made up by planned dental care for adults and dental care for children under the age of 19.

EHIF contributes to activities that help prevent dental diseases and improve oral health. Since 2011, EHIF has allocated more than one million euros to the Estonian Dental Association for various projects to carry out oral health prevention work. One of the most important and well-known is the project "Children's Dental Health" launched in cooperation between EHIF and the Estonian Dental Association, which is more commonly known as "Suukool". The activities of the project are diverse: development, production and distribution of information materials, giving lectures, organizing campaigns, participating in events, establishing contacts and cooperation with partners (midwives, family nurses, medical staff of educational institutions, educational and research institutions, etc.). The aim of the activities is to improve children's as well as their parents' knowledge about oral health and to promote healthy behavior. The information provided at "Suukool" is intended primarily for those who come into contact with children: parents, grandparents, teachers, educators, carers, etc. All project materials are free of charge and have been prepared in cooperation with experts and are intended for distribution both during lectures for children and in the dental office to reward children or provide information to their parents. Despite extensive awareness-raising activities, EHIF has learnt that, based on data on pediatric dental coverage and outcomes, there is a need for even more widespread outreach to both the general public and stakeholders, and to improve referrals to the dentist by family physicians and school nurses.

In addition, we have organized several oral health campaigns. The most famous of these are, for example, "Hambad suus" (2016) and "Suuvärk korda" (2017). Both aimed to increase children's and young people's awareness of oral health and to remind them to see a dentist at least once a year. As young people between the ages of 15 and 19 (53-59%) visit the dentist the least, this campaign is aimed primarily at this age group to help them enter adulthood with healthy teeth.

In 2019, five instructional videos were made about oral care. They approach children, young people and parents on a target group basis. They discuss the need to visit a dentist, brushing of teeth in infancy and childhood, oral care during braces treatment and dental care for adults.

In order to increase awareness of oral health and to plan dental prevention activities and availability in different regions of Estonia, EHIF analyzes the use of dental services for children and young people on a quarterly basis, focusing on regional and age-based coverage. Based on the coverage figures, information is directed to those areas where the service has been used only little.

In its development plan for 2020–2023, EHIF has stated that it will focus even more on the organization of children's dental care and raising the awareness of the population and stakeholders regarding oral health. We plan to conduct a focus group survey and approach target groups by smaller age groups in order to get as close as possible to everyone.

Table 22. Execution of budget for dental care, in thousands of euros, and the number of treatment cases

	2018 actual		2019 budget		2019 actual		Budget execution	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
Prevention and treatment of children's dental diseases	23 071	364 310	24 884	374 379	25 165	365 291	101%	98%
Orthodontics	5 974	65 903	6 389	68 431	6 891	69 875	108%	102%
Emergency dental care for adults	1 327	20 999	1 475	21 890	1 501	21 921	102%	100%
Planned dental care for adults	18 377	389 822	21 189	307 150	21 161	453 354	100%	148%
Planned dental care for adults	42	57	230	1 150	57	177	25%	15%
Life-long dental care	0	0	0	0	42	410	-	-
Adult non-financial dental benefit	11 330	346 073	13 264	255 000	13 471	399 086	102%	157%
Adult non-financial dentures benefit	7 005	43 692	7 695	51 000	7 591	53 681	99%	105%
Preparedness	30	8	67	16	34	8	51%	50%
<b>Total</b>	<b>48 779</b>	<b>841 042</b>	<b>54 004</b>	<b>771 866</b>	<b>54 752</b>	<b>910 449</b>	<b>101%</b>	<b>118%</b>

## Prevention and treatment of children's dental diseases

Children's dental care at EHIF's contractual partners is financed according to the price list established by EHIF.

In 2019, there were a total of 241 000 children aged 3 to 19 years, of whom almost 149 000 or 62% of the target group visited their dentist.

Based on age, the coverage of the target group is the highest among children of 5 to 11 years of age. This shows that pre-schoolers and elementary level students are taken to the dentist quite often. However, the coverage is decreasing among adolescents aged 15 to 19 years.

In 2019, the coverage was the highest in Saaremaa (78%), Jõgeva county (67%), Võru county (65%) and Põlva county (65%). The coverage is the lowest in Ida-Virumaa (57%), Lääne-Virumaa (59%) and Hiiumaa (58%).

## Orthodontics

Demand for orthodontics was much higher in 2019 than planned in the budget. Compared to the same period last year, the funding for orthodontics services increased by 15% or 0.9 million euros. Increased funding for orthodontics has been also due to updated list of health services.

In 2019, EHIF paid for orthodontic services of 21 000 children; compared to the previous year, the number of treated children has decreased by 3%.

## Emergency dental care for adults

Funding for emergency dental care for adults increased by 174 000 euros as compared to the previous year. During the reporting period, adult emergency dental services have been provided to nearly 17 000 people. The number of people treated has increased by 8% or 1158 persons compared to the previous year.

## Planned dental care for adults

Planned dental care for adults includes planned dental care for adults, life-long dental care treatments and non-financial dental and dentures benefits.

The insured adult's non-monetary dental care benefit for essential services came into force on 1 July 2017. An incapacitated or old-age pensioner, a person with partial or no capacity for work, a person over 63 years of age, a pregnant woman, a mother of a child under the age of 1 year and a person who has an increased need for dental care as a result of receiving health care or a diagnosed illness are entitled to an increased benefit of EUR 85 per calendar year. The said persons' own contribution is 15% of the maximum price of services. For other adult insured persons, the compensation limit is 40 euros per calendar year and their own contribution is 50% of the maximum price of the service. An insured person can use the benefit at EHIF's contractual partner, EHIF signs a financing contract with all persons who hold a dental care activity license and apply for the financing contract, without carrying out a selection procedure. In 2019, adult dental care benefit was rendered to 264 000 persons.

The amount of non-financial dentures benefit for three years is 260 euros. 41 000 persons used the adult dentures benefit in 2019.

In addition to the reformed adult dental benefit, from 2019, EHIF expanded free dental care for people with severe physical and mental disabilities, who are unable to take care of their oral hygiene. EHIF pays for the dental care of these people in full, i.e. they will have free dental care for the rest of their life. EHIF has set certain criteria that a condition of a disability pensioner has to meet in order to qualify for free dental care. The right for free dental care is determined by the patient's family physician or a specialist (a dentist). In the first year, criteria were set which the patient's family physician or specialist has to follow when prescribing life-long dental care. The main basis for reimbursement of dental care is a person's ability to cope based on their state of health, due to which the patient is not able to take care of their oral hygiene even with adequate instruction. In the first year, the service was provided to 141 people.

## Availability of dental care

As of 1 January 2020, there are a total of 25 400 appointments registered in the waiting lists of dental care. The number of appointments registered in waiting lists of children's dental care has increased by 25%.

86% of the appointments registered in the children's dental care waiting lists take place within maximum allowed waiting time, in orthodontics respectively 96% of the appointments. One of our priorities is to increase the coverage of children with the prevention of dental diseases.

Table 23. Number of appointments registered in dental care waiting lists

	1 January 2019		1 January 2020		Change compared to 1 January 2019
	Number of appointments in waiting lists	Within the max. period of allowed time	Number of appointments in waiting lists	Within the max. period of allowed time	Number of appointments in waiting lists
Children's dental care	16 029	97%	20 450	86%	4 421
Orthodontics	4 235	97%	4 908	96%	673
<b>Total</b>	<b>20 264</b>	<b>97%</b>	<b>25 358</b>	<b>88%</b>	<b>5 094</b>

## Performance of dental care contracts

Table 24. Performance of dental care contracts, in thousands of euros

	2018 contract		Performance of the 2018 contract		2019 contract		Performance of the 2019 contract agreement	
	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments	Amount	Number of treatments
<b>HNDP hospitals</b>	3 571	57 530	95%	92%	3 893	56 182	95%	94%
Regional hospitals	2 062	37 116	97%	90%	2 206	34 941	96%	94%
Central hospitals	1 122	14 676	94%	95%	1 307	15 880	93%	93%
General hospitals, local hospital	387	5 738	89%	92%	380	5 361	94%	98%
<b>External partners</b>	28 296	410 340	96%	97%	31 274	422 154	96%	96%
<b>Total</b>	<b>31 867</b>	<b>467 870</b>	<b>96%</b>	<b>96%</b>	<b>35 167</b>	<b>478 336</b>	<b>96%</b>	<b>96%</b>

The performance of dental care contracts in 2019, was most affected by the start of new contract period for non-HNDP contract partners. The structure of the public procurement and the terms of the contract allowed for the adjustment of contract volumes in the first year of the contract period, which could mean to the contract partners that the contract amount could not be reached in full. The total amount of contract performance was also affected by new contract partners, who usually face more difficulties when launching their work in the first half of the contract as compared to old partners.

## 1.6 Ambulance

Table 25. Execution of budget for ambulance, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
<b>Total of ambulance</b>	<b>45 020</b>	<b>52 000</b>	<b>53 164</b>	<b>102%</b>

From 2018, some of the healthcare expenditure that was usually financed from the state budget, including the financing of ambulance service, was brought into EHIF. In 2018, EHIF financed the ambulance service, but the Health Board signed contracts with the ambulance service providers and monitored the compliance of the service. As of 2019, EHIF will sign contracts with ambulance service providers.

## 1.7 Emergency medical care for uninsured persons

Table 26. Execution of budget for emergency care for uninsured people, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
<b>Total of emergency medical care for uninsured persons</b>	<b>0</b>	<b>8 050</b>	<b>8 810</b>	<b>109%</b>

From 2019, EHIF finances the emergency medical care for uninsured persons. During the reporting period, the invoices for emergency medical care of more than 14 000 uninsured persons and in the amount of 8.8 million euros were submitted to EHIF.

## 2. Health promotion

Table 27. Execution of budget for health promotion, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Health promotion activities for children	438	495	736	149%
Activities aimed at raising patients' awareness	710	1 430	1 239	87%
Empowering of the primary care	14	155	1	1%
Development of healthcare system	629	320	528	165%
<b>Total</b>	<b>1 791</b>	<b>2 400</b>	<b>2 504</b>	<b>104%</b>

In 2019, health promotion activities were more important than ever before. The budget planned for 2019 was 2.4 million euros, which was overrun by 4%. The activities in the field were divided into three areas: campaigns, projects and activities related to the name change (Tervisekassa).

In 2019, we conducted six major campaigns aimed at raising patients' awareness. These campaigns focused on:

- cervical cancer screening;
- breast cancer screening;
- colorectal cancer screening;
- family physician advisory line 1220;
- physical activity ("Hakkame liikuma!" / "Let's move!");
- children's dental health.

In 2019, for the first time, we launched campaigns on colorectal cancer screening and heart health. Both campaigns were a success.

We did not run a nationwide dental health campaign in 2019, but commissioned a toothbrush song that has had nearly 800 000 views in three months. In addition to the song, oral health training videos were prepared for each target group. In addition to the children's dental health project, in 2019, we continued with several other projects aimed at children and young people: children's mental health, online sexual counseling, health promotion in kindergarten and school. The pregnancy crisis counseling project and the injury prevention project Rescue Youth Camp (Päästeala) also continued. For the first time, funding was also provided for resuscitation training in educational institutions, which will continue in 2020.

