

The International Network Health Policy and Reform

The network

- The International Network Health Policy & Reform serves as a clearinghouse for up-to-date health policy approaches and management options.
- The network, a project of the Bertelsmann Stiftung initiated in 2002, is composed of independent international experts, think tanks, and/or research institutions from 20 industrialized countries worldwide.
- With its Web site the network offers a rapid, reliable, best-practice-oriented monitoring tool: More than 500 reports on health policy changes and reform processes in the 20 network countries are available online.
- In 2005 the Health Policy Network combined activities with the European Observatory on Health Systems and Policies, a program of the WHO Regional Office for Europe.



Our objectives

- To obtain and analyze information on changes and developments in health system reform on a regular basis and over time – the network partners submit reports on current health policy developments twice a year;
- To describe and assess the characteristics of health policy developments on the basis of five criteria: Degree of innovation, degree of controversy, structural or systemic impact, public visibility, transferability;
- To scout, monitor and follow a (new) health policy idea or approach from its inception stage through the policy and law making process until implementation;
- To describe and analyse the formal and informal interactions of all players and stakeholders in the decision making process leading to health sector reform or changes in health policy;
- To capture best practice models already established.

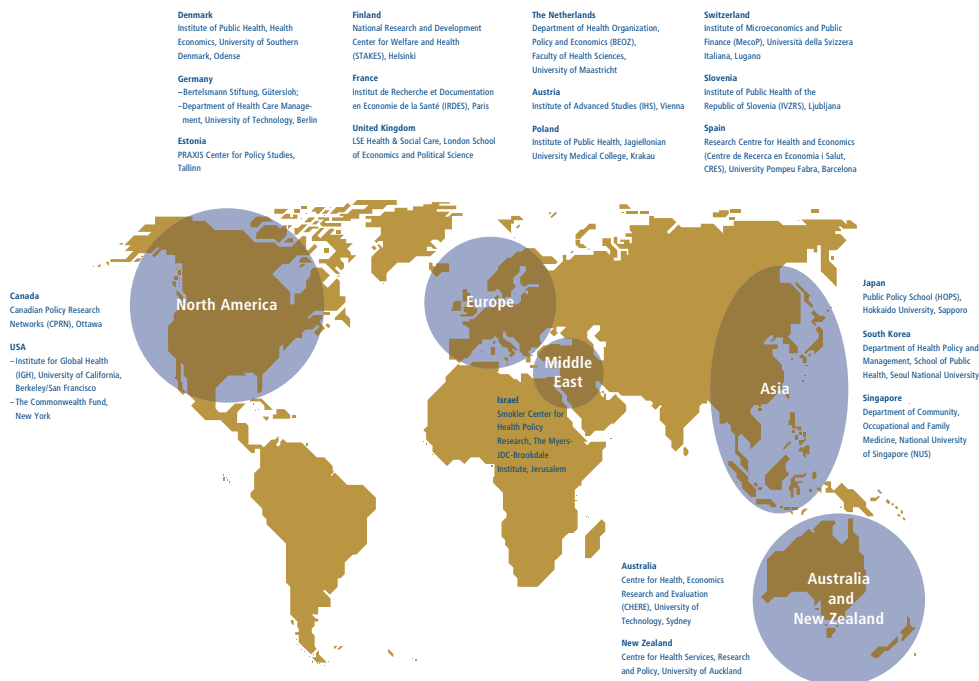
What we want to know

- Does health policy reform work? How and why?
- What can we learn from other countries?

Target groups

- Health policy makers in Germany and abroad
- Health professionals and health care managers
- Media

Our network partners



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The Estonian National Health Information System – from institution-centered to patient-centered care

The Estonian government is implementing a National Health Information System in which health data – from birth to death – of all Estonian residents will be collected. Personal data, information on diseases, diagnoses, therapies, etc. for every individual will be saved in one central place and there will be links to existing databases. The aim is to facilitate information exchange between actors in the health care sector and to increase quality and efficiency of health care. The comprehensive database will be operational end of 2008. The ambitious project is 85% EU-funded.

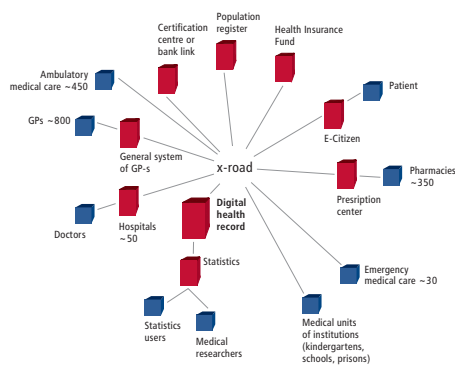
Broad support for eHealth initiatives

- Technological advancement has always been high on the political agenda in Estonia. The country already possesses a sophisticated eGovernment system.
- The public strongly supports and expects more internet-based and other eHealth applications.
- The 1999 eEurope Initiative and the 2002 eEurope Action Plan have further motivated development of the National Health Information System. (http://europa.eu.int/information_society/eeurope/2005/index_en.htm)
- A private, not-for-profit eHealth Foundation that consists of health care providers and professionals will be responsible for implementation of the National Health Information System.

