



# **Perspective of publicly funded solidarity based mandatory health insurance system**

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# Baltic states compared to EU average

## Health expenditure, total (% of GDP)\*

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Estonia	6,2	5,8	5,9	5,7
Latvia	6,6	6,1	5,9	5,7
Lithuania	7,1	6,9	6,7	6,2
EU	10,3	10,1	10,1	10,1

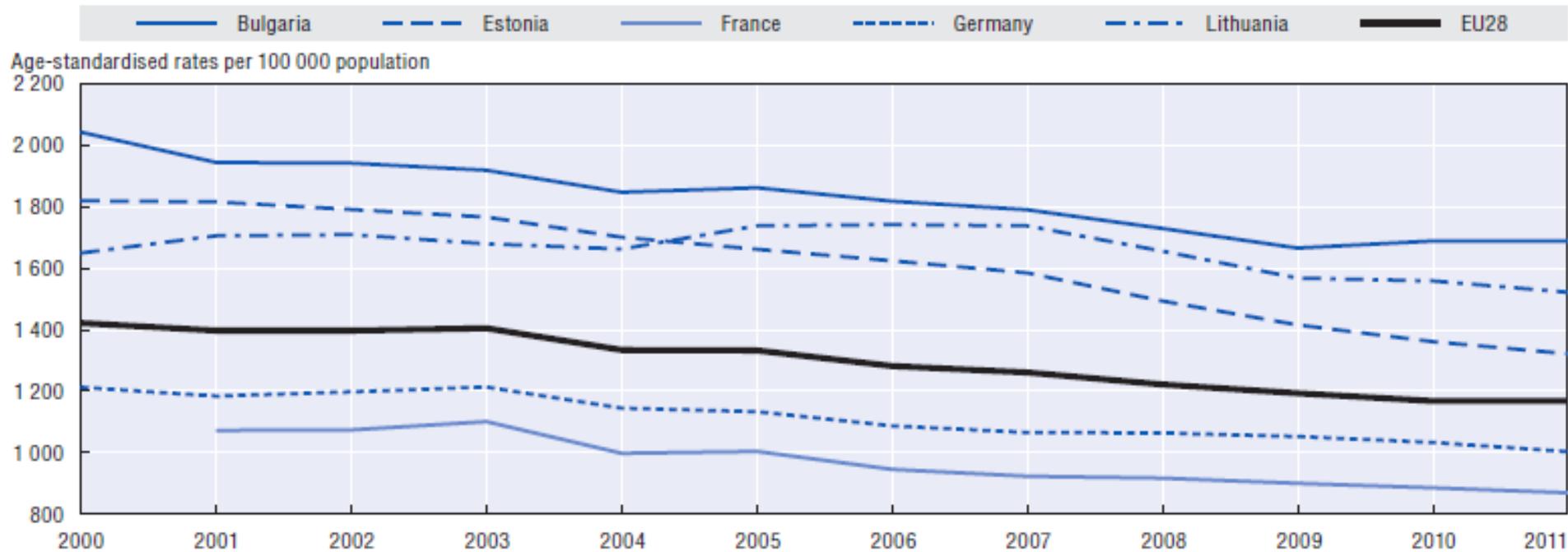
## Health expenditure, public (% of GDP) \*

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Estonia	4,9	4,6	4,6	4,5
Latvia	3,9	3,9	3,6	3,5
Lithuania	5,0	4,7	4,3	4,2
EU	8,0	7,8	7,8	7,8

\* Source World Health Organization Global Health Expenditure database (see <http://apps.who.int/nha/database> for the most recent updates)