In addition, we also carried out smaller-scale campaigns to inform people about the European Health Insurance Card, pharmaceuticals and adult dental care benefit.

We have taken a step forward in our internal organizational culture on our journey of becoming Tervisekassa. The messages and activities of Tervisekassa are inspired by health promotion, where we focus on motivating our own people. In October, we opened Tervisekassa recreation track, we had sportswear made for our employees and we have expanded sporting opportunities for employees. In 2019, the employees of EHIF participated in more than twenty national sports events.

At the beginning of June, an annual health promotion conference was held in cooperation with WHO, the Institute for Health Development, the Ministry of Social Affairs and Haapsalu College of Tallinn University. The conference brought together 500 health promoters. Next health promotion conference will take place in June 2020 at Ugala Theater in Viljandi.

## 3. Pharmaceuticals

EHIF reimburses the pharmaceuticals intended for hospital use and listed in the healthcare services list. For reimbursable pharmaceuticals sold at a pharmacy, part of the prescription cost is paid by EHIF and the respective amount is automatically deducted at a pharmacy. For various diseases and pharmaceuticals, different discount rates apply that are established by the regulations of the Government and the Minister of Social Affairs and the Minister of Health and Labour, which in turn are based on the Health Insurance Act.

In addition to the above, EHIF pays an additional benefit for pharmaceuticals to patients with higher need for pharmaceuticals and when the deductible part of reimbursable pharmaceuticals is significantly large. EHIF also finances the purchase of vaccines provided for in the immunization plan and pays for tuberculosis medicines, antiretroviral medicines, antidotes and immunoglobulins.

### 3.1 Reimbursable pharmaceuticals

Table 28. Execution of budget for reimbursable pharmaceuticals, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
100% reimbursable pharmaceuticals	71 873	73 948	72 393	98%
90% reimbursable pharmaceuticals	35 628	34 743	42 737	123%
75% reimbursable pharmaceuticals	5 827	5 947	6 117	103%
50% reimbursable pharmaceuticals	22 850	22 964	17 913	78%
<b>Total</b>	<b>136 178</b>	<b>137 602</b>	<b>139 160</b>	<b>101%</b>

The budget for pharmaceuticals was executed by 101%. The biggest budget overrun occurred in the group of 90% reimbursable pharmaceuticals. This is mainly due to the changes in the procedure for compensating for new anticoagulants that was implemented at the beginning of 2019. The cost of these pharmaceuticals fell significantly for EHIF, which made it possible to waive the prescription restrictions set on these pharmaceuticals for economic reasons. For the same reason, the cost of 50% reimbursable pharmaceuticals has decreased, as previously, many patients used anticoagulants at a 50% discount. The use of 100% reimbursable pharmaceuticals (number of prescriptions) has increased by 2%, but the price level of pharmaceuticals has become significantly more affordable over the last year. A significant change took place in the biological treatment of inflammatory diseases, where the first pharmaceutical (adalimumab) has been available as a prescription drug from July 2019. From 1 January 2020, etanercept was added to the list. In principle, this has eliminated waiting lists for biological treatment of rheumatic, dermatological and gastroenterological diseases, as the availability of treatment was previously limited by the hospital's contract volume. Reimbursement of oncology medication is growing strongly as expected.

Table 29. Number of reimbursable prescriptions (RP) and their average cost for EHIF in euros

	2018 actual		2019 actual		Change compared to 2018	
	Number of RPs	Average cost of RP for EHIF	Number of RPs	Average cost of RP for EHIF	Number of RPs	Average cost of RP for EHIF
100% reimbursable pharmaceuticals	1 000 283	71.85	1 016 168	71.24	2%	-1%
90% reimbursable pharmaceuticals	2 934 035	12.14	3 023 610	14.13	3%	16%
75% reimbursable pharmaceuticals	569 681	10.23	577 348	10.59	1%	4%
50% reimbursable pharmaceuticals	4 132 820	5.53	4 089 309	4.38	-1%	-21%
<b>Total</b>	<b>8 636 819</b>	<b>15.77</b>	<b>8 706 435</b>	<b>15.98</b>	<b>1%</b>	<b>1%</b>

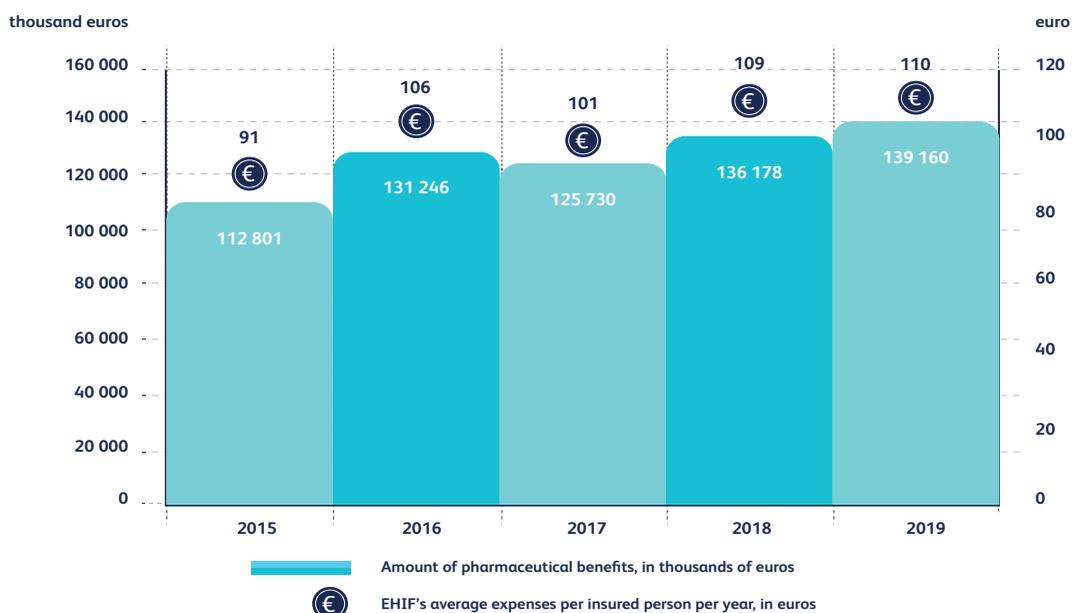


Figure 5. Total cost of pharmaceutical benefits and cost per insured person in 2015–2019

Table 30. Deductible of an insured person, in euros

	2018 actual	2019 actual	Change compared to 2018
100% reimbursable pharmaceuticals	3.74	3.94	5%
90% reimbursable pharmaceuticals	5.44	5.78	6%
75% reimbursable pharmaceuticals	7.41	7.68	4%
50% reimbursable pharmaceuticals	7.40	7.17	-3%
<b>Total</b>	<b>6.31</b>	<b>6.34</b>	<b>1%</b>

The deductible of an insured person has remained practically unchanged, being 6.34 euros per recipe on average in 2019.

Table 31. Diagnoses related to higher pharmaceuticals benefits, in thousands of euros

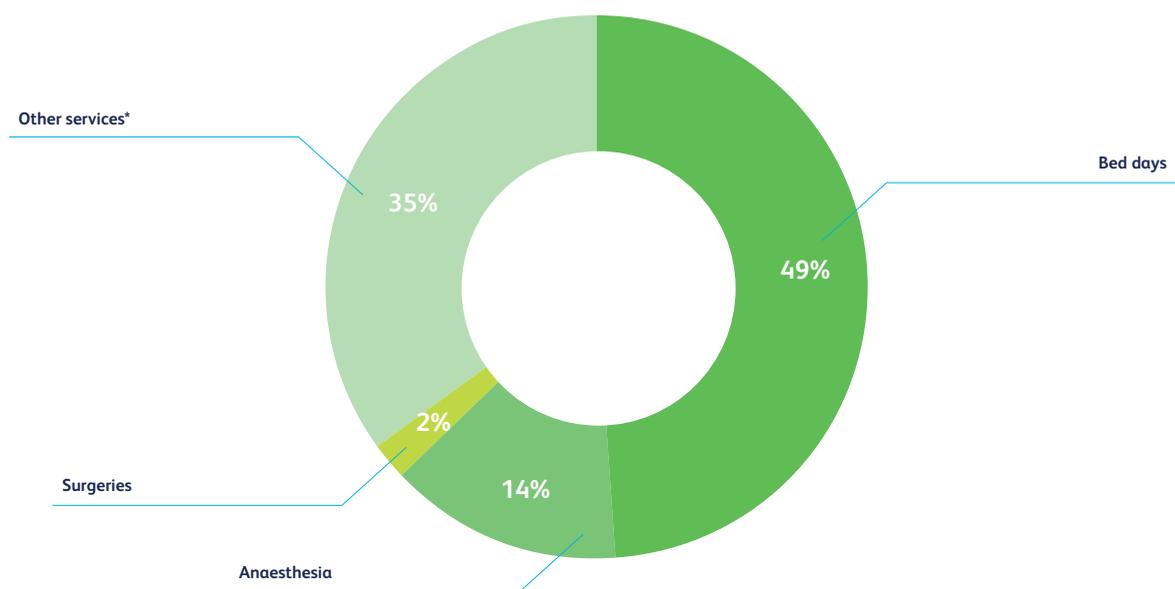
	2018 actual*		2019 actual	
	Reimbursed by EHIF	% of total reimbursed cost	Reimbursed by EHIF	% of total reimbursed cost
Cancer	19 470	14%	23 119	17%
Total diabetes, incl.	20 383	15%	20 801	15%
insulins	9 869	7%	11 071	8%
orally administered preparations	10 514	8%	9 729	7%
Hypertension	10 608	8%	10 310	7%
Chronic hepatitis C	9 128	7%	4 716	3%
Bronchial asthma	5 461	4%	5 276	4%
Glaucoma	3 803	3%	3 846	3%
Hypercholesterolemia	2 023	1%	2 046	1%
Mental disorders	1 848	1%	1 613	1%
<b>Total</b>	<b>72 724</b>	<b>53%</b>	<b>71 727</b>	<b>52%</b>

\* Data for 2018 have been adjusted compared to the 2018 report for pricing agreements.

Last year, cancer became the largest budget line for reimbursable pharmaceuticals. Given the demographic processes and the focus of drug development in the pharmaceutical industry, this could be expected. A significant decrease can be observed in the cost of hepatitis C drugs, which can be attributed on the one hand to the stabilization of the number of patients treated and on the other hand to significant falls in the price of pharmaceuticals. There were no significant changes in other diagnoses.

## Reimbursement of in-hospital pharmaceuticals from the healthcare services budget

In-hospital pharmaceuticals are reimbursed through various price components in the list of healthcare services, the main ones being separate pharmaceutical services (R-teenused), the estimated cost of the pharmaceutical component in healthcare services (for example, a part of the bed day cost is used to buy necessary basic pharmaceuticals in hospitals), etc.



\* Other services are hemodialysis and peritoneal dialysis, bone marrow transplantation-related services, various endoscopic procedures, some dental care services for children, etc.