Main components of the NHIS

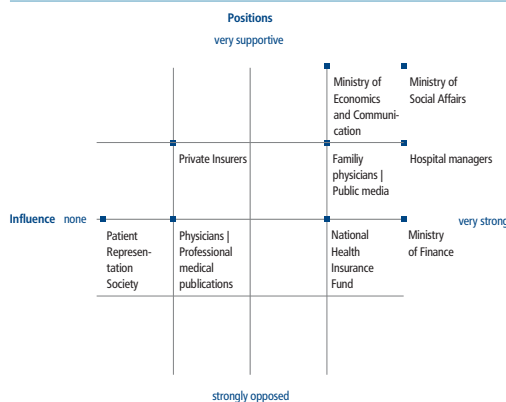
- Electronic health records (containing health information about every Estonian citizen)
- Digital appointment booking system
- Electronic prescription system
- Medical images database
- National health registries
- National standards for medical informatics / information exchange

Parties to the Health Information System



Source: E-Health-Projects in Estonia © by Hansson, Leego & Partner

Stakeholder positions



Expert opinion

- The National Health Information System is a highly innovative move that will have a rather fundamental impact on health care quality and efficiency. However: timeframe and budget seem very ambitious for a project of this scope.
- Strict data protection rules need to be implemented in order to prevent abuse of sensitive health data.
- Risks for implementation include constraints on health data exchange due to tight requirements and concerns for data safety, and limited capacity of the Ministry of Social Affairs to plan and manage a project of this scope.

Estonia – an innovation-friendly, investment-oriented country

- The Estonian case shows how a comprehensive health data exchange can be set up under public leadership in an overall climate of support.
- The Estonian health information system could serve as a model for regional, population-based, integrated care projects elsewhere.
- Estonia resorts to global expertise: Some development work for the National Health Information System has been outsourced to foreign IT firms.

Health care in Slovenia – a public sector goes private

Slovenia discovers the free market. Prior to 1991, hospitals and primary health care centers were owned by the state, physicians were salaried employees, and private practice was not allowed. When Slovenia gained independence in 1991, it underwent a transition from socialism to market economy: Health care became one of the areas where privatization has been strongly promoted but also contested.

First steps toward privatization

- Privatization of health care delivery is spreading quickly. At present, 25% of primary health care is being provided privately. The government aims to increase this share to 50% within the next three years.
- Privatization of health care infrastructure and health insurance is slowly increasing but lagging behind government expectations.
- The share of privately financed health care is increasing steadily. In 2005, about 15% of health care services were financed through private voluntary health insurance:

Sources of health care financing

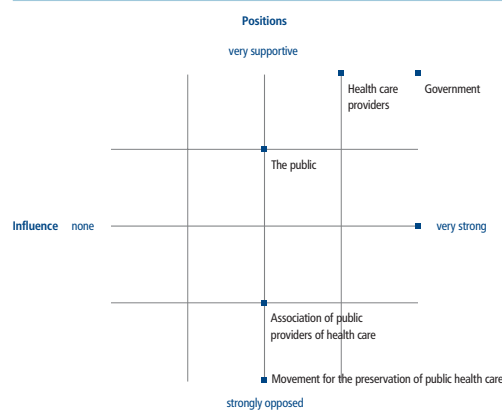
Source	1991	1994	1995	1998	2005
Public	98.5 ¹	91.1 ¹	89.7 ¹	88.4 ¹	85 ²
Voluntary health insurance	1.5 ¹	8.9 ¹	10.3 ¹	11.6 ¹	15 ²

Source: ¹HIT report Slovenia, 2002; ²Dosenovic et al., 2005

A controversial issue: Proponents and opponents of privatization

- **Government support:** In October 2004, a new center-right government paved the way for market-oriented reforms in general and privatization in the health care sector in particular – the aim is to make organization, financing, and delivery of health care more liberal and flexible.
- **Patient satisfaction:** Polls and surveys show a high level of patient satisfaction with private health care providers.
- **Provider endorsement:** Health care professionals support privatization. They appreciate greater choice and self-determination.
- **Municipality opposition:** Municipalities are opposed to privatization because they will lose competencies. Currently, they are responsible for managing the delivery of primary care. With increasing privatization, these responsibilities will be moved to a higher level.
- **“Movement for the preservation of public health care”:** This movement includes groups that strongly oppose privatization, among them public health care providers, members of the opposition party, and trade unions. Representatives fear that further privatization will threaten equal access to care through cream-skimming by private health insurers and providers’ drive for profit-making.

