



Estonian Health Insurance Fund Annual Report of financial year 2020

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Start of the financial year	1 January 2020
End of the financial year	31 December 2020
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Management Board of the Estonian Health Insurance Fund (in the photo from the left: Rain Laane, Maivi Parv, Pille Banhard, Karl-Henrik Peterson)

Statement by the Management Board of the Health Insurance Fund

The year 2020 was very exceptional and changed our society's perception of health and healthcare in many ways, because it was this area that was most visible to people. The changes have been and still are fast, but nevertheless our goal is the same as before – to help maintain the health of the people of Estonia, and increase the number of years lived healthy.

Health care is still under severe strain and stress at the time of issuance of the annual report. Every day, our doctors, nurses, and many other health care workers do their best to make the coronavirus crisis over, so we could all return to a normal life.

Every year, we have invested more and more money in the health care system through taxes paid by people, because just as the rest of life becomes more expensive, so does health care. We are trying to maintain a balance in funding between different patient groups, even if a large amount of money is still spent on combating the coronavirus. Here is how everyone can support their health care by conserving their health: one should still keep a two-meter gap, wear a mask, clean one's hands and get vaccinated when invited. Only in this way can we contribute to reducing the risk of infection.

As before, **disease prevention and health promotion** are increasingly important, and we will continue allocating more funds into these areas. We fund cancer screening, vaccines for children and elderly in nursing homes, prevention and treatment of dental diseases of children and adults, as well as medical checks and counseling, mental health services and many other health care projects.

Holistic approach to patient care starts from the family physician and the family nurse. Over the years, our family physicians and family nurses have been introducing new and flexible ways to improve the availability and quality of medical care. Last year, we added six new specialties to the e-consultation specialties; in total, it is already possible to consult online in 28 specialties. In 2020, we expanded the possibility of the e-consultation in the field of child psychiatry (as a pilot project) and andrology, and negotiations for the addition of new specialties continued with several professional societies. As a result, six new e-consultation options were added in the second half of 2020: for a general surgeon, an infection disease doctor, a medical genetics doctor, a neurosurgeon, an oral, maxillofacial and maxillofacial surgeon, and a pediatric surgeon. As a pilot project, e-consultations in the field of pediatric ophthalmology have started.

More and more family physicians have opened their practices at larger **primary care centers** that provide better conditions for the treatment of patients. By the end of 2020, 215 practice lists had joined primary care centers, compared to 142 lists a year earlier. Last year, a new service, which is **home nursing at a health center**, was added to expand the range of services offered to people by family physicians. About 10,000 people used the home nursing service last year.

Last year, the Estonian Health Insurance Fund (hereinafter referred to as EHIF) started financing the **nursing services in general nursing home**, which gives nursing homes the opportunity to offer free nursing care to their residents.

We will continue updating and expanding our specialized medical care package to provide up-to-date services to as many people as possible. As an innovation of 2020, a pilot project on ischemic stroke was fully implemented in specialized medical care, the aim of which is to implement a comprehensive care pathway and new reimbursement methods, first in stroke treatment, but also in other health conditions with long-term rehabilitation. This project is also unique in Estonia because, for the first time, health outcomes are systematically measured by monitoring the patient's quality of life and coping.

In order to compensate for the availability of **outpatient treatment service**, in 2020, EHIF used, for the first time, an extended and paid teleconsultation service in those specialties included in the list of health care services, which could also be coded in emergency situations when rendering the teleconsultation service. In 2020, the teleconsultation service was provided in specialized medical care 363,932 times, and it accounted for 10.8% of all appointments.

Every year, we add new and high-quality pharmaceuticals to the list of reimbursable pharmaceuticals and healthcare services. 14 new hospital pharmaceuticals were added to the list of health care services that came into force at the beginning of 2020, most of which are antitumor medicines. The medicines are used to treat breast tumor, head and neck tumor, pancreatic tumor, and hematological tumors (various lymphomas and leukemia). The list was also expanded with three new lung cancer medicines, in addition to the expensive medicine named eculizumab, or Soliris. One patient's annual treatment with Soliris costs hundreds of thousands of euros.

We reimburse for medical devices that can be used to treat diseases and injuries, or which help prevent the aggravation of diseases. In 2020, we reimbursed 77,951 people for medical devices and started reimbursing for 117 new devices. We expanded our range of medical devices for treatment of sleep apnea, asthma and lymphedema, venous insufficiency, wound, and diabetes.

We also added new ostomy products and orthoses to the list, as well as a pump-free continuous glucose monitoring system that provides similar efficiency to an insulin pump. This system is an alternative to modern pump therapy and an additional option for children on injection or using a pump without glucose monitoring. Compared to 2019, the number of users of children's pump and sensor therapy increased by 17%. In total, we invested 1.8 million euros in the treatment of diabetes in children, i.e. we additionally contributed nearly 111 thousand euros to improving the availability of the treatment.

To ensure the quality of healthcare, we continue to support the development of clinical and patient guides, 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 August 2019, a nationwide **digital reception** was opened. It launched a fully-fledged specialized medical care in outpatient care in 2020, and nursing and dental care are gaining momentum. In 2020, the **decision support of family physicians** was introduced, which contributes to the harmonization of the quality of work of family physicians.

The COVID-19 virus also brought us additional expenses. For the first time in 2020, EHIF reimbursed the **employee's sick leave days** from the state budget from the first to the third day for all the sick leave certificates opened from 13 March until the end of the public emergency on 17 May.

We know that health care continues to be very important to all of us, and each of us wants to get the best help with health concerns, even when the virus is widespread. We do our best to support the functioning of the healthcare system and provide funding according to the capabilities of our common "purse" for treatment expenses.

Treating diseases is still very important, and we continue to offer a sense of security in this regard. At the same time, we must still remember that the key to maintaining good health is in everyone's own hands. Move, rest, eat healthily, and take care of your loved ones – this is one of the easiest formulas for living a healthy life.

Management Report

Health Insurance System and Estonian Health Insurance Fund

The Estonian health care system is based on compulsory solidarity-based health insurance. 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. The cost of healthcare services 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 healthcare 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 service providers and EHIF are regulated by appropriate contracts;
- the pricing and financing of healthcare 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 Management Board. As of 31/12/2020, EHIF had a total of 200 job positions. In 2020, there were an average of 194 employees with employment contracts.

Table 1. Key indicators 2016–2020

	2016 actual	2017 actual	2018 actual	2019 actual	2020 actual	Change compared to 2019
Number of insured persons at the end of the period	1 237 277	1 240 927	1 251 617	1 262 381	1 265 601	0%
Revenue of EHIF (thousand euros)	1 028 963	1 133 971	1 318 541	1 476 102	1 656 106	12%
Health care expenditure (thousand euros)	1 049 270	1 117 192	1 287 860	1 424 249	1 625 548	14%
Operating expenses of EHIF (thousand euros)	9 288	9 975	11 514	13 383	13 323	0%
Number of persons who used healthcare services and benefits						
Number of persons who used healthcare services	1 133 233	1 137 156	1 141 044	1 145 078	1 138 389	-1%
Family medical care	1 019 429	1 027 837	1 035 493	1 037 415	1 031 601	-1%
Specialized medical care	798 592	784 175	779 027	778 197	730 200	-6%
outpatient treatment	779 316	767 185	761 799	761 279	713 665	-6%
day treatment	57 705	58 000	60 086	61 301	53 921	-12%
inpatient treatment	145 568	131 749	131 978	131 871	118 748	-10%
Nursing care	18 078	18 387	19 045	19 326	23 729	23%
Dental care	169 287	168 092	167 367	171 975	170 265	-1%
Number of persons who used benefits						
Dental care benefit	0	78 579	223 619	263 657	284 523	8%
Benefit for dentures	39 201	43 323	38 653	40 957	35 312	-14%
Reimbursable pharmaceuticals	847 628	846 554	861 925	863 060	832 075	-4%
Medical devices	70 457	71 297	75 157	78 681	77 951	-1%
Benefit for incapacity to work	174 187	179 012	186 223	183 659	209 237	14%

Number of appointments						
Number of family physician appointments	6 309 616	6 573 234	6 955 358	6 941 853	7 064 725	2%
family physician appointments	4 622 354	4 710 294	4 961 469	4 867 540	4 723 332	-3%
family nurse appointments	1 342 697	1 494 205	1 635 461	1 726 106	2 020 657	17%
incl. family physician and family nurse appointments	1 249 338	2 086 631	2 476 701	2 645 907	3 975 216	50%
prophylactic appointments	344 565	368 735	358 428	348 207	320 736	-8%
Number of outpatient appointments for specialized medical care	4 071 794	3 976 540	3 936 966	3 972 992	3 384 600	-15%
physician appointments	3 060 561	2 979 179	2 893 274	2 857 921	2 329 810	-18%
nurse appointments	495 129	496 053	531 087	589 481	621 919	6%
incl. physician and nurse appointments	-	-	-	-	363 932	-
other appointments	516 104	501 308	512 605	525 590	432 871	-18%
Number of nursing care appointments	312 631	320 350	332 921	360 351	360 032	0%
physician appointments	53 628	62 811	66 948	74 013	75 524	2%
nurse appointments	247 681	246 673	254 769	272 974	283 453	4%
incl. physician and nurse appointments	-	-	-	-	4 195	-
other appointments	11 322	10 866	11 204	13 364	1 055	-92%
Number of nursing care service appointments	-	-	-	-	327 321	-
nurse appointments	-	-	-	-	750	-
other appointments	-	-	-	-	326 571	-
Number of surgeries	139 895	134 631	140 950	144 406	130 670	-10%
outpatient treatment	15 683	15 132	15 674	16 644	15 346	-8%
day treatment	53 044	52 352	57 923	58 557	50 963	-13%
inpatient treatment	71 168	67 147	67 353	69 205	64 361	-7%
Number of births	13 567	13 197	13 803	13 594	12 701	-7%

Strategic goals and their achievement in 2020

Weight (%)	Indicator	Goal	Execution	Achievement, %
Human-centered healthcare				
30	<p>Coverage of preventive activities – early detection ensures earlier treatment</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. (2) Vaccination of children aged 0–2 with calendar vaccines according to EHIF data</p>	breast cancer 73%; cervical cancer 73%; colorectal cancer 64%; immunization >= 94%;	breast cancer 63.4%; cervical cancer 64.3%; colorectal cancer 64.6%; immunization >= 86.2%;	27,2
Collaborative healthcare system				
10	<p>Specialized medical care availability</p> <p>Based on retrospective reports, the actual waiting lists for initial scheduled appointments at contract partners for specialized medical care have stayed within 42 days (during up to six weeks)</p>	>61%	65,7%	10,0
10	<p>Budget balance</p> <p>The total amount of the EHIF's reserves (capital reserve, risk reserve, and retained earnings) does not decrease (224.9 million euros in 2019)</p>	+/-0%	yes	10,0
10	<p>Strengthening the primary healthcare:</p> <p>Number of the practice lists affiliated to primary care centers (142 affiliated lists at the end of 2019)</p>	+27%	51% (215 newly affiliated practice lists)	10,0
Speed of innovation implementation				
10	<p>Development of the partnership system:</p> <p>The desktop of the partnership system can be used by healthcare service providers (concluding contracts and monitoring their performance)</p>	yes	yes	10,0
10	<p>Clinical decision support project</p> <p>Clinical decision-making support system for family physicians – Enterprise Estonia has approved the project, decision support is launched / used by the family physician in daily work</p>	yes	yes	10,0
10	<p>A new way of funding to support integrity/continuity of treatment</p> <p>In neurology, a comprehensive patient's care pathway and indicators of the treatment process are applied in ischemic stroke treatment – the 30-day mortality of an acute stroke patient does not exceed 17%, and the number of contactless people decreased by 10% after active treatment</p>	<17% mortality –10% contacts	16,7% 7,1%	8,5
10	<p>Data analysis</p> <p>Pilot program of machine learning – quality promotion and monitoring topics</p>	yes	yes	10,0
100	Total performance indicators			95,7

Budget Execution Report

Table 2. Budget execution in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution	Change in 2020 compared to 2019
REVENUE OF EHIF					
Health insurance component of social security tax	1 333 714	1 429 108	1 381 987	97%	4%
Operational allowance	135 723	166 405	164 656	99%	21%
Revenue from insurance contracts	1 521	1 500	1 576	105%	4%
Recoveries and revenues from health insurance benefits	1 329	1 350	1 633	121%	23%
Financial revenue	128	50	153	306%	20%
Other revenue	3 687	3 000	3 397	113%	-8%
TOTAL REVENUE OF EHIF	1 476 102	1 601 413	1 553 402	97%	5%
ADDITIONAL MONEY FOR COVID-19 FROM THE STATE BUDGET	0	0	100 674	0%	100%
TOTAL BUDGET REVENUE	1 476 102	1 601 413	1 654 076	103%	12%
Healthcare services costs					
Healthcare services costs	1 066 908	1 161 616	1 129 437	97%	6%
Disease prevention costs	14 377	16 259	14 450	89%	1%
Primary medical care costs	143 770	163 063	159 889	98%	11%
Specialized medical care costs	752 053	811 937	771 596	95%	3%
Nursing care costs	39 982	46 326	45 485	98%	14%
Dental care costs	54 752	59 259	54 831	93%	0%
Emergency medical care costs	53 164	56 940	57 771	101%	9%
Emergency medical care for uninsured persons	8 810	7 832	7 942	101%	-10%
Personal protective equipment	0	0	17 473	0%	100%
Health promotion costs	2 504	4 050	2 741	68%	9%
Costs of pharmaceuticals	165 455	183 284	176 747	96%	7%
Costs of reimbursable pharmaceuticals for the insured	139 160	151 888	152 746	101%	10%
Additional benefit for pharmaceuticals	7 481	9 296	7 488	81%	0%
HIV and AIDS medicines, antidotes and immune preparations	18 814	22 100	16 513	75%	-12%
Costs of benefits for temporary incapacity to work	167 352	178 462	172 045	96%	3%
Costs of benefits for medical devices	11 471	12 600	11 633	92%	1%
Treatment of Estonian insured persons abroad	8 257	15 711	11 785	75%	43%
Other expenses	2 302	25 560	18 922	74%	722%
Total healthcare expenses, excluding COVID-19 expenses	1 424 249	1 581 283	1 523 310	96%	7%
COVID-19 expenses	0	0	100 674	0%	100%
TOTAL HEALTHCARE EXPENSES	1 424 249	1 581 283	1 623 984	103%	14%

OPERATING EXPENSES OF EHIF					
Labor expenses	7 360	7 990	7 979	100%	8%
Management expenses	1 893	2 422	1 937	80%	2%
Information technology expenses	2 689	2 868	2 150	75%	-20%
Development expenses	271	450	339	75%	25%
Other operating expenses	1 170	1 370	951	69%	-19
Total operating expenses of EHIF	13 383	15 100	13 356	88%	0%
TOTAL BUDGET EXPENSES	1 437 632	1 596 383	1 637 340	103%	14%
BUDGET OUTTURN	38 470	5 030	16 736	-	-
RESERVES					
Change in capital reserve	9 463	7 712	7 712	-	-
Change in risk reserve	3 469	2 821	2 821	-	-
Change in retained earnings	25 538	-5 503	6 203	-	-
Total change in reserves	38 470	5 030	16 736	-	-

Number of insured persons

Table 3. The number of insured persons

	31.12.2018	31.12.2019	31.12.2020	Change compared to 2019 (number of persons)	Change compared to 2019, %
Employed insured persons	632 428	639 904	620 564	-19 340	-3%
Persons considered equal to insured persons	575 621	576 743	586 058	9 315	2%
Other insured persons	43 568	45 734	58 979	13 245	29%
State-insured persons	39 895	41 591	54 651	13 060	31%
Persons insured under international contracts	3 146	3 620	3 771	151	4%
Persons considered equal to the insured persons under a voluntary contract	527	523	557	34	7%
Total	1 251 617	1 262 381	1 265 601	3 220	0%

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 security 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 of EHIF. 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 capacity to work;
- 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 allowance, recipients of allowance for creative activity, recipients of rescue service allowance, 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.

Revenue

Table 4. Revenue budget execution in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Health insurance component of social security tax	1 333 714	1 429 108	1 381 987	97%
Operational allowance	135 723	166 405	164 656	99%
Revenue from insurance contracts	1 521	1 500	1 576	105%
Recoveries and revenues from health insurance benefits	1 329	1 350	1 633	121%
Financial revenue	128	50	153	306%
Other expenses (excluding COVID-19 expenses)	3 687	3 000	3 397	113%
ADDITIONAL MONEY FOR COVID-19 FROM THE STATE BUDGET	0	0	100 674	100%
Total	1 476 102	1 601 413	1 654 076	103%

Health insurance component of social security tax

EHIF's revenue budget is most affected by the income from the health insurance component of social security tax. In 2020, the health insurance component of social security tax was 1.38 billion euros, which exceeded the planned budget by 47 million euros. In planning for the health insurance component of social security tax for 2020, EHIF used a forecast prepared by the Ministry of Finance, which predicted a 9% increase (i.e. 117 million euros) in the health insurance revenue of social tax in 2020 compared to the 2019 budget.

Operational allowance

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 operational allowance is to extend the health insurance revenue base in order to reduce its dependence on employment-based funding. In 2020, the amount allocated to EHIF from the state budget was 11% of the total of non-working pensioners' pensions.

Revenue from insurance contracts

These are the revenues 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 in 2020 was 170.3 euros. As of 31 December 2020, there were 586,058 people insured based on the contract under which a person is considered equal to insured persons, and in 2020 the income was 1,1 million euro.

In 2020, the income from the insurance of non-working military pensioners of the Russian Federation amounted to 453 thousand euros.

As of 31 December, there were 248 insured persons. Until 28 February, 2020, the Russian Federation paid 134.92 euros per month for each military pensioner, and, from 1 March, it paid 148 euros per month. The monthly cost of a health insurance premium is based on the average cost of treatment in 2020 in the age group of 70 to 79 years.

Recoveries and revenues from health insurance benefits

The claims submitted to insurance companies for healthcare costs paid as a result of traffic damage, as well as the receivables submitted to healthcare service providers, pharmacists and insured persons as a result of inspection are recorded as recoveries.

In 2020, 1.6 million euros of revenue was received as receivables, which was almost 283 thousand euros higher than the budget planned for 2020 (budget execution by 121%). In 2020, 54% of the recoveries consist of claims for traffic damages submitted to insurance companies, 18% are the receivables submitted to healthcare service provider, and 28% consist of amounts recorded as revenues calculated on the basis of private persons' receivables.

Financial revenue

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 financial year 2020, EHIF earned a total interest of approx. 153 thousand euros on the balance of funds held in the state group account.

