

The Estonian Health Insurance System

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Estonian
Health Insurance
Fund

Background

- Estonian health insurance is a social insurance and it relies on the principle of **solidarity**: the Estonian Health Insurance Fund (EHIF) covers the cost of health services required by the person in case of illness regardless of the amount of social tax paid for the person concerned.
- Population: 1,32 million
- Social health insurance coverage: 95% of population
- Health Expenditure (2015) 4.9% of GDP
- **Financed: 13 % earmarked health insurance tax on salaries paid by employers**

History of health insurance in Estonia

- **Until 1991: soviet Healthcare system**
 - Financed from the state budget, centralized state governance
 - Exceptionally big number of hospitals
- **Important changes since 1991:**
 - **1991** health insurance law: early developments for a solidary health insurance
 - **1992** Regional non-competing sickness funds (22 in total)
 - **1994** Regional sickness funds coordinated by central sickness fund
 - **Since 2001** One Estonian Health Insurance Fund (EHIF), where number of regional departments was reduced to 4
- **Today:**
 - One single health insurance fund - **EHIF**
 - Hospital Network: 19 facilities across Estonia, plus selected partners outside the Network (approx. 30 hospitals in total)
 - Over 800 primary care practitioners

Pillars of socially efficient health care system

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

... and in reality – solidarity-based system is uniquely beneficial for poor and rich alike

Estonian Health Insurance Fund

- EHIF is legal person in public law
- One central Estonian Health Insurance Fund (EHIF) with 4 regional departments (since 2001)
- Supervisory Board – represented by state, employers and employees proportionally 5:5:5
- Management board – 3 members
- 208 employees as of end of 2016

Five goals of EHF strategy

1. Ensure equal **access** to health services, pharmaceuticals and financial benefits;
2. Develop the **quality** of the health care system
3. Shape the awareness and **healthy behaviour** of people
4. Ensure **efficient** use of health insurance resources and sustainable development of health insurance system
5. **Improve** the operation of the organization

EHIF's main functions

- Strategic and long term planning
- Budgeting and managing of benefits in kind and cash
- Managing Health services benefit package = **Health service list (HSL)**
 - HSL includes services that are reimbursed to health service providers by EHIF
- Contracting with providers and monitoring the performance of the providers

