Lessons from the Estonian Health System: Surviving Austerity

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HEALTH SYSTEMS IN THE ERA OF AUSTERITY
DUBLIN
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Estonia at glance

Population: 1.3 million

ALE at birth 76.3 years (2011)

Health Expenditure (2011)
  - 5.9% of GDP
  - Per person €704.9
  - Public expenditure 79.3%
  - Social health insurance 68.6%

Social health insurance coverage 95-96% of population
Estonian Health Insurance Fund (EHIF)
single payer, public law, public ownership

Health care provider
private law, public or private ownership

Hospitals (acute care, nursing care)

Family physisians (primary health care)

Other providers
General context of the crisis

• GDP shrank by 3.7% in 2008 and 14.3% in 2009
• Unemployment rate increased to 17% in 2010
• Governments priority was to adopt the Euro in January 2011
• Extensive fiscal consolidation, e.g:
  – VAT from 18% -> 20%
  – suspension of the step-by-step lowering of the income tax rate
  – limiting the increase in pensions
  – cut of health insurance expenditures
• As the result the overall public sector budget deficit was 1.7 % of GDP in 2009; and surplus of 0.1% in 2010
Public sector health funding: before and after

Source: National Health accounts, www.tai.ee
Total health care expenditure by expenditure agent: before and after

Source: National Health accounts, www.tai.ee
EHIF revenues, expenditures and reserves

Source: EHIF, www.haigekassa.ee
Changes to coverage and cost shifting:  
*Temporary sick leave benefits reform*

Temporary sick leave benefits reform - from July 2009

- No benefits paid for the first 3 days of sickness or injury (previously only one day)
- Employer pays benefits from 4 to 8 days, from 9th pays EHIF (previously employer did not participate)
- Reducing benefit rate from 80% to 70%
What if...
Changes to coverage and cost shifting: *Access to care*

- Maximum waiting times for outpatient specialists’ visits increased from four to six weeks (2009)
- All other types of waiting times were kept at pre-crisis level
- Priority was to keep the financing of the primary care and outpatient care to the pre-crisis level
Changes to coverage and cost shifting: *Dental care and nursing care*

- Before 2009 all insured persons aged 19 and over were entitled for **dental care cash benefit** of 19.18 eur, but from 2009 only retired persons retained this right

- **15% co-insurance rate** for **nursing inpatient care**, 2010
Efforts to enhance efficiency: *Reducing tariffs*

- **2009**
  - Reducing all health services tariffs by 6%
  - Abolishing reduced working times
- **2011**
  - Raising health services tariffs by 1% in general, primary care 3%
- **2012**
  - Tariffs raised to pre-crisis level
Efforts to enhance efficiency: *Rational drug use*

- Required **ATC based prescriptions** (since 2010)
- Implementing **electronic prescription** (since 2010)
- Price agreements and **reference pricing** for drugs in lowest reimbursement category (since 2010)
- **Awareness campaigns** for public (since 2010)
- **Requested offering of cheapest medication in pharmacies** (since 2012)
Impact of the crisis
Health outcomes

Average life expectancy at birth

<table>
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<th>Year</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
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<tr>
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<td>2010</td>
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<tr>
<td>2011</td>
<td>76.3</td>
<td>71.2</td>
<td>81.1</td>
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Financial protection

OOP of EHIF reimbursed medications, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>%</td>
<td>37.8%</td>
<td>38.6%</td>
<td>38.5%</td>
<td>36.9%</td>
<td>36.2%</td>
<td>34.5%</td>
<td>33.0%</td>
</tr>
</tbody>
</table>

Source: EHIF, www.haigekassa.ee
Public satisfaction

Share of population satisfied or very satisfied (%)

Access to care

Quality of care

Source: EHIF, www.haigekassa.ee
Conclusions

Estonian health system was well prepared for the crisis
- Decisions made were mostly in agenda before the crisis
- EHIF had sufficient reserves and temporary sick leave benefits cut released funds for health care
- Short term price cuts had balancing effect on high price increases before the crisis
- ... and therefore there was no unavoidable need for structural changes, e.g. move on radically with hospital sector reform

Impact of the crisis on health system developments is imprecise
- Increase in rational drug use – probably crisis fastened the process
- Health service prices rationing – crisis changed general attitude on waste
- Performance monitoring, clinical guidelines – impact is rather marginal and developments would happen anyway
- Short term impact on health outcomes rather positive, long term impact not assessed
Thank you for your attention!