

FREEDOM OF CHOICE AND SIMPLIFICATION OF MULTISOURCE FUNDING IN SOCIAL WELFARE AND HEALTH CARE – Proposal 31 MAY 2016

Working group



Government policies 5 April 2016 – Conclusions by rapporteurs

- The Government emphasises in a concrete manner that the purpose is to implement extensive freedom of choice based on the multi-provider model in social welfare and health care.
- A regions is appointed clear tasks as the organiser, as the manager of official duties, guarantor or rights pursuant to the Constitution of Finland (when necessary by maintaining its own production), and implementer of freedom of choice.
- Responsibility for organisation and production is appointed in the regions to different legal entities.
- Competition neutrality and a low threshold to market entry are emphasised.
- Especially the ability of small and medium-sized enterprises to take part in service provision is fostered
- The Government has a strong role in steering the guaranteeing the implementation of extensive freedom of choice and the multi-provider model. This also applies to information management. In other respects, steering is contract-based.



Side notes

- All Western countries face the same challenges and continuous reforms intended to control these
- (Social welfare and) health care are based on public funding everywhere.
- In tax-funded systems, the public sector holds principal responsibility and the private sector supplements this
- More and more sophisticated steering and funding models are developed regardless of the basic system
- Technological know-how, digitalisation, self-care and "shared care" are the most important development powers
- Allocating responsibility to citizens and empowering them will encourage entrepreneurship and create pressure for freedom of choice
- Finland's information technology readiness is good



Proposed funding methods

- Fixed remuneration for community care activities based on the number of residents and service needs (needs-based capitation funding).
- Additional funding related to the implementation of quality and impact objectives
- Additional funding for specified functions prioritised according to health and welfare policy objectives
- Fixed funding for treatment or service episode in well defined services ("product or package price"), which can include additional instalments dependent on impact
- Performance-based remuneration
- Person-specific budgeting



Extensive freedom of choice in social welfare and health care

- The Government will make decisions on which services customers may freely choose a service provider for from amongst approved providers(so-called authorisation procedure or approval to service provider registry)
- Service providers will be given requirements for each service within the scope of freedom of choice in the following areas:
 - professional competence,
 - the resources necessary to maintain activities,
 - financial capacity,
 - quality management system as well as a monitoring and reporting system (the latter produces information for both citizens to base their decisions on and for organisers to base monitoring and assessment on)



Extensive freedom of choice in social welfare and health care

- The remuneration paid to a service provider from public funds is the same for all public, private and third sector providers when providing the same service
- "Money follows the resident" i.e. public funding transferred to the provider that the resident has chosen.
- The State will decide (with a Decree) on charged customer fees, which will be the same for the same services regardless of the service provider
- *Service providers compete on the basis of service quality not service price.*
- The Government will allocate funding to regions for the provision of social welfare and health care, which is for the most part needs-based capitation. Additionally, the State can use incentives that support health and welfare policy objectives and economic effectiveness



Extensive freedom of choice in social welfare and health care

- The region as an organiser is responsible for entering into contracts with service providers approved within the scope of freedom of choice, as well as monitoring these contracts
- The region performs payment of contract-based funding to service providers and oversees compliance with terms and conditions of contracts
- The State and the region agree on the specific details for the implementation of the freedom of choice system within the region



Extensive freedom of choice in social welfare and health care

- The resident chooses a social and health centre as their primary service provider, the tasks of which include provision of basic services specified later, as well as the professional needs assessment for other services.
- Customers can be given the right to other publicly funded services within the scope of extensive freedom of choice, if their social and health centre determines that they need the service and gives them a *referral* or *service guidance*. There are also social welfare and health care services within the scope of extensive freedom of choice that require decision on a subsidy by an authority.



Basic services

- Social and health centre responsible for public care
 - Social work pursuant to the Social Welfare Act
 - Social guidance
 - Social rehabilitation
 - Family work
 - Substance abuse work
 - Mental health work
 - Child guidance and family counselling
 - Visit to a general physician
 - Visit to a public health nurse or nurse
 - *Maternity and child health clinic*
 - Other health promotion or prevention of illness



Social and health centre

- Resident signs up, may change provider once every 6 months
- Funding model: needs-based capitation, which can include
 - Additional funding related to the implementation of quality and impact objectives
 - Additional funding for specified functions prioritised according to health and welfare policy objectives
 - Service-specific customer fees will be allocated to the social and health centre



Grounds

- Realises the integration of basic level social welfare and health care
- Realises the objective of comprehensive public health and promotion of welfare in accordance with the Alma Ata Declaration
- Is, for the most part, similar to the current basic level service organisation, so the reform will not lead to fundamental organisation changes and will make the change easier to implement



Other basic services and specialised services

- The resident chooses a service provider after he/she has received a decision by an authority or a referral or service guidance from the social and health centre
 - Home services
 - Home nursing
 - Housing services
 - Institutional services
 - Services that support mobility
 - Rehabilitation and therapy services
 - School and student health care
 - Dental care
 - Other specialised services (e.g. nutrition and speech therapy and foot care)
- Specialised services that the region has decided on in accordance with principles approved by the Government



Other basic services

- Funding models are defined by service:
 - Performance-based remuneration or a combination of fixed and changing funding instalments depending on the nature of services
 - Fixed funding is an alternative in well specified and defined services (product or package price"), which can include additional sums dependent on impact or person-specific budgeting
 - Confirmed customer fees will be paid to the service provider
- Dental care is within the scope of extensive freedom of choice and is based on the multi-provider model
 - The resident may choose a service provider directly without service guidance
 - Customer fees shall not be charged for children and young people (under the age of 18)
 - The State approves customer fees and performance-based remuneration paid to service providers pursuant to the aforementioned general principle