Figure 6. Division of pharmaceuticals by healthcare services

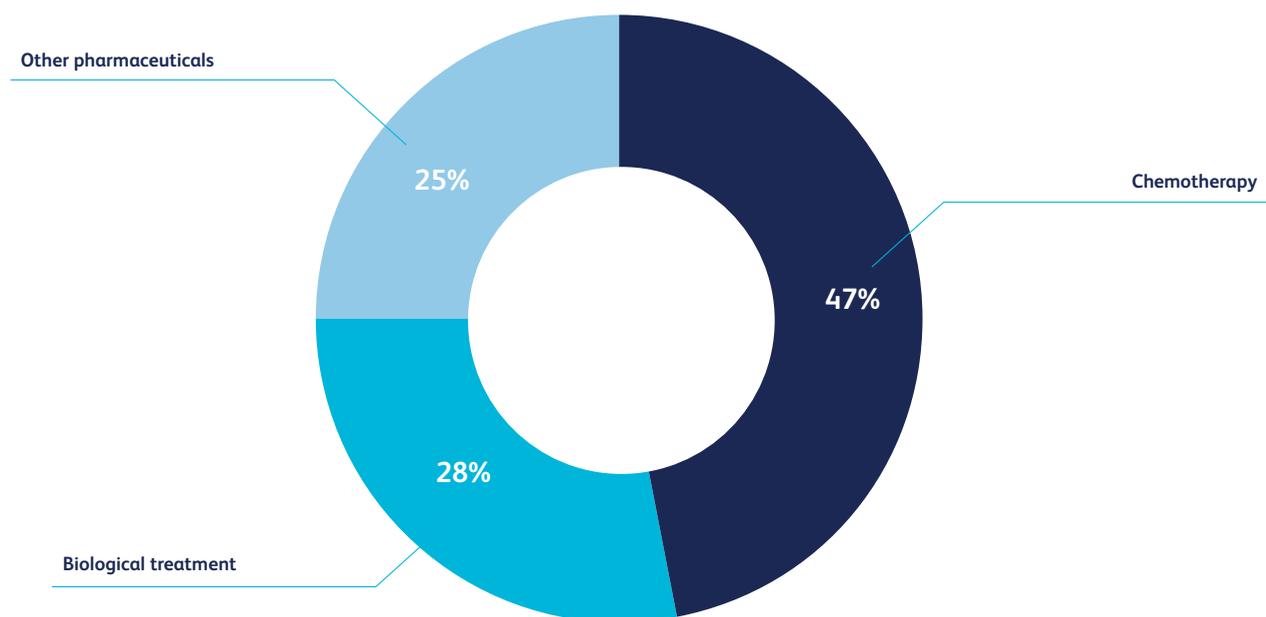


Figure 7. Cost and share of pharmaceuticals reimbursed via the healthcare services list

Among the pharmaceuticals with a separate service code, the pharmaceuticals used to treat oncological and haematological diseases have the greatest impact on the budget. In the second place is biological treatment used for various autoimmune diseases (rheumatic, dermatological, gastroenterological diseases, asthma, *multiple sclerosis*, etc.).

Table 32. Funding of pharmaceuticals from the EHIF budget, in thousands of euros

	2018 actual	2019 actual	Change compared to 2018
Reimbursable pharmaceuticals	136 178	139 160	2%
Use of pharmaceutical codes in the list of healthcare services	55 020	56 603	3%
Cost of pharmaceuticals in healthcare services	15 279	15 019	-2%
Additional benefit for pharmaceuticals	10 301	7 481	-27%
HIV, AIDS, antidotes and immune preparations	0	18 814	-
<b>Total cost of pharmaceuticals</b>	<b>216 778</b>	<b>237 077</b>	<b>9%</b>

In 2019, EHIF reimbursed pharmaceuticals for 237 million euros through various budget lines. This accounts to 17% of healthcare expenditure.

## 3.2 Additional benefit for pharmaceuticals

Table 33. Additional benefit for pharmaceuticals

	2018 actual		2019 budget	2019 actual		Budget execu- tion
	Amount	Number of people	Amount	Amount	Number of people	Amount
<b>Total of additional benefit for pharmaceuticals</b>	<b>10 301</b>	<b>134 315</b>	<b>9 600</b>	<b>7 481</b>	<b>136 628</b>	<b>78%</b>

From the beginning of 2018, additional benefit for pharmaceuticals is automatic and an insured person will receive the benefit along with usual pharmaceutical benefit, at the time of purchase of the product at the pharmacy. The benefit applies to expenses that exceed 100 euros per calendar year. Before 2018, the benefit applied to expenses starting from 300 euros.

EHIF paid insured persons for the additional benefit for pharmaceuticals 27% less than in 2018. The decrease is mainly due to the fact that at the end of 2018, patients bought pharmaceuticals for some time in advance, as a result of which patients' costs and also the payment of benefits were slightly lower in the first months of 2019. On the other hand, some important pharmaceuticals (especially anticoagulants) became significantly more affordable to patients as they were compensated at a higher rate. The number of people using the benefit has increased as compared to the previous year.

## 3.3 HIV, antidotes and immune preparations

From 2019, influenza vaccination was started for the first time in general and special nursing homes, which accounted for about 2% of the total cost of vaccines. It is one of the most endangered risk groups, where the prevalence of influenza virus and the risk of complications is one of the highest in the population. In 2019, more than 7 300 nursing home residents were immunized. Immunization coverage in nursing homes accounted to 67% on average, and the number of people vaccinated in nursing homes accounts to 14% of nursing home residents in the age group of 65 years and older. In addition, for the first time, EHIF financed the immunization of healthcare workers against measles, which we will continue in 2020. By the end of 2019, more than 3 000 health workers were immunized against measles, who are at the highest risk of contracting and spreading measles due to their position (ED staff, ambulance crews, infectious disease departments, etc.). A meeting was held with the Baltic joint procurement working group and for the first time during the working group's activity, they approved the joint procurement plan for vaccines in Baltic States for 2020–2021.

In 2019, antiretroviral treatment was provided to 4482 patients. Over the year, 278 treatment-naïve patients were added, who started treatment mainly with the INSTI group scheme.

Table 34. Execution of budget for HIV medicines, antidotes and immune preparations, in thousands of euros

	2019 budget	2019 actual	Budget execution
HIV/AIDS medicines	16 950	13 291	78%
Immune preparations	4 400	3 253	74%
Tuberculosis medicines	600	441	74%
Antidotes	150	139	93%
VAT on pharmaceuticals	0	1 690	-
<b>Total</b>	<b>22 100</b>	<b>18 814</b>	<b>85%</b>

## 4. Benefits for temporary incapacity for work

Benefit for temporary incapacity for work is a financial compensation paid to an employed insured person in case the person loses income due to a temporary release from work. The benefit is paid on the basis of a certificate for incapacity for work.

The payment of the benefit for temporary incapacity for work depends on the type of incapacity certificate and the cause for incapacity for work. Benefits are paid on the basis of supporting documents such as certificate for sick leave, certificate for care leave, certificate for maternity leave and certificate for adoption leave.

After a physician has opened an incapacity certificate and sent its data to EHIF, the employer will immediately receive information about the certificate for incapacity for work issued by a physician, as well as sees the estimated end date of the employee's incapacity for work on the state portal.

An employee can check on the state portal information about the incapacity certificate opened for him/her and doctors receive through the x-tee services information about incapacity certificates issued by other physicians and the reasons for their issue.

Table 35. Execution of budget for benefits for incapacity for work, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Sickness benefits	74 177	76 675	80 717	105%
Carer's allowances	24 712	25 608	24 559	96%
Maternity benefits	53 685	58 962	56 737	96%
Occupational accident benefits	4 996	4 921	5 339	108%
<b>Total</b>	<b>157 570</b>	<b>166 166</b>	<b>167 352</b>	<b>101%</b>

Of the paid incapacity benefits, the budget was exceeded for sickness and occupational accident benefits. At the same time, lower-than-budgeted use of care benefits and maternity benefits has offset the budget overrun, resulting in 101% execution of the 2019 budget for incapacity benefits.

In 2019, we paid 9.8 million euros more for the benefits for temporary incapacity for work than in the previous year.

Table 36. Comparison of benefits for incapacity for work

	2018 actual	2019 actual	Change compared to 2018
<b>Sickness benefit</b>			
Certificates paid for by EHIF	285 645	291 520	2%
Days paid for by EHIF	3 780 880	3 825 723	1%
Total benefits paid by EHIF (thousand euros)	74 177	80 717	9%
Average benefit per day (euros)	19.6	21.1	8%
Average duration of paid leave	13.2	13.1	-1%
<b>Carer's allowance</b>			
Certificates paid for by EHIF	131 443	128 729	-2%

Days paid for by EHIF	990 334	917 225	-7%
Total benefits paid by EHIF (thousand euros)	24 712	24 559	-1%
Average benefit per day (euros)	25.0	26.8	7%
Average duration of paid leave	7.5	7.1	-5%
<b>Maternity benefit</b>			
Certificates paid for by EHIF	10 963	10 797	-2%
Days paid for by EHIF	1 531 299	1 507 586	-2%
Total benefits paid by EHIF (thousand euros)	53 685	56 737	6%
Average benefit per day (euros)	35.1	37.6	7%
Average duration of paid leave	139.7	139.6	0%
<b>Occupational accident benefit</b>			
Certificates paid for by EHIF	7 777	8 341	7%
Days paid for by EHIF	155 508	158 728	2%
Total benefits paid by EHIF (thousand euros)	4 996	5 339	7%
Average benefit per day (euros)	32.1	33.6	5%
Average duration of paid leave	20.0	19.0	-5%
<b>Total benefits</b>			
Certificates paid for by EHIF	435 828	439 387	1%
Days paid for by EHIF	6 458 021	6 409 262	-1%
Benefits paid by EHIF (thousands of euros)	157 570	167 352	6%
Average benefit per day (euros)	24.4	26.1	7%

In 2019, the average duration of a certificate for incapacity for work reimbursed by EHIF decreased, however, the number of incapacity certificates increased by 1%. The average disbursed compensation per calendar day, which is linked to the average wage, has also increased.

EHIF calculates the benefit for temporary incapacity for work on the basis of income taxed with social tax in the calendar year preceding the date of opening of the incapacity certificate. In 2018, the average gross salary increased by 7.3%, which contributed to the increase in average compensation paid per one calendar day in 2019.

In 2019, the average compensation per calendar day was 26.1 euros, increasing by 1.7 euro over the year.

## Sickness benefits

Sickness benefits are paid to an insured person during the period of his or her temporary incapacity to work in order to compensate the employee for the partially unreceived wages at the time of illness.

In case of organ donations or hematopoietic stem cells transfers, EHIF will pay compensation from the first day. During the period of incapacity to work caused by illness, domestic injury, traffic injury, and quarantine, no benefits are paid for days 1–3, the benefit for days 4–8 is paid by the employer, and from the 9th day, the obligation of payment is assumed

by EHIF. For other reasons, EHIF pays the benefit from the second day of illness.

The main causes of sick leave in 2019 were illnesses and domestic injuries (83% and 11% respectively). Compared to the previous year, there were no significant changes in the causes for the use of sick leave certificates.