Planning process of Estonian Health Insurance Fund

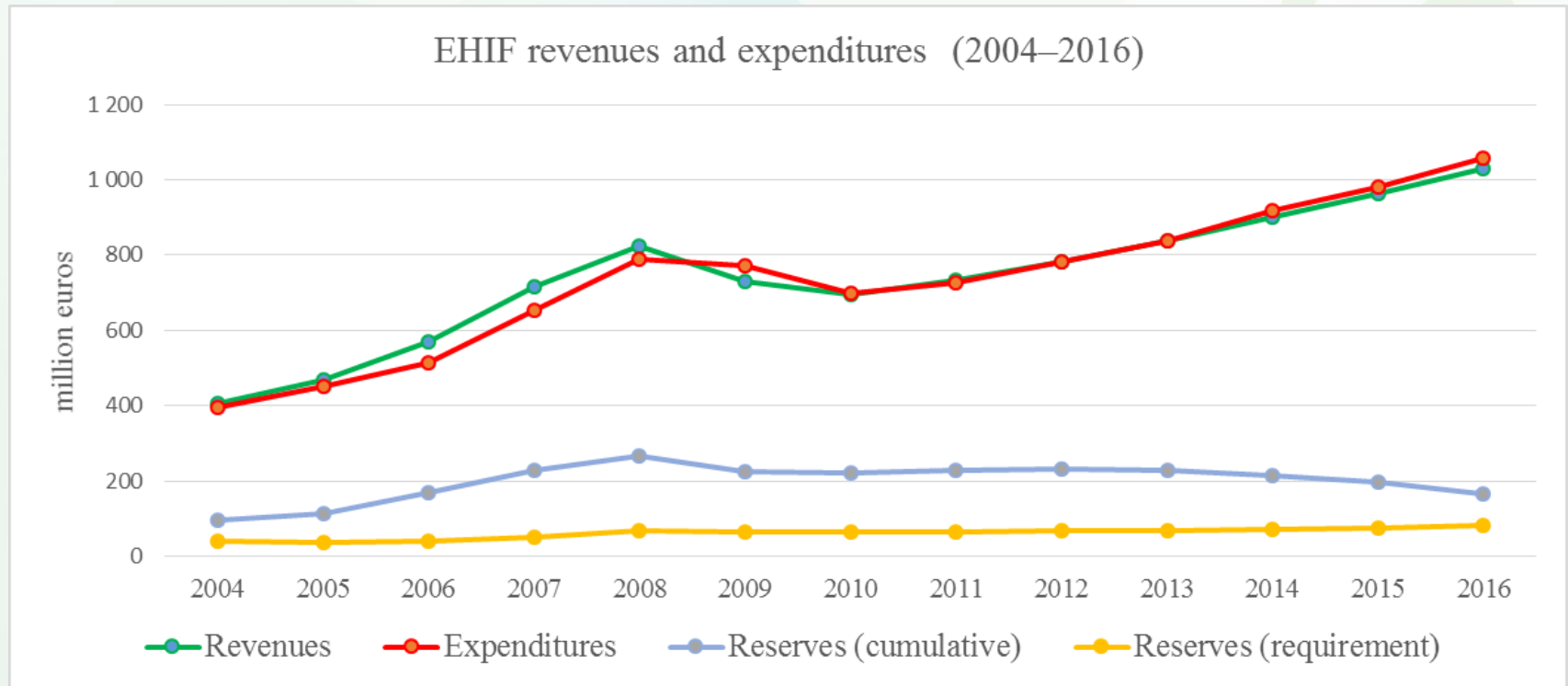
- Long term forecast of health insurance expenses (up to 30 years)
- 4 year budget planning principles and financial prognosis
- 4 year forecast of health services
- Detailed plan of next year demand of health services
- Next year (annual) budget
- Contracts with health services providers



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)