Other revenue

Other revenues reflect the funds for covering the extraordinary expenses of medical institutions allocated to EHIF from the supplementary budget of the Government of the Republic for 2020 by Regulation No. 28 dated 23 April 2020 "Conditions and Procedure for Payment of Benefits and Services through the Estonian Health Insurance Fund in Public Emergency", and Government Ordinance No. 413 dated 19 November 2020 "Allocation of Money". To cover COVID-19 expenses, EHIF received additional 221 million euros from the state budget, of which 100.7 million euros were used and disclosed in revenue.

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

In 2020, we submitted to the competent authorities of other Member States receivables for the medical services provided in Estonia to the insured persons of other EU Member States in the amount of 2.6 million euros.

Expenses

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

In planning of the healthcare budget for the year 2020, we were guided by the following principles:

- provide insured persons an extended range of evidence-based healthcare services, pharmaceuticals and medical devices;
- pay close attention not only to the diagnosis and treatment of diseases but also to the prevention of health risks;
- finance the healthcare services of the insured persons assessed by EHIF in accordance with the assessed demand and budget resources;
- account for wage component change in service prices as of 1 April 2020.

The implementation of the 2020 budget was influenced by:

- Revenue from the health insurance component of social security tax;
- the spread of the COVID-19 virus and coverage the expenses involved;
- execution of the budget for healthcare services;
- execution of budget for pharmaceuticals.

Revenue from the health insurance component of social security tax

EHIF's revenue is most affected by the income from the health insurance component of social security tax. In planning for the health insurance component of social security tax for 2020, EHIF used a forecast prepared by the Ministry of Finance, which predicted a 9% increase in the health insurance revenue of social security tax in 2019 compared to the 2018 budget. Expenditure in 2020 were mostly affected by lower social security tax receipts due to the public emergency.

Execution of the budget for health care costs

The implementation of the health care budget has been affected by the additional funds allocated from the state budget to cover COVID-19 expenses, with the help of which we were able to finance medical institutions to a greater extent than planned to cover the additional costs related to the virus. To cover the spread of COVID-19, the health care budget was supplemented with coverage of personal protective equipment. At the same time, due to the establishment of public emergency and the epidemic of COVID-19, the number of appointments decreased in the second half of the year in almost all types of medical care, mostly in specialized medical care. The number of participants in screening also decreased. This in turn affected the execution of the health care budget.

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 and AIDS medicines, antidotes and immune preparations. Expenses in the field of HIV medicines and immune preparations have decreased by 12% compared to the previous year, which is mainly due to a significant decrease in the cost of antiretroviral medicines.

The spread of the COVID-19 virus and coverage of the expenses involved;

The spread of COVID-19 in Estonia, which started in March 2020, affected the provision of healthcare services and led to additional costs as the investments necessary for preventing the spread of the virus, both for the acquisition of hospital infrastructure and personal protective equipment. In addition, the need for compensation for sick leave and care days increased.

On 12 March 2020, the Government of the Republic declared a state of public emergency in connection with the spread of COVID-19 in the country. During the public emergency, the amount of scheduled work decreased and therefore the income of the institutions providing healthcare services also decreased, which made it no longer possible for medical institutions to cover fixed costs (e.g. salaries and wages, maintenance of premises). Additional costs were added to HNBP (Hospital networks development program) hospitals and ambulance: adaptation of premises and purchase of equipment, Emergency Department staff, COVID-19 departments (intensive care beds), and COVID-19 ambulance brigades, as well as teleconsultations, etc. There was also an increase in the cost of nursing care, as firstly, COVID-19 patients stayed longer and, secondly, patients were not referred to home care / other medical institutions to minimize the risk of infection. Expenses were increased in dental care (emergency dental readiness fees) and primary medical care (services for non-listed patients and uninsured people, operation of emergency centers, additional examinations from the medical tests fund, COVID-19 testing costs).

During the summer, the spread of COVID-19 decreased, and the related expenses were covered by the EHIF's traditional health care costs, including the personal protective equipment costs added to EHIF expenses, but in late autumn the epidemic spread again placed a significant additional burden on the health care sector.

In order to prevent the spread of the virus and enable EHIF to finance the measures taken during the public emergency to ensure the continuity of the health care system and the availability of high-quality healthcare services, the Government allocated additional funds to EHIF to cover COVID-19 expenses. We received additional funds both to cover the expenses incurred during the public emergency, and to cover the costs related to the deterioration of the epidemiological situation in the autumn and winter of 2020.

Table 5. Coverage of COVID-19 expenses, in thousands of euros

	Usage of additional money for COVID-19 in 2020	Coverage of COVID-19 expenses in 2020 from the healthcare services budget
Disease prevention		0
Primary medical care	1 047	66
Specialized medical care	66 665	5 649
Nursing care	1 890	306
Dental care	3 210	600
Ambulance	6 982	350
Benefits for temporary incapacity to work	19 822	3 600
Pharmaceuticals	517	0
Teleconsultations	0	6 730
Personal protective equipment	0	15 128
COVID-19 testing	0	3 986
Total	100 674	36 415

For the first time, the Government of the Republic adopted a regulation to cover COVID-19 expenses on 23 April 2020. The regulation named “Conditions and Procedure for Payment of Benefits and Services through the Estonian Health Insurance Fund in Public Emergency” provided which expenses would be additionally reimbursed to medical institutions during the public emergency and within 60 days after the end of the public emergency. In order to cover the listed expenses, 213.2 million euros were allocated to EHIF from the state budget. The state of public emergency was lifted on 18 May. In order to use the allocated allowance, the Management Board of EHIF approved the principles of payment for services under special conditions and the calculation methodology. The agreements on financing the treatment, financing primary medical care, and financing ambulance were amended. A total of 92.7 million euros of the allowance money were spent during the public emergency and within 60 days after the public emergency.

The largest amount was allocated to cover the costs of specialized medical care, in total of 64 million euros. 21.5 million euros were spent to cover the fixed costs of hospitals during the period when scheduled treatment was limited. 28 million euros were spent to cover the additional costs of personal protective equipment. 20 million euros were used to cover the additional costs of incapacity benefits, including the first three days of sickness benefits. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the EHIF website.

In order to ensure the provision and reorganization of healthcare services during the spread of the coronavirus in the second half of the year, the Government of the Republic issued Ordinance No. 413 dated 19 November 2020 “Allocation of Money” and allocated 7.992 million euros to EHIF from the reserve. In particular, 6.9 million euros were intended to cover the costs of specialized medical care and ambulance, 0.9 million euros to cover primary medical care costs, and 0.2 million euros to cover additional nursing care costs.

In order to use the allocated allowance, the Management Board of EHIF approved the principles of payment for services to health care providers and ambulance service providers under special conditions from September to December 2020. When reimbursing additional costs, either the maximum reference price established in the list of health care services and the ambulance financing regulation was increased (by the coefficient found on the basis of the methodology), or the cost not included in the maximum reference price of healthcare services was paid on the basis of other methodology. The allowance money was used in the second half of 2020 in the total allocated amount, i.e. almost 8 million euros.

However, not all the expenses related to COVID-19 were covered by the additional money. A total of 36.4 million euros of the EHIF’s health care expenses have been spent during this year. The largest amount, i.e. 15 million euros, has been paid for personal protective equipment.

In 2020, the Government of the Republic allocated a total of 221 million euros to EHIF to cover COVID-19 expenses, of which 100.7 million euros were spent. In addition, EHIF paid 36.4 million euros from healthcare expenditure to cover COVID-19 expenses.

Average expenses per insured person

The calculation of average expenses is based on the costs of healthcare services, reimbursed pharmaceuticals and medical devices or 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 3% in 2020.

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

Table 6. Average expenses per insured person in 2020, in euros

Age	Number of insured persons	Prevention	Primary medical care	Specialized medical care	Nursing care	Dental care	Pharmaceuticals, including supplementary pharmaceutical benefit	Incapacity benefit	Medical devices	Total
0–9	142 339	17	130	265	0	82	25	169	6	695
10–19	142 151	54	99	202	0	138	29	21	12	555
20–29	121 185	8	104	350	1	15	52	241	4	774
30–39	179 364	1	106	408	1	15	68	302	4	907
40–49	166 813	3	112	407	4	16	91	168	6	807
50–59	159 008	7	140	611	12	21	145	184	9	1 130
60–69	161 797	7	144	895	32	37	234	130	14	1 494
70–79	113 108	0	166	1 202	89	41	338	27	17	1 881
80–89	67 143	0	161	1 232	273	29	332	4	14	2 046
90–99	12 507	0	147	925	582	13	218	3	8	1 895
100–109	186	0	134	581	616	5	129	1	2	1 469
Total	1 265 601	11	126	570	35	43	131	152	9	1 078

1. Healthcare services

The healthcare services budget is a budget for services that are reimbursed to healthcare service providers under contracts signed between EHIF and medical institutions. The healthcare services budget includes disease prevention, family medical care, specialized medical care, nursing care, children and adult dental care benefits, ambulance and emergency medical care for uninsured persons. These are so-called non-financial health insurance benefits – EHIF pays for the services 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 health care services, is carried out every year prior to planning for treatment financing contracts. We assess demand in all specialties and types of services. In the assessment, we take into account the expected need of the insured persons for healthcare services next year. By 2020, the demand for healthcare services was assessed at a more general level compared to previous years, i.e. the need for the service was assessed in Estonia as a whole, not by county.

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 46 million euros was planned in the health care budget, which covered the change of maximum reference prices for healthcare services in total of 33 million euros due to the change of the salary component from 1 April 2020. The reserve also covered the increase in distance fees for family physicians. Distance fees increased as the range of recipients extended to all family physicians operating outside major centers. This should motivate family physicians to work in rural areas. In addition, the list of healthcare services included in the preparedness fee was covered, and new care pathway-based reimbursement was implemented to motivate cooperation between institutions and systems, including the allocation of additional resources for rehabilitation.

Table 7. Execution of budget for healthcare services, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Disease prevention	14 377	16 259	14 450	89%
Primary medical care	143 770	163 063	159 889	98%
Specialized medical care	752 053	811 937	771 596	95%
Nursing care	39 982	46 326	45 485	98%
Dental care	54 752	59 259	54 831	93%
Ambulance	53 164	56 940	57 771	101%
Emergency medical care for uninsured persons	8 810	7 832	7 942	101%
Personal protective equipment	0	0	17 473	100%
Total	1 066 908	1 161 616	1 129 437	97%

1.1 Disease prevention

The prevention actions funded by EHIF are directly related to the national health plan and strategic objectives of EHIF. Only a small portion of prevention actions funded by the health insurance are financed from the disease prevention budget, many of the actions are included in various healthcare services. In addition, we also compensate to our insured persons, to a large extent, for pharmaceuticals and medical devices dispensed for preventive purposes – thus, the disease prevention takes place at all levels of healthcare.

We support prevention actions that enhance early detection of diseases (child health checks, monitoring of pregnant women and newborn infants, cancer screening), as well as the 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.

Due to the state of public emergency declared in March 2020 and the restriction of planned outpatient treatment, including the temporary suspension of the provision of prevention services, the amount of provided services decreased as compared to the same period of the previous year for all types of prevention services. The number of women who participated in breast cancer screening decreased the most. Compared to the same period of the previous year, nearly 2,700 fewer women have been screened for breast cancer (–6%), and almost 2,600 fewer women have been screened for cervical cancer (–10%).

Table 8. Execution of budget for disease prevention, in thousands of euros, and the number of treatment cases

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
School health care	8 188	0	8 538	0	8 824	0	103%	0%
Counseling of youth reproductive health	1 545	32 538	2 162	45 955	1 345	26 092	62%	57%
Youth athletes' health check	1 071	10 046	1 285	11 876	998	8 537	78%	72%
Early detection of breast cancer	1 973	48 247	2 705	61 585	1 869	42 533	69%	69%
Early detection of cervical cancer	441	17 971	748	26 600	389	15 474	52%	58%
Early detection of colorectal cancer	966	54 943	621	44 623	676	1 714	109%	4%
Men's health project	20	275	22	0	227	3 131	0%	0%
Counseling to quit using of tobacco	0	0	100	0	17	663	17%	0%
Other prevention	173	0	78	0	105	0	0%	0%
Total	14 377	164 020	16 259	190 639	14 450	98 144	89%	51%

**The number of treatment cases does not include the amount of school health care, as school health care 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 examinations and help. School healthcare service includes students' preventive medical check-up together with nursing anamnesis collection and evaluation of health status. From 1 April 2020, a modernized code of conduct for school nurses has come into force. The school healthcare service with specified content is aimed at health promotion and disease prevention, the creation of a healthy school environment, health supervision and, if necessary, the provision of first aid. The school healthcare service is paid for to the partners on a fixed fee basis.

Counseling on youth reproductive health and prevention of sexually transmitted diseases is, as of 1 July 2018, 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 the youth reproductive health service, the competencies of service providers, the scope of the service and the infrastructure.

Youth athletes' health check 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 broader goal of sports medical examinations is to protect the health of an athlete, and ensure training that is safe for health, and to reduce the risk of future health problems / injuries associated with sports through counseling and preventive activities.

From the beginning of 2014, the list of the diseases included in **newborn screening** in Estonia was expanded to include 19 inherited treatable metabolic diseases. In 2020, the Beutler test of the amino acid and acylcarnitine profile by mass spectrometry (MS), which measures the activity of the GALT enzyme in the blood of a newborn, was added to the screening method. As a result, the newborn galactosemia screening was launched in Estonia, similar to most European countries.

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 for screening. The step-by-step expansion of the target group 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 a 5 year period.

In 2020, the cervical cancer screening service model was modernized: there were described the cervical cancer screening team and network, screening organization, invitation to the examination and its conduct methodology, the target group, primary study and additional studies, screening quality requirements, and requirements for documentation and transmission of structured data.

The changes will improve the quality, availability and data acquisition of screenings. The primary screening test is changing (HPV testing is performed instead of the current PAP test), the additional LBC test taken from the same biomaterial is added to the HPV test if necessary, and the screening target group is extended by two age cohorts (women up to 65 years of age are invited for screening).

Screening for early detection of colorectal cancer was launched on 1 July 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.

In 2020, we worked to ensure that, from 2021, **uninsured people** could also take part in national screenings. In addition, counseling to quit using of tobacco, medical examination for young athletes, and reproductive counseling for young people are extended to the uninsured persons. Besides, all preventive actions are provided free of charge. The change reduces inequalities in access to screenings and shortens treatment delays.

Analyses to improve disease prevention and development of the healthcare system. In 2020, we collaborated with the Family Physicians Association of Estonia, the World Bank, and Ariadne Labs from Harvard Medical School to expand risk-based treatment management in Estonia. Risk-based treatment management is a monitoring program for chronic patients that helps the patient achieve their health goals and thus improves the patient's quality of life.

In the healthcare system, it is possible to reduce the number of visits of patients for specialized medical care and contribute to a more cost-effective use of healthcare services. In 2020, about 100 practice lists of family physicians joined risk-based treatment management.

The **men's health project** was launched on 1 November 2019, and the project deadline was 2020. In the course of the project, Tartu University Clinic and EHIF offered men the opportunity for a health check-up, the broader goal of which is to find evidence-based solutions to improve men's health. The health check focused on identifying risks for cardiovascular, prostatic, sexual and mental health. 3,117 insured men between the ages of 40 and 49 who had not undergone extensive examination in the last year before this appointment were admitted. As a result of the project, the report on the Estonian men's health will be completed in 2021, which will be compiled with help of the National Institute for Health Development. EHIF invested more than 227 thousand euros in the project.

Under **other preventive actions**, we have recognized the development expenses of the interaction data base. The interaction data base is an application which helps physicians evaluate the interactions of pharmaceuticals used by patients. The evaluation of pharmaceuticals interaction aims at improving the quality of treatment and increasing the safety of pharmaceuticals.

In addition, we reimbursed our contract partners for fixed costs during the 2020 public emergency due to **COVID-19**. We reimbursed fixed costs for the unfulfilled part of the estimated monthly contract amount of a medical institution (according to its submission of invoices) by types of healthcare services and medical institutions. In addition, we reimbursed treatment invoices in the usual manner. Additionally, we funded personal protective equipment. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the [EHIF website](#).

1.2 Primary medical care

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. Family medical care must contribute to the development of patient-centered health care, which in turn means providing holistic and integrated treatment in cooperation with different levels of healthcare system, which includes close cooperation with social sector.

We continued working on the development of primary care center service. By starting up new primary care centers, 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 centers 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 center system helps ensure the development of family medical care, allows for cooperation and exchange of experiences and helps organize work more flexibly.

Table 9. Execution of budget for primary medical care, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Basic allowance	18 187	19 916	20 959	105%
Distance allowance	627	3 487	3 489	100%
Second family nurse allowance	9 847	11 297	11 677	103%
Total capitation fee	76 236	82 690	82 489	100%
Capitation fee for insured persons of up to 3 years of age	4 441	4 891	4 875	100%
Capitation fee for insured persons of 3–6 years of age	4 496	4 898	4 843	99%
Capitation fee for insured persons of 7–49 years of age	30 620	32 997	32 978	100%
Capitation fee for insured persons of 50–69 years of age	21 316	23 121	22 939	99%
Capitation fee for insured persons over 70 years of age	15 363	16 783	16 854	100%
Medical tests fund	29 438	33 903	27 320	81%
Operation fund	2 021	2 409	4 415	183%
Therapy fund	1 529	1 703	1 454	85%
Home nursing in health centers	0	0	1 018	0%
Early detection of colorectal cancer (family physicians)	0	308	433	141%
Allowance for out-of-hours appointments	408	582	371	64%
Performance pay	4 754	5 968	5 316	89%
Family physician advisory line	723	800	948	119%
Total	143 770	163 063	159 889	98%

The budget for primary medical care in 2020 was planned as 163 million euros, however, the actual amount of funding was 159.9 million euros, which is 10% higher than in 2019. Compared to 2019, the **capitation fee** increased by 8%. This is due to the change in the maximum reference price resulting from the salary agreement for medical staff. As of the end of 2020, **basic allowance** was paid to 420 family physician practices (to 785 practice lists). The use of basic allowance grew by 15 %, which was due to the changed maximum reference price and increased number of primary care centers.

As of the end of 2020, there were a total of 786 inventories, which is the same as in the previous year. In 2020, EHIF had contracts with 423 service providers of primary medical care. One family physician's practice list included an average of 1589 people, which has not changed as compared to 2019.