Stakeholder positions



Expert opinion

- Slovenia today enjoys a favorable climate for further privatization; major stakeholder groups (government, health care professionals, patients) support this development.
- The private sector will gain more space. At the same time more state supervision and regulation is needed to guarantee quality of and adequate access to care.
- Surveys indicate that privatization will increase efficiency: Private providers did better on many aspects of efficiency than public health care providers.

Future prospects: The privatization trend will continue

- As other formerly socialist Central European countries, Slovenia is determined to increase flexibility and efficiency in health care and other sectors of the economy. The center-right government elected in 2004 declared privatization of health care one of its top priorities.
- There are plans to further promote privatization, especially of health care infrastructure and health insurance.

Health industry development in South Korea – a window of opportunity for the private sector

The South Korean government is eager to foster innovation and medical progress in health care services and in the hospital industry. The aim is to increase competitiveness of domestic health care institutions and companies. It is contested though whether the best way to promote health industry development is privatization and deregulation or the introduction of regulated competition in the public sector.

Pros and cons of privatization

- The hospital industry and the insurance sector are pushing for more privatization arguing that government intervention is the reason for low quality of medical care. They aim to increase the number of for-profit hospitals and the market share of private health insurance.
- The South Korean government is divided in its position toward privatization:
 - The Ministry of Finance and Economy supports further privatization because it hopes that this will help ease the financial burden on the government (government revenues account for 25 % of total health insurance revenues).
 - The Ministry of Health and Welfare holds a neutral view toward further privatization. It has established the Committee on Health Industry Development.

Committee on Health Industry Development

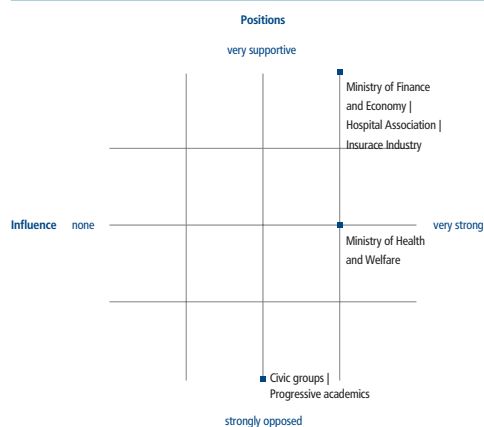
The Committee on Health Industry Development is to examine options

- to strengthen the competitiveness of the domestic medical service and hospital industry,
- to foster innovation,
- to increase exports in the area of medical technology and pharmaceuticals,
- to increase the attractiveness of Korean hospitals for foreign patients,
- to create new employment opportunities in the health care sector.

Recent developments: For-profit and free-trade joint ventures

- South Korea has allowed foreign for-profit hospitals to open in the free-trade zone close to an international airport. It is not decided yet if domestic for-profit hospitals will be allowed to open.
- It is unclear whether patients that are treated at for-profit hospitals will have to cover these expenses privately or if health insurance will pick up (part of) the costs.

Stakeholder positions



Expert opinion

- As more people buy private health insurance, the government might reduce its investments into the public health care sector. Therefore, critics argue that privatization may lead to unequal access to medical care.

South Korea – staying public or going private?

- Whether the private sector will play a greater role in health industry development or not depends upon how much pressure/influence the proponents of privatization, namely the Ministry of Finance and Economy, private insurers, and private health care providers, will exert on the Ministry of Health and the newly established Committee.
- The fact that foreign for-profit hospital companies are now allowed to open facilities in free trade areas might be interpreted as a first sign that the Ministry of Health is willing to allow more privatization.

X-rays on tour – Singapore outsources routine medical work

“The outsourcing of routine medical work signals that healthcare is now globalised. Globalisation brings both advantages and challenges. [...] We can be a regional teleradiology hub. If Singapore were to ignore such developments, opportunities will pass us by.” Health Minister Khaw Boon Wan

Since December 2005, Singaporean hospitals electronically transmit x-rays to India – and are highly satisfied with the quality and the speed in which interpreted reports are being returned.

International division of labor in the health care sector

- The Ministry of Health concluded a commercial agreement with Teleradiology Solutions, an Indian company that provides teleradiology-based services to health care providers in various countries.
- Since December 2005, Singaporean public health care providers send about **30 x-rays a day to India** for analysis and reporting – it is planned that eventually all polyclinics in Singapore will outsource this work.
- In India, well-trained radiologists analyze the electronically transmitted x-rays and send reports **back within 30 minutes** – on average, interpretation takes about two weeks if done in Singaporean hospitals.
- **One-stop-service.** Patients benefit from the quick processing of x-rays: They do not need to visit the hospital twice, and they do not have to pay a second consultation fee.
- To ensure that the quality of x-ray interpretations is up to **Singapore standards**, the quality of the work of Teleradiology Solutions was assessed by Singapore’s College of Radiologists.