# Public health is improving – average life expectancy in Estonia is significantly increased

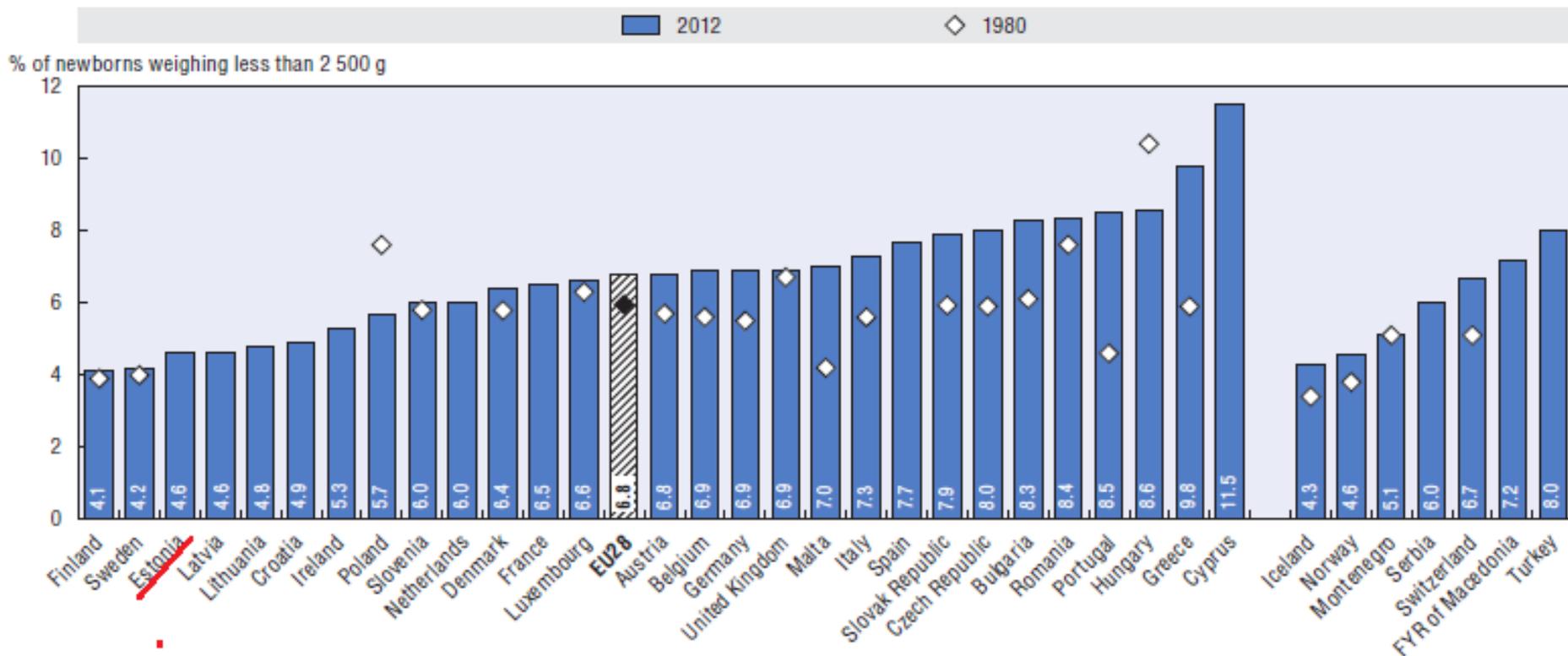
1.3.2. Trends in mortality rates from all causes of death, selected EU member states, 2000-11