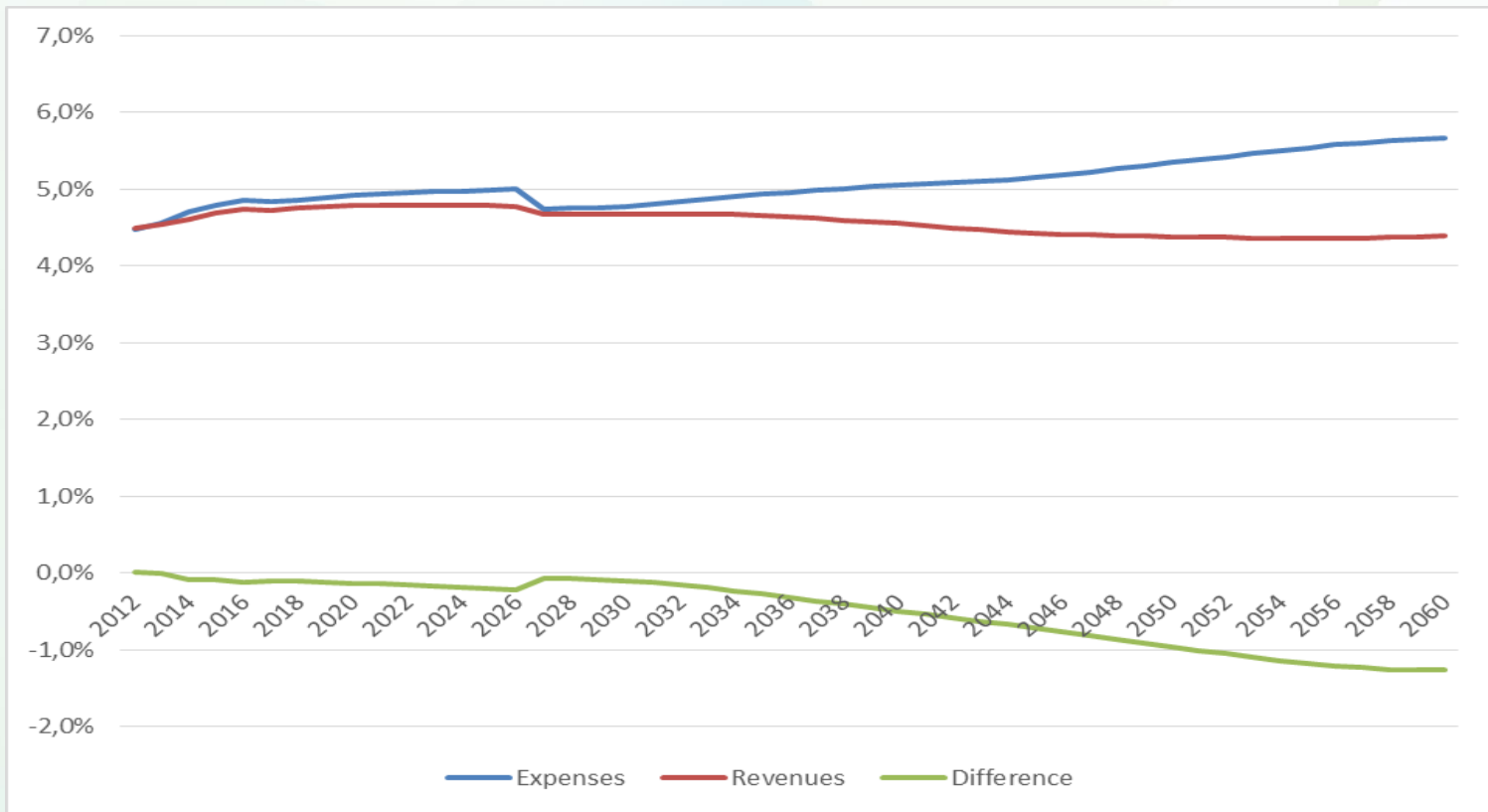
EHIF revenues, expenditures and reserves (2004 -2015)



EHIF's 4 year budget prognosis (approved by EHIF's Supervisory Board)

