The Estonian Health Insurance System

Pille Banhard
Estonian Health Insurance Fund
Member of the Board

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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 pracitioners

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 EHIF 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

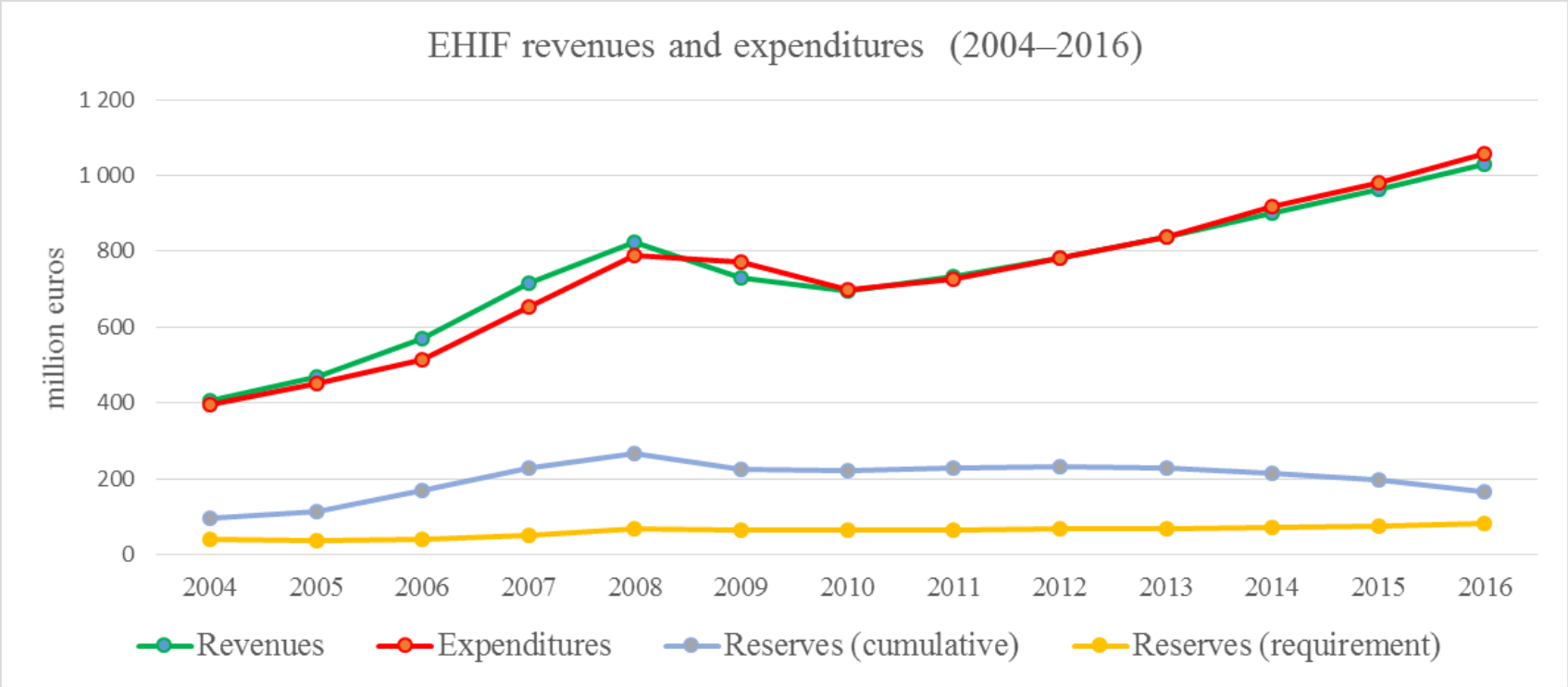
- Long term forecast of health insurance expenses (up to 30 years)
- 4 year budget planning principles and financial prognosis
- 4 year forecast of health services
- Detailed plan of next year demand of health services
- Next year (annual) budget
- Contracts with health services providers

Estonian Health Insurance Fund

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)