The average duration of sick leave reimbursed by EHIF in 2019 was 13.1 days, which is by 0.1 days less than in 2018. The number of sick leave certificates issued per insured person in 2018 and 2019 is the same - 0.45 sick leave certificates per person.

EHIF has paid the most sickness benefits based on sick leave certificates issued due to musculoskeletal and connective tissue diseases, injuries, poisoning and other certain consequences of external causes, respiratory diseases, cardiovascular diseases, and malignant tumors.

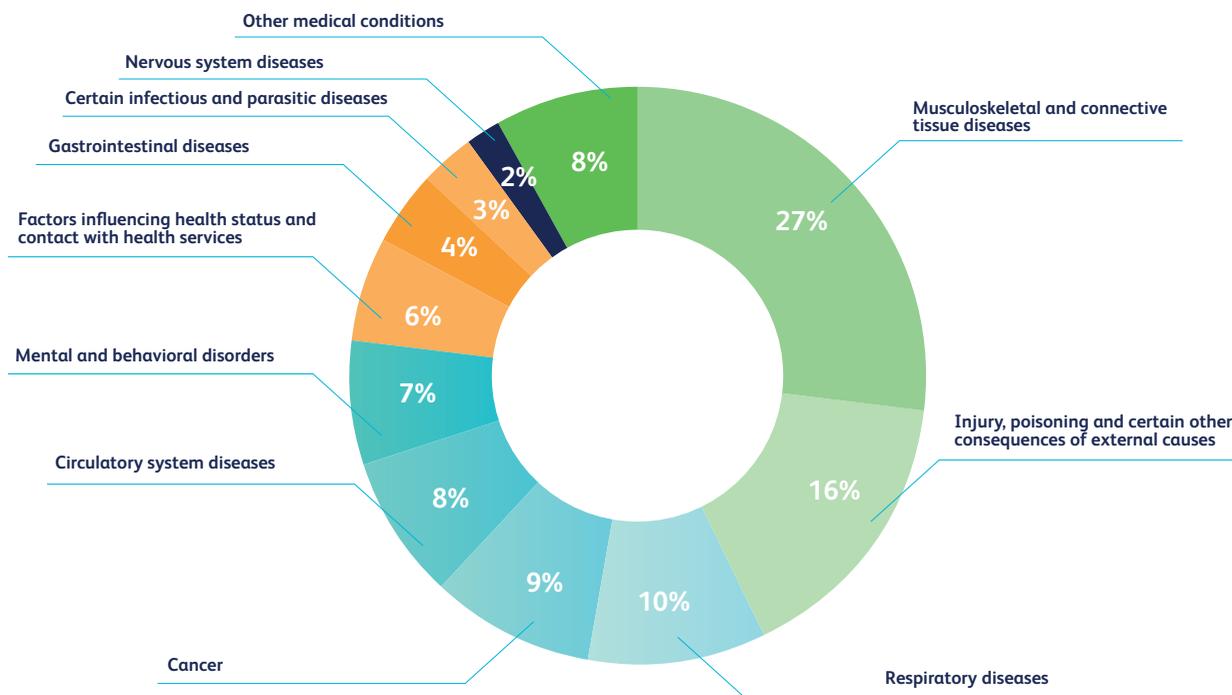


Figure 8. Distribution of sickness benefits by medical conditions

## Carer's allowances

Carer's allowances are paid to an insured person who is nursing a sick child or family member. The reasons for using a certificate for carer's leave have not changed compared to the previous year. Certificates for carer's leave for nursing a child under 12 years of age made up 96% of all carer's leave certificates. The care's leave certificates for taking care of a child under 3 years of age, or a disabled child under 16 years of age, accounted for a total of 4% of all the certificates.

In 2019, the number of certificates for carer's leave decreased by 2% compared to the previous year. Certificates for carer's leave were in most cases issued for respiratory diseases and certain infectious and parasitic diseases.

## Maternity benefit

Maternity benefit is paid to an employed insured woman for pregnancy and maternity leave.

In 2019, the number of certificates for maternity leave decreased by 2% compared to the previous year. When looking at women of childbearing age by age groups, the number of birth certificates in the age group 30–39 years increased compared to the previous year. In other age groups, the number of birth certificates decreased.

Table 37. Use of maternity benefit by age groups

Age group	Number of people	Number of treatments	Days compensated	Amount of compensation (in thousands of euros)	Average cost per day	Average duration of paid leave
10–19 years	75	75	10 500	187	17.8	140.0
20–29 years	4 231	4 232	591 071	19 568	33.1	139.7
30–39 years	5 940	5 940	829 321	33 493	40.4	139.6
40–49 years	548	548	76 414	3 471	45.4	139.4
50 years	2	2	280	18	64.3	140.0

## Occupational accident benefits

EHIF pays occupational accident benefits as of the second day from the issue of a certificate of incapacity for work.

The distribution of certificates for incapacity for work issued due to an occupational accident has not changed compared to the previous year. The causes for issue of a sick leave certificate due to an occupational accident are divided as follows: accidents at work accounted for 94%, complications resulting from an accident at work accounted for 3.5%, and occupational accidents in traffic for 2.5%.

## Benefits paid on the basis of certificates issued by physicians abroad

EHIF pays the benefit for temporary incapacity to work to employed persons also based on a certificate issued by a physician of a foreign country. In 2019, foreign physicians issued 1 340 leave certificates to Estonian insured persons, based on which EHIF paid incapacity benefits to 678 people in the amount of 435 000 euros.

In 2019, 85% of cases were filed for sickness benefit, 9% for carer's allowance, 5% for occupational accident benefit and 1% for maternity benefits based on a foreign physician's certificate.

The shares of paid benefits have changed in the past year - the share of sickness benefits has decreased from 73% in 2018 to 63% in 2019 and the share of maternity benefits has increased respectively from 13% to 23%. There are no major changes in the share of carer's benefits and occupational accident benefits, the share of carer's benefits was 5% and the one of occupational accident benefits was 9% in 2019.

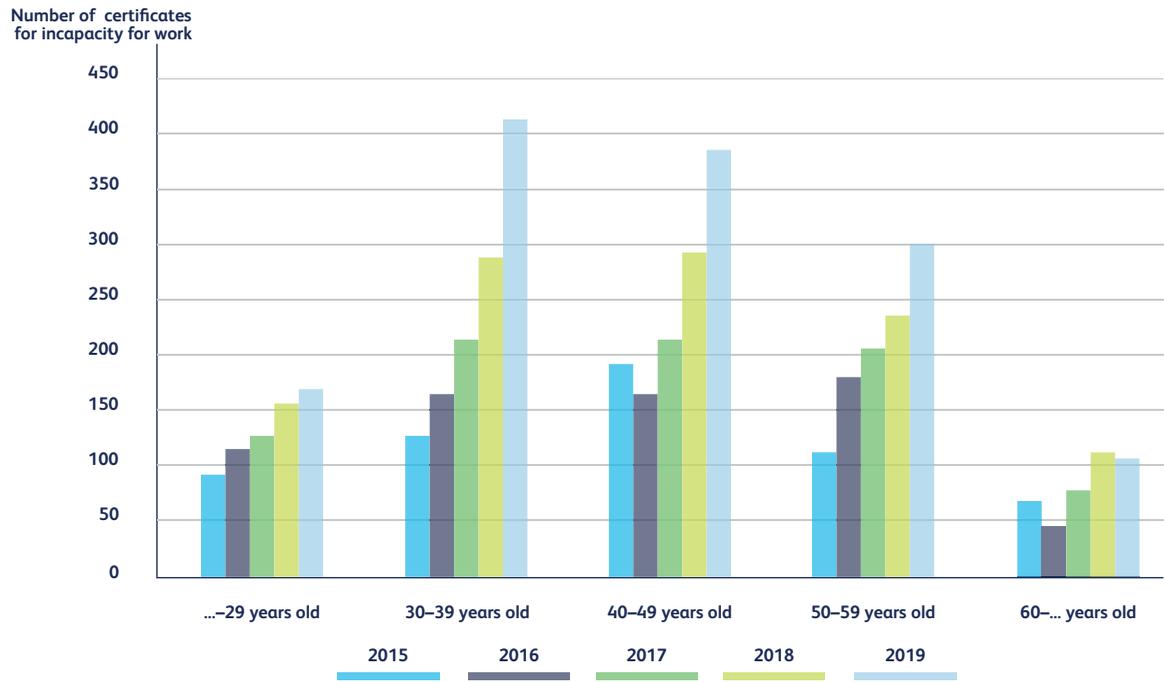


Figure 9. Number of incapacity certificates compensated base on foreign medical certificates by age groups in 2015–2019

## 5. Benefits for medical devices

EHIF reimburses medical devices that can be used to treat diseases and injuries, or which help prevent the aggravation of diseases. The list of medical devices is updated on yearly basis, by adding new products, as necessary, and updating the price list based on contracts signed with the dealers of devices. In 2019, we added 287 new medical devices to the list: we expanded the range of compression and stoma products, wound dressings, sleep apnea devices, orthoses and diabetes supplies. In addition, we increased the reimbursement amounts of blood glucose monitoring supplies for patients with type 1 diabetes and hypoglycaemia, and the number of colostomy bags for patients with colostomy. Reimbursement of compression products for the treatment of lymphatic diseases were extended to patients with stage III lipolymphedema, and reimbursement for wound patches and dressings were extended to patients with rare inflammatory skin diseases.

Table 38. Execution of budget for medical device benefits, in thousands of euros, and the number of persons

	2018 actual		2019 budget	2019 actual		Budget execution
	Amount	Number of persons*	Amount	Amount	Number of persons*	Amount
Early primary prostheses and orthoses	1 577	19 554	1 606	1 762	22 153	110%
Insulin pumps and insulin pump supplies	727	420	1 129	1 730	490	153%
Diabetes supplies (except pump therapy)	4 524	48 528	4 921	4 637	48 689	94%
Stoma appliances and accessories	1 343	2 053	1 475	1 485	2 106	101%
Continuous positive airway pressure devices and masks	1 306	4 194	1 617	1 516	4 660	94%
Wound dressings and patches	61	1 762	77	67	1 775	87%
Other medical devices	156	1 570	253	274	2 179	108%
<b>Total</b>	<b>9 694</b>	<b>75 157</b>	<b>11 078</b>	<b>11 471</b>	<b>78 681</b>	<b>104%</b>

\* The total number of persons is not summarized, but counted as one person can use several medical devices.

Compared to 2018, the amount of benefits for medical devices has increased by 18% or ca 1.8 million euros, while the number of users of medical devices has increased by ca 5% or nearly 3 500 people. The budget was executed by 104%. Insulin pump therapy had the largest budget growth. This was also to be expected, as we reduced significantly the deductible in the insulin pump therapy equipment for diabetic children: from 2019, we reimbursed continuous glucose-monitored insulin pump, sensors and transmitter to all children at a 90% discount rate, and we also added a modern pump with a transmitter into the list. All in all, we invested almost a million euros more than previously to improve the availability of treatment for children with diabetes.

Compared to the previous year, the reimbursement amount of other medical devices has also increased significantly (76%) and the number of patients has increased by 39% or almost 600 persons, mainly due to compression products used to treat venous insufficiency and ulcers that were added into the list in 2018. The number of patients using these medical devices has more than doubled compared to 2018. This means that the availability of compression therapy for prevention and treatment of venous ulcers as well as for prevention of recurrence of the condition in patients with venous insufficiency, as recommended in modern treatment guidelines, has improved significantly.

