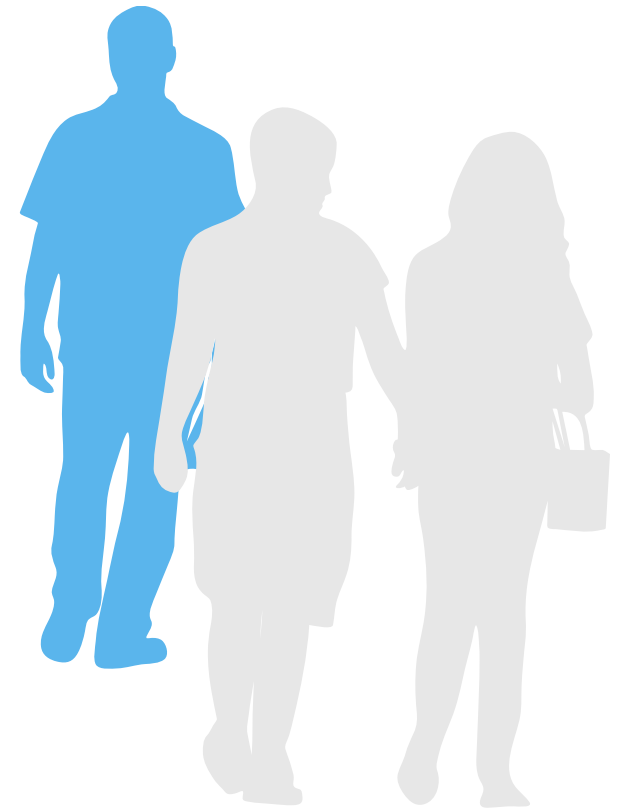


# Health and social services reform, Finland

Government  
decisions  
8 April 2016



# Current situation

## Health services

- **Municipalities** (local authorities, 297 in mainland Finland) are responsible for organising health services
- **Hospital districts** (20 in total) are responsible for specialised medical services. A municipality has to be part of a hospital district to organise specialised medical care.
- **5 collaborative catchment areas** are responsible for arranging highly-specialised medical services

## Social services

- **Municipalities** (local authorities) are responsible for organising social services
- Municipalities are members in joint municipal authorities of **special welfare districts** (15+1 in total) that organise services for people with developmental disabilities.



# Why reform?

- Needs of the aging population, changing epidemiology and access to new treatments along with greater expectations from the population lead to increased costs
- Slow economic growth and a high total tax rate by international standards are an impetus for finding new ways to curb rising costs
- Inequalities persist in health, welfare and access among different areas and groups



# Programme of Mr Sipilä's Government

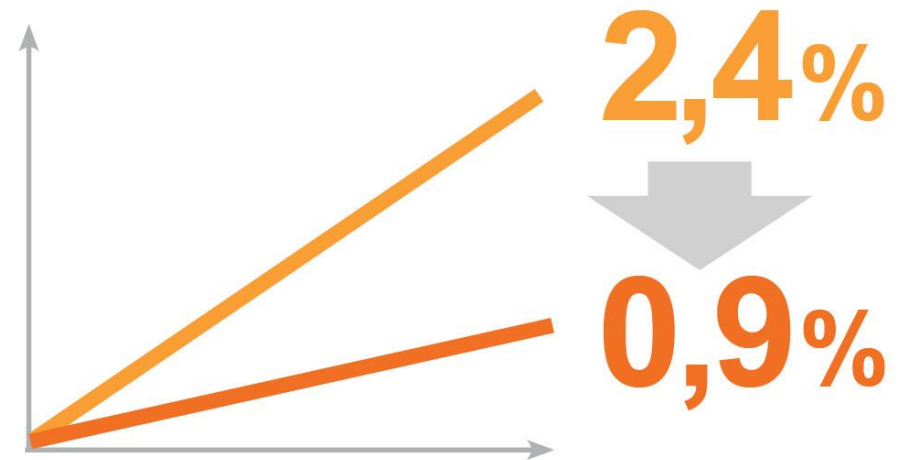
- Health and social services reform to control costs and address inequalities
- Integration of social and health services
- Improvement of the financial carrying capacity of service organisers
- Strengthening the sustainability of public finances by structural changes



# Bridging the sustainability gap

**-3 mrd.**

Savings target is EUR 3 billion



Expected annual growth of health and social services costs will be cut from 2.4% to 0.9% between 2019 and 2029