OECD „Health at a Glance“, 2014

# The low share of low birth weight infants proves a good performance of the system

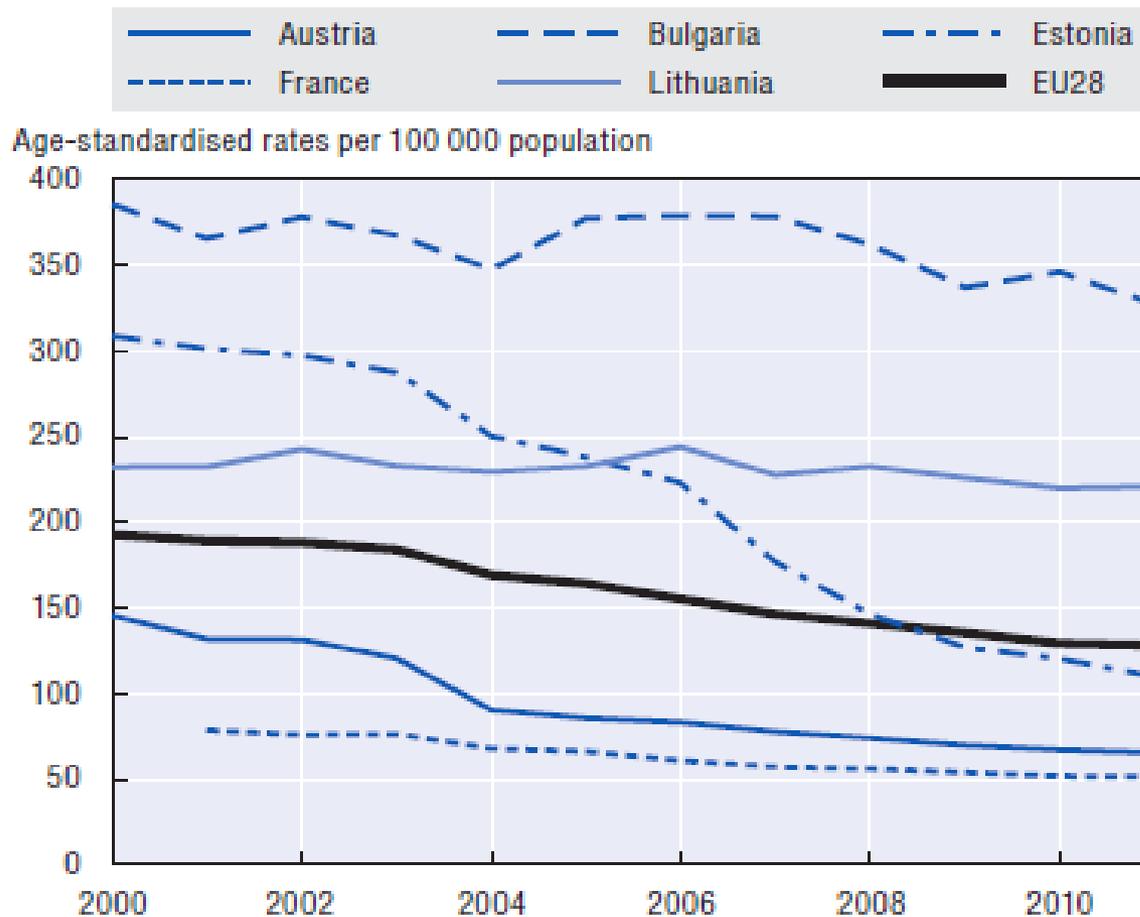
1.9.1. Low birth weight infants, 1980 and 2012



OECD „Health at a Glance“, 2014