Table 10. The number of family physicians practice lists, the number of insured persons in the list and the number of out-of-hours appointments

	2019 actual	2020 budget	2020 actual
Practice lists			
Number of practice lists	786	786	0%
Number of lists receiving distance allowance	170	341	101%
Number of lists receiving second family nurse allowance	486	523	8%
Average size of a list (the number of insured persons)	1 586	1 589	0%
Number of insured persons			
Total number of persons for whom capitation fee has been paid	1 246 402	1 249 050	0%
Insured persons of up to 3 years of age	40 916	41 473	1%
Insured persons of 3–6 years of age	56 226	56 119	0%
Insured persons of 7–49 years of age	644 315	644 725	0%
Insured persons of 50–69 years of age	316 094	316 354	0%
Insured persons of 70 years of age and older	188 851	190 379	1%
Number of appointments outside working hours			
Number of hours of family physician's out-of-hours appointments	8 760	12 158	39%
Number of hours of family nurse out-of-hours appointments	9 272	10 894	17%
Calls to advisory line			
Number of calls to advisory line	234 662	316 808	35%

Last year, a total of the practice lists receiving **distance allowance**, was 341, which is 171 lists more than in 2019. From 1 April 2020, the range of distance allowance recipients was extended to all family physicians operating outside major centers, and the distance allowance rate was multiplied.

The number of practice lists receiving **second family nurse** allowance has been increasing every year. In 2020, EHIF provided funding for second family nurses in 523 lists, which is by 8% more than in the previous year.

Family physician's **medical tests fund** (fee-for-service) is allocated to family physicians to carry out necessary lab tests and procedures on patients. In 2020, the funding of medical tests fund decreased by 7% compared to the previous year. Funding for the medical tests fund decreased as the COVID-19 pandemic spread, reducing the number of patients using family physicians' services. The second reason was that the performance of the medical tests fund has been affected by the transfer of services from the medical tests fund to the operation fund since 1 January 2020. With the changes, the amount of funding for the medical tests fund has been agreed between EHIF and the healthcare service provider.

The purpose of the **operation fund** is to support the activities within the competence of a family physician so that they remained at the primary care level. The operation fund mainly finances day surgery and gynecology services. The financing of the 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 118% as compared to the previous year. The large increase in funding for the operation fund has been due to the transfer of services between the funds since 1 January 2020. The amount of funding for the medical tests fund has been agreed between EHIF and the healthcare service provider, while the amount of the operation fund has been left as a so-called open obligation.

In 2020, the Health Information System received 42,703 **e-consultation** referrals for 34,303 patients from 24 institutions. The service was provided for 1,4 million euros. The biggest number of consultations were in the field of neurology

(7,162 cases), followed by orthopedics (5,489 cases), endocrinology (3,333 cases), gastroenterology (3,191 cases), and cardiology (2,728 cases). Compared to 2019, the number of e-consultations increased by 38%. Since January 2020, we have expanded the possibility of the e-consultation in the field of child psychiatry (as a pilot project) and andrology, and negotiations for the addition of new specialties continued with several professional societies. As a result, six new e-consultation options were added in the second half of 2020: for a general surgeon, an infection disease doctor, a medical genetics doctor, a neurosurgeon, an oral, maxillofacial and maxillofacial surgeon, and a pediatric surgeon. As a pilot project, e-consultations in the field of pediatric ophthalmology have started.

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 practice list patients without them having to visit a medical specialist, and to pay the providers for their services. In 2020, a total of 402 family care centers used the opportunity of therapy fund. The service was provided to 19,000 patients in the total amount of 1.4 million euros. Compared to 2019, the number of people who used the funding options of the therapy fund increased by 4%. In 2020, individual physiotherapy service was used the most (by 6,079 persons), which was followed by individual psychotherapy session (4,268 persons) and consultation with a clinical psychologist (2,131 persons).

In 2020, a new service, which is **home nursing at a health center**, was added to expand the range of services offered to people by family physicians. 1,290 people used the home nursing service in a health center.

In cooperation with our substantial partners, the development of the **quality bonus scheme for family physicians continued** in order to motivate family physicians focus on disease prevention, monitoring of chronic patients and increasing their competence. As one of the most important changes in 2020, we introduced the principles of just compensation, i.e., a methodology that helps to justly calculate the performance fee for family physicians according to the profile of their practice lists. In 2020, performance fees in the amount of 3.5 million euros were paid to 523 family physicians (66.5%). As an innovation, in 2020 we started creating a **mentoring program** for those family physicians who feel that they need support, aid, and help with self-development. In 2021, the first trainings for mentors and preparations for the implementation of the program have taken place.

The number of calls to the **family physician advisory line** increased by 35% compared to the same period last year. In 2020, 316,800 calls were made to the advisory line, which is almost 82,150 more calls than in 2019. The number of calls increased by 33,850 in March and April compared to the previous year, and by 31,720 in November and December. The increase in the number of calls is mainly caused by the fact that during the public emergency due to COVID-19, the availability of medical care decreased, and patients turned to the family physician advisory line with their health concerns. As the morbidity rates remained high even after the end of the public emergency in late autumn and the workload of the family physicians referring people to the test was high, the family physician advisory line helped to dispel this workload. As an innovation, since December 2020, people have been referred to the coronavirus test on the weekends, when family physicians do not usually work. The staff of the advisory line also continued to write prescriptions for people on the weekends.

Table 11. Number of family physician and family nurse appointments in 2016–2020

	2016	2017	2018	2019	2020
Family physician appointments	4 622 354	4 710 294	4 961 469	4 867 540	4 723 332
Family nurse appointments	1 342 697	1 494 205	1 635 461	1 726 106	2 020 657
incl. family physician and family nurse	1 249 338	2 086 631	2 476 701	1 645 907	3 975 216
Prophylactic appointments	344,565	368,735	358,428	348,207	320,736
Total appointments	6 309 616	6 573 234	6 955 358	6 941 853	7 064 725
Number of persons admitted	1 015 123	1 024 118	1 031 449	1 033 047	1 025 967
Number of persons in the family physicians' practice lists	1 236 012	1 234 046	1 238 045	1 246 402	1 265 601
The share of people who visited a family physician of all the people in the family physicians' practice lists	82%	83%	83%	83%	81%

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 healthcare services, as well as by enabling wider deployment of services included in previous years. In cooperation with professional associations, we are regularly updating the structure of services, standard expenses, maximum 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 took effect from 2020 and affected the 2020 budget and budget execution are as follows:

- addition of new services (including pancreas transplantation, cough apparatus, medicines against hematological tumors, treatment of head, neck and lung cancer, and treatment of atypical hemolytic uremic syndrome) and modification of existing services to ensure better treatment options for insured people;
- the wage component in service prices increased as of 1 April 2020;
- comprehensive modernization of services – implementation of the Emergency Department (EMO) preparedness fee and inclusion of the National Transplant Center preparedness fee in the funding model;
- addition of a new chapter to reflect additional measures to finance the healthcare system during the crisis in order to compensate for the additional costs of personal protective equipment and disinfection incurred during the spread of a new, particularly dangerous infectious disease;
- modification of maximum reference prices for integrated diagnostic services (DRG) due to the addition of new services, modification of maximum reference prices for existing services, and modernization of services;
- changes in the maximum reference prices of pharmaceutical services due to changes in the unit prices of active substances.

The priorities for the 2020 specialized medical care budget were primarily mental health, treatment of children (with a focus on planned outpatient treatment and child psychiatry), oncology and hematology, biological treatment, special positions (organ transplants, childbirth, infertility treatment, etc.). Also the provision of emergency medical care in all specialties.

As an innovation of 2020, a pilot project on ischemic stroke was fully implemented in specialized medical care, the aim of which is to implement a comprehensive care pathway and new reimbursement methods, first in stroke treatment, but also in other health conditions with long-term rehabilitation. For the first time in Estonia, the project is implementing systematic measurement of health outcomes, monitoring the patient's quality of life and coping.

The spread of COVID-19 had the greatest impact on the provision of specialized medical care. In specialized medical care, EHIF paid 8% less treatment invoice in March, a total of which is 7% less than in the same period in 2019. In April,

the amount of treatment invoices decreased further, decreasing by 45% compared to the same period of the previous year, financially the amount was 21% lower. From May to the end of the year, the provision of services gradually recovered, and the expenses caused by the public emergency were also covered.

In order to compensate for the availability of outpatient treatment service, in 2020, EHIF implemented, for the first time, an extended and paid teleconsultation service in those specialties included in the list of health care services, which could also be coded in emergency situations when rendering the teleconsultation service. In 2020, the teleconsultation service was provided in outpatient specialized medical care 363,932 times.

In addition, we reimbursed our contract partners for fixed costs during the 2020 public emergency due to **COVID-19**. We reimbursed fixed costs for the unfulfilled part of the estimated monthly contract amount of a medical institution (according to its submission of invoices) by types of healthcare services and medical institutions. In addition, we reimbursed treatment invoices in the usual manner. Additionally, we funded personal protective equipment. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the [EHIF website](#).

Execution of specialized medical care budget by service types

Table 12. Execution of specialized medical care budget, in thousands of euros, and the number of treatment cases by service types

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Total of specialized medical care	658 529	3 145 945	685 630	3 104 767	645 640	2 841 649	94%	92%
Total of outpatient care	264 926	2 904 493	258 890	2 855 460	250 856	2 629 898	97%	92%
Total of day treatment	33 113	65 436	32 086	61 607	30 983	56 651	97%	92%
Total of inpatient care	360 490	176 016	394 654	187 700	363 801	155 100	92%	83%
Special cases	73 344	44 628	74 372	42 815	73 948	42 429	99%	99%
High-cost treatment cases	7 192	53	7 173	50	6 686	49	93%	98%
Other special cases	66 152	44 575	67 199	42 765	67 262	42 380	100%	99%
Periodic fees	20 180	360	51 935	540	52 008	305	100%	56%
Monthly fee of specialized medical care**	2 794	12	2 938	12	2 938	12	100%	100%
Preparedness fee	17 386	348	48 997	528	49 070	293	100%	55%
Total	752 053	3 190 933	811 937	3 148 122	771 596	2 884 383	95%	92%

** 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 2020, we paid for treatment of a total of 730,200 people in specialized medical care. The number of treated persons decreased by approximately 6% as compared to 2019. The decrease took place at the expense of outpatient treatment, where the number of service users decreased by 47,600 persons.

Over 3 million outpatient admissions were provided during the reporting period. Compared to the same period of the previous year, the number of appointments decreased by 15%, or 588,390 appointments, which was mostly affected by the decrease in doctor's appointments. The number of doctor's appointments decreased by 18% compared to the previous year (528,110 appointments), which in turn was mostly affected by the decrease in doctor's primary appointments, and the 3% decrease in the number of appointments in the emergency department. The number of nurse's appointments increased by 6% (32,430 appointments). The change in the number of nurses' appointments has been mostly influenced by the decrease in nurses' independent appointments and the increase in the triages performed in the emergency department.

The decrease in both the number of users of outpatient specialized medical care and the number of appointments has been influenced by the situation due to the spread of COVID-19, where the outpatient care service was restricted within the state of public emergency.

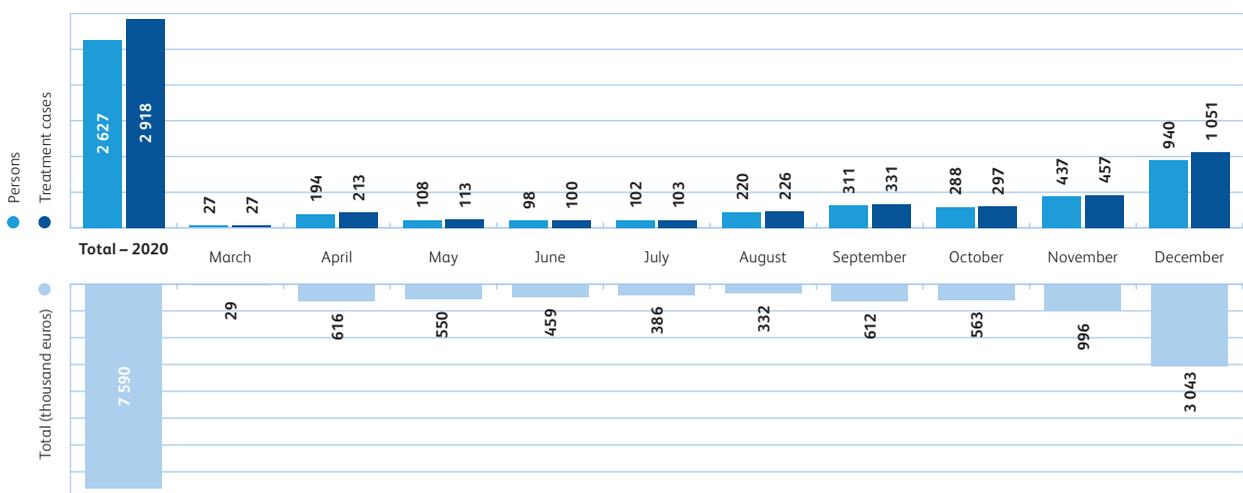
The share of emergency care in treatment cases and treatment costs has remained at the previous year's level. The share of emergency care among treatment cases is the highest in surgery and oncology specialties, accounting for 31% of each specialty's treatment cases. However, treatment costs are the highest in the field of pediatrics, accounting for 57% of the specialty's costs.

Out of all treatment cases in 2020, 14% were provided at emergency departments, compared to the previous year, the number of treatment cases provided at emergency departments decreased by 10%. Most admissions were to the surgery specialty – in 27% of all treatment cases.

In 2020, EHIF paid more than 7.5 million euros for inpatient treatment of COVID-19 patients (both from the EHIF budget and additional money). We paid the most for the treatment of patients to the Western Tallinn Central Hospital – for 1,429 treatment cases (2 million euros), to the North-Estonian Regional Hospital – for 170 treatment cases (1.6 million euros), to the TU Clinic – for 222 treatment cases (1.4 million euros). This was followed by the Ida-Viru Central Hospital Foundation – for 340 treatment cases (810 thousand euros), the East-Tallinn Central Hospital – for 168 treatment cases (524 thousand euros), and Kuressaare Hospital – for 225 treatment cases (512 thousand euros).

Inpatient care of a total of 2,627 COVID-19 patients was paid for in specialized medical care (2,918 treatment cases).

Figure 1. Number of COVID-19 patients requiring inpatient specialized medical care, their treatment cases, and amount (thousand euros)



1 Treatment invoices disclose main and / or co-diagnostic groups U07.1; U07.2.
 2 Months indicate in which spending period the invoice has been paid.

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, pediatrics, psychiatry, internal medicine, gynecology, and rehabilitation.

Table 13. Execution of specialized healthcare specialties budget, in thousands of euros, and the number of treatment cases

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Surgery	173 668	826 095	178 879	830 592	164 373	722 252	92%	87%
Outpatient care	53 370	749 360	46 331	749 297	43 650	653 557	94%	87%
Day treatment	13 198	24 942	14 151	25 352	12 330	21 926	87%	86%
Inpatient care	107 100	51 793	118 397	55 943	108 393	46 769	92%	84%
Ophthalmology	21 482	360 785	21 160	349 317	21 430	330 178	101%	95%
Outpatient care	18 330	357 346	17 982	346 260	18 288	327 119	102%	94%
Day treatment	673	1 460	541	1 138	635	1 244	117%	109%
Inpatient care	2 479	1 979	2 637	1 919	2 507	1 815	95%	95%
Oncology	103 251	181 935	114 068	191 163	107 414	173 336	94%	91%
Outpatient care	53 077	158 633	59 030	167 254	56 646	151 977	96%	91%
Day treatment	4 293	7 139	4 561	7 358	4 392	6 258	96%	85%
Inpatient care	45 881	16 163	50 477	16 551	46 376	15 101	92%	91%
Gynecology	46 370	453 141	48 503	429 392	44 501	402 527	92%	94%
Outpatient care	31 618	425 264	31 840	401 010	30 988	380 708	97%	95%
Day treatment	4 519	16 793	4 487	15 853	4 050	13 025	90%	82%
Inpatient care	10 233	11 084	12 176	12 529	9 463	8 794	78%	70%
Pediatrics	27 626	134 399	26 973	135 166	24 079	105 402	89%	78%
Outpatient care	9 068	117 885	8 411	118 700	7 059	92 811	84%	78%
Day treatment	1 684	3 380	1 765	3 258	1 466	2 651	83%	81%
Inpatient care	16 874	13 134	16 797	13 208	15 554	9 940	93%	75%
Psychiatry	36 592	252 483	41 057	258 851	38 315	262 558	93%	101%
Outpatient care	10 620	242 666	11 500	248 438	11 336	253 842	99%	102%
Day treatment	605	633	668	684	291	373	44%	55%
Inpatient care	25 367	9 184	28 889	9 729	26 688	8 343	92%	86%
Internal medicine	228 530	844 993	232 923	823 884	225 972	765 745	97%	93%
Outpatient care	81 455	772 013	76 644	749 555	76 206	699 275	99%	93%
Day treatment	8 121	11 040	5 888	7 913	7 786	11 121	132%	141%
Inpatient care	138 954	61 940	150 391	66 416	141 980	55 349	94%	83%

Primary follow-up treatment	4 101	3 913	4 021	3 803	3 691	3 211	92%	84%
Inpatient care	4 101	3 913	4 021	3 803	3 691	3 211	92%	84%
Rehabilitation	16 909	88 201	18 046	82 599	15 865	76 440	88%	93%
Outpatient care	7 388	81 326	7 152	74 946	6 683	70 609	93%	94%
Day treatment	20	49	25	51	33	53	132%	104%
Inpatient care	9 501	6 826	10 869	7 602	9 149	5 778	84%	76%
Total	658 529	3 145 945	685 630	3 104 767	645 640	2 841 649	94%	92%
Outpatient care	264 926	2 904 493	258 890	2 855 460	250 856	2 629 898	97%	92%
Day treatment	33 113	65 436	32 086	61 607	30 983	56 651	97%	92%
Inpatient care	360 490	176 016	394 654	187 700	363 801	155 100	92%	83%

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

In 2020, we paid for the treatment of 342,100 people in specialty of surgery, which is 41,900 less than in 2019. The use of outpatient orthopedics and otolaryngology services decreased the most.

During the reporting period, we financed 108,300 fewer treatment cases in specialty of surgery than planned in the budget. The lower use of the treatment budget is mainly influenced by general surgery, where 41,750 treatment cases were reported less than planned, and otorhinolaryngology, where 36,130 treatment cases were reported less. Orthopedics followed with 34,660 fewer treatment cases than planned. In urology, there were more treatment cases than planned – 12,010 more treatment cases.

Among sub-specialties, the under-execution of the budget has been most affected by the lower use of general surgery and orthopedic services.