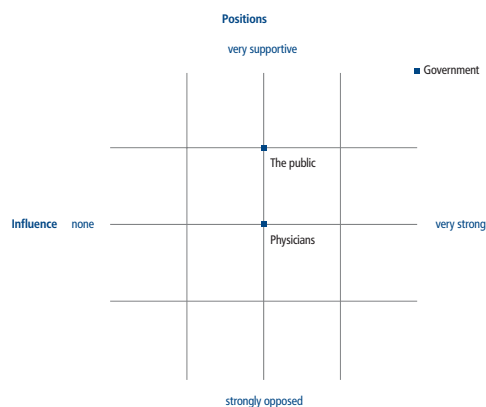
Journey around the world – from Boston to Bangalore

- U.S. hospitals have already been using Teleradiology Solutions services for several years.
- About 50 American hospitals send 500 scans a day to India – instead of keeping physicians on call at nights.
- Scans range from simple x-rays, MRI, ultrasound scans, to complex 64-slice CT scans.
- Indian reports have a track record of 99.8% accuracy in its diagnosis – exceeding the U.S. requirement of 96% accuracy.

Outsourcing helps foster medical progress in Singapore

- The government encourages hospitals to outsource routine medical work so that hospital staff can concentrate on high-end, value-added tasks.
- By freeing limited and expensive human resources to work on more sophisticated issues, the government aims to increase efficiency in the health care sector and to foster medical progress.

Stakeholder positions



Singapore – embracing the advantages of globalization in health care

- Singapore is very much drawn to new technologies that help improve efficiency and quality of care.
- The government is keen to develop the country into a leading medical hub.
- The Ministry of Health has introduced tight competition between foreign health service providers and domestic private health service providers: Complaints from private physicians about outsourcing of x-rays were rejected because of the high quality and the low price of the Indian scans.

Privatization of health insurance in Singapore – improving coverage for policy holders

In October 2005 Singapore’s government privatized Medishield Plus, a supplementary insurance plan within the state health insurance scheme that covers very costly hospitalization bills. Privatization is expected to encourage competition in the medical insurance market and to lead to better coverage for the insured individuals – preliminary outcomes of privatization of Medishield Plus confirm the expectations of the Singaporean government.

Health insurance schemes in Singapore

- **Medisave:** In 1984 the government introduced a compulsory medical savings scheme, Medisave. Every employee contributes between 6–8% of their wage to Medisave and thus builds up savings for their hospitalization expenses.
- **Medishield** is an opt-out catastrophic medical insurance scheme that complements Medisave. Medishield covers hospitalisation bills that Medisave does not sufficiently cover. Premiums range from S\$30 up to S\$705, depending on the age of the insured person.
- **Medishield Plus** is an enhanced product within the Medishield scheme. It offers higher claimable limits but comes with higher premiums and deductibles. Medishield Plus is directed at consumers who, in case of hospitalization, wish to be admitted to higher class wards.

Privatization with strings attached

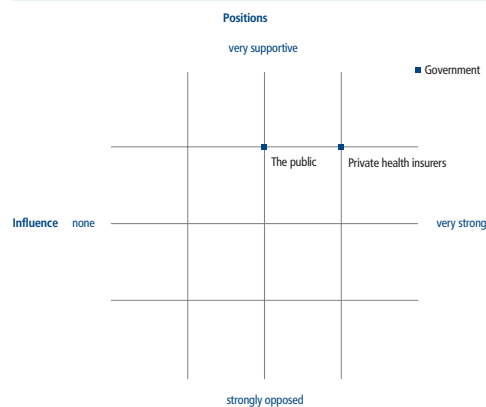
- In June 2005, a competitive tender for the privatization of Medishield Plus was launched.
- To safeguard affordable health insurance coverage for individuals, the award of the contract was attached to certain conditions: the winning insurer is not allowed to raise premiums for at least three years, and it has to provide coverage for all existing policy holders.
- The government expects that privatization of Medishield Plus will push the further development of the private health insurance market.

Outcomes of privatization of Medishield Plus

Privatization of Medishield Plus has led to cheaper and better coverage:

- NTUC Income, the private insurer who won the competitive tender, offers an enhanced insurance package at lower tariffs:
 - lower premiums,
 - lower co-payments,
 - higher annual and lifetime claim limits.
- Moreover, NTUC Income offers insurance coverage beyond the age of 85 (current age limit for insurance coverage). Coverage beyond that age will help decrease the financial burden on the elderly.

Stakeholder positions



Singapore – going private for the public’s benefit

- Privatization of Medishield Plus has led to higher benefits and lower premiums for consumers at the same time.
- If successful, privatization of Medishield Plus will encourage other private health insurers to develop and offer insurance packages that better satisfy consumer needs.