# Healthcare system development has an important role in improvement of health outcomes

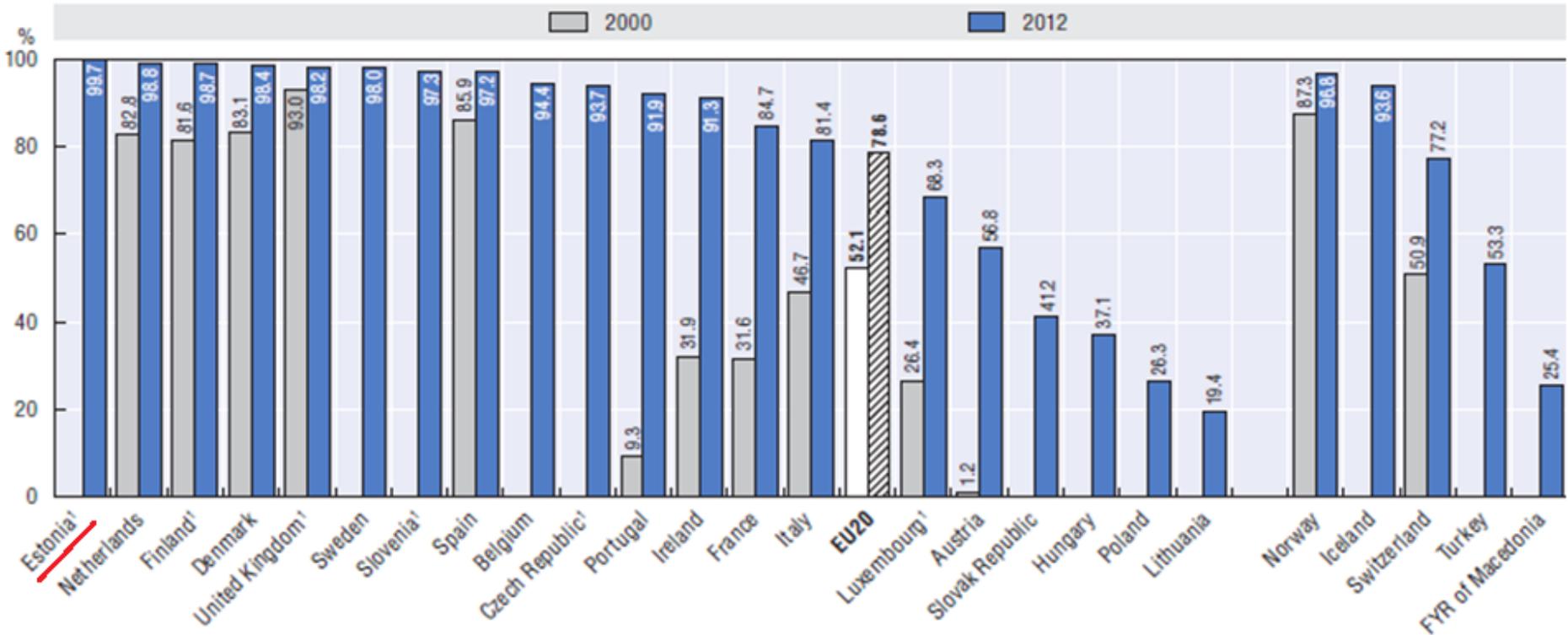
## 1.4.4. Trends in stroke mortality rates, selected EU member states, 2000-11



