

To De(C) or To Re(C) - case Finland

comments based on Richard B. Saltman's
presentation at STAKES

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What's wrong with the Nordic countries?

- wide international consensus on several positive effects of decentralisation
 - democracy, accountability
 - economic efficiency
- many large countries taking major steps to (further) decentralise

BUT

- Scandinavian countries have implemented (N), decided (DK) or are planning(S) significant centralisation reforms
- recentralisation discussion clearly heating up in Finland

- Finnish health care before 1993
 - owned by (often tiny) municipalities ...
 - ... which collect taxes ...
 - ... and govern health care through democratically elected bodies...
 - loosely regulated through general ("frame") legislation
- state subsidy reform (**SSR**) 1993: from decentralised system to extreme decentralisation
 - state funding as a lump sum based on a mathematical need formula
 - abolishment of concerted planning mechanism (including dismantling National Board of Health)
- centralisation - decentralisation continuum:
not only *direction of change* but *position* counts

Understanding the Finnish (de)centralisation policy discussion 2005

- what were the motivating factors behind the state subsidy reform (SSR) in 1993?
 - have the expectations been met?
 - have other (unexpected) consequences emerged?
- ➔ perception of the most urgent challenges

Motivation for the 1993 reform

- economic efficiency
 - cost based state subsidies favoured spending
- democratic control
 - municipalities had feeble control over large service producers
- general tendency towards "smaller state" and "lean government"
- national health policy emphasis moved to intersectoral health promotion
 - success of the health care transformation in '70s and '80s

expected negative consequences

- main concern:
increasing geographical inequity
- other concerns:
inability to restructure services
inability to effectively use medical
technology
inability to effectively use ICT

Effects of decentralisation since 1993 (subject to debate)

expected

- economic efficiency: *somewhat better*
- utilisation of new technology: *worse*

no major change

- geographical inequity: *(so far)*
- ability to restructure services

unexpected

- control over large service producers: *weaker*
- perception of "cost crisis"

what's the problem in 2005?

- **costs??** (€ per capita, health care share of GDP, number of employees, wages,... all moderate)
- **funding:** central role of (small) municipalities with variable and weakening economic situation and poor control over costs in specialised care
- the role and relative size of specialised care growing steadily

NB! reversal of the HC policy of -70's/-80's

- national stewardship / strategic leadership weak

NB! structural interventions needed to tackle *social* inequity

next steps in Finland?

- **fiscal recentralisation?**
 - Initiative of Sickness Insurance Institution
 - the role of too small funding units removed
 - other challenges: no consequences (or stagnation)
- **administrative recentralisation?**
 - several health care district concepts emerging
 - dynamics vary (from minor adjustments to state ownership)
- **political recentralisation (the big thing)**
 - until now, decentralisation seen as an end by many
 - faced by present and foreseeable pressures, municipalities are willing to negotiate
 - the ambition, vision and determination of the present government decisive factors