In the specialty of **ophthalmology**, we paid for the ophthalmologist services of approximately 158,270 persons. The number of people using the service decreased by 15,430 compared to the previous year (a decrease by 9%), while funding remained at the same level. In 2020, EHIF paid for ophthalmic examinations and procedures by 9% more than in the previous year. The grown costs of examinations and procedures is mostly due to increased use of coherent ocular tomography. In 2020, over 29,080 more examinations were performed than in 2019. In outpatient appointments, the number of first-time appointments decreased compared to the previous year. The funding of outpatient appointments was affected by the decreased number of triages performed by nurses at the emergency department.

The data of **oncology** specialty include also the use of hematology services. In oncology specialty, we paid for the treatment of 45,800 persons. The number of treated people decreased by 3,560 people (a decrease by 7%). However, funding for oncology increased by 4%, or almost 4 million euros. The increase in funding is affected by the increase in the use of medicines.

During the reporting period, 171,220 persons used **gynecology services** which included about 402,530 treatment cases for which EHIF paid to medical institutions 44.5 million euros. The number of treated persons decreased by 8%, or 14,830 persons, compared to the previous year, whereas, the funding increased by 4%. The decrease in funding has been influenced by the decrease in outpatient appointments – 15% fewer primary appointments, and 19% fewer follow-up appointments were made than last year.

In pediatrics, we paid for the treatment of 49,700 children. The number of children receiving treatment decreased by 20%, or 12,200 children, compared to the previous year, in particular at the expense of children receiving outpatient treatment. The number of outpatient appointments in pediatrics decreased, the number of primary appointments was 34,700 less than a year earlier (a decrease by 49%).

In psychiatry specialty, EHIF paid for the treatment of 67,400 people. The number of treated persons decreased by

3%, or 2,400 persons, compared to the previous year. The number of persons decreased in outpatient care, and it is related to decreased number of outpatient appointments. Increased funding for the specialty of psychiatry compared to the previous year was also influenced by the 9% increase in the maximum reference price of the service for an acute psychiatry bed day.

The specialty 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 2020, EHIF paid for the treatment of 317,190 persons in the specialty of internal medicine. The number of treated persons decreased by 8%, or 26,950 persons, compared to the previous year. It was the most influenced by the decrease of number of people who received outpatient treatment.

Among sub-specialties, the use of services in specialties of nephrology, gastroenterology, and neurology is significantly higher than planned, and the total budget execution in these specialties is 25% of the total budget execution for internal diseases. The budget for sub-specialties of internal diseases and pulmonology has been under-executed.

During the reporting period, 48,330 persons used neurology services which included 81,280 treatment cases for which EHIF paid to medical institutions 54 million euros. The number of treated persons decreased by 12%, or 6,350 persons, compared to the previous year, whereas, the funding decreased by 3%. Compared to the previous year, the funding for examinations and procedures, as well as for outpatient appointments, increased the most.

In the subspecialty of internal diseases, we paid 54 million euros for the treatment of 85,090 persons, which included 132,010 treatment cases. The number of treated persons decreased by 8%, or 7,600 persons, compared to the previous year. Also the number of outpatient appointments decreased. The 4% increase in the budget for internal diseases compared to the previous year has been mostly influenced by the higher number of examinations and procedures, as well as laboratory examinations.

During the reporting period, 60,190 persons used neurology services which included 100,000 treatment cases for which EHIF paid to medical institutions 36 million euros. The number of treated persons decreased by 16%, or 11,600 persons, compared to the previous year. Funding for this specialty increased by 1.2 million euros compared to the previous year.

The number of persons receiving **primary follow-up treatment**, as well as the number of treatment cases, have increased. In 2020, follow-up treatment was provided for 3,000 persons. Compared to the previous year, their number decreased by 18%.

In the **rehabilitation specialty**, we paid for the treatment of 51,100 people. The number of treated persons decreased by 11%, or 6,200 persons, compared to the previous year, which is due to decreased number of people who received outpatient care. Funding has been reduced by 1 million euros.

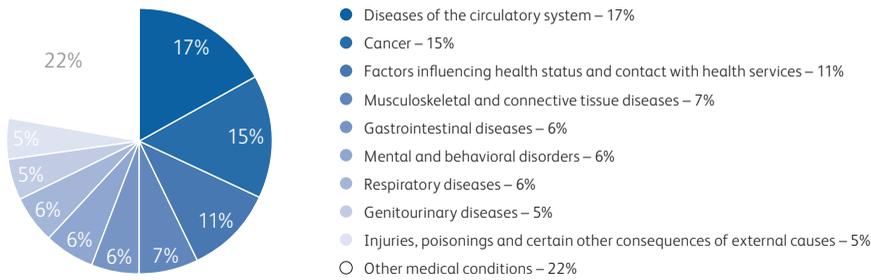
The use of specialized medical services by main diagnosis groups indicated on treatment invoices.

The largest basic diagnosis groups¹ that we funded in 2020 were diseases of the circulatory system, tumors, factors influencing health status and contact with healthcare services², musculoskeletal and connective tissue diseases.

Compared to the previous year, the number of treated people decreased in all diagnosis groups. Mostly for respiratory diseases, and injuries and poisonings. Funding for cancer and mental and behavioral disorders increased the most compared to the previous year, while treatment for injuries and poisonings decreased the most.

¹ Primary diagnosis groups indicated on the treatment invoices under the International Classification of Diseases ICD-10.

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



Healthcare services indicated on specialized medical care invoices

The biggest part of the services disclosed in the specialized medical care invoices in 2020 included examinations and procedures (25%) and bed days (25%).

The amount of examinations 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 9%, but funding has grown by 1% compared to the previous year. The funding of the outpatient appointments decreased most. Compared to the same period of the previous year, the number of service uses increased most in laboratory tests.

Table 14. Proportion of service groups recognized in treatment invoice, by amounts

	2019 actual	2020 actual	Change compared to 2019
Examinations and procedures	24%	25%	1%
Bed days	23%	25%	2%
Laboratory tests	13%	15%	2%
Outpatient appointments	11%	9%	-2%
Surgeries	8%	7%	-1%
Pharmaceuticals	7%	9%	2%
Other services	5%	1%	-4%
Additional resources for surgeries	4%	4%	0%
Anesthesia	3%	3%	0%
Blood and blood products	2%	2%	0%

Reimbursement for medical services exceeding the contract amount, i.e. overtime work

EHIF pays overtime in outpatient care and day care with a coefficient of 0.7, and in inpatient specialized medical care with a coefficient of 0.3. As the change introduced in the reporting year, EHIF takes over the obligation to pay for medical treatment in excess of the agreed total if the healthcare service provider provides services to insured persons for more than the agreed total for the contract period and fulfills at least 99% of the contracted outpatient treatment.

The share of medical services exceeding the contract amount in specialized medical care was 1% for treatment cases and 0.2% for the amount. Compared to 2019, the amount of overtime in treatment cases decreased by 86%, and the amount decreased by 90%. This is due to the general decrease in the amount of specialized medical care services due to the spread of the COVID-19 virus, and the consequent need to provide services beyond the contract amount.

Table 15. The treatment cases provided in excess of contractual amount, in thousands of euros, and the number of treatment cases

	2019 actual		2020 actual		Change compared to 2019	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Outpatient care	10 360	113 041	1 041	15 829	-90%	-86%
Day treatment	830	940	29	67	-97%	-97%
Inpatient care	2 590	4 612	295	438	-89%	-91%
Total	13 780	119 593	1 365	16 334	-90%	-86%

Execution of special cases budget and treatment cases

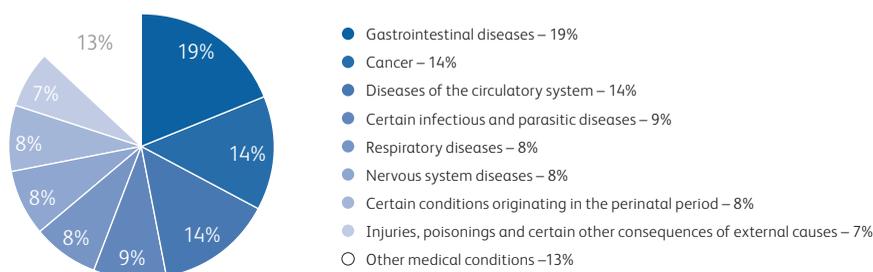
The budget for special cases includes high-cost treatment cases and other special cases – organ transplants, bone marrow transplantation, childbirth, hemodialysis, peritoneal dialysis, endoprostheses, infertility treatment, cochlear implants and cataract surgeries.

High-cost treatment cases

From 1 April 2020, a treatment invoice with a cost of at least 104 thousand euros for regional hospitals and at least 73 thousand euros for other healthcare providers is considered a high-cost treatment invoice.

In 2020, healthcare providers submitted 49 high-cost treatment cases in the amount of 6.6 million euros to be reimbursed. Among the main diagnosis groups, the most expensive treatment cases were for gastrointestinal diseases, cancer, and circulatory diseases. The biggest number of high-cost treatment cases occurred at the North Estonia Medical Center (17 cases) and Tartu University Clinic (15 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 published on the EHIF website.

In 2020, we paid for 30,848 special cases, which is 1,860 less persons than in 2019. The number of people was the highest in cataract surgeries and births.

Table 16. Other special treatment cases in thousands of euros, and the number of treatment cases

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Childbirths	18 803	13 594	19 902	13 630	18 894	12 701	95%	93%
Endoprostheses	17 038	3 570	17 278	3 548	17 490	3 561	101%	100%
Hemodialysis	11 912	4 626	12 049	4 514	12 660	4 709	105%	104%
Cataract surgeries	10 265	18 523	9 807	17 215	9 531	16 854	97%	98%
Infertility treatment	2 779	3 073	2 210	2 659	2 852	3 324	129%	125%
Bone marrow transplantation	2 460	435	2 681	374	2 764	439	103%	117%
Organ transplants	1 593	215	1 956	242	1 705	223	87%	92%
Peritoneal dialysis	914	519	976	556	978	549	100%	99%
Hearing implants	388	20	340	27	388	20	114%	74%
Total	66 152	44 575	67 199	42 765	67 262	42 380	100%	99%

One of the major priorities in two previous years has been to shorten the waiting lists for cataract surgeries and endoprostheses. The goal for 2020 was to maintain the level achieved in 2019. Increased funding enabled to serve more patients in the last two years.

In 2020, approximately 18,000 cataract surgeries were performed on 12,170 people. The number of operated people decreased by 9%, and the number of operations also increased by 9%, i.e. there were performed 1,850 operations more than in the previous year. The decrease was expected to be driven by the spread of COVID-19, which possibly postponed operations until next year.

In the reporting period, the same amount of endoprostheses have been performed as in the same period of the previous year. In 2020, 3,680 endoprosthetic surgeries were performed on 3,420 people.

In 2020, we financed childbirths 7% less than in the same period of the previous year: if in 2019 there were a total of 13,594 births, then in 2020 there were 12,701.

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 difficult access, and to continue providing people with medical care in their home place. According to the new system, EHIF pays to Hiiumaa Hospital on a budget basis, which means that EHIF does not buy services from the hospital by the treatment case or by the service. Instead, they agree on the specialties (e.g. internal medicine, general surgery, obstetrics, follow-up treatment, inpatient nursing care) 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 how many appointments, procedures or bed days they need to treat their patients. In order to understand whether and what changes have resulted in the provision of services due to the change of reimbursement method, we monitor annually whether the share of people treated in Hiiumaa, the number of people treated, the amount of services provided, and Hiiumaa people's satisfaction with availability have changed. We will also look at whether the number of ambulance calls and family physician appointments has changed. Comparing the years before the change with the years after the change, it can be said that the number of people treated on an outpatient and inpatient basis at the Hiiumaa Hospital has not decreased (2020 was exceptional), and that people in Hiiumaa are somewhat more satisfied than the Estonian average. Based on these data, it can be said that the change in the reimbursement method has so far been justified in the case of the Hiiumaa Hospital, as it ensures the continued provision of specialized medical care and people's satisfaction.

At the beginning of 2019, EHIF and the Estonian Hospital Association agreed that one of the priorities for updating the list of health care services is to change the reimbursement of the Emergency Department (EMO). This was supported by the completed audit of the National Audit Office as well as the analysis commissioned by the World Bank Group. Accordingly, as of 1 January 2020, the principles of EMO funding in the list of health care services have been changed. The change introduced a readiness fee for EMO reimbursement, the purpose of which is to ensure optimal provision of services and coverage of costs according to the number and severity of patients.

In 2020, EHIF paid a total of 31.7 million euros for EMO readiness fees.

Since 2020, EHIF has taken over the tasks of the state-regulated transplant institution. To prepare for this, we modernized the funding model of the National Transplant Center last year and added a transplant center readiness fee to the list of health care services.

In 2020, EHIF paid a total of 52 million euros for preparedness and periodic fees.

Availability of specialized medical care

Appointments registered in waiting lists as of 31 December 2020

Since December 2020, contract partners have no longer submitted regular waiting list reports to EHIF.

Medical institutions are obliged to provide the Health Information System with information on all bookings and visits made in the medical institution, which, if there is a referral letter, must be linked to a specific referral letter. Based on these data, EHIF, in cooperation with the Health and Welfare Information Systems Center (TEHIK), has compiled a new report on waiting times. Waiting times are measured from the time of booking until the appointment and are presented as median waiting times. In addition, the share of appointments with a waiting time of 42 days can be highlighted. The new data make it possible to estimate waiting times for all medical institutions providing specialized medical care. Also for the fields / specialties and for each service (corresponding medical specialist and nurse appointment), including access to a doctor's appointments via teleconsultation.

According to the reports submitted to EHIF by medical institutions (January to November 2020), 65.7% patients of the hospital network development plan hospitals (HNDP hospitals) accessed a medical specialist's appointment within the 42-day waiting period. Based on the data of the health information system, this indicator was 70% in all medical institutions providing outpatient specialized medical care (at both HNDP hospitals and other service providers). Taking into account the nurse's primary appointments, this indicator is 71%.

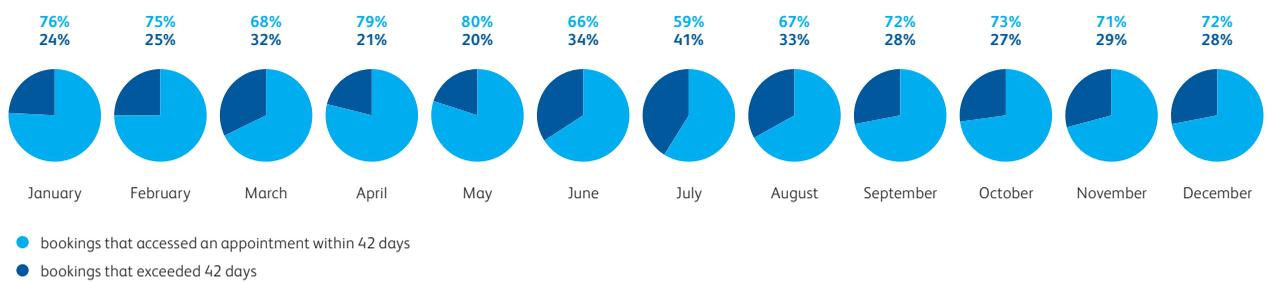
Figure 4. Number of reservations for doctors' and nurses' appointments in specialized medical care at the HNDP hospitals in 2020



As of 31 December 2020, a total of 79,216 medical specialist's and nurse's appointments had been booked in outpatient specialist care waiting lists at all hospitals. Most bookings were made for appointments at the **HNDP hospitals**. As of the last day of December 2020, a total of 67,488 doctor's and nurse's appointments had been booked in all treatment queues at the HNDP hospitals, which is 85% of all bookings made in 2020.

The lowest number of bookings was made in 2020 during the COVID-19 public emergency in March and April, when the number of bookings fell almost twice as low as usual. At the same time, it was the fastest access to an appointment at that time – in April and May, almost 80% of those who made a reservation received it within at least 42 days. During the summer months, when COVID-19 became less widespread, waiting times increased, and less than 70% of bookings were placed within the allowed waiting period.

Figure 5. Expected waiting time for doctors' and nurses' appointments in specialized medical care at the HNDP hospitals



The longest waiting times were for outpatient fields / specialties at all institutions in neurosurgery, vascular surgery, orthopedics and traumatology, and cardiology. In these fields, the median waiting time was longer than 80 days.

Outpatient appointments of medical specialists or nurses had to be waited for longer at the HNDP hospitals, where the most people were waiting for an appointment. HNDP hospitals had the longest median waiting times in neurosurgery, cardiac surgery, oral, facial and maxillofacial surgery, orthopedics, plastic surgery, ophthalmology and neurology. The longest waiting times were in neurosurgery. In this field, the median waiting time at the Tartu University Clinic was 122 days, and it was 60 days at the North-Estonian Regional Hospital.

The partners outside the hospital network had shorter median waiting times than HDNP hospitals. The longest median waiting period was in the fields of orthopedics and traumatology, anesthesiology, gastroenterology, and ophthalmology. The longest of them was a waiting time for an appointment in orthopedics and traumatology (the longest waiting time was at OÜ Tipparst). In ophthalmology, the longest waiting time was for an appointment at OÜ Cilia, where the median waiting time was 70 days.

Figure 6. Median waiting times registered in HNDP waiting lists

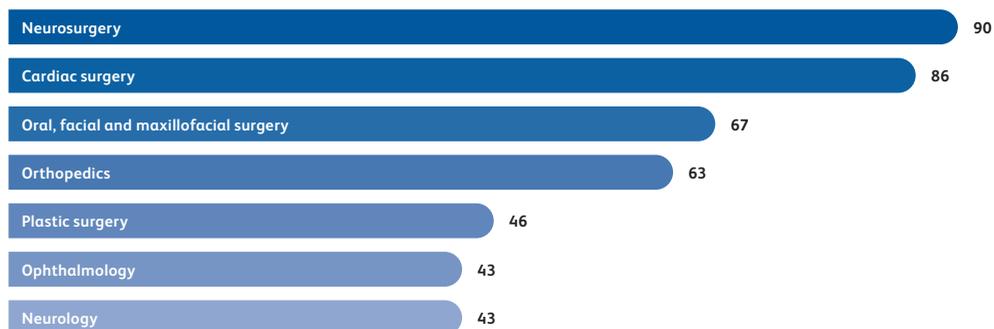


Figure 7. Median waiting times registered in non-HNDP waiting lists



Performance of specialized medical care contracts

Table 17. Performance of specialized medical care contracts, in thousands of euros

	2019 contract		Performance of the 2019 agreement		2020 agreement		Performance of the 2020 agreement	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
HNDP hospitals	698 701	2 585 320	102%	105%	743 627	2 346 392	98%	103%
Regional hospitals	388 992	1 065 234	101%	102%	411 059	982 520	99%	104%
Central hospitals	220 365	1 061 773	103%	107%	235 076	949 551	99%	102%
General hospitals, local hospitals, rehabilitation hospitals	89 344	458 313	101%	105%	97 492	414 321	95%	101%
Non-HNDP partners	46 203	548 713	90%	88%	45 744	516 048	93%	93%
Total	744 904	3 134 033	101%	102%	789 371	2 862 440	98%	101%

The implementation of the 2020 contracts includes the costs of COVID-related treatment and testing, which were financed from the additional money allocated from the state budget.