Compared to 2018, the number of prostheses and orthoses users has increased by 13% and the budget amount by 12%. At the same time, the number of patients has increased mainly due to orthosis users (by ca 2 500 persons). However, the average cost per orthosis to EHIF has decreased by 5%, which is probably due to updated orthosis prices. As expected, the reimbursement costs of prostheses have increased, which is due to updated costs of prostheses and retry sockets for different body parts.

## 6. Treatment of Estonian insured persons abroad

Treatment of an Estonian insured person abroad consists of planned treatment provided under the Health Insurance Act and of benefits under the European Union legislation, where the beneficiary is a person insured by EHIF. The provision of healthcare services and payment is regulated by the Regulation of the European Parliament and of the Council on the coordination of social security systems, pursuant to which the healthcare benefits are a commitment to EHIF.

Table 39. Treatment of Estonian insured person abroad, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Planned treatment abroad	2 158	7 161	3 392	47%
Healthcare service benefit expenses for an Estonian insured person in another Member State	10 943	7 630	4 769	63%
Cross-border healthcare service	93	120	96	80%
<b>Total</b>	<b>13 194</b>	<b>14 911</b>	<b>8 257</b>	<b>55%</b>

### Planned treatment abroad

Cross-border free movement of insured persons is regulated by European Union legislation and the agreement between EHIF and the Finnish Red Cross in order to find bone marrow donor who are not related. The insured person is referred to a planned medical treatment or study abroad, if the requested healthcare service and its alternatives are not provided in Estonia. The medical efficacy of the healthcare service must be indicated and proven for the patient and the average probability of achieving this goal must be at least 50%. A conseil consisting of at least two medical specialists will provide an assessment of compliance with the criteria.

In 2019, EHIF assumed the obligation to pay for treatment or examinations provided abroad for 162 persons who applied for that. Out of these, 70 (including 44 children) were referred abroad for planned treatment, 56 cases (including 33 children) went for analyses and 36 (including 7 children) were reimbursed by EHIF for searches for a bone marrow donor (non-related) through the Finnish Red Cross Blood Services.

17 applications received negative responses, 11 applications were rejected/returned. The main reason for negative responses has been the fact that the patient can be treated in Estonia. In a few cases, it has been about non-evidence-based treatment. The reasons for the rejection/return of applications were the failure to eliminate deficiencies found in the application, the requested service was not listed under planned treatment abroad foreign or the application withdraw the application at their own request.

Table 40. Countries the insured persons visited for planned treatment or a study in 2019

Countries	Total	Treatment	Study
Finland	38	37	1
Germany	21	15	6
UK	19	1	18
Sweden	12	9	3
Denmark	11	1	10
Belgium	9	3	6
Poland	6	0	6
Netherlands	6	0	6
Switzerland	3	3	0
Russia	1	1	0
<b>Total</b>	<b>126</b>	<b>70</b>	<b>56</b>

During the reporting period, EHIF received 548 treatment invoices from other countries in the total amount of 3.4 million euros. 131 of the invoices were for treatment (2.6 million euros), 95 for analyses (66 000) and 322 for costs related to the search for bone marrow donor (703 000 euros).

Treatment invoices are not always received in the year in which the application is submitted, as treatment or analyses may take place later or last for years. Also, more than one invoice per patient may be received per year. Therefore, the number of submitted treatment invoices differs from the number of applications submitted and the number of health insurance decisions made in the respective year.

Table 41. High-cost cases of planned treatment abroad, reimbursed by EHIF in 2019, in thousands of euros

	Country	Amount
Oncology	Sweden	138
Cardiac surgery	Finland	132
Oncology	Sweden	106
Cardiac surgery	Finland	97
Vascular surgery	Sweden	92

## Healthcare service benefit expenses for an Estonian insured person in another Member State

According to Regulation (EC) No 883/2004 of the European Parliament and of the Council, EHIF insured persons are entitled to:

- Receive temporary medical care needed in another Member State;
- Receive any medical care in another Member State.

The budget for 2019 was planned at 7.6 million euros, the actual spending was 4.7 million euros (62%). From this amount, 95 000 euros were used to reimburse for necessary medical care to Estonian insured persons. The reimbursement of necessary medical care is made to insured persons if, for any reason, a person did not have the European Health

Insurance Card with him/her during a stay in another Member State and he/she was invoiced. The rest of the healthcare benefit costs are made up of Estonian insured persons who are entitled to any medical care while living in another Member State.

## Cross-border healthcare service

In accordance with Directive 2011/24/EU of the European Parliament and of the Council on the application of patients' rights in cross-border healthcare (hereinafter referred to as the Patient's Rights Directive), patients may go to another EU Member State with a goal to receive local medical care and, after obtaining healthcare service, apply for financial compensation from EHIF for services they are entitled to receive at the expense of EHIF, in accordance with the prices in the healthcare services list, pharmaceuticals list and medical devices lists established by EHIF. In 2019, we accepted 116 applications (compared to 97 applications in 2018) based on a cross-border healthcare service and reimbursed 97 000 euros for healthcare services provided to people abroad.

In 2019, majority of the applications for compensation under the Patient's Rights Directive were for the healthcare services provided for the treatment of bone and joint diseases (17%). This was due to the fact that, in case of various bone and joint injuries, patients consulted a private healthcare provider for the necessary medical care, and patients first paid for the service themselves and later claimed compensation on the basis of cross-border healthcare. Reimbursement for cardiovascular diseases increased slightly, by 14%. In 2019, the number of applications submitted for analyses and treatment of tumor diseases decreased (10%). These were followed by various gastrointestinal and surgical diseases, diseases of the genitourinary system, eye diseases, rehabilitation, ear, nose and throat diseases, consultations, examinations, analyzes, pharmaceuticals, etc.

Three applications were rejected - one of these was about adult vaccination, one for patient co-payments and one for treatment in Switzerland, a country that has not joined cross-border healthcare under the EPN Patients' Rights Directive.

In 2019, cross-border healthcare was provided in 18 EU Member States. The biggest number of visits were made to Latvia (22%), which was followed by Finland (18%), Spain (15%) and Germany (14%). Fewer visits were made to Bulgaria, the Netherlands, Greece, Lithuania, Norway and Sweden. Occasional visits were made to other countries.

In 2019, four inquiries, in the respective form, were submitted to EHIF to find out the estimated reimbursable amount of planned healthcare services based on the list of healthcare services provided by EHIF. The number of inquiries is actually higher, as EHIF performs the function of a national contact point, which also receives inquiries for such information.

## 7. Other expenses

Other expenses are

- support activities;
- healthcare services for European insured persons;
- other healthcare expenditure.

Table 42. Execution of budget for other expenses, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Support activities	196	680	259	38%
Healthcare services of a European insured	1 830	2 062	2 010	97%
Other healthcare expenditure	187	2 500	33	1%
<b>Total</b>	<b>2 213</b>	<b>5 242</b>	<b>2 302</b>	<b>44%</b>

### 7.1 Support activities

As of 2018, the EHIF budget includes support activities related to functions transferred from the state budget. Support activities include replacement fees of family physicians, the possibility to provide sailors with 24-hour remote medical consultation in Estonian and English on-board ships, and supporting the work of the HIV and AIDS medical council.

### 7.2 Healthcare services for European insured persons

Insured persons of other EU member states are entitled to:

- receive the necessary healthcare during their temporary stay in Estonia;
- receive any medical care while living in Estonia.

The necessary medical care for an insured person from a EU Member State is first paid by EHIF, but the final healthcare expenses are borne by the country of affiliation.

We paid a total of 2 million euros for healthcare services and reimbursable pharmaceuticals provided to patients from other Member States.

Table 43. Execution of budget for healthcare services and pharmaceuticals of European insured persons, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Health care services	1 790	2 007	1 964	98%
Pharmaceuticals	40	55	46	84%
<b>Total</b>	<b>1 830</b>	<b>2 062</b>	<b>2 010</b>	<b>97%</b>

## 7.3 Other healthcare expenditure

Exceptionally, health care expenses reimbursed based on the decision of the Board of the Health Insurance Fund and the innovation fund are recognized under other healthcare expenditure.

Other healthcare expenditure includes reimbursements for in-hospital pharmaceuticals price agreements in the amount of 503 000 euros. As a result, the budget execution amount for other health expenditure is 33 000 euros

The basis for the use of innovation fund is § 4 of the Health Insurance Act, which provides that health insurance fund may use health insurance funds and funds allocated to the health insurance fund from the state budget for paying for activities or projects improving the quality, availability and effectiveness of provision of health services and for health system development activities with the approval of the Ministry of Social Affairs.

In the first half of 2019, the high level group of EHIF and the Ministry of Social Affairs agreed on more detailed procedure for the use of innovation fund. Based on that, the first open call for innovation fund projects was prepared and organized in the second half of 2019. This led to testing on how to organize the use of innovation fund in practice and what should serve as a basis for next calls for proposals in 2020.

The 2019 development project competition was part of the stroke pilot project initiated by EHIF, which aims to improve people's quality of life after suffering from stroke by developing a holistic care pathway and measuring health outcomes. The development project competition provided an incentive for acute stroke hospitals to involve all actors in the stroke patient's care pathway (acute care, rehabilitation, primary care, social services) to develop and test together new treatment solutions that would help make this fragmented and difficult journey for the patient and their family members more smooth and human-centered. The decisions to grant support for the first round of the two-round call for proposals were made by the Board of the EHIF in October (60 000 euros in 2019), the deadline for applications for the second round was in January 2020 (estimated volume of decisions 1 million euros). The projects will go on until the end of 2021.

In addition, the innovation fund was used to finance projects and activities previously initiated by EHIF and the Ministry of Social Affairs that comply with the principles of the innovation fund including the project PAIK led by Viljandi Hospital for the development and testing of an integrated model of healthcare and social services in 2019–2020.

# Operating expenses of the Health Insurance Fund

EHIF, when planning its activities and operating expenses, proceeds from the approved development plan and the objectives of the current year's scorecard. In 2019, EHIF planned 13.3 million euros for administrative operating expenses of healthcare benefits and the budget was executed by 101%.

EHIF's operating expenses in 2019 accounted for 0.93% of total expenditure, which is slightly more than in the last two years, but still very low for all years of operation.

Table 44. Execution of budget for EHIF's operating expenses, in thousands of euros

	2018 actual	2019 budget	2019 actual	Budget execution
Labour costs	6 735	7 452	7 360	99%
Administrative costs	1 644	2 050	1 893	92%
IT costs	2 068	2 262	2 689	119%
Development costs	187	396	271	68%
Other operating expenses	880	1 140	1 170	103%
<b>Total</b>	<b>11 514</b>	<b>13 300</b>	<b>13 383</b>	<b>101%</b>

## Labour costs

In 2019, vacancies related to structural reform in EHIF were filled. As of December 31, 2019, EHIF has a total of 185 employees (reduced to full-time equivalents).