OECD  
„Health at a  
Glance“, 2014

# Estonia is at the top in some surgical areas

3.9.1. Share of cataract surgeries carried out as day cases, 2000 and 2012 (or nearest year)



Advances in medical technologies have made this development possible. These innovations have also improved patient safety and health outcomes reduced the unit cost per intervention by shortening the length of stay in hospitals.

OECD „Health at a Glance“, 2014

# What are the issues in Estonian health care?

- **Unsurmountable problems on financing side?**
  - *Not really*, as:
    - we spend roughly half of what EU spends on average
    - we spend roughly one third in PPP-euros of EU average
    - the issue is whether there is societal will to top up
- **Unsurmountable problems on delivery side?**
  - *Not really*, as quality of care is improving
- **So the issue is how to develop what we have**
  - to ensure financial sustainability
  - to provide better quality of care with proven track record

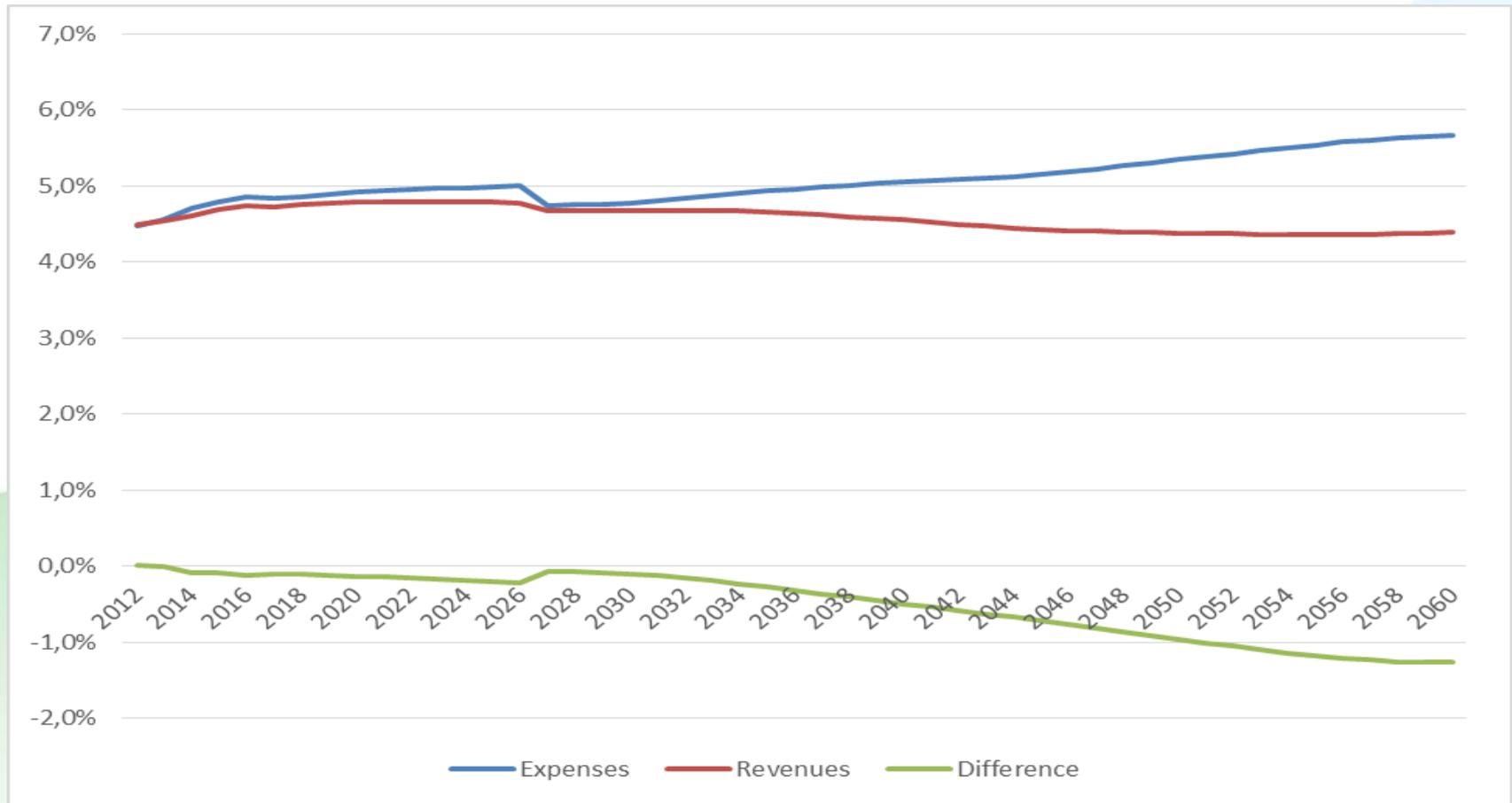
# Pillars of socially efficient health care system (1)

- **Estonian health insurance system adheres internationally recognized principles:**
  - coverage breadth: 95% of population is insured
  - wide scope of services in benefit package
  - out-of-pocket payments are at a reasonable level (20%, pharmaceuticals and dental care)
- **Primary care system is continuously developing**
- **Hospital Network ensures availability of specialist care, incl emergency care**
- **EHIF is the strategic buyer in health care system: 68% of the market**