Compared to 2019, the amount paid to hospitals in the hospital network development plan increased by 3%, while the number of treatment cases decreased by 11%. The reason for the decrease in treatment cases has been the financing of the emergency departments at the HNDP hospitals on a monthly fee basis since January 2020. With the new EMO funding model, no treatment cases are planned in the contracts.

The amount paid to partners outside the hospital network increased by 2%, and the number of treatment cases decreased by 1%.

The amounts paid to **regional hospitals**, (North Estonia Medical Centre, Tallinn Children’s Hospital and Tartu University Clinic) increased by 3% in 2020 compared to the previous year; the number of treatment cases increased by 6% compared to 2019. The treatment cases of regional hospitals amounted to 35%, and the amount to 53% 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) decreased by 2% in 2020 compared to the previous year, the number of treatment cases provided in central hospitals increased by 18% compared to 2019.

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 15% more treatment cases than in 2019. These medical institutions were paid 3% less compared to the previous year. In 2020, the share of treatment cases of general hospitals and local hospitals amounted to 15% and the amount to 12% of the total performance of specialized medical care contracts.

In 2020, **external partners** (outside the hospitals network) provided treatment cases 1% less than in 2019. For these treatment cases, we paid 2% less than in the previous year.

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/>

Innovation in healthcare

Teleconsultations

The implementation of telemedicine services in healthcare is a new trend in Estonia. Telemedicine services, or telemedicine, means the provision of healthcare at a distance using secure information and communication technology. EHIF started developing the teleconsultation service in the beginning of 2020. With the declaration of the COVID-19 state of public emergency in March 2020, teleconsultations in specialized medical care became possible almost overnight. In September 2020, teleconsultations were added to the list of health care services.

The aim of teleconsultations is to provide patients with a more convenient way to receive healthcare, while ensuring high quality of the service. Teleconsultations can be provided by the medical specialists recalling patients, the nurses on referral by a medical specialist or midwife, the midwives on referral by a medical specialist or recalling patients, as well as clinical psychologists, physiotherapists, occupational therapists and speech therapists.

In 2020, a total of 363,932 teleconsultations were made in specialized medical care, which is 10.8% of all medical specialist appointments. During the COVID-19 public emergency from March to May, teleconsultations were provided the most: 50,900 in March, 79,870 in April, and 59,330 in May. Among specialties, the most of teleconsultations were provided in speciality of internal diseases (38% of all teleconsultations), and in speciality of psychiatry (22%).

The teleconsultation solution is also used in primary medical care, prevention, dental care, and nursing care.

Pilot project on ischemic stroke

As an innovation of 2020, a pilot project on ischemic stroke was fully implemented in specialized medical care, the aim of which is to implement a comprehensive care pathway and new reimbursement methods, first in stroke treatment, but also in other health conditions with long-term rehabilitation. The project systematically measures health outcomes by monitoring the patient's quality of life and coping. Care pathway-based reimbursement is also applied.

Systematic measurement of health outcomes is being implemented for the first time in Estonia. While so far only mortality in ischemic stroke has been systematically measured as a health outcome, the participating hospitals will also monitor the patient's quality of life, such as how the patient assesses their mental health, and daily physical activity, and how satisfied they are with social activities and relationships. The purpose of collecting and comparing health outcomes is to gather information on the coping and quality of life of the people who have had an ischemic stroke, in order to make changes in the organization of treatment.

Care pathway-based reimbursement sets a single price for the entire ischemic stroke patient's care pathway. The care pathway begins with the hospitalization of a patient with an acute ischemic stroke and ends one year later.

When care management development projects end at the end of 2021, health outcomes will be measured and care pathway-based reimbursement will be implemented until mid-2022. After that, the results of the pilot project will be evaluated. In 2020, 433 thousand euros were allocated from the innovation fund for the development and implementation of the pilot project on ischemic stroke.

Since 1 July 2020, the Tartu University Clinic, the North-Estonian Regional Hospital, the West-Tallinn Central Hospital, and Ida-Viru Central Hospital have started to implement the project under the coordination of EHIF.

Clinical decision support project

In order to simplify the work of family physicians, a decision support service was introduced in 2020, which is intended to increase and harmonize the quality of treatment, and to simplify the work of family physicians. It adds personal recommendations for the treatment of a specific patient to the family physician information system used by the doctor, combining the doctor's medical knowledge and the person's health data in the electronic medical record.

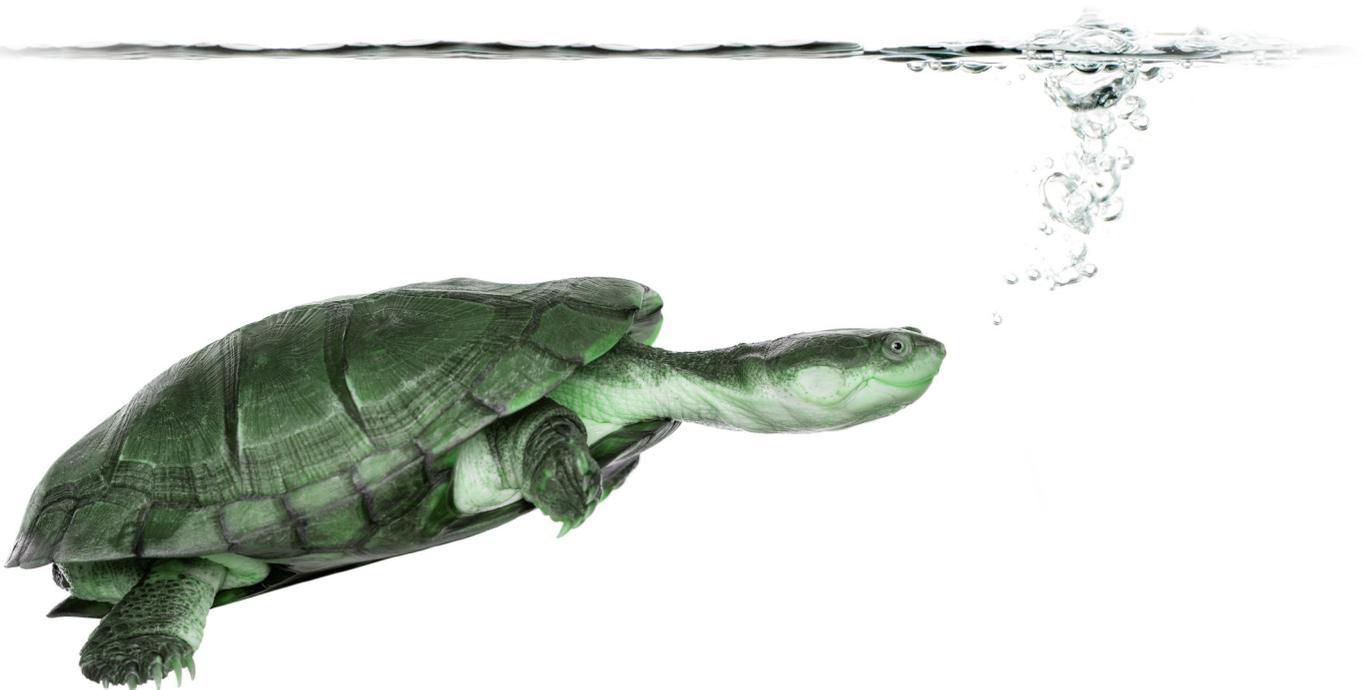
In the current era of information overload, the decision support is an essential digital tool for family physicians to help them make the best treatment decisions based on the medical history and health data. In other words, the decision support helps them find out what examinations, analyses, and pharmaceuticals might be most appropriate for that person.

The decision support brings together a variety of information, such as diagnoses, medications, and tests of the last five years, blood pressure readings, lifestyle indicators, and genetic risk scores. The decision support also takes into account the treatment guidelines and finally gives the doctor a diagnostic and treatment recommendation.

When developing the decision support, we also think about the wider uses of the solution. We plan to create an IT infrastructure that will enable the implementation of various decision support solutions, and that the existing solution could also be used by medical specialists.

The clinical decision support's supportive system project was funded by the European Regional Development Fund, and EHIF in cooperation with the Ministry of Social Affairs, and the Health and Welfare Information Systems Center (TEHIK). EHIF paid a total of almost 732 thousand euros for the implementation of the project, of which 352 thousand euros were covered by the European Regional Development Fund.

The decision-making support for health care by EHIF was chosen as the best digital service in the public sector in Estonia in 2020 within the state digital services competition "Sulg".



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 care services are becoming more available to the population, as nurses have started providing independent appointments, also home nursing services and nursing care in primary care 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 2020 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.

Since 2020, EHIF has financed the nursing services in general nursing home, which gives nursing homes the opportunity to offer free nursing care to their residents. Health care services provided in a general nursing home improve the availability of medical care and helps ensure that residents' health is constantly monitored under the direction of a nurse and in case of health concerns the suitable solution is found in cooperation with a doctor.

An amendment has also been implemented, which will also pay for overtime in nursing care from 1 April 2020: in home nursing with a coefficient of 0.7, and in inpatient nursing care with a coefficient of 0.3.

Table 18. Execution of budget for nursing care, in thousands of euros, and the number of treatment cases

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Home nursing	8 724	40 627	9 212	41 063	9 209	43 275	100%	105%
Inpatient nursing care	31 258	18 949	34 614	19 226	33 740	17 579	97%	91%
Nursing care in general care services	0	0	2 500	0	2 536	35 344	101%	100%
Total	39 982	59 576	46 326	60 289	45 485	96 198	98%	160%

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

We planned 46 million euros for financing of nursing care in 2020. In 2020, we funded the nursing care services of more than 23,730 people. The number of people who received the service increased by 23% compared to the previous year.

In 2020, inpatient nursing care services were provided to 11,780 people, which is 990 less than in the previous year.

In 2020, 10,410 people received the home nursing service, this number increased by 19% compared to the previous year. During the year, 289,750 home nursing visits were made. This included almost 4,200 teleconsultations due to the spread of COVID-19. The number of visits has remained at the same level as last year. Home nursing services are also provided through health centers (primary medical care).

Since 2020, EHIF has financed the nursing services in general nursing home, which gives nursing homes the opportunity to offer free nursing care to their residents. In 2020, nursing services were provided in general nursing homes to a total of 7,030 people, i.e., more than half of the people in general nursing services.

For inpatient nursing care and home nursing, there were covered the additional cost of treating patients due to the spread of COVID-19, additional treatment cases, and an increase in the average cost of a treatment case. The 8% increase in the average cost of a treatment case was due to patients' staying longer due to the spread of COVID-19,

as well as the fact that patients were not referred to home treatment or another medical institution to minimize the risk of infection. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the [EHIF website](#).

Performance of nursing care contracts

Table 19. Execution of contracts for nursing care, in thousands of euro

	2019 contract		Performance of the 2019 agreement		2020 agreement		Performance of the 2020 agreement	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
HNDP hospitals	23 094	24 471	99%	99%	25 848	25 176	96%	95%
Regional hospitals	3 503	3 571	99%	102%	4 647	4 215	100%	100%
Central hospitals	9 670	8 404	99%	96%	10 500	7 988	97%	94%
General hospitals, local hospitals	9 921	12 496	99%	101%	10 701	12 973	94%	94%
Non-HNDP partners	18 097	41 263	94%	85%	19 236	36 712	99%	101%
Total	41 191	65 734	97%	91%	45 084	61 888	98%	98%

The implementation of the 2020 contracts includes the costs of COVID-related treatment and testing, which were financed from the additional money allocated from the state budget.

Compared to 2019, the amount paid to the HNDP hospitals for nursing care services increased by 9%, while the number of treatment cases decreased by 2%. The amount paid to partners outside the hospital network increased by 12%, and the number of treatment cases increased by 5%.

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 treatment specificity. 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. The priority for 2020 was to harmonize and improve the prevention of children's dental diseases and access to treatment services.

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" (Oral School). 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 care 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" (The Teeth In The Mouth) (2016) and "Suuvärk korda" (Put The Oral Health Right) (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 2020, the activities of the children's dental health project focused on information work, the focus of which was on dental care at home. In addition, the long-awaited "Suukool" branded toothpaste was completed and distributed free of charge to children.

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 indicators, 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 20. Execution of budget for dental care, in thousands of euros, and the number of treatment cases

	2019 actual		2020 budget		2020 actual		Budget execution	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
Prevention and treatment of children's dental diseases	25 165	365 291	28 572	399 301	24 260	317 952	85%	80%
Orthodontics	6 891	69 875	7 182	71 561	7 038	64 508	98%	90%
Emergency dental care for adults	1 501	21 921	1 553	22 160	2 161	32 105	139%	145%
Planned dental care for adults	21 161	453 354	21 895	319 362	21 334	458 598	97%	144%
Planned dental care for adults	57	177	36	122	66	114	183%	93%
Life-long dental care	42	410	28	300	160	1 391	571%	464%
Adult non-financial dental benefit	13 471	399 086	14 131	276 940	14 422	410 310	102%	148%
Adult non-financial dentures benefit	7 591	53 681	7 700	42 000	6 686	46 783	87%	111%
Preparedness	34	8	57	12	38	26	67%	217%
Total	54 752	910 449	59 259	812 396	54 831	873 189	93%	107%

Prevention and treatment of children's dental diseases

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

In 2020, there was a total of 243,830 children aged 3 to 19 years, of whom almost 141,500, or 62% of the target group, visited their dentist, or 58% of the target group. In 2020, the coverage decreased by 4% compared to the previous year (in 2019 the coverage was 62%).

According to their 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 14 to 19 years.

In 2020, the coverage was the highest in Saaremaa (65%), in Jõgeva county (62%), Tartu county (62%), and in Põlva county (62%). The coverage is the lowest in Ida-Virumaa (53%), Lääne-Virumaa (54%), and Valgamaa (54%).

Orthodontics

In 2020, EHIF paid for orthodontic services of 19,890 children; compared to the previous year, the number of treated

children decreased by 4%. The reduction in the number of treated children was strongly influenced by the discontinuation of scheduled treatment during the COVID-19 public emergency. Due to the increased spread of the virus since September, patients have delayed seeing a dentist.

Emergency dental care for adults

Funding for emergency dental care for adults increased by 660 thousand euros as compared to the previous year. This is 44% more than in 2019. During the reporting period, adult emergency dental services have been provided to nearly 23,990 people. The number of people treated increased by 44%, or 7380 persons, compared to the previous year. The increase in the use of services was caused by the declaration of the state of public emergency due to COVID-19 in the spring of 2020. As of March 26, dentists and medical specialists working at private health care facilities stopped providing scheduled care, limiting themselves to providing emergency medical care only.

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 to 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 reference 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 reference price of the service. An insured person can use the benefit at EHIF's contract 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 2020, 284,520 people used the adult dental care benefit, and the service was provided by 296 partners who have signed a contract with EHIF. During 2020, 21 service providers concluded the primary contract for non-financial dental care benefits for adults with EHIF (including 10 new contracts during the COVID-19 public emergency in April and 11 in May), and 38 cases for non-financial dental care contracts in addition to the dentures benefit contract previously concluded with EHIF. The increase in the number of contract partners was influenced by the fact that due to the spread of COVID-19, EHIF reimbursed personal protective equipment only to contract partners.

The amount of non-financial dentures benefit for three years is 260 euros. 35,310 persons used the adult dentures benefit in 2020.

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 dental 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. "The Health Insurance Fund has set criteria that a condition of a disability pensioner has to meet in order to qualify for free dental care for the rest of their life. 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 enforced 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, and already 427 persons were provided in 2020.

Performance of dental care contracts

Table 21. Performance of dental care contracts, in thousands of euros

	2019 contract		Performance of the 2019 agreement		2020 agreement		Performance of the 2020 agreement	
	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases	Amount	Number of treatment cases
HNDP hospitals	3 893	56 182	95%	94%	3 850	49 917	84%	85%
Regional hospitals	2 206	34 941	96%	94%	2 089	29 182	86%	86%
Central hospitals	1 307	15 880	93%	93%	1 335	15 393	85%	84%
General hospitals, local hospitals	380	5 361	94%	98%	426	5 342	74%	76%
Non-HNDP partners	31 274	422 154	96%	96%	32 726	414 438	93%	90%
Total	35 167	478 336	96%	96%	36 576	464 355	92%	90%

The implementation of the 2020 contracts includes the costs of COVID-related readiness, which were financed from the additional money allocated from the state budget.

The performance of dental care contracts in 2020, 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 contractual amounts in the first year of the contract period, which could mean to the contract partners that the contractual amount could not be fulfilled. 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. The suspension of scheduled treatment and the organization of dispersed appointments during the COVID-19 emergency period had a major impact. Due to the increased spread of the virus since September, patients have delayed seeing a dentist.

1.6 Ambulance

Table 22. Execution of budget for ambulance, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Total of ambulance	53 164	56 940	57 771	101%

In 2020, the ambulance had 279,230 emergency calls. Due to the spread of COVID-19, the number of calls increased by almost 2,000 in February and March, but in the year as a whole, there were almost 5,000 fewer emergency calls than in 2019. 18 additional reduced ambulance teams were added in March and April, 8 in May and September, 15 in November, and 17 in December. Additional teams were used to perform COVID-19 tests and to transport patients from one hospital to another. As of 31 December 2020, there were 10 service providers and 103 teams in the ambulance (in addition to 17 additional teams in December).

As of 2019, EHIF will sign contracts with ambulance service providers.

1.7 Emergency medical care for uninsured persons

Table 23. Execution of budget for emergency care for uninsured people, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Total of emergency medical care for uninsured persons	8 810	7 832	7 942	101%

From 2019, EHIF finances the emergency medical care for uninsured persons. During the reporting period, the invoices for emergency medical care of more than 26,780 uninsured persons and in the amount of 7.9 million euros were submitted to EHIF. The budget planned for financing uninsured people was exceeded by 110 thousand euros. The amount of the services provided to uninsured people increased due to the increased need for treatment caused by the spread of COVID-19.