## Administrative costs

Management expenses cover the expenses of day-to-day activities, EHIF's training expenses, consultation expenses (including audit) and studies, and internal communication expenses. Management expenses were executed by 92% in 2019.

The most important activity in the field of healthcare was the renewal of the new framework agreement and its annexes on the financing of primary medical care in 2019. The aim was to update the terms and conditions of the agreement, including quality conditions, data exchange principles, control arrangements, billing principles, arrangement of services to EU citizens, mentoring principles, etc., in order to reduce the annexes to the agreement and to make it clear and unambiguous. AS PricewaterhouseCoopers was involved in the process as a strategic advisor.

In order to better manage the work of EHIF's internal communication and various departments, consulting services were purchased for the introduction of a new modern Jira solution. Jira software helps us better plan for various projects and work within the organization, including setting goals across departments and EHIF, monitor results and coordinate daily work tasks.

In 2019, we refurbished and modernized working environment in Pärnu office. In addition, modern workplaces were provided for other EHIF employees who stay temporarily in Pärnu. The new premises in the new location and with new furnishings have become very popular among the employees who use them not only for daily work but also for seminars and meetings to promote mutual cooperation.

This year, we also considered it important to support the health promotion of EHIF employees by supporting various sports events (including both individual sports perks and joint events).

## Information technology expenses

Information technology (IT) expenses include the purchase of information technology equipment and software to EHIF and the expenses related to the development and maintenance of IT-systems.

In 2019, IT expenses included 1.2 million euros for IT-system license fees, 575 000 euros for maintenance, 268 000 euros for depreciation and 599 000 euros for development. The overhead of information technology costs is due to the greater than planned funds used for IT development projects.

One of the largest e-services completed in 2019 was the new solution for treatment invoice transfer and as a result, starting from January 2020, a new e-channel has been used to transfer treatment invoices. As an important change, the partners can forward treatment invoices on an ongoing basis and receive feedback on the performance of signed agreements. The introduction of the new solution has also significantly increased the automation of processes. The e-channel solution for treatment invoice transfer is the first part of a new IT solution aimed at partner communication.

EHIF is also leading a new IT project for clinical decision support, which will result in a unique product that improves the provision of healthcare services. In 2019, major developments in the clinical decision support project were carried out, as a result of which Estonian treatment guidelines have been digitized and integrated into the clinical decision support software. To create a legal space suitable for the introduction of the clinical decision support, proposals for amendments and updates to the Health Services Organisation Act and the Statutes of the Health Information System were prepared. A procurement was carried out to find a suitable tenderer for the development of the clinical decision support data collector.

In 2019, the project EESSI (Electronic Exchange of Social Security Information) was completed with a new solution and the system was introduced in the daily work.

Within EHIF, we started with the renewal of the basic infrastructure, which will continue in 2020.

## Development costs

The development expenses include the expense of health insurance benefits audits and consultations, and the expenses associated with informing the public (including the development of the EHIF homepage). In 2019, total development expenses were executed by 68%.

From the development expenses of 2019, the expenses for developing and auditing the health insurance system account for 175 000 euros and the expenses of external communication 96 000 euros.

Activities related to the development and auditing of the health insurance system included the assessment of the quality of primary care centers with primary care financing agreements by the Family Physicians Association (auditing of primary care centers) and the implementation of an innovative stroke pilot project in specialized medical care. We continued our cooperation with the World Bank in organizing healthcare system development projects.

In May 2019, EHIF, in cooperation with the Ministry of Social Affairs and the Austrian National Institute of Public Health, organized a two-day international cooperation group seminar on pharmaceutical prices and reimbursement (PPRI -

Pharmaceutical Pricing and Reimbursement Information Group) in Tallinn. The seminar was attended by top pharmaceutical specialists from 24 countries, including the representatives of WHO, OECD and the European Commission.

In order to ensure that EHIF's messages to the public are communicated in an understandable and plain way to all target groups, the Plain Language project was launched. With the help of the project we want to make EHIF aware of the value of plain social communication. In 2019, the Institute of the Estonian Language conducted three plain Estonian language

trainings and issued a plain language glossary. The focus was on legal texts, partner and client communication. As a result of this activity, the Estonian people's assessment of the EHIF's information / text comprehensibility has improved (as a result of monitoring, 75% of Estonian people consider the information provided by EHIF easily understandable). At the end of 2019, EHIF was recognized as a promoter of plain language in the plain language award contest organized by the Chancellor of Justice Ülle Madis and the Institute of the Estonian Language.

### **Other operating expenses**

In the budget execution for other operating expenses, in addition to the VAT calculated on operating expenses, the target-financing of operational expenses and losses resulting from changes in the exchange rate related to operating expenses and health insurance expenses are also recorded. Other operating expenses were executed by 103% in 2019.

The largest share of other operating expenses was for VAT amounting to 648 000 euros.

## Legal reserve

The formation of legal reserve is governed by § 38 of the Estonian Health Insurance Fund Act as follows:

- The legal reserve of the health insurance fund means the reserve formed of the budget funds of the health insurance fund for the reduction of the risk which macro-economic changes may cause to the health insurance system.
- The legal reserve amounts 5.4% of the budget.
- The legal reserve can be used only exceptionally by the order of the Government of the Republic of Estonia on the proposal of the Minister responsible for the field. Before giving a proposal to the Government of the Republic of Estonia, the Minister responsible for the area shall listen to the opinion of the Council of EHIF.

By the end of 2018, the legal reserve of EHIF was 69 million euros. According to § 38 of the EHIF Act, the legal reserve for 2019 had to be 78.5 million euros. In order to meet the legally required level in 2019, we increased the legal reserve by 9.5 million euros.

In 2020, the required legal reserve will be 86.2 million euros. In order to meet the legally required level, we will have to increase the legal reserve by 7.7 million euros in 2020.

## Risk reserve

The formation of a risk reserve is regulated by § 39<sup>1</sup> of the Estonian Health Insurance Fund Act as follows:

- The risk reserve of the health insurance fund is the reserve formed from the budgetary funds of the health insurance fund in order to minimise the risks arising for the health insurance system from the obligations assumed.
- The size of the risk reserve shall be 2% of the health insurance budget of the health insurance fund.
- The risk reserve can be used by a decision of the Council of EHIF.

At the end of 2018, the risk reserve of EHIF was 25.3 million euros. According to § 39<sup>1</sup> of the EHIF Act, the required risk reserve size in 2019 was 28.8 million euros. In order to meet the legally required level in 2019, we increased the risk reserve by 3.5 million euros.

In 2020, the legally required risk reserve is 31.6 million euros. In order to meet the legally required level, we have to increase the risk reserve by 2.8 million euros in 2020.

## Retained earnings

EHIF's use of retained earnings from previous periods is regulated by § 36<sup>1</sup> of the EHIF Act as follows:

- EHIF's retained earnings of previous periods may be used in the amount of up to 30% in one financial year, but not more than in the amount of 7% of the costs of health services prescribed in the budget of the health insurance fund in the previous calendar year.
- The use of EHIF's retained earnings of previous periods will be decided by the Board on a proposal from the Council.

At the beginning of 2019, EHIF had retained earnings of 97 million euros.

In 2019, 9.5 million euros was allocated to the legal reserve from the retained earnings and 3.5 million euros into the risk

reserve to bring the reserves to legally required level.

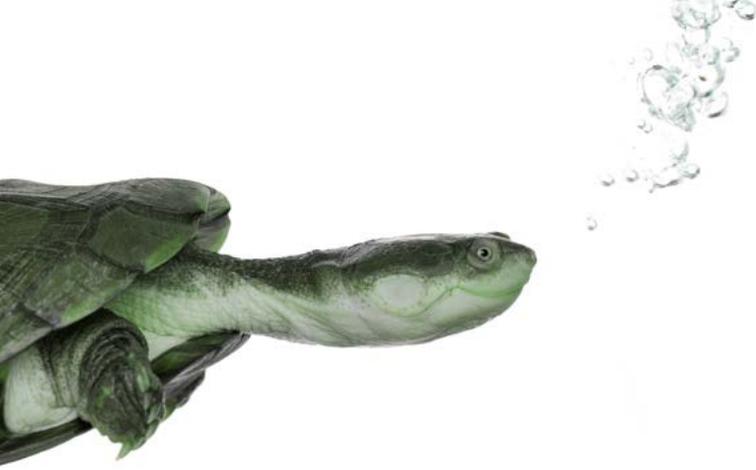
\* Pursuant to the amendment to the Communicable Diseases Prevention and Control Act, entered into force on January 1, 2019, antiretroviral medicines, tuberculosis medicines and vaccines and immunoglobulins necessary for immunization and emergency immunization are financed from the budget of EHIF. In connection with this, the Ministry of Social Affairs handed over reserves in the amount of 9.4 million euros to EHIF at the beginning of 2018.

By 2019, the planned earnings were plus 4.2 million euros. Since EHIF received more money from the social tax component of health insurance than was planned in the reporting year, the outturn for 2019 was 38.5 million euros.

As of December 31, 2019, the total retained earnings were 131.9 million euros.

The Board of EHIF proposes to the Council to transfer 7.7 million euros of the retained earnings of previous periods to the legal reserve and 2.8 million euros for the risk reserve in order to bring the reserves to legally required level of 2020.





# Annual accounts



# Balance sheet

<b>Assets</b>			
In thousands of euros	31.12.2019	31.12.2018	Note
<b>Current assets</b>			
Cash and cash equivalents	181 780	148 602	2
Receivables and prepayments	141 296	131 359	3
Inventories	11 112	4	4
<b>Total current assets</b>	<b>334 188</b>	<b>279 965</b>	
<b>Fixed assets</b>			
Tangible fixed assets	449	719	5
<b>Total fixed assets</b>	<b>449</b>	<b>719</b>	
<b>Total assets</b>	<b>334 637</b>	<b>280 684</b>	

<b>Liabilities and net assets</b>			
In thousands of euros	31.12.2019	31.12.2018	Note
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and prepayments	95 413	89 316	7
<b>Total current liabilities</b>	<b>95 413</b>	<b>89 316</b>	
<b>Total liabilities</b>	<b>95 413</b>	<b>89 316</b>	
<b>Net assets</b>			
Reserves	107 298	94 365	8
Total net gain (loss) for prior periods	93 456	77 836	
Total net gain (loss) for the accounting year	38 470	19 167	
<b>Total net assets</b>	<b>239 224</b>	<b>191 368</b>	
<b>Total liabilities and net assets</b>	<b>334 637</b>	<b>280 684</b>	

# Economic outturn account

In thousands of euros	2019	2018	Note
Health insurance component of social security tax, operating grant and recoveries from other persons	1 470 766	1 308 386	9
Expenses related to health insurance	-1 424 249	-1 287 860	11
Income from government grants	107	190	15
Expenses related to government grants	-239	-63	15
<b>Total gross gain (loss)</b>	<b>46 385</b>	<b>20 653</b>	
Administrative expenses	-12 213	-10 634	12
Other operating income	5 101	9 927	10
Other operating expenses	-931	-817	13
<b>Operating gain (loss)</b>	<b>38 342</b>	<b>19 129</b>	
Interest and other finance income	128	38	2
<b>Total net gain (loss) for the accounting year</b>	<b>38 470</b>	<b>19 167</b>	