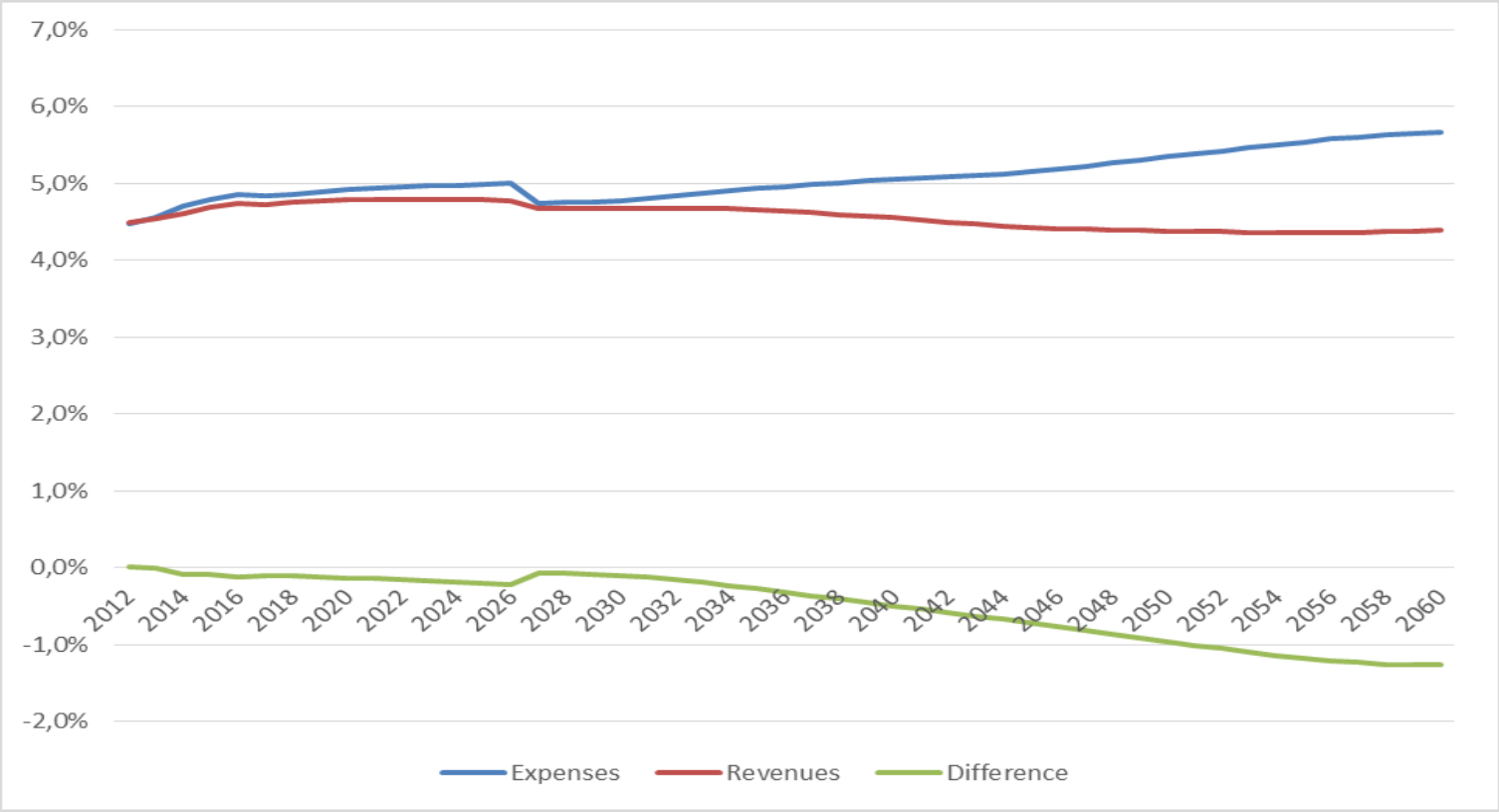
Estonian Health Insurance Fund

Source: EHIF, www.haigekassa.ee

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

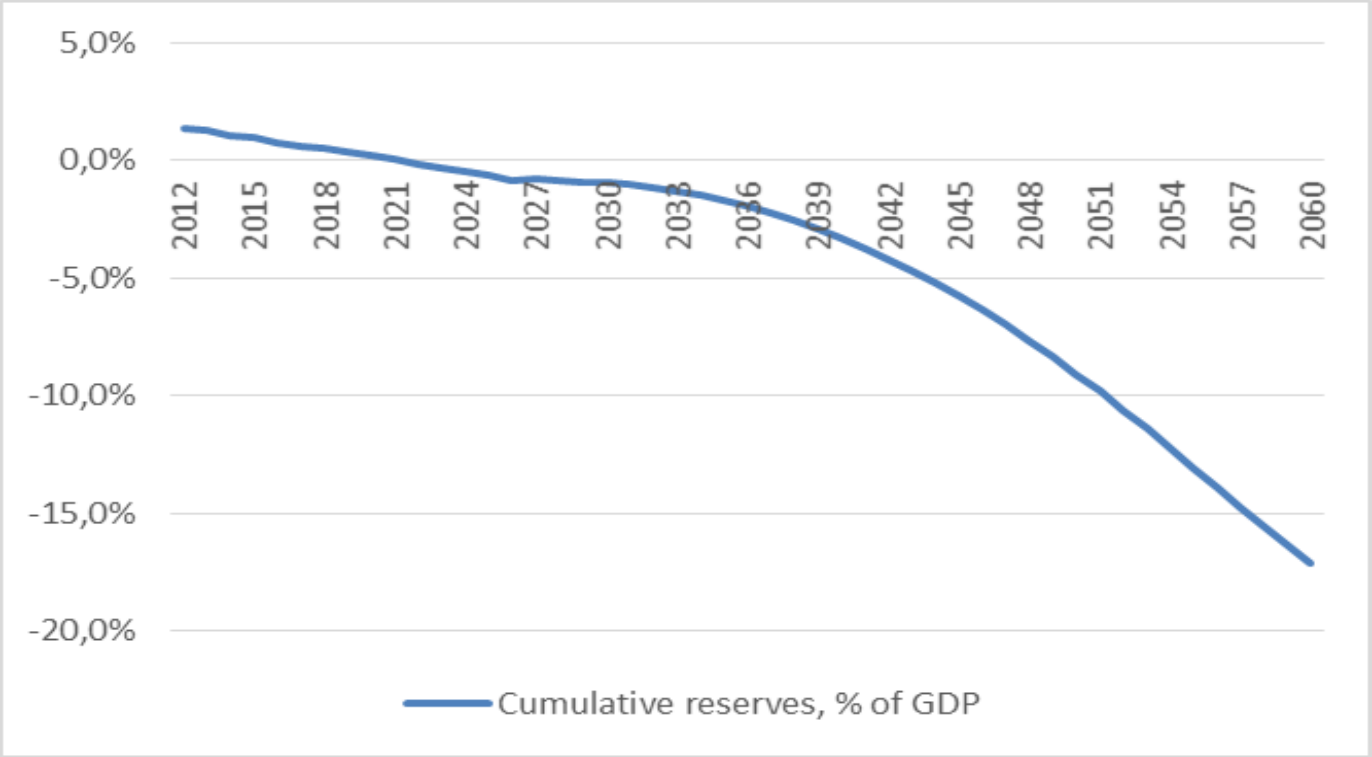
(thousands EUR)	2017	2018	2019	2020
REVENUES	1 094 507	1 169 866	1 235 995	1 298 095
HEALTH INSURANCE EXPENSES				
Health services expenses	793 112	838 007	884 265	929 746
Health promotion expenses	1 398	1 580	1 801	2 054
Expenses for compensated pharmaceuticals	129 899	136 154	142 726	149 631
Expenses for temporary incapacity to work	141 367	153 982	167 763	181 121
Expenses for medical devices	9 767	10 353	11 078	11 854
Cross-border treatment	9 097	10 461	12 031	13 835
Dental care and denture benefits	9 920	10 416	10 937	11 484
Other expenses	2 556	2 840	3 096	3 322
Total health insurance expenses	1 097 117	1 163 794	1 233 697	1 303 046
Total EHIF's operating expenses	9 490	9 939	10 380	10 782
TOTAL EXPENSES	1 106 607	1 173 733	1 244 078	1 313 827
Budget outcome	-12 100	-3 866	-8 082	-15 732

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 pensioneers 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)

THANK YOU FOR YOUR ATTENTION!

For questions: pille.banhard@haigekassa.ee