## **Pillars of socially efficient health care system (2)**

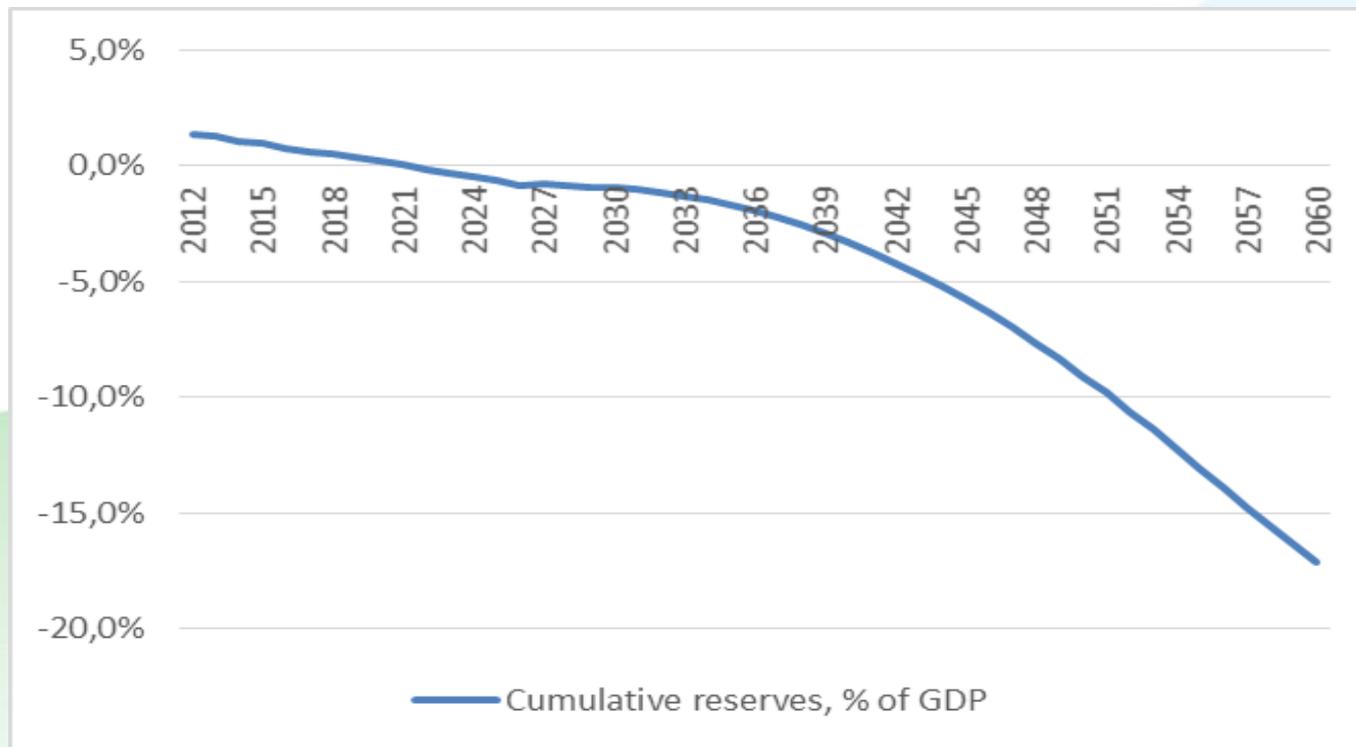
- **Earmarked uniform contribution for health**
  - **Centralized pooling of funds and risks**
  - **Mandatory participation and solidarity ensures financial protection**
  - **Health financing is transparent and accountable to the public**
  - **No fragmentation - single payer with central pricing system using activity based costing**
  - **Strictly EBM-based benefit package design**
- ... and in reality – solidarity-based system is uniquely beneficial for poor and rich alike**

# The strengths of health financing policy in Estonia are internationally recognized. However, there is need to broaden revenue base.



Estonian Health Insurance Fund revenues and expenses on health in 2012 - 2060 ( % of GDP)

**Otherwise, we will start entering the deep red territory in some 7-8 years' time**



**Change of reserves of Estonian Health Insurance Fund, % of GDP**

# Strengthen financial soundness

- There are different options to ensure financial soundness:
  - increase allocations from the central government
  - social tax to dividends from capital investment
  - alcohol and tobacco tax to health care
- Increase the share OOP? Is it an efficient solution? Likely not, but could the current pattern be re-balanced?
- Modify parameters of active working life (e.g., pension age)

# **Maintaining efficiency and public accountability requires a constant work with quality of care**

- **Setting standards (develop local guidelines and introduce international guidelines)**
  - **Measuring the process and outcome of care (clinical indicators, audits)**
  - **Regular feedback (performance report to hospitals and public)**
  - **Transparency and accountability**
  - **Feedback from people on health care system (public survey's)**
- ... and ...**
- **Introduce PfP-based purchasing models – but only after the performance can be measured**

# Health is more than health care – what we need over medium term – or urgently?

- **Well integrated health and social system (incl chronic diseases and multimorbidity)**
- **E-services - comprehensive system comprising of**
  - EHRs (to be improved) and E-prescriptions (we have)
  - Comprehensive e-referral system (under development)
  - Population-based comprehensive registers (early stages)
  - Better e-services for hospitals (invoicing, quality measurement) (under development)
  - Innovative services to connect people with professionals
- **Developing a health-supportive environment**
  - Preventative and educational measures on state and local government level

# EHIF as a health care strategic buyer

- **Buying services from the right care level with the right price**
  - focus on primary care and integration
  - accessibility and demand assessment for specialist care lead to efficient contracts with hospitals
- **Developing integrated care models while including a personal approach,**
  - clinical guidelines with decision support IT solutions
  - patient pathways and e-services
  - quality measures (indicators systems for GPs and specialists alike)
  - financing mechanisms (risk sharing, focus on the results)