# Cash flows

In thousands of euros	2019	2018	Note
<b>Cash flows from principal activity</b>			
Social security tax received	1 324 634	1 210 237	9
Operational support received	132 779	92 541	9
Prepayment received	0	2 944	
Invoices paid and incapacity benefits	-1 431 898	-1 279 323	
Fees paid to employees	-5 264	-5 021	12
Taxes paid on personnel expenses	-1 751	-1 701	12
Other receipts	14 750	8 025	10
<b>Total cash flow from principal activity</b>	<b>33 250</b>	<b>27 702</b>	
<b>Cash flows from investment activities</b>			
Paid for fixed assets	-72	-91	
<b>Total cash flows from investment activities</b>	<b>-72</b>	<b>-91</b>	
<b>Net change in cash</b>	<b>33 178</b>	<b>27 611</b>	
Bank accounts and cash equivalents at the start of the period	148 602	120 991	2
Change in cash	33 178	27 611	
Bank accounts and cash equivalents at the end of the period	181 780	148 602	2

# Statement of changes in net assets

In thousands of euros	2019	2018	Note
Reserves			
<b>Reserves at the beginning of the year</b>	<b>94 365</b>	<b>89 097</b>	
Allocation to reserves	12 933	5 268	
<b>Reserves at the end of the year</b>	<b>107 298</b>	<b>94 365</b>	<b>8</b>
Total net gain (loss) for prior periods			
<b>At the beginning of the year</b>	<b>97 003</b>	<b>83 104</b>	
Allocation to reserves	-12 933	-5 268	
Total net gain (loss) for the accounting year	38 470	19 167	
Transfer of stocks*	9 386	0	
<b>At the end of the year</b>	<b>131 926</b>	<b>97 003</b>	
<b>Net assets at beginning of the year</b>	<b>191 368</b>	<b>172 201</b>	
<b>Net assets at the end of the year</b>	<b>239 224</b>	<b>191 368</b>	

\* Pursuant to the amendment to the Communicable Diseases Prevention and Control Act, entered into force on January 1, 2019, antiretroviral medicines, tuberculosis medicines and vaccines and immunoglobulins necessary for immunization and emergency immunization are financed from the budget of EHIF.

In connection with this, the Ministry of Social Affairs handed over reserves in the amount of 9 386 thousand euros to the Estonian Health Insurance Fund at the beginning of 2019.

# Notes to the annual accounts

## Note 1. Accounting policies used for preparing the annual report

The annual accounts of the Estonian Health Insurance Fund (hereafter also EHIF) for 2019 have been prepared in accordance with the Estonian Standard for Financial Reporting. The Estonian Standard for Financial Reporting is generally accepted accounting principles based on internationally recognized accounting and reporting principles, and its basic requirements are set out in the Estonian Accounting Act and the guidelines issued by the Estonian Accounting Standards Board. These annual accounts are also based on the Public Sector Financial Accounting and Reporting Guidelines.

The financial year began on 1 January 2019 and ended on 31 December 2019. The numeric data in the financial statements are presented in thousands of euros.

### Report layouts

The income statement layout 2 established with the Accounting Act, the structure of the entries of which has been adjusted to the nature of EHIF's activities, is used as an economic outturn account.

### Change in accounting methodology

From 2019, inventories are recognized using the average cost method instead of the previous FIFO. Changed accounting principles do not show any impact on inventories or profit and loss. A new type of inventory - pharmaceuticals, was transferred to EHIF by the Ministry of Social Affairs in connection with amendments to the Communicable Diseases Prevention and Control Act, and the nature of new inventory brought about a change in accounting principles to ensure more accurate and fair financial reporting.

### Change in presentation

From 2019, state budget allocation which is calculated based on the amount of state pension of non-working pensioners is recognized pursuant to § 51 (3) of the Health Services Organisation Act. According to the management, the new method enables to better recognize the nature of these revenues, as they are regular revenues related to operating activities.

### Financial assets and liabilities

Financial assets are deemed to be cash, trade receivables, and other current and long-term receivables. Financial liabilities are deemed to be outstanding invoices to suppliers, accruals, and other short-term and long-term debt obligations.

Financial assets and liabilities are initially recognized at their acquisition cost, which is equal to the fair value of the consideration given or received for the respective financial asset or liability. The initial acquisition cost comprises all expenses directly attributable to the financial asset or liability.

In the balance sheet, financial liabilities are recognised at adjusted acquisition cost.

A financial asset is removed from the balance sheet when the EHIF's right to the cash flows from the financial asset expires or it transfers the cash flows from the financial asset and most of the risks and rewards associated with the ownership of the financial asset to a third party. A financial liability is removed from the balance sheet when it is satisfied, cancelled or expires.

## Cash

The funds of EHIF are kept in current accounts that are part of the group account of the State Treasury of the Ministry of Finance. According to the deposit agreement between EHIF and the Republic of Estonia, EHIF has unlimited access to the money on the group account at one week's notice. The Republic of Estonia can apply a usage limit on the deposited amount, but has not done so as at 31 December 2019.

The statement of cash flows has been prepared using the direct method.

## Recognizing foreign currency transactions

Transactions recorded in foreign currencies are recognized by applying the European Central Bank exchange rates quoted at the date of transaction. Monetary financial assets and liabilities denominated in a foreign currency and non-monetary financial assets and liabilities that are recognized at fair value are retranslated to euros as at the balance sheet date using the European Central Bank exchange rates quoted at that date. Exchange gains and losses are recognised in the economic outturn account as income and expenses respectively in the period in which they arise.

## Receivables

Trade receivables comprise receivables for goods sold, services provided, and recoveries of health insurance benefits that fall due in the following financial year. Receivables falling due within more than a year are recorded as long-term receivables.

Receivables for goods sold and services provided comprise receivables for prescription forms sold to medical institutions and family physicians, receivables from the Ministry of Social Affairs for the service of processing health care invoices, and receivables for health services provided in Estonia to patients from other EU Member States from the competent authorities of such persons' insuring countries.

The recoverability of receivables is assessed at least once a year as at the reporting date. Receivables are measured on an individual basis. Under the concept of prudence, only recoverable amounts are recognised in the balance sheet. Doubtful items are recognised as an expense in the period in which they arise. Recovery of previously expensed doubtful receivables is recognized as a reduction of expenses from doubtful receivables.

Receivables whose collection is impossible or economically impractical are considered irrecoverable and written off the balance sheet.

## Inventories

Inventories are prescription forms and pharmaceuticals purchased for the purpose of resale. Inventories are measured in the balance sheet at acquisition cost or net realisable value, depending on which is lower. Inventories are stated at acquisition cost based on the purchase invoice and are expensed by using the weighted average cost method.

## Tangible fixed assets

Assets are classified as tangible fixed assets when their estimated useful life extends beyond one year and acquisition cost exceeds 5000 euros. Assets with a shorter estimated useful life or lower acquisition cost are expensed at acquisition.

Tangible fixed assets are initially recognized at acquisition cost and depreciated under the linear method according to their expected useful lives. Land and art values are not depreciated.

The following depreciation periods (in years) are applied:

- buildings and construction works 10–20
- fixtures and fittings 2–4

Expenditure on items of property, plant and equipment incurred after acquisition is generally recognized as an expense as incurred. Subsequent expenditure is added to the cost of a tangible asset when it is probable that future economic benefits generated by the expenditure will exceed the originally assessed benefits and the expense can be measured reliably and attributed to the asset.

## Government grants

A government grant is assistance given and received under certain conditions for a designated purpose where the provider of the grant checks whether or not the assistance is used as designated. Grants are not recognised as income and expenses until the conditions associated with them have been met.

Grants are recognised as income when they become recoverable.

## Revenue and expenses

Revenue and expenses are recognized on an accrual basis. Interest income is recognized as it accrues.

The EHIF's revenue comprises mostly the health insurance component of social security tax, operating grant and recoveries from other persons. The health insurance component of social security tax is received from the Estonian Tax and Customs Board through weekly transfers. Once a month, the Estonian Tax and Customs Board sends to EHIF a statement of transfer of tax balances which serves as a basis for recording as revenue in the accounts. The operating grant is a provision from the state budget, which is calculated based on the old-age pensions of non-working old-age pensioners. Recoveries from other persons are recognized when a claim is submitted against a legal entity based on the law or a contract for compensation of damage caused to EHIF. Claims against natural persons are recorded upon receipt of payment.

## Operating and financial leases

A lease that transfers all substantial risks and rewards incidental to the ownership of an asset to the lessee is recognised as a financial lease. Other leases are classified as operating leases. On classifying leases as operating or financial leases, public sector entities also consider the requirements of chapter 15 of IPSAS 13 (Leases) and regard the cases where the leased assets cannot easily be replaced by another asset as meeting the criteria of financial leases.

Assets acquired under financial leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property. Lease payments are apportioned between the financial charge and the reduction of the outstanding liability. The financial charge is recognized during the lease term.

Operating lease payments are recognised as an expense on a linear basis over the lease term.

## Provisions and contingent liabilities

EHIF allocates provisions for liabilities of uncertain timing or amount. The amount and timing of provisions is determined on the basis of estimates made by the management or relevant experts.

A provision is recognized when EHIF has incurred a legal obligation or an obligation arising from its operations prior to the balance sheet date, the probability of the provision upon the outflow of resources exceeds 50%, and the amount of provision can be reliably measured.

## Reserves

The reserves of EHIF consist of reserve capital and risk reserve. The formation and utilization of reserves is regulated by the Estonian Health Insurance Fund Act.

## Events following the reporting date

The annual accounts reflect all the significant events affecting the valuation of assets and liabilities that became evident between the reporting date 31 December 2019 and the date on which the financial accounts were authorized for issue but are related to transactions carried out during the reporting period or earlier periods.

Events following the reporting date which will have a significant effect on the result of the next financial year but which have not been taken into consideration upon assessing the assets and liabilities are disclosed in the notes to the annual accounts.

## Note 2. Cash

In thousands of euros	31.12.2019	31.12.2018
Cash on bank accounts	181 780	148 602

The Ministry of Finance calculates for EHIF an interest on the balance of the moneys held on the accounts of the group account at the rate which equals the profitability of the state cash reserve. Interest income from balance in 2019 is 128 000 euros (in 2018: 38 000 euros).

## Note 3. Receivables and prepayments

In thousands of euros	31.12.2019	31.12.2018
Social tax receivable*	131 547	122 466
Trade receivables	9 621	7 986
Doubtful receivables	-167	-69
Prepaid expenses of future periods	263	938
Receivables from policyholders pursuant to a contract	32	38
<b>Total</b>	<b>141 296</b>	<b>131 359</b>

Social tax receivable is a short-term receivable for the health insurance component of social tax calculated for the Tax and Customs Board.

Trade receivables do not include receivables from related parties, see Note 14.

## Note 4. Inventories

In thousands of euros	2019	2018
Pharmaceuticals	11 108	0
Prescription forms	4	4
<b>Total</b>	<b>11 112</b>	<b>4</b>

From 2019, antiretroviral medicines, tuberculosis medicines, certain vaccines and antidotes are financed from the budget of EHIF. EHIF conducts public procurement for pharmaceuticals, organizes logistics and monitors the use.