2. Health promotion

Table 24. Execution of budget for health promotion, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Activities aimed at children's health development	736	1 000	597	60%
Activities aimed at raising patients' awareness	1 239	1 800	1 211	67%
Empowerment in primary health care	1	230	4	2%
Development of healthcare system	528	1 020	929	91%
Total	2 504	4 050	2 741	68%

The field of health promotion has been receiving more and more attention year by year, as there is a growing awareness of the importance of health promotion activities in disease prevention. In this connection, money for promotion has also been increasing every year. The budget planned for 2020 was 4 million euros, which was fulfilled by 68%. The implementation of the budget was largely affected by the spread of the COVID-19 virus, when many activities had to be implemented differently than planned or postponed to the following year.

In 2020, we focused largely on mental health topic. We discussed mental health issues on TV, in the museum, and at a health promotion conference. For the first time, in co-operation with the Estonian National Broadcasting, we made an eight-part program series „Selge pilt!“, which focused on the most common mental health problems among the Estonian population. We also took a new focus on promoting mental health and started cooperating with the Estonian Health Museum. The result of the project will be reached next year.

In September, a health promotion conference named „Vaimne tervis – nähtamatust nähtavaks“ (Mental Health: From Invisibility To Visibility) was held to address mental health issues throughout the life cycle. Due to the spread of COVID-19, the conference was held online for the first time and was attended by almost a thousand people. We assessed the satisfaction with the conference via a feedback questionnaire. The satisfaction of the participants with the conference was close to the maximum.

The children's mental health project „Peaasjad“ (Key Issues) is popular among the target group. During the COVID-19 emergency, we addressed issues that help to deal with loneliness and depression. We made several tutorial videos that covered different topics and shared home coping advices. Under the leadership of youth psychiatrists, an online counseling service was launched, where the person in need is brought in contact with a volunteer who has received appropriate training. The aim is to provide support in dealing with the mental health tensions arising from the COVID-19 pandemic and its consequences.

In addition, we continued with other health-promoting projects, the largest of which were children's dental health, pregnancy crisis counseling, sexual counseling, and health-promoting kindergartens and schools.

In 2020, there were five major campaigns aimed at patient awareness. These campaigns focused on:

- cervical cancer screening
- breast cancer screening
- family physician advisory line 1220
- sexual health
- organ donation.

In 2020, two new campaigns took place which were dedicated to the following topics: organ donation and sexual health. Both campaigns were successful, the first of which was noticed by as many as 79% of the population. The number of applications for organ donation increased sharply during the campaign period.

In the outreach activities, we started with a cervical cancer screening campaign, where we used a new creative solution. At the end of the COVID-19 public emergency, we published a magazine focusing on cervical cancer screening, which we distribute to targeted women and major employers. In September, there was launched the new campaign focusing on breast cancer, named „Ole oma rinna hoidja” (Be Your Own Bodice-Guard). The campaign was aimed at women from the screening target group, and the information spread all over Estonia. One part of the campaign was also to organize themed nights online in Estonian and Russian.

A nationwide analysis of adult oral health was postponed to 2021 due to the state of public emergency.

3. Pharmaceuticals

The provision of a pharmaceutical discount, i.e., the full or partial payment for medicines from public funds, is one of the measures to ensure the availability of medicines. 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. EHIF reimburses the pharmaceuticals intended for hospital use and listed in the health care service list.

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 for the insured

Table 25. Execution of budget for reimbursable pharmaceuticals (reimbursed to insured persons), in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
100% reimbursable pharmaceuticals	72 393	79 615	80 993	102%
90% reimbursable pharmaceuticals	42 737	46 234	47 713	103%
75% reimbursable pharmaceuticals	6 117	6 594	6 745	102%
50% reimbursable pharmaceuticals	17 913	19 445	17 295	89%
Total	139 160	151 888	152 746	101%

The budget for pharmaceuticals was executed by 101%. The biggest budget overrun occurred in the group of 90% reimbursable pharmaceuticals. The main reason for this is the significant increase in the use of antidiabetic medicines and anticoagulants. In total, the cost of fully reimbursable pharmaceuticals increased the most. This is mainly due to hemophilia medicines, which we started to compensate in 2020 as a discounted pharmaceutical. Previously, these pharmaceuticals were administered to patients at hospitals. The use of biological medicinal products in case of rheumatic diseases and psoriasis is also on the rise. They were also previously administered to patients at hospitals, and their use was limited by the contract amount of the hospitals. Among the most commonly used medicines, there are several antitumor medicines. The cost of medicines that are 50% reimbursed has remained at the same level, because we are now reimbursing many of them at a higher discount rate.

Table 26. Number of reimbursable prescriptions (RP) and their average cost for EHIF, in euros

	2019 actual		2020 actual		Change compared to 2019	
	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	1 016 168	71,24	994 809	81,42	-2%	14%
90% reimbursable pharmaceuticals	3 023 610	14,13	3 244 114	14,71	7%	4%
75% reimbursable pharmaceuticals	577 348	10,59	634 792	10,63	10%	0%
50% reimbursable pharmaceuticals	4 089 309	4,38	3 909 231	4,42	-4%	1%
Total	8 706 435	15,98	8 782 946	17,39	1%	9%

Table 27. Deductible of an insured person, in euros

	2019 actual	2020 actual	Change compared to 2019
100% reimbursable pharmaceuticals	3,94	4,06	3%
90% reimbursable pharmaceuticals	5,78	5,82	1%
75% reimbursable pharmaceuticals	7,68	7,78	1%
50% reimbursable pharmaceuticals	7,17	7,30	2%
Total	6,34	6,42	1%

The deductible of an insured person has remained practically unchanged, being 6.42 euros per recipe on average in 2020.

In order to influence the insured people's deductible, in addition to paying the additional benefit for pharmaceuticals, we also did the following:

- we increased the discount rate for some medicines or eased the prescribing conditions in active substance groups, where the selection of higher active substances was small and there were no price differences within the group (e.g., antibiotics, antiallergic medicines, glaucoma medicines, atypical antipsychotics);
- we achieved a reduction in the price of some medicines due to successful negotiations (50% reduction in deductible, and 75% discount rate in the group);

we waived the maximum reference prices previously established on the basis of § 45 (52) of the Health Insurance Act in situations where this was possible due to intermediate price changes of these medicines in the main reference states of Estonia.

Table 28. Diagnoses related to higher pharmaceuticals benefits, in thousands of euros

	2019 actual*		2020 actual	
	Reimbursed by EHIF	% of pharmaceutical benefits' total costs	Reimbursed by EHIF	% of pharmaceutical benefits' total costs
Cancer	23 119	17%	27 800	18%
Total diabetes, incl.	20 801	15%	22 697	15%
insulins	11 072	8%	9 871	6%
orally administered preparations	9 729	7%	12 826	8%
Hypertension	10 310	7%	10 667	7%
Chronic hepatitis C	4 716	3%	5 701	4%
Bronchial asthma	5 276	4%	5 261	3%
Glaucoma	3 846	3%	3 968	3%
Hypercholesterolemia	2 046	1%	2 568	2%
Mental disorders	1 613	1%	1 618	1%
Total	71 727	52%	80 280	53%

Among the discounted medicines, we compensated the most for anti-cancer medicines. Given the demographic processes and the focus of pharmaceutical development in the pharmaceutical industry, this could be expected. Compensation for antidiabetic medicines also increased significantly, mainly due to the increase in the use of newer classes of pharmaceuticals (GLP1a, SGLT2i). 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 health care services, the main ones being separate pharmaceutical services (R-services), 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.

Among the pharmaceuticals with a separate service code, the pharmaceuticals used to treat oncological and hematological diseases have the greatest impact on the budget (29.6 million euros). In the second place, there are the biological pharmaceuticals used for various autoimmune diseases (rheumatic, dermatological, gastroenterological diseases, asthma, multiple sclerosis, etc.). We compensated them in the amount of 12.4 million euros. However, this amount has been declining for several years as the prices of pharmaceuticals become cheaper and are increasingly being reimbursed as discounted medicines. The cost of other pharmaceutical services was 16.4 million euros, and it is on a steady growth trend. It contains a variety of medicines, including medicines for rare diseases, which are added every year.

Table 29. Funding of pharmaceuticals from the EHIF budget, in thousands of euros

	2019 actual	2020 actual	Change compared to 2019
Reimbursable pharmaceuticals for the insured	139 160	152 746	10%
Use of pharmaceutical codes in the list of health care services	56 603	58 664	4%
Cost of pharmaceuticals in healthcare services	15 019	14 186	-6%
Additional benefit for pharmaceuticals	7 481	7 488	0%
HIV and AIDS medicines, antidotes and immune preparations	18 814	16 513	-12%
Total cost of pharmaceuticals	237 077	249 597	5%

In 2020, EHIF reimbursed pharmaceuticals for 250 million euros through various budget lines. This accounts to 15% of healthcare expenditure.

3.2 Additional benefit for pharmaceuticals

Table 30. Additional benefit for pharmaceuticals

	2019 actual		2020 budget	2020 actual		Budget execution
	Amount	Number of people	Amount	Amount	Number of people	Amount
Total of additional benefit for pharmaceuticals	7 481	136 628	9 296	7 488	140 978	81%

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 pharmaceutical at the pharmacy. The benefit applies to expenses that exceed 100 euros per calendar year.

EHIF paid insured persons for the additional benefit for pharmaceuticals as much as in 2019. The number of the persons who received the benefit increased by 4,350 persons compared to the previous year.

3.3 HIV medicines, antidotes and immune preparations

From 2019, influenza vaccination was started for the first time in general and special nursing homes, and it continued in 2020 as well. 10,000 doses of influenza vaccine were purchased, and about 64 thousand euros were invested in it. In 2020, almost 9,000 residents of nursing homes were vaccinated and the coverage of vaccination was almost 73% of the target group. In 2020, the emergency vaccination of health care professional against measles also ended. Nearly 8,000 doses of measles vaccine were issued for vaccination during the period 2019–2020. Vaccination option was offered to all hospitals, school nurses, family physicians, dentists, and pharmacists.

The procurement of vaccines, medicines, etc. related to the spread of COVID-19 in 2020 was managed by the Ministry of Social Affairs and the Health Board. EHIF employees also contributed to these procurements.

An important trend in this area is the expansion of joint procurements. We will continue to jointly procure calendar vaccines purchasing them in the Baltic States, but we have also started pilot projects in Estonia. Our goal is to consolidate the fragmented procurement activities of hospitals in order to increase purchasing power, thereby achieving better security of supplies and more favorable conditions. In 2020, for the first time, we carried out two joint

procurements with hospitals: a joint procurement of influenza vaccine with two hospitals, and a joint procurement of biological medicinal products with four hospitals. Both procurements were considered successful by the partners because these led to significant price reductions in all parts of the competitive procurement.

The budget for antidotes was significantly exceeded. The main reason for this is the much higher fear of methanol and poisonings with foxglove (digitalis).

Overall, costs in the sector have decreased by 12% compared to 2019, mainly due to significantly lower prices for antiretroviral medicines.

Table 31. Execution of budget for HIV medicines, antidotes and immune preparations, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
HIV/AIDS medicines	13 291	16 950	11 781	70%
Immune preparations	3 253	4 400	2 900	66%
Tuberculosis medicines	441	600	355	59%
Antidotes	139	150	256	171%
VAT on pharmaceuticals	1 690	0	1 221	-
Total	18 814	22 100	16 513	75%



4. Benefits for temporary incapacity to work

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

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

After a physician has opened a certificate for incapacity to work and sent its data to EHIF, the employer will immediately receive information about the issued certificate for incapacity to work, and see the estimated end date of the certificate for incapacity to work on the state portal.

In March 2020, because of the increased need to obtain certificate of incapacity to work due to the spread of COVID-19, all working people were given the temporary opportunity to open their sick leave or care leave certificates on the patient portal by themselves. An employee can check on the state portal information about the certificate for incapacity to work opened for him/her, and doctors receive through the x-tee services information about the certificates for incapacity to work issued by other physicians, and the reasons for their issue.

Table 32. Execution of budget for benefits for incapacity to work, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Sickness benefits	80 717	83 380	84 993	102%
Carer's allowances	24 559	27 294	26 550	97%
Maternity benefits	56 737	62 091	55 328	89%
Occupational accident benefits	5 339	5 697	5 174	91%
Benefits for incapacity to work due to COVID-19	0	0	19 822	-
Total	167 352	178 462	191 867	108%

Of the paid incapacity benefits, the budget was exceeded for sickness benefits. At the same time, lower-than-budgeted use of care benefits and maternity benefits has offset the budget overrun. It should be noted that, in 2020, we used additional 19.8 million euros from the state budget to cover the additional costs of incapacity benefits, including compensation for the first three days of sickness benefits due to the spread of COVID-19, which is reflected in the COVID-19 incapacity benefits.

For the first time, based on the implementation of Regulation No. 28 of the Government of the Republic dated 23 April 2020 named "Conditions and Procedure for Payment of Benefits and Services through the Estonian Health Insurance Fund in Public Emergency", EHIF reimbursed the employee's sick leave days from the state budget from the first to the third day for all the sick leave certificates opened from 13 March until the end of the public emergency on 17 May. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the [EHIF website](#).

Table 33. Comparison of benefits for incapacity to work

	2019 actual	2020 actual	Change compared to 2019
Sickness benefit			
Number of the sick leave certificates paid for by EHIF	291 520	356 858	22%
Days paid for by EHIF	3 825 723	4 525 094	18%
Total benefits paid by EHIF (thousand euros)	80 717	104 815	30%
Average benefit per day (euros)	21,1	23,2	10%
Average duration of paid sick leave	13,1	12,7	-3%
Carer's allowance			
Care leave certificates paid for by EHIF	128 729	111 500	-13%
Days paid for by EHIF	917 225	901 534	-2%
Total benefits paid by EHIF (thousand euros)	24 559	26 550	8%
Average benefit per day (euros)	26,8	29,4	10%
Average duration of paid care leave	7,1	8,1	13%
Maternity benefit			
Maternity leave certificates paid for by EHIF	10 797	10 046	-7%
Days paid for by EHIF	1 507 586	1 402 370	-7%
Total benefits paid by EHIF (thousand euros)	56 737	55 328	-2%
Average benefit per day (euros)	37,6	39,5	5%
Average duration of paid maternity leave	139,6	139,6	0%
Occupational accident benefit			
Occupational accident certificates paid for by EHIF	8 341	7 379	-12%
Days paid for by EHIF	158 728	140 747	-11%
Total benefits paid by EHIF (thousand euros)	5 339	5 174	-3%
Average benefit per day (euros)	33,6	36,8	9%
Average duration of paid occupational accident leave	19,0	19,1	0%
Total			
Number of certificates of incapacity to work paid for by EHIF	439 387	485 783	11%
Days paid for by EHIF	6 409 262	6 969 745	9%
Benefits paid by EHIF (thousands of euros)	167 352	191 867	15%
Average benefit per day	26,1	27,5	5%

The effect of COVID-19 has been taken into account

In 2020, the number of days reimbursed by EHIF increased by 9%, and the number of certificates of incapacity to work by 11%. Both the number of days reimbursed and the increase in the number of certificate of incapacity to work are linked to the situation due to the spread of COVID-19, where people took more sick and care leave certificates due to the virus. There was also a procedure that, in the case of self-isolation, a sick leave certificate was received if the person was exposed to contact with a coronavirus disease patient, or a leave certificate if the child was exposed.

During the public emergency, from 13 March to 17 May, almost 134,000 sick or care leave certificates were opened, which is about 55,000 more certificates of incapacity to work compared to the same period in 2019. The increase in the number of the certificates opened during the COVID-19 public emergency period resulted in an additional cost of 12.8 million euros for EHIF.

The calculation of the additional cost is based on the number of the certificates that were opened more during the public emergency period than in the same period of 2019, the average duration of paid leave in 2020, and the average benefit amount per day. The payment of all those certificates of incapacity to work was preceded by a medical examination of the need for dismissal from work.

EHIF calculates the benefit for temporary incapacity to work on the basis of income taxed with social security tax in the calendar year preceding the date of opening of the certificate of incapacity to work.

In 2020, the average compensation per calendar day was 27.50 euros, increasing by 5% compared to the previous year.

Sickness benefits

Sickness benefits are paid to a insured person during the period of his or her temporary incapacity to work in order to compensate for the partially unpaid 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, or quarantine, no benefits are paid for the days 1–3, the benefit for days 4–8 is paid by the employer, and from the 9th day, the payment of the benefit is assumed by EHIF. For other reasons, EHIF pays the benefit from the second sick leave day.

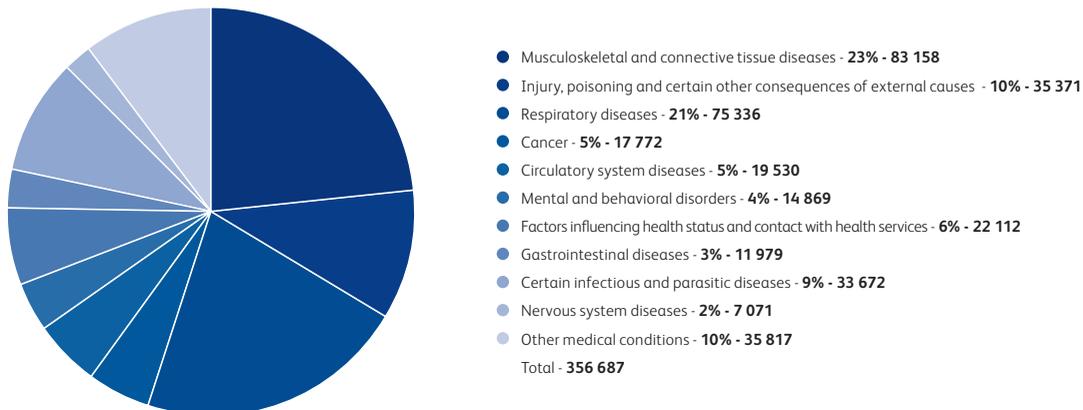
Exceptionally, in 2020, EHIF reimbursed the employee's sick leave days from the state budget from the first to the third day for all the sick leave certificates opened from 13 March until the end of the public emergency on 17 May. At that time, a total of nearly 101 thousand sick leave certificates were opened, and the total cost of Days 1–3 was reimbursed in the amount of 1 million euros. The COVID-19 final report on the expenses caused by spreading of the virus in the first half of 2020 is available on the [EHIF website](#).

The main causes of sick leave in 2020 were illnesses and domestic injuries (83% and 11% respectively). Compared to the previous year, the number of sick leave certificates due to infectious and respiratory diseases increased significantly because of the spread of COVID-19. Compared to the previous year, the number of the sick leave certificates withdrawn due to infectious diseases increased by 73% (almost 14,000 more sick leaves), and due to respiratory diseases by 40% (21,000 more sick leaves). The number of the sick leave certificates withdrawn due to injuries or poisonings decreased the most, by 7% (or 2,000 sick leaves).