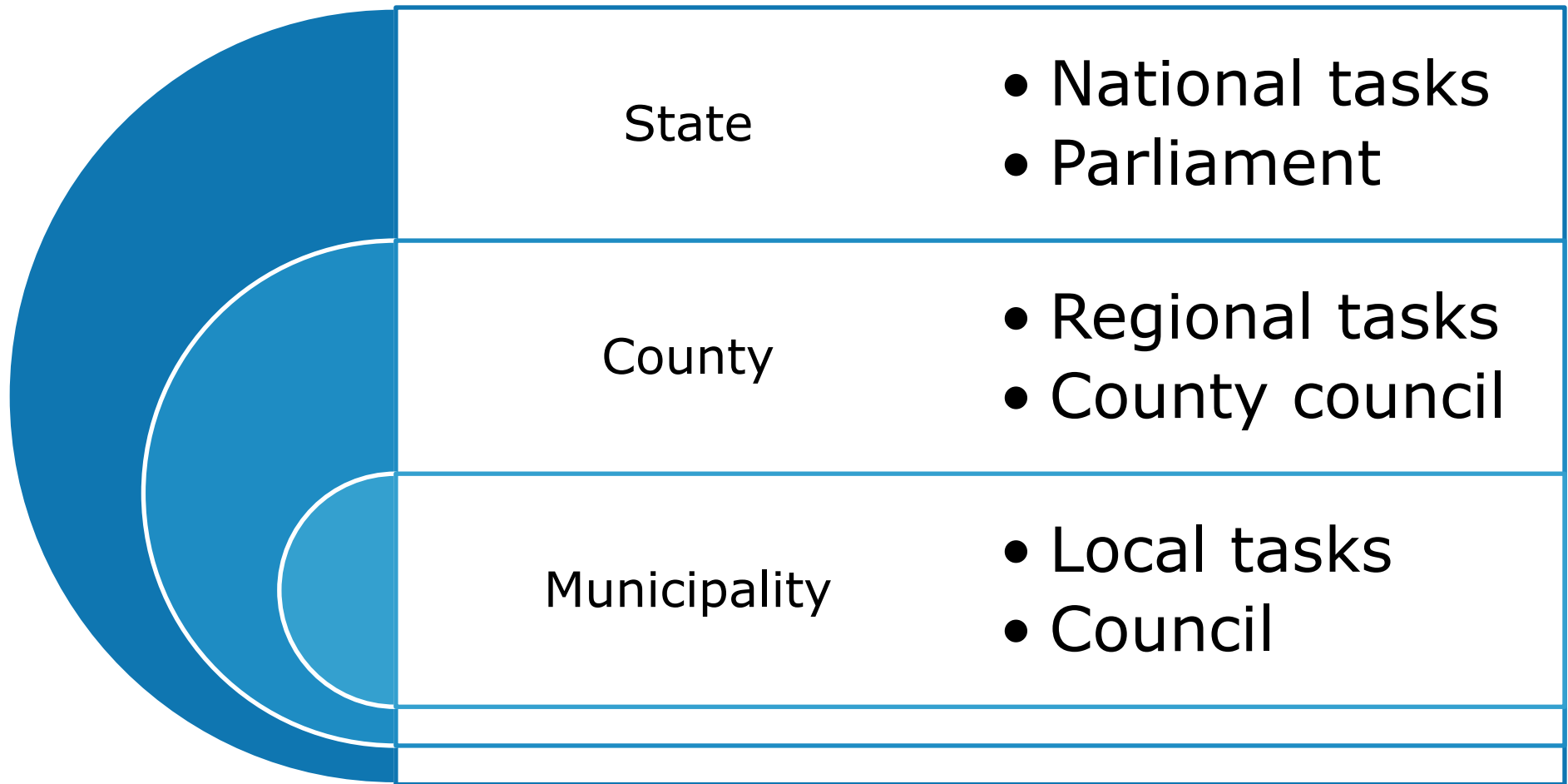


# New solutions

- 18 autonomous regions (counties) will be established. Counties will have responsibility for health and social services
  - Also some other duties will be under the mandate of the counties
- Counties will be governed by elected councils
- 5 collaborative areas based on the existing catchment areas (university hospitals)
- Specialised operations and emergency services will be centralised



# Three administrative tiers



# Financing

## 1. Central government funding

- Central government tax revenue will be increased through the current earned income tax system
- Counties will not have the right to levy taxes during this Government term