## Note 5. Tangible fixed assets

In thousands of euros	Land	Construction works	Other fixtures and fittings	Total tangible fixed assets
<b>Acquisition cost</b>				
31.12.2018	1	451	1 754	2 206
Acquired fixed assets	0	0	72	72
Write-off	0	0	29	29
31.12.2019	1	451	1 797	2 249
<b>Accumulated depreciation</b>				
31.12.2018	0	387	1 100	1 487
Calculated depreciation	0	23	319	342
Write-off	0		29	29
31.12.2019	0	410	1 390	1 800
<b>Carrying amount</b>				
31.12.2018	1	64	654	719
31.12.2019	1	41	407	449

## Note 6. Leases

Operating lease

Reporting entity as a lessee

The economic outturn account of 2019 recognizes operating lease payments totaling 509 000 euros (in 2018: 471 000 euros), incl. 22 000 euros for leasing transport means and 487 000 euros for premises pursuant to lease agreements (in 2018: 23 000 euros and 447 000 euros, respectively).

There are no contingent liabilities arising from lease payments. The term for advance notice upon terminating lease agreements for premises is 3 to 6 months, depending on the agreement.

Operating lease expenses are covered in Note 12.

## Note 7. Payables and prepayment

In thousands of euros	31.12.2019	31.12.2018
<b>Trade payables</b>	<b>90 952</b>	<b>82 836</b>
Payables to medical institutions for services	68 705	58 129
Payables to pharmacies for medicinal products distributed at a discount	11 065	9 787
Payables for health insurance benefits to other suppliers	10 822	13 318
Other trade payables	360	1 602
<b>Tax arrears</b>	<b>3 095</b>	<b>2 538</b>
Personal income tax	2 598	2 209
Social tax	469	305
Unemployment insurance premium	16	11
Statutory pension insurance contribution	7	6
Income tax on fringe benefits	5	5
Value added tax	0	2
<b>Other payables</b>	<b>1 366</b>	<b>3 942</b>
Payables to employees	938	521
Other payables	253	241
Prepayments received	175	3 180
<b>Total</b>	<b>95 413</b>	<b>89 316</b>

Trade payables include related party transactions in the amount of 857 thousand euros (3 746 thousand euros as at 31 December 2018), see Note 14.

Personal income tax liability includes personal income tax in the amount of 2 513 thousand euros (2 140 thousand euros as at 31 December 2018) withheld from incapacity benefits paid by EHIF to insured persons. Social security tax liability includes social security tax of 63 thousand euros (31.12.2018: 70 thousand euros) accrued on the holiday pay liability.

The tax authority has the right to check the tax records of EHIF within up to 5 years from the deadline for submission of the tax declaration and to determine the additional amount of tax, interest and fines upon detection of any errors. In 2018 and 2019, no controls were carried out by the tax authorities. According to the EHIF management, there are no circumstances that could lead the tax authority to impose a significant additional tax on EHIF.

## Note 8. Reserves

In thousands of euros	Legal reserve	Risk reserve	Total
Balance at the start of the period January 1, 2019	69 029	25 336	94 365
Formation of the reserve 2019	9 463	3 470	12 933
<b>The amount of the reserve required by law and the amount of the reserve as of 31.12.2019</b>	<b>78 492</b>	<b>28 806</b>	<b>107 298</b>

According to the Estonian Health Insurance Fund Act, the legal reserve amounts 5.4% of the budget. Each year, at least one-fiftieth of the total budget of the health insurance fund and revenue from social tax revenue prescribed for the payment of health insurance benefits, which is higher than prescribed in the state budget, is transferred to the legal reserve, until the amount of the legal reserve provided by this Act is reached or restored.

The risk reserve amounts 2% of the EHIF budget.

## Note 9. Health insurance component of social security tax and recoveries from other persons

In thousands of euros	2019	2018
Health insurance component of social tax	1 333 714	1 218 829
Operational support	135 723	87 986
Recoveries from other persons	1 329	1 571
<b>Total</b>	<b>1 470 766</b>	<b>1 308 386</b>

\* Under operating grant, state budget allocation which is calculated based on the amount of state pension of non-working pensioners is recognized pursuant to § 51 (3) of the Health Services Organisation Act. In the 2018 report, operating grant was recognized under other operating income.

Recoveries from other persons include related party transactions in the amount of 144 euros (7 thousand euros in 2018), see Note 14.

## Note 10. Other operating income

In thousands of euros	2019	2018
Services provided to European Union citizens	3 525	3 813
Voluntary insurance agreements	1 061	1 037
Insurance agreements with other countries	460	481
Government grants	0	4 555
Other	55	41
<b>Total other operating income</b>	<b>5 101</b>	<b>9 927</b>

In the 2018 report, other operating income included operating grant in the amount of 87 986 thousand euros, which in 2019 is recognized in Note 9. Health insurance component of social security tax, operating grant and recoveries from other persons

## Note 11. Expenses related to health insurance

In thousands of euros	2019	2018
Health service benefits	1 066 908	956 919
specialized medical care	752 053	688 990
primary care	143 770	127 155
dental care	54 752	48 779
ambulance	53 164	45 020
nursing care	39 982	35 636
disease prevention	14 377	11 339
emergency medical care for uninsured persons	8 810	0
Costs of benefits for temporary incapacity for work	167 352	157 570
Expenses related to benefits for pharmaceuticals	157 974	136 178
Other expenses of health insurance benefits	22 030	25 101
benefits for medical devices	11 471	9 694
health service benefits arising from international agreements	10 267	15 024
miscellaneous health insurance expenditure	292	383
Other financial benefits	7 481	10 301
Health promotion costs	2 504	1 791
<b>Total health insurance expenses</b>	<b>1 424 249</b>	<b>1 287 860</b>

Health insurance expenditure includes related party transactions in the amount of 11 591 thousand euros (50 745 thousand euros in 2018), see Note 14.

Health service benefits arising from international agreements include, among others, treatment costs of Estonian pensioners who hold health insurance with EHIF and permanently live in other European countries. Healthcare services are paid for either according to actual treatment costs or according to the respective average national treatment cost.

Average treatment cost per person by age groups is calculated based on specific criteria for each year and is submitted for approval to the audit board of the administrative commission for the coordination of social security systems at the European Commission by the end of the second year following the reporting year, at the latest.

## Note 12. Administrative expenses

In thousands of euros	2019	2018
Personnel and management expenses	7 360	6 735
Wages and salaries	5 506	5 039
incl. remuneration of management board members	364	327
incl. remuneration of employees working pursuant to a contract for services	30	23
Social tax	1 813	1 659
Unemployment insurance contribution	41	37
IT costs	2 689	2 068
Administrative costs	1 893	1 644
incl. operating lease payments*	509	471
Development costs	271	187
<b>Total administrative expenses</b>	<b>12 213</b>	<b>10 634</b>

\* see Note 6

Average number of EHIF employees reduced to full-time equivalents as of the reporting date	2019	2018
Members of the management or control body of a legal person	4	4
Persons employed pursuant to an employment contract	181	177
Persons providing services pursuant to a contract under the law of obligations	5	4
<b>Total</b>	<b>190</b>	<b>185</b>

Management costs include related party transactions in the amount of 77 thousand euros, see Note 14.

Upon expiry of the term of their contracts of service, members of the management board are entitled to benefits equal to their three months' remuneration.

## Note 13. Other operating expenses

In thousands of euros	2019	2018
VAT on operating expenses	648	706
Expensed receivables	238	67
Other	45	44
<b>Total other operating expenses</b>	<b>931</b>	<b>817</b>

## Note 14. Related party transactions

Related parties to the Estonian Health Insurance Fund include members of the supervisory board and members of the management board who have been employed during the current reporting year, close family members of the member of the supervisory or management board, and legal persons whom the specified natural persons have significant control or influence (for example, they are members of the supervisory or management board of such a legal person or hold at least 10% of the share capital of such a legal person)

Health care services are purchased from related parties under the same conditions as from other providers.

### Related party transactions

In thousands of euros	2019	2018	Note
Purchase of services	11 668	50 745	11, 12
Sale of services	0	7	9
Liability at 31.12	857	3 746	7
Receivable at 31.12	0	0	3

No write-downs of receivables from related parties were made in 2018 or 2019. Medical services purchased from other health service providers where the party related to EHIF is the member of a management body are mostly recognised as the purchase of services.

For the remuneration of the management board members, see Note 12.

## Note 15. Government grants

### Income from government grants:

In thousands of euros	2019	2018
EESSI project	53	0
Clinical decision support project	46	150
Other	8	40
<b>Total</b>	<b>107</b>	<b>190</b>

### Expenses related to government grants:

In thousands of euros	2019	2018
Clinical decision support project	93	0
EESSI project	84	0
STACC project	51	33
Other	11	30
<b>Total</b>	<b>239</b>	<b>63</b>

## Note 16. Subsequent events

At the beginning of 2020, the existence of novel coronavirus (SARS-CoV-2) was confirmed and by now it has spread all over the world, including Estonia, causing problems for undertakings and economic activity in general. EHIF treats this outbreak as a non-adjusting event after the balance sheet date.

The Government of the Republic declared a state of emergency on 12.03.2020 in connection with the pandemic spread of the coronavirus. The spread of the virus will have a significant impact on EHIF's projected financial results for 2020, and in 2020, both EHIF's projected revenues and expenses will be affected by the outbreak of virus.

On the revenue side, the impact from the decrease of the health insurance part of social tax due to people's decreased income will be very strong, and this may be accompanied by a change in the payment discipline of employers in complying with their tax obligations.

On the expenses side, we see possible additional costs for healthcare services, pharmaceuticals as well as benefits for temporary incapacity for work.

The costs of temporary incapacity for work benefit increase both due to increased number of incapacity for work certificates and changed principle of payment of the benefit: it was decided that during the emergency period, the first three days of sick leave will be reimbursed as well. As for pharmaceuticals, we see a potential risk that the purchase of reimbursable pharmaceuticals will increase during the crisis period. In the case of healthcare services, we forecast an increase in the costs of primary care, ambulance and nursing care. In the case of primary care, the costs of additional labor, tools and personal protective equipment will increase. In the case of ambulance, the number of ambulance crews will increase in the crisis period, also, costs for disinfection and personal protective equipment will increase. We recommend that inpatient nursing care providers carefully considered whether referring inpatient care patients to care institutions or home nursing care is justified, which is why we anticipate higher costs than planned here as well.

At the time of approving the report, various scenarios are still in progress and the financing sources of additional costs will depend on the government's decisions.

Due to the uncertain and rapidly evolving situation, it is not appropriate at this stage to make a quantitative assessment of the possible impact of the outbreak on EHIF's budget.

# Signatures to the annual report

The Management Board of the Estonian Health Insurance Fund has prepared the 2019 annual report.

The annual report comprises the management report and the annual accounts, to which the independent auditor's report has been appended.

Management Board

31 March 2020

## **Rain Laane**

Chairman of the Management Board

## **Pille Banhard**

Member of the Management Board

## **Maivi Parv**

Member of the Management Board

## **Karl-Henrik Peterson**

Member of the Management Board