The average duration of sick leave reimbursed by EHIF in 2020 was 12.7 days, which is by 0.4 days less than in 2019. The number of sick leave certificates issued per employed insured person was 0.45 in 2019 and 0.57 in 2020.

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 care leave certificates 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 care 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 2020, the number of care leave certificates decreased by 13% compared to the previous year. At the same time, the average duration of paid care leave increased by 13%, or 0.9 days. Care leave certificates were in most cases issued for respiratory diseases, certain infectious and parasitic diseases.

Maternity benefit

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

In 2020, the number of maternity leave certificates and the number of compensated days decreased by 7% compared to the previous year. Total benefits paid by EHIF decreased by 2% (1.4 million euros) When looking at women of childbearing age by age groups, the number of maternity leave certificates in the age group 40–49 years increased compared to the previous year. In other age groups, the number of maternity leave certificates decreased.

Table 34. Use of maternity benefit by age groups

Age group	Number of people	Number of maternity leave certificates	Days compensated	Amount of compensation (in thousands of euros)	Average cost per day	Average duration of paid leave
10–19 years	65	65	9 100	173	19,0	140,0
20–29 years	3 659	3 660	510 965	17 692	34,6	139,6
30–39 years	5 741	5 741	801 844	33 543	41,8	139,7
40–49 years	579	579	80 321	3 915	48,7	138,7
50 years	1	1	140	5	35,7	140,0

Occupational accident benefits

EHIF pays occupational accident benefits as of the second day from the issue of a certificate of incapacity to work. The reasons of issuance of certificates for incapacity to work due to an occupational accident have not changed compared to 2020. The causes for issue of a sick leave certificate due to an occupational accident are divided as follows: accidents at work accounted for 95%, complications resulting from an accident at work – 3%, and occupational accidents in traffic – 2%.

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 2020, foreign physicians issued 1,253 leave certificates to Estonian insured persons, based on which EHIF paid incapacity benefits to 623 people in the amount of 523 thousand euros.

In 2020, 83% of cases were filed for sickness benefit, 11% 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 increased from 63% in 2019 to 74% in 2020, and the share of maternity benefits increased from 5% to 8%, and the share of benefits paid in the event of occupational accidents increased from 9% to 13%. The share of the maternity benefits reimbursed on the basis of a certificate issued by a foreign doctor decreased from 23% to 5% in 2020.



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. We update the list of medical devices on yearly basis, by adding new products, as necessary, and updating the price list based on contracts signed with the dealers of devices. In 2020, we added 117 new medical devices to the list and expanded our range of medical devices for treatment of sleep apnea, asthma and lymphedema, venous insufficiency, wound, and diabetes. We also added new ostomy products and orthoses to the list.

Table 35. Execution of budget for medical device benefits, in thousands of euros, and the number of persons

	2019 actual		2020 budget	2020 actual		Budget execution
	Amount	Number of persons*	Amount	Amount	Number of persons*	Amount
Early primary prostheses and orthoses	1 762	22 153	1 873	1 625	19 617	87%
Insulin pumps and insulin pump supplies	1 730	490	2 257	1 841	573	82%
Diabetes supplies (except pump therapy)	4 637	48 689	4 526	4 576	49 577	101%
Stoma appliances and accessories	1 485	2 106	1 689	1 653	2 223	98%
Continuous positive airway pressure devices and masks	1 516	4 660	1 665	1 566	5 291	94%
Wound bandages and wound patches	67	1 775	105	70	1 720	67%
Other medical devices	274	2 179	485	302	2 477	62%
Total	11 471	78 681	12 600	11 633	77 951	92%

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

Compared to 2019, the amount of benefits for medical devices increased by 1%, or nearly 162,000 euros, while the number of users of medical devices decreased by 1%, or 730 people. The budget was executed by 92%.

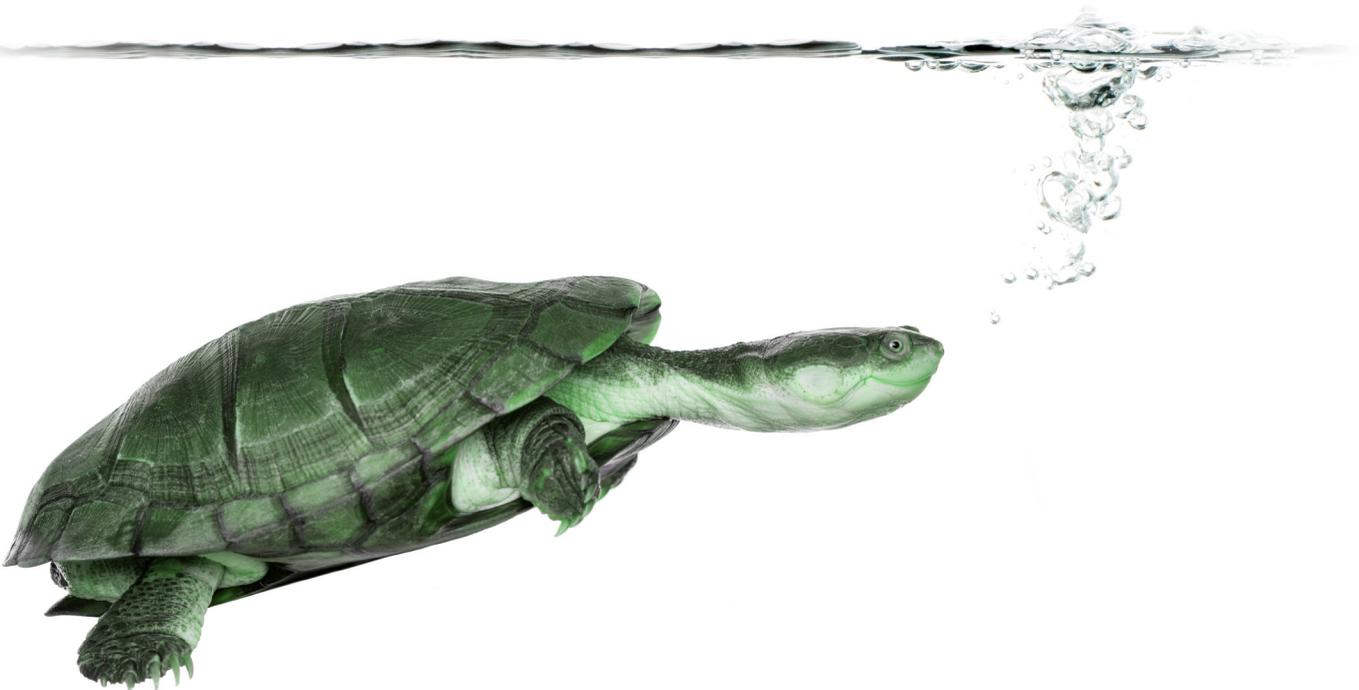
The number of users of prostheses and orthoses decreased the most, by 11% (or almost 2,500 people), and the budget decreased by 8% (or 137 thousand euros). This is most likely due to a decrease in doctor visits related to the spread of COVID-19, and a decrease in EMO visits.

Reimbursement of ostomy care products increased the most (by 11%, or almost 168 thousand euros). This is linked to changes that took effect at the beginning of 2020, which make it easier to prescribe these products and allow to purchase the products more flexibly. At the same time, we increased the reimbursable quantities of many ostomy products and extended the reimbursement to patients with fistula, i.e., people who have a connection between the intestine and the skin for various reasons, from which intestinal contents and / or purulent secretions effuse on the skin. As a result, the number of patients using the products also increased as expected.

In 2020, we added new a pump-free continuous glucose monitoring system, which provides similar efficiency to an insulin pump, to the list. This system is an alternative to modern pump therapy and an additional option for children

on injection or using a pump without glucose monitoring. Compared to 2019, the number of users of children's pump and sensor therapy increased by 17%. In total, we invested 1.8 million euros in the treatment of diabetes in children, i.e. we additionally contributed nearly 111 thousand euros to improving the availability of the treatment.

To meet the real needs of patients, in 2020, we increased the reimbursable amounts of insulin needles for insulin-injecting patients with type 2 diabetes and gestational diabetes. Compared to 2019, the number of users of accessories for measuring blood sugar (test strips, lancets, needles) increased by almost 900 people, but the budget decreased by 1%. This is probably due to a decrease in the maximum reference price of test strips. The continued implementation of the maximum reference price system, i.e., the increase of price competition, makes it possible to expand the conditions of reimbursement and finance new product groups without significantly increasing the total cost of medical devices in the EHIF budget.



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 36. Treatment of Estonian insured person abroad, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Planned treatment abroad	3 392	7 590	5 786	76%
Healthcare service benefit expenses for an Estonian insured person in another Member State	4 769	7 995	5 871	73%
Cross-border medical care	96	126	128	102%
Total	8 257	15 711	11 785	75%

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 foreign medical treatment or examination, 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 2020, EHIF assumed the obligation to pay for treatment received or examinations performed abroad for 109 persons who applied for that. Out of these, 43 (including 33 children) were referred abroad for planned treatment (including counseling and examinations), 25 cases (including 7 children) went for analyses, and 41 (including 6 children) were reimbursed by EHIF for searches for a bone marrow donor (who is non-related) through the Finnish Red Cross Blood Services.

16 applications received negative responses, 14 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, there was non-evidence-based treatment, or the requested healthcare was not medically indicated. 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 foreign medical treatment or the application withdrawal at their own request.

Table 37. Countries the insured persons visited for planned treatment or examination in 2020

	Total	Treatment	Examination
Finland	23	23	0
Germany	11	10	1
UK	6	1	5
Sweden	5	4	1
Denmark	2	2	0
Poland	10	-	10
Netherlands	10	2	8
Russia	1	1	0
Total	68	43	25

During the reporting period, EHIF received treatment invoices from other countries in the total amount of 3.6 million euros. It included 2.7 million euros for treatment, nearly 25 thousand euros for analyses, and 882 thousand euros for the costs related to the search for a bone marrow donor. In addition, invoices were issued for medical transport costs in the amount of 103 thousand 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 the decisions made by EHIF in the respective year.

Table 38. High-cost cases of planned treatment abroad, reimbursed by EHIF in 2020, in thousands of euros

	Country	Amount
Hematology	United Kingdom	567
Cardiac surgery	Finland	409
Oncology	Sweden	199
Surgery	Switzerland	68
Neurology	Belgium	42

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 temporarily necessary medical care in another Member State;
- Receive any medical care in another Member State.

The budget for 2020 was planned at 8 million euros, the actual spending was 5.9 million euros (73%). From this amount, 56,000 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 were paid for Estonian insured persons who are entitled to any medical care while living in another Member State.

Cross-border medical care

According to the Patients' Rights Directive 2011/24/EU of the European Parliament and of the Council, which provides for the application of patients' rights in cross-border healthcare, patients can go to another EU country to receive treatment there and claim financial benefits from EHIF. A benefit can be applied for by patients for the services that they are entitled to receive at the expense of EHIF also in Estonia, according to the prices provided in the EHIF list of health care services, the list of medicines, and the list of medical devices. In 2020, we accepted 81 applications (compared to 116 applications in 2019) based on a cross-border healthcare service and reimbursed nearly 128 thousand euros (compared to 97 thousand euros in 2019) for healthcare services provided to people abroad. Due to the spread of COVID-19, the possibility of transnational mobility decreased significantly, which also led to a decrease in the number of applications.

Since 2020, the Estonian digital prescription has reimbursed the cost of prescription medicines purchased in the European Union (initially in Finland), for which 12 applications were submitted.

In 2020, majority of the applications for compensation under the Patient's Rights Directive were for the healthcare services provided for the treatment of cardiovascular diseases (19%). The number of applications for the treatment of diseases of the musculoskeletal system decreased by 12% (17% in 2019). Orthopedics (11%), various gastrointestinal and surgical diseases (10%) followed. In 2020, the number of applications for examinations and treatment of tumor diseases decreased further by 6% (10% in 2019, and 24% in 2014–2017). A smaller share consisted of cases of consultations or examinations, also patients received rehabilitation, treated eye diseases, ear-nose-throat diseases, and neurological and neurosurgical diseases.

One request met a refusal, it was the patient's co-payment.

In 2020, cross-border healthcare was provided in 13 EU Member States. Finland (29%) and Latvia (17%) were the most visited, followed by Spain (13%), Germany (10%), and Italy (7%). Treatment was less often in Greece, Lithuania, and Austria, and particular persons went for it to France, Poland, the United Kingdom, Sweden, and Bulgaria.

In 2020, four inquiries 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 additional inquiries for such information.



7. Other expenses

Other expenses are

- support activities;
- healthcare services for European insured persons;
- other healthcare expenditure;
- COVID-19 expenses.

Table 39. Execution of budget for other expenses, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Support activities	259	460	335	73%
Healthcare services of a European insured persons	2 010	1 900	1 154	61%
Other healthcare expenditure	33	23 200	118 107	509%
Total	2 302	25 560	119 596	468%

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

The necessary medical care for the EU Member State's insured persons is first paid by EHIF, but the final healthcare expenses are borne by the country of coverage.

We paid a total of 1.1 million euros for healthcare services and reimbursable pharmaceuticals provided to patients from other Member States.

Table 40. Execution of budget for healthcare services and pharmaceuticals of European insured persons, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Healthcare services	1 964	1 845	1 121	61%
Pharmaceuticals	46	55	33	60%
Total	2 010	1 900	1 154	61%

7.3 Other healthcare expenditure

Exceptionally, the health care expenses reimbursed according to the decision of the Management Board of EHIF, the health care expenses related to residency, and the innovation fund are recognized under other healthcare expenditure. In 2020, coverage of COVID-19 expenses added up.

In 2020, the Government of the Republic allocated a total of 221 million euros to EHIF to cover COVID-19 expenses, of which 100.7 million euros were spent. In addition, EHIF paid 36.4 million euros from healthcare expenditure to cover COVID-19 expenses. The coverage of COVID-19 expenses is described in more detail in the first part of the report, in the chapter on expenditure budget implications.

Since 2020, EHIF has financed residency costs. The costs related to the residency were 18 million euros in 2020, which was 286 thousand euros higher than planned.

Other healthcare expenditure includes reimbursements for in-hospital pharmaceuticals price agreements in the amount of 3 million euros. As a result, the budget execution amount for other health expenditure in 2020 was 120 million euros.

The budget of the innovation fund for 2020 was planned to be 5 million euros, of which 2 million euros were used. The basis for the use of innovation fund is § 4 of the Health Insurance Act, which provides that EHIF may use the health insurance funds and the funds allocated to EHIF from the state budget for paying for activities or projects improving the quality, availability and effectiveness of provision of health services and for health care system development activities. The corresponding expenses should have the approval of the Ministry of Social Affairs.

In 2020, 433 thousand euros were paid from the innovation fund for the implementation of the pilot project on ischemic stroke. The pilot project on ischemic stroke is aimed at organizing the treatment of ischemic stroke. The beneficiaries of the Innovation Fund should implement the two major parts of the pilot project – health outcomes measurement and care pathway bundled payment – for all patients with ischemic stroke onset in the period from 1 July 2020 to 30 June 2021.

With the support of the innovation fund and the European Regional Development Fund, a clinical decision support's supportive system was set up, which can be used by family physicians and nurses since May 2020. The clinical decision support's supportive system brings patient-based recommendations to the family physician and nurse's desktop, and helps them make decisions faster and with better quality. The clinical decision support's supportive system is the first solution in Estonia that gathers and analyzes human health data such as diagnoses, medicines, analyses, and procedures for the last five years. In the future, genetic risk scores and lifestyle indicators will also be added to the system. Decision support also takes into account both Estonian and international treatment guidelines. Nearly 585 thousand euros were paid from the innovation fund for the development of the project.

In addition, the innovation fund was used in 2020 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 PAIK project led by Viljandi Hospital for the development and testing of an integrated model of healthcare and social services in 2019–2020, implementation of teleconsultations, implementation of the e-ambulance project, and development of the new generation health information system. A total of 971 thousand euros was paid for these activities.

Operating expenses of EHIF

EHIF, when planning its activities and operating expenses, proceeds from its strategic objectives and development plan, as well as the objectives of the current year's approved scorecard. In 2020, 15.1 million euros were planned for administrative operating expenses of healthcare benefits, and the budget was executed by 88%.

EHIF's operating expenses in 2020 accounted for 0.95% of total expenses, remaining at the same level as in the previous year. During the years of operation of the whole organization, this share has always remained below 1%.

Table 41. Execution of budget for EHIF's operating expenses, in thousands of euros

	2019 actual	2020 budget	2020 actual	Budget execution
Labor expenses	7 360	7 990	7 979	100%
Management expenses	1 893	2 422	1 937	80%
Information technology expenses	2 689	2 868	2 150	75%
Development expenses	271	450	339	75%
Other operating expenses	1 170	1 370	951	69%
Total	13 383	15 100	13 356	88%

Labor expenses

In 2019, vacancies related to structural reform in EHIF were filled. In 2020, EHIF employed an average of 194 employees with employment contracts, of whom 189 worked full-time.

Management expenses

Management expenses cover daily operating expenses, EHIF's personnel training expenses, consultation expenses (including audit), research expenses, and internal communication expenses. As in other cost lines, management expenses remained under-executed in 2020.

The implementation of the budget for management expenses in 2020 was affected by lower-than-planned use of traveling and training expenses, as well as transport expenses. The reason for this has been the predominance of teleworking since March. All in all, this has also reduced office costs. The spread of COVID-19 last year has also limited both business travels and training.

In 2020, the working conditions of the Tartu office were updated. Opportunities for modern jobs were created also for the employees of the institution temporarily staying in Tartu.

This year, we still considered it important to support the health promotion of EHIF employees by reimbursing various sports events (including both individual sports allowance 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 2020, IT expenses included 1.2 million euros for IT-system license fees, 636,000 euros for maintenance fees, 218,000 euros for depreciation of central systems, and 74,000 euros for their development.

EHIF was also leading a new IT project for clinical decision support, which resulted in a unique product that improves the provision of healthcare services. In 2020, 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.

Within EHIF, the replacement of the basic infrastructure continued, and several modern IT solutions were implemented, including activities enabling teleworking and an identity model.

Development expenses

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 2020, total development expenses were executed by 75%.

From the development expenses of 2020, the expenses for developing and auditing the healthcare services account for nearly 280 000 euros, and the expenses of external communication are 58,000 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 medical care financing agreements by the MTÜ Eesti Perearstide Selts (Family Physicians Association) (auditing of primary care centers) and the implementation of an innovative pilot project on ischemic stroke in specialized medical care. We continued our cooperation with the World Bank in introducing healthcare system development projects.