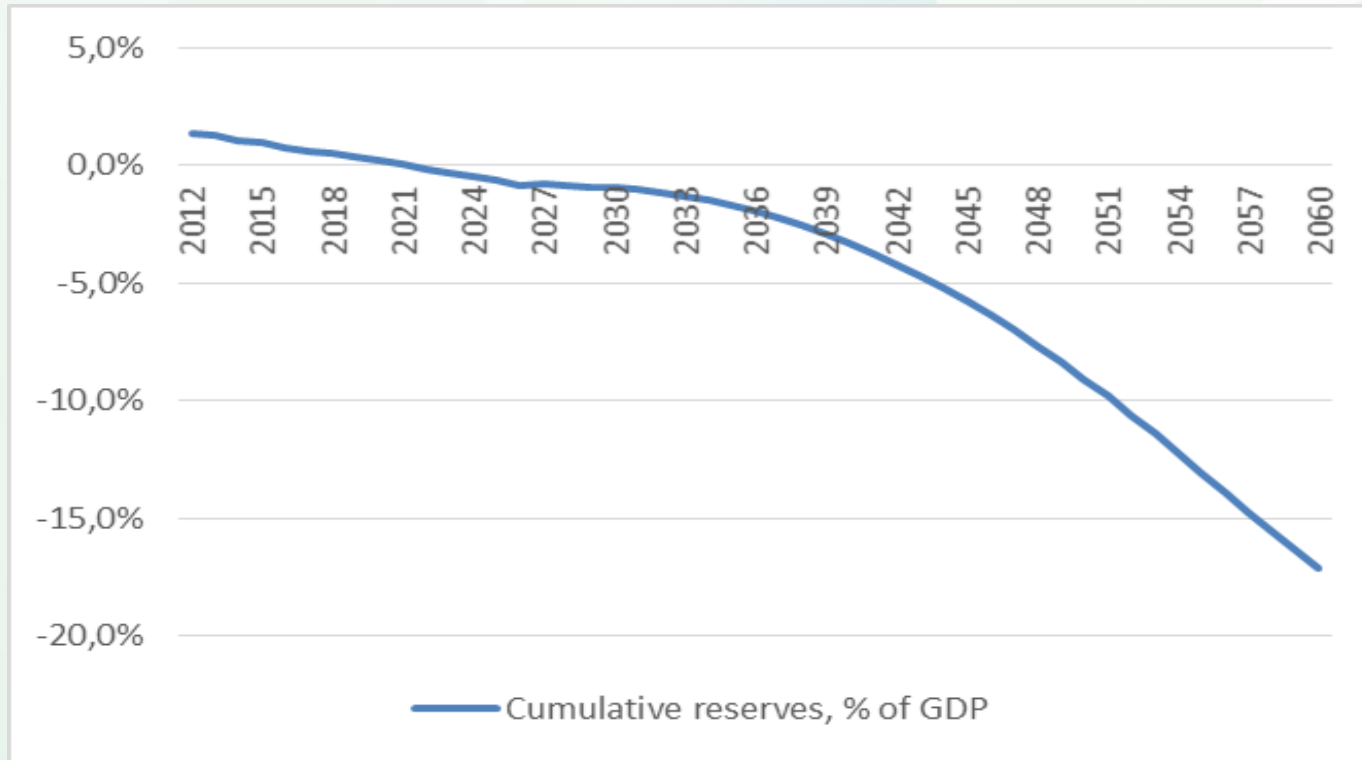
<i>(thousands EUR)</i>	2017 (budget)	% of a budget	2018	% of the prognosis	2019	% of the prognosis	2020	% of the prognosis
REVENUES	1 114 077	99,8%	1 169 866	99,7%	1 235 995	99,4%	1 298 095	98,8%
HEALTH INSURANCE EXPENSES								
Health services expenses	801 974	71,9%	838 007	71,4%	884 265	71,1%	929 746	70,8%
Health promotion expenses	1 436	0,1%	1 580	0,1%	1 801	0,1%	2 054	0,2%
Expenses for compensated pharmaceuticals	131 144	11,7%	136 154	11,6%	142 726	11,5%	149 631	11,4%
Expenses for temporary incapacity to work	140 255	12,6%	153 982	13,1%	167 763	13,5%	181 121	13,8%
Expenses for medical devices	10 100	0,9%	10 353	0,9%	11 078	0,9%	11 854	0,9%
Cross-border treatment	9 097	0,8%	10 461	0,9%	12 031	1,0%	13 835	1,1%
Dental care and denture benefits	9 654	0,9%	10 416	0,9%	10 937	0,9%	11 484	0,9%
Other expenses	2 660	0,2%	2 840	0,2%	3 096	0,2%	3 322	0,3%
Total health insurance expenses	1 106 320	99,1%	1 163 794	99,2%	1 233 697	99,2%	1 303 046	99,2%
Total EHIF's operating expenses	9 857	0,9%	9 939	0,8%	10 380	0,8%	10 782	0,8%
TOTAL EXPENSES	1 116 177		1 173 733		1 244 078		1 313 827	
Budget outcome	-2 100	-0,2%	-3 866	-0,3%	-8 082	-0,6%	-15 732	-1,2%

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



Source: EHIF, long-term forecast

Otherwise, we will start entering the deep red territory in some 5 years' time



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

Strengthen financing

- There are different options to ensure financial soundness:
 - ▶ increase allocations from the central government
 - ▶ social tax to dividends from capital investment
 - ▶ health insurance part of social tax of pensioners to be paid by state
 - ▶ 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)

The background features several large, overlapping, semi-transparent shapes in shades of light green and pale blue. On the right side, there is a faint, stylized illustration of a person in a dynamic, athletic pose, possibly a dancer or a person performing a physical activity, rendered in a light green color.

THANK YOU FOR YOUR ATTENTION!

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