Principles that apply to implementation of extensive freedom of choice will promote the flexibility and reform of service provision

- Social and health centres can perform their statutory tasks also by using subcontractors and networking with one another e.g. tasks that apply to specialised knowledge
- Service providers have the possibility of combining a large group of services within the scope of extensive freedom of choice into a larger entities and the formation of different types of service entities is encouraged
- Service providers are ensured the possibility of making a service initiative and give notice of their readiness to perform parts of the service provision maintained by the region
- According to Government policy, regions will be obligated to organise concept tendering that seeks new solutions
- Service providers (regional as well as private and third sector actors) are obligated to provide information openly on those matters that the organiser is notified of as part of monitoring, assessment and oversight in order to make it easier for residents to make their choice.

Simplification of multisource funding

- Payment of medical expense insurance will in future take place as part of State taxation and similar funds will be included in Government transfers to regions
- Patients will no longer receive medical expense compensation for the use of private sector services
- Regions will be responsible for funding outpatient prescription drug compensations
- Regions will be responsible for funding laboratory and imaging services carried out in publicly funded social welfare and health care
- Responsibility for the administration and funding of travel expenses will be transferred to the regions



Simplification of multisource funding

- The funding and provision of demanding rehabilitation, rehabilitation psychotherapy and discretionary rehabilitation organised and reimbursed by Kela will be solved as part of an overall rehabilitation reform.
- Funding and provision of statutory occupational health care will continue as at present. The grounds for remuneration are being developed so that the medical services within the scope of occupational health care will in future better support the early detection of work related illnesses and the maintenance and promotion of work capacity.
- Student health care is within the scope of the region's responsibility to organise and therefore within the scope of regional funding. For the duration of the transitional period, the Finnish Student Health Service will remain the service provider. Part of its activities will be funded with payments paid by students.



Steering by the Government

- A steering unit at the Ministry of Social Affairs and Health
 - Valvira, National Supervisory Agency for Welfare and Health
 - National Institute for Health and Welfare
 - Kela
-
- Preparation work related to the implementation of the reform must be initiated immediately



Steering by the Government

- A steering unit at the Ministry of Social Affairs and Health
 - Tasks pursuant to the Organisation Act
 - Preparation of the confirmation of the grounds for calculation of Government transfers to regions
 - Preparation related to the confirmation of customer fees
 - Provisions that apply to the freedom of choice system and multi-provider model

Steering by the Government

- Valvira, National Supervisory Agency for Welfare and Health
 - Approval of professionals licensed and have protected occupational titles as providers of social welfare and health care, and maintenance of a professional registries
 - Granting licenses to private and third sector service providers
 - Oversight of service providers and professionals
 - Assessment and registration of service providers that have been approved within the scope of freedom of choice



Steering by the Government

- National Institute for Health and Welfare
 - Services that support the realisation of the residents' freedom of choice
 - National information management of provision data related to social welfare and health care services
 - Assessment and research activities that support the functions of the Ministry of Social Affairs and Health steering unit
- Kela
 - Maintenance of the Kanta archive and My Kanta Service, which facilitate the integration of patient and customer data
 - Payment of compensation for prescription drugs for residents in outpatient care
 - Assessment and registration of service providers that produce demanding rehabilitation services and payment of remuneration



Tasks of regions

- The region is responsible for
 - General organisation pursuant to the Organisation Act
 - Official duties
 - Steering of production structure
 - Management of agreements entered into with service providers
 - Assessment of service providers and decisions on service provider remunerations or sanctions pursuant to Government approved principles



Tasks of regions

- The region is responsible for
 - Own service activities (separate legal entity)
 - Separately specified tasks include environmental health care, rescue services and emergency medical services, as well as round the clock on-call services (note: cooperation obligation)
 - Integration of service chains via contract steering methods
 - Facilitation of the production versatile social welfare and health care services and their market entry

Preparation related to implementation of proposals

- To be launched on 1 January 2017
- The Government's steering unit and project organisation in cooperation with Valvira, THL and Kela



Preparatory tasks

1. Payment model for Government transfers to regions
2. Decision-making on services that will be approved within the scope of freedom of choice
3. Compensation model for social and service centre responsible for public care
 - Needs-based capitation
 - Criteria for additional funding: quality and impact objectives, health and welfare policy objectives
 - The model for the calculation of capitation remuneration is based on the THL's municipality-specific Government transfer calculation



Preparatory tasks

4. Compensation models for other services that will be included in the scope of extensive freedom of choice
5. Confirmation of customer fees
6. Application of freedom of choice in social welfare and health care
 - Consistent pricing and maximum fees
7. Approval of service providers that will participate in the freedom of choice system
8. Model contracts for those within the scope of freedom of choice



Preparatory tasks

9. Monitoring and assessment of contracts and design of information systems that will support the residents' decision-making
 - Sosiaali-Hilmo maintained by the THL
 - Kanta archive maintained by Kela
 - The THL's Palveluhakemisto and Palveluvakaa online services
 - Service costs of service providers
 - Detailed plans: digitalisation of the reform project, a working group that will plan IT services and information management
10. The resident's ability to participate and exert influence



Working group

- Chair, Professor Mats Brommels
- Director of Services for the Elderly and the Disabled Timo Aronkytö
- Ylisosiaalineuvos (Finnish honorary title) Aulikki Kananoja
- Professor Paul Lillrank
- Professor Kari Reijula



Thank you!