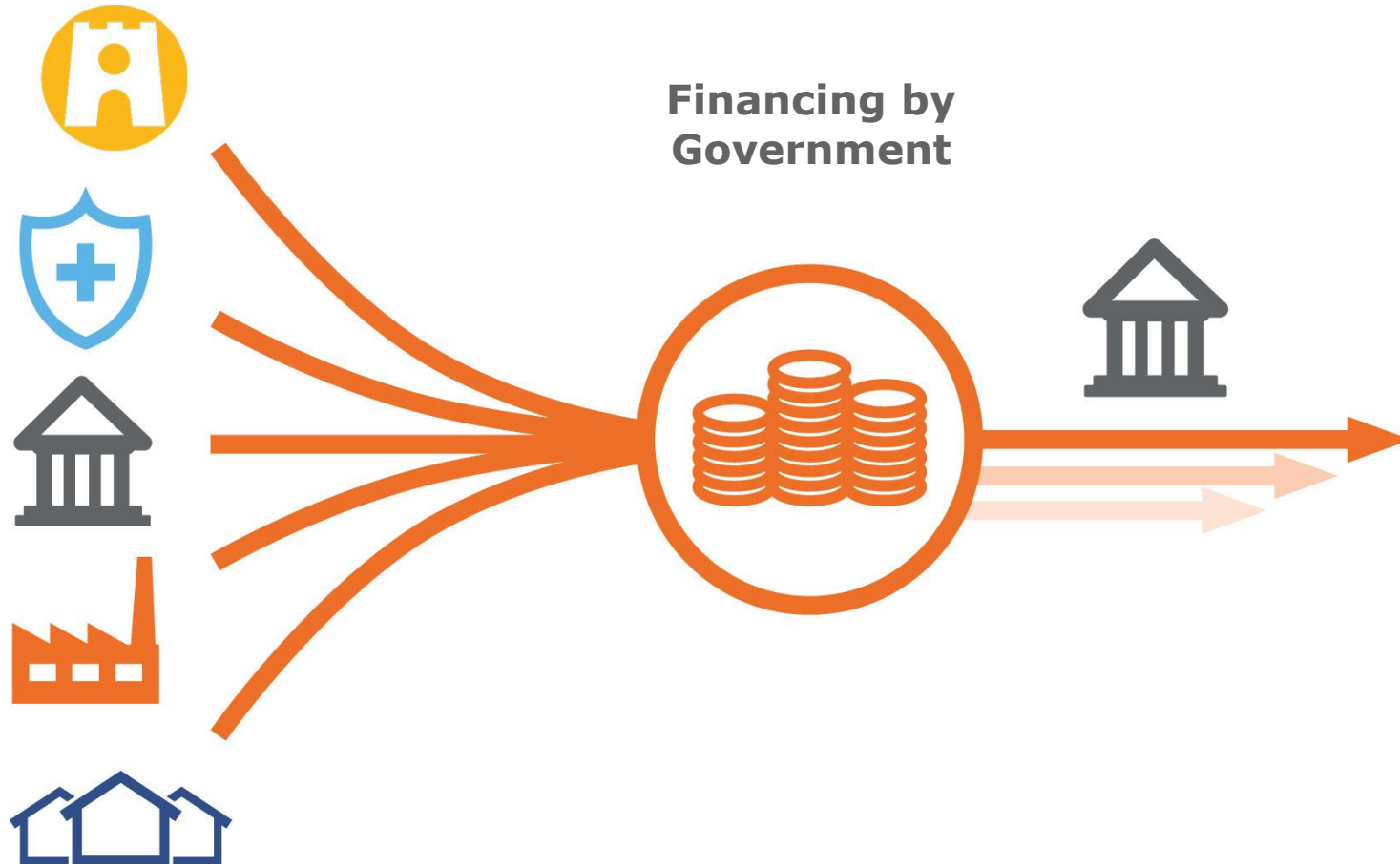
## 2. Simplifying the multisource financing of healthcare and social welfare

- The current financing sources will be brought together into a clear and cost-efficient system. The tax system will also be revamped.





# A simple funding solution



# Principles of financing

- The tax-to-GDP ratio must not increase and labour income taxation must not be tightened at any income level
- Municipal tax revenue must decrease by the same amount as central government tax revenue increases, estimated at EUR 11.5 billion



# Service provision

- Each county will provide the necessary health and social services itself or together with other counties, or may use services of the private sector or the third sector
- Indicators for efficiency and quality of services will be used to monitor performance
- Wider freedom of choice for customers



# More freedom of choice for clients

- New legislation on freedom of choice will be enacted: customers can choose between public, private or third sector service providers.
  - The freedom of choice will be the main principle at the basic service level and also in specialised services where appropriate
  - Equal opportunities for competition for both public and private providers
  - Public service provision also by enterprises
- Preparatory work is going on in order to have the necessary legislation enacted in 2019



# Increased freedom of choice



- Counties will appoint service providers and set quality requirements
- Opportunities will be ensured for small and medium-sized enterprises to offer their services.
- Counties will provide information to citizens to empower choices

Within the range of services covered by the freedom of choice, customers choose either a public, private or third sector service provider.

The counties grant the same pecuniary compensation to public and private service providers.



# Aiming at a functional change

- Focus on people centeredness and effectiveness
- Client-oriented, integrated services
  - customers get appropriate, sufficient and timely services
  - well-functioning service chain
  - flexible combination of health and social services measures and expertise
  - entity-based management of services and service chains - information is transferred smoothly between the different operators
  - service chains need to be cross-organisational in an entity with multiple providers



# Timetable

- May and June 2016: Formal consultations
- November 2016: Government Bill to the Parliament
- July 2017: Enactment of the new legislation
- 2018: County council elections
- January 2019: Implementation of the reform; responsibility for the organisation of health and social services transferred from joint municipal authorities and municipalities to counties
- Legislation to simplify multisource financing and broader freedom of choice will come into force on 1 January 2019



<http://alueudistus.fi/en>

Thank you!