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 continued. With the help of the project we want to make EHIF aware of the value of plain social communication. The focus was on legal texts, partner and client communication. As a result of these activities, the Estonian people's assessment of the EHIF's information / text comprehensibility has improved.

Other operating expenses

In the budget execution for other operating expenses, in addition to the VAT calculated on operating expenses, the target-financings of operating 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 69% in 2020.

The largest share of other operating expenses was for VAT amounting to 688 thousand euros.

Capital reserve

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

- The capital reserve of EHIF means the reserve formed of the budget funds of EHIF for the reduction of the risks of the budget of EHIF caused by macro-economic changes.
- The capital reserve amounts 5.4% of the budget.
- The capital 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 Supervisory Board of EHIF.

By the end of 2020, the capital reserve of EHIF was 78.5 million euros. According to § 38 of the EHIF Act, the capital reserve for 2020 had to be 86.2 million euros. In order to meet the legally required level in 2020, we increased the capital reserve by 7.7 million euros.

In 2021, the required capital reserve will be 93.2 million euros. In order to meet the legally required level, we will have to increase the capital reserve by 7 million euros in 2021.

Risk reserve

The formation of a risk reserve is regulated by § 39¹ of the Estonian Health Insurance Fund Act as follows:

- The risk reserve of EHIF is the reserve formed from the budgetary funds of EHIF in order to minimize the risks for EHIF arising 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 Supervisory Board of EHIF.

At the end of 2019, the risk reserve of EHIF was 28.8 million euros. According to § 39¹ of the EHIF Act, the required risk reserve size in 2020 was 31.6 million euros. In order to meet the legally required level in 2020, we increased the risk reserve by 2.8 million euros.

In 2021, the legally required risk reserve is 34.2 million euros. In order to meet the legally required level, we have to increase the risk reserve by 2.6 million euros in 2021.

Retained earnings

EHIF's use of retained earnings from previous periods is regulated by § 36¹ 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 EHIF in the previous calendar year.
- The use of EHIF's retained earnings of previous periods will be decided by the Management Board on a proposal from the Supervisory Board.

At the beginning of 2020, EHIF had retained earnings equal to 131.9 million euros.

In 2020, 7.7 million euros was allocated to the capital reserve from the retained earnings and 2.8 million euros into the risk reserve to bring the reserves to legally required level.

By 2020, the planned earnings were plus 5 million euros. Due to the COVID-19 situation in the reporting year, EHIF received less revenue than planned in terms of social security tax-based health insurance, while the decrease was offset by the decrease in the use of healthcare services due to COVID-19, the result for 2020 was 16.7 million euros.

As of 31 December 2020, the total retained earnings were 138.1 million euros.

The Board of EHIF proposes to the Council to transfer 7 million euros of the retained earnings of previous periods to the capital reserve and 2.6 million euros for the risk reserve in order to bring the reserves to legally required level of 2021, which will result in the retained earnings of 128,5 million euros.



Annual accounts

Balance sheet

Assets			
In thousands of euros	31.12.2020	31.12.2019	Приложение
Current assets			
Cash	202 249	181 780	2
Receivables and prepayments	155 559	141 296	3
Inventories	9 417	11 112	4
Total current assets	367 225	334 188	
Fixed assets			
Tangible assets	152	449	5
Total fixed assets	152	449	
Total assets	367 377	334 637	

Liabilities and net assets			
In thousands of euros	31.12.2020	31.12.2019	Приложение
Liabilities			
Payables and prepayments	111 417	95 413	7
Total current liabilities	111 417	95 413	
Total liabilities	111 417	95 413	
Net assets			
Reserves	117 831	107 298	8
Total net gain (loss) for prior periods	121 393	93 456	
Total net gain (loss) for the accounting year	16 736	38 470	
Total net assets	255 960	239 224	
Total liabilities and net assets	367 377	334 637	

Profit and loss statement

In thousands of euros	31.12.2020	31.12.2019	Note
Health insurance component of social security tax, operational allowance, and recoveries from other persons	1 548 276	1 470 766	9
Expenses related to health insurance	-1 623 984	-1 424 249	11
Targeted financing revenues	101 354	107	15
Targeted financing expenses	-183	-239	15
Total gross gain (loss)	25 463	46 385	
General administrative expenses	-12 405	-12 213	12
Other operating revenues	4 293	5 101	10
Other operating expenses	-768	-931	13
Operating profit	16 583	38 342	
Interest and other finance income	153	128	2
Total net gain (loss) for the accounting year	16 736	38 470	

Cash flows

In thousands of euros	31.12.2020	31.12.2019	Note
Cash flows from principal activity			
Social security tax proceeds	1 369 760	1 324 634	9
Operational allowance received	266 712	132 779	9
Invoices paid and incapacity benefits	-1 626 183	-1 431 898	
Fees paid to employees	-4 863	-5 264	12
Taxes paid on labor expenses	-2 092	-1 751	12
Other revenues	17 135	14 750	10
Total cash flows from principal activity	20 469	33 250	
Cash flows from investment activities			
Paid for fixed assets	0	-72	5
Total cash flows from investment activities	0	-72	
Net change in cash and bank accounts	20 469	33 178	
Bank accounts and cash equivalents at the start of the period	181 780	148 602	2
Change in cash	20 469	33 178	
Bank accounts and cash equivalents at the end of the period	202 249	181 780	2

Statement of changes in net assets

In thousands of euros	31.12.2020	31.12.2019	Note
Reserves			
Reserves at the beginning of the year	107 298	94 365	
Allocation to reserves	10 533	12 933	
Reserves at the end of the year	117 831	107 298	8
Total net gain (loss) for prior periods			
At the beginning of the year	131 926	97 003	
Allocation to reserves	-10 533	-12 933	
Total net gain (loss) for the accounting year	16 736	38 470	
Transfer of inventories	0	9 386	
At the end of the year	138 129	131 926	
Net assets at beginning of the year	239 224	191 368	
Net assets at the end of the year	255 960	239 224	

* Pursuant to the amendment to the Communicable Diseases Prevention and Control Act, entered into force on 1 January 2019, antiretroviral medicines, tuberculosis medicines and vaccines and immunoglobulins necessary for immunization and emergency medical care 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 EHIF at the beginning of 2019.

Notes to the annual accounts

Note 1. Accounting policies used for preparing the annual report

The annual accounts of EHIF for 2020 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 2020 and ended on 31 December 2020. 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.

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 2020.

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

Recognising 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 from the Ministry of Social Affairs for the service of processing treatment invoices, and receivables for health services provided in Estonia to patients from other EU Member States from the competent institution of such persons' insuring countries. Also requirements for pharmaceutical sellers arising from price agreements on pharmaceuticals.

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 receivables are recognized 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

Prescription forms and medicines purchased uniformly for healthcare service providers are treated as inventories. Inventories are measured in the balance sheet at acquisition cost or net realizable 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 assets

Assets are classified as tangible fixed assets when their estimated useful life extends beyond one year and acquisition cost exceeds 5,000 euros. Assets with a shorter estimated useful life or lower acquisition cost are expensed at acquisition.

Tangible 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 premises 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 fixed assets 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.

Targeted financings

A targeted financing (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. Targeted financings are not recognized as income and expenses until the conditions associated with them have been met.

Targeted financings are recognized 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, operational allowance 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 operational allowance 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 (receivables) 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 capital reserve 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 of 31 December 2020 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	31.12.2020	31.12.2019
Cash on bank accounts	202 249	181 780

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 2020 is 153,000 euros (in 2019: 128,000 euros).

Note 3. Receivables and prepayments

In thousands of euros	31.12.2020	31.12.2019
Social security tax receivable*	143 774	131 547
Trade receivables	11 544	9 621
Doubtful receivables	-72	-167
Prepaid expenses of future periods	279	263
Receivables from policyholders pursuant to a contract	34	32
Total	155 559	141 296

* Social security tax receivable is a short-term receivable for the health insurance component of social security 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	2020	2019
Pharmaceuticals	9 414	11 108
Prescription forms	3	4
Total	9 417	11 112

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 assets

In thousands of euros	Land	Premises	Other fixtures and fittings	Total tangible assets
Acquisition cost				
31/12/2019	1	451	1 797	2 249
31/12/2020	1	451	1 797	2 249
Accumulated depreciation				
31/12/2019	0	410	1 390	1 800
Calculated depreciation	0	21	276	297
31/12/2020	0	431	1 666	2 097
Carrying amount				
31/12/2019	1	41	407	449
31/12/2020	1	20	131	152

In 2020, there were no acquisitions or write-offs of fixed assets.

Note 6. Leases

Operating leases

Reporting entity as a lessee

The economic outturn account of 2020 recognizes operating lease payments totaling 570,000 euros (in 2019: 509,000 euros), incl. 11,000 euros for leasing transport means, and 559,000 euros for premises pursuant to lease agreements (in 2019: 22,000 euros and 487,000 euros, respectively).

There are no contingent liabilities arising from lease payments. The term for advance notice upon terminating lease agreements for premises is 12 months.

Operating lease expenses are covered in Note 12.

Note 7. Payables and prepayments

In thousands of euros	31.12.2020	31.12.2019
Trade payables	104 047	90 952
Payables to medical institutions for services	62 701	68 705
Payables to pharmacies for pharmaceuticals distributed at a discount	11 175	11 065
Payables for health insurance benefits to other suppliers	29 743	10 822
Other trade payables	428	360
Tax arrears	3 945	3 095
Personal income tax	3 426	2 598
Social security tax	484	469
Unemployment insurance tax	18	16
Statutory pension insurance contribution	8	7
Income tax on fringe benefits	7	5
Value added tax	2	0
Other payables	3 425	1 366
Payables to employees	937	938
Other payables	265	253
Prepayments received	2 223	175
Total	111 417	95 413

Trade payables include related party transactions in the amount of 929 thousand euros (857 thousand euros as of 31 December 2019), see Note 14.

Personal income tax liability includes personal income tax in the amount of 3,333 thousand euros (2,513 thousand euros as of 31 December 2019) withheld from incapacity benefits paid by EHIF to insured persons. Social security tax liability includes social security tax in the amount of 82,000 euros (63,000 euros as of 31 December 2019) accrued on outstanding holiday pay.

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 2019 and 2020, 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	Capital reserve	Risk reserve	Total
Balance at the start of the period, 1 January 2020	78 492	28 806	107 298
Formation of the reserve in 2020	7 712	2 821	10 533
The amount of the reserve required by law and the amount of the reserve as of 31 December 2020	86 204	31 627	117 831

According to the Estonian Health Insurance Fund Act, the capital reserve amounts to 5.4% of the budget. Each year, at least one-fiftieth (1/50) of the total budget of the health insurance fund and revenue from social security tax revenue prescribed for the payment of health insurance benefits, which is higher than prescribed in the state budget, is transferred to the capital reserve, until the amount of the capital reserve provided by this Act is reached or restored.

The size of the risk reserve shall be 2% of the health insurance budget of the health insurance fund.

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

In thousands of euros	2020	2019
Health insurance component of social security tax	1 381 987	1 333 714
Operational allowance	164 656	135 723
Recoveries from other persons	1 633	1 329
Total	1 548 276	1 470 766

Under operational allowance, according to Health Services Organisation Act, Section 51 (3), the state budget allocation on the basis of the amount of the pension of non-working pensioners in 2020 in the amount of 164,005 thousand euros (135,723 thousand euros in 2019), and nearly 651 thousand euros of allowance for SARS-CoV-2 rapid tests are disclosed as operational allowance.

Recoveries from other persons include related party transactions in the amount of 211 euros (144 euros in 2019), see Note 14.

Note 10. Other operating revenues

In thousands of euros	2020	2019
Services provided to European Union citizens	2 580	3 525
Voluntary insurance agreements	1 123	1 061
Insurance agreements with other countries	453	460
Other	137	55
Total other operating revenues	4 293	5 101

Note 11. Expenses related to health insurance

In thousands of euros	2020	2019
Healthcare service benefits	1 209 772	1 066 908
specialized medical care	838 261	752 053
primary medical care	160 936	143 770
dental care	58 041	54 752
ambulance	64 753	53 164
nursing care	47 375	39 982
disease prevention	14 991	14 377
personal protective equipment	17 473	0
emergency medical care for uninsured persons	7 942	8 810
Costs of benefits for temporary incapacity to work	191 867	167 352
Expenses related to benefits for pharmaceuticals	169 259	157 974
Other expenses of health insurance benefits	42 857	22 030
benefits for medical devices	11 633	11 471
health service benefits arising from international agreements	12 938	10 267
miscellaneous health insurance expenditure	18 286	292
Other financial benefits	7 488	7 481
Health promotion costs	2 741	2 504
Total health insurance expenses	1 623 984	1 424 249

From 2020, EHIF has financed residency costs, which are disclosed in various health insurance costs. COVID-19 expenses are included in the respective healthcare expenses in the amount of 100,674 thousand euros.

Health insurance expenditure includes related party transactions in the amount of 15,341 thousand euros (11,591 thousand euros in 2019), see Note 14.

Note 12. General administrative expenses

In thousands of euros	2020	2019
Personnel and management expenses	7 979	7 360
Wages and salaries	5 946	5 506
incl. reimbursement of management board members	441	364
incl. reimbursement of employees working pursuant to a contract for services	60	30
Social security tax	1 988	1 813
Unemployment insurance contribution	45	41
Information technology expenses	2 150	2 689
Management expenses	1 937	1 893
incl. operating lease payments*	570	509
Development expenses	339	271
Total general administrative expenses	12 405	12 213

* see Note 6

Average number of EHIF employees reduced to full-time equivalents as of the reporting date	2020	2019
Members of the management or control body of a legal person	4	4
Persons employed pursuant to an employment contract	187	181
Persons providing services pursuant to a contract under the law of obligations	7	5
Total	198	190

Management costs do not include related party transactions in 2020 (77 thousand euros in 2019), 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' reimbursement.

Note 13. Other operating expenses

In thousands of euros	2020	2019
VAT on operating expenses	688	648
Expensed receivables	57	238
Other	23	45
Total other operating expenses	768	931

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).

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

Related party transactions

In thousands of euros	2020	2019	Lisa
Purchase of services	15 341	11 668	11, 12
Sale of services	0	0	9
Liability at 31.12	929	857	7
Receivable at 31.12	0	0	3

No write-downs of receivables from related parties were made in 2019 or 2020. 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 reimbursement of the management board members, see Note 12.

Note 15. Targeted financings

Targeted financing revenues:

In thousands of euros	2020	2019
Additional money for COVID-19 from the state budget	100 674	0
Clinical decision support project	306	46
Funding of KoroSero studies	259	0
EESSI project	115	53
Other	0	8
Total	101 354	107

Targeted financing expenses:

In thousands of euros	2020	2019
EESSI project	129	84
STACC project	28	51
Clinical decision support project	26	93
Other	0	11
Total	183	239

Note 16. Subsequent events

2020 was the year of the coronavirus, and it was a very difficult time for the healthcare sector. Although it was a healthcare crisis, it had a major impact on the world's economies and societies. By 2021, there are very high expectations and hopes around the world that vaccination can force the virus outbreak to recede.

In the spring of 2020, the Government of the Republic set extraordinary 200 million euros for the budget position of EHIF with the state supplementary budget. This was due to a poorer tax revenue forecast. In addition, in 2020, 221.2 million euros were allocated from the state budget to cover COVID-19 expenses, of which 101 million euros was used, and the remaining 120.2 million euros were returned to the state budget. At the end of 2020, it was clear that the virus would not go away by the beginning of 2021, and healthcare service providers would also need to be reimbursed for the costs of the virus this year, at least in the first half of the year.

The Government of the Republic has decided that no funds will be allocated from the state budget this time, and that the necessary 26.5 million euros will be used from the capital reserve of EHIF. Within 26.5 million, 4.5 million euros were planned to pay for the vaccination service, 1 million euros to pay for COVID-19 medicines, and 21 million euros to cover the costs caused by the coronavirus pandemic to service providers. The Estonian Health Insurance Fund Act stipulates the amount of mandatory capital reserve, and in 2022 the reserves must be restored in full.

At the end of 2020, the government decided to change the methodology for calculating benefits for the sick leave certificates opened in the first four months of 2021. For all sick leave certificates opened from 1 January to 30 April 2021, the person's deductible will be applied on the first day. The number of days paid by the employer decreased from 5 to 4, i.e., the employer compensates the second to the fifth day of sickness, and EHIF pays further from the sixth day of it. This means that the number of sick leave days paid by EHIF increased by 3 additional days. We estimated that this change would bring us an additional cost of 5 million euros, for which 2.5 million euros were allocated from the state budget according to the agreement, but 50% of the additional cost had to be covered by EHIF's own budget. In accordance with the above principle, the necessary funds were also planned in the budget, but by the middle of March

2021, the additional cost had already been realized in the sum of almost 4.3 million euros, i.e., the amount of sick leave certificates has turned out to be much larger than forecast.

In addition, a proposed law has been drafted to continue such a sick leave days reimbursement scheme before the end of 2021. The estimated additional cost is therefore 12 million euros, which have not been taken into account in the EHIF budget.

In March 2021, during the preparation of the supplementary budget, we submitted an application to the Government of the Republic for additional coverage of nearly 100 million euros caused by the coronavirus, the main components of which are as follows:

Due to the COVID-19 pandemic and the additional restrictions that came with it, tax receipts in 2021 are lower than forecast, which is why we have applied for 26.5 million euros to restore the capital reserve.

The additional application also includes 12 million euros to cover the additional cost of the sick leave days reimbursement, and around 4 million euros to cover the COVID-19 medicine named Remdesivir. Although Remdesivir had been on the EHIF's list of services, i.e., within the price list, since 1 April 2021, the need for additional costs was unknown at the time the budget was prepared. We also increased the amounts spent on the vaccination service. We expect that, by the end of 2021, nearly 750,000 people will have been vaccinated. Last year, it was not known that two vaccine injections would be needed to achieve the greatest possible protection.

The largest part of the request for additional funding is the approximately 52 million euros intended to cover the COVID-19 additional expenses for service providers. The same methodology as in 2020 will be applied to cover the COVID-19 additional expenses and is described in more detail in the budget execution section of this report.

In March 2021, the Ministry of Social Affairs intends to submit a memorandum and analysis to the Government of the Republic to ensure the sustainability of the financing of the health care system and the availability of health care services for uninsured persons.

Signatures to the annual report

The Management Board of the Estonian Health Insurance Fund has prepared the 2020 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
30 March 2021



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