



VALTIONEUVOSTO  
STATSRÅDET

# Reform of health, social and rescue services

Policy outlines of the Ministerial Working Group on Health and Social Services

Minister of Family Affairs and Social Services

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Press conference on 5 June 2020

**Sote-uudistus**

# About the reform

- Reduce inequalities in health and wellbeing
- Safeguard equal and quality health and social services for all
- Improve the availability and accessibility of services
- Ensure the availability of skilled labour
- Respond to the challenges of changes in society
- Manage costs



# Health and social services reform

## STRUCTURAL REFORM OF HEALTH AND SOCIAL SERVICES

- 21 health and social services counties and the City of Helsinki as service organisers
- 5 collaborative catchment areas
- Two main tasks: social and health services and rescue services
- One decision-making body, one management and one funding
- Securing services and increasing equality
- Sufficient funding

**Well-  
functioning  
health and  
social services  
in new  
counties**

## FUTURE HEALTH AND SOCIAL SERVICES CENTRES PROGRAMME

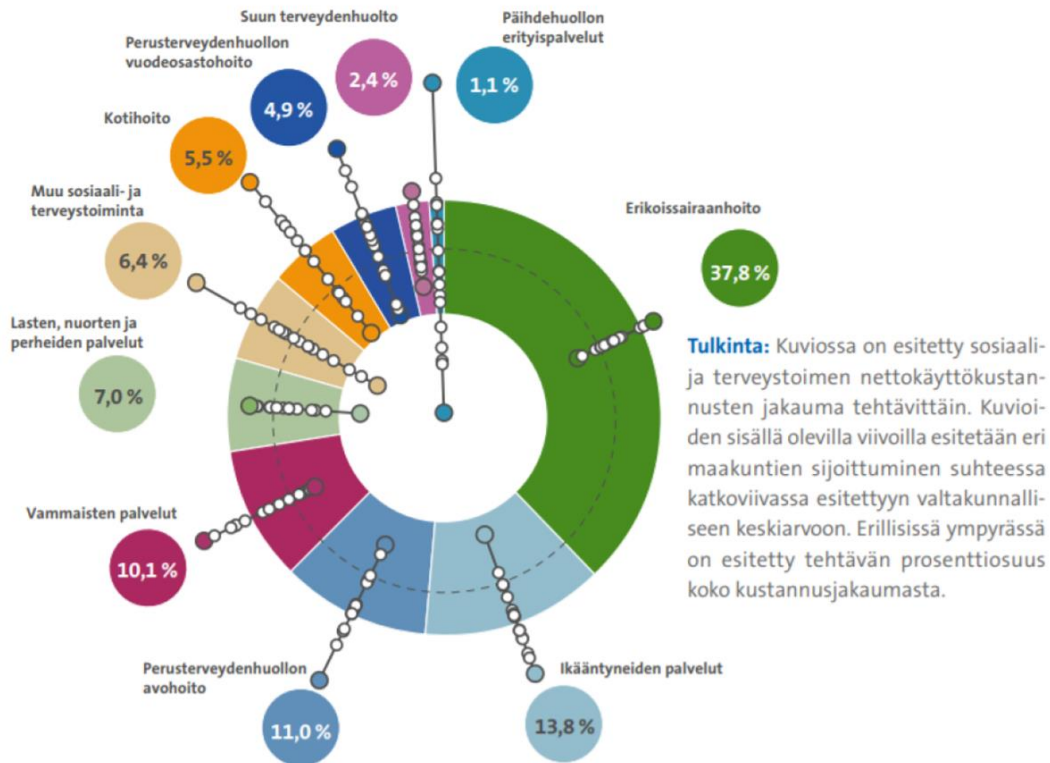
**MULTISECTORAL NATURE OF COUNTIES** / Parliamentary preparation

**COUNTIES' RIGHT TO LEVY TAXES** / Parliamentary preparation

**Sote-uudistus**

# Integration as part of the health and social services reform

Primary healthcare and specialised medical care would be better integrated, and basic-level services strengthened.



# High-quality rescue services throughout the country



- The reform would create a more efficient and economical system that would allow us to prepare for exceptional major accidents or natural disasters across the country.
- The guidance and direction of rescue services would be strengthened at national level.
- The aim would be to maintain or improve both the security and safety of all citizens and security in society.
- Rescue services would continue to be a locally accessible service.

# Administration of the counties

- Provisions on the matters relating to the activities, administration and funding of health and social services counties would be laid down in the Counties Act.
- An elective county council would be the highest decision-making body of counties and the Counties Act would include provisions on the opportunities of residents to influence and participate.
- Key changes compared to the bill drafted during the last government term
  - The task of the health and social services counties would be to organise health, social and rescue services.
  - There would be no statutory distinction between the organiser and provider of health and social services.
  - A joint county authority for health and social services would be possible in certain support services.
  - Tasks related to environmental healthcare would not be transferred to the counties at this stage.

# Policy outlines on linguistic rights

- The policy outlines on linguistic rights in the health and social services counties would, as a rule, be defined on the basis of the general provisions laid down in the Language Act:
  - If all municipalities in the region were monolingual, the health and social services county would be monolingual.
  - If there were also bilingual municipalities in the region, then the county would be bilingual.
- The right to use the Saami language would be safeguarded in the health and social services county of Lapland.
- The National Languages Board and the Saami Language Board would get an official status. Their members would represent their own language groups, one third of the members in the Saami Language Board would be appointed by the Sámi Parliament.
- Bilingual counties would be obliged to agree on cooperation and the division of responsibilities in the provision of health and social services in Swedish.
  - The responsibility for the activities of Kårkulla would be transferred to regions, and cooperation agreements would ensure that the activities would continue.

# Policy outlines on personnel

- The personnel and their tasks would be transferred from the municipal health, social and rescue services to the employment of the health and social services counties on the principles of transfer of business.
- School social workers and school psychologists, too, would be transferred to the employment of the counties.
- Support services personnel would be transferred to the employment of the health and social services counties when at least half of their tasks are subject to transfer.
- A new employer organisation would be established for municipalities and health and social services counties.



# Organising services of school social workers and school psychologists

- The services of school social workers and school psychologists would be organised in the counties but they would be a locally accessible service in the same way as before.
- The principle of local service would be secured by law.
- Close cooperation between the education and culture sector and the counties would be ensured by creating the necessary cooperative structures.
- Measures would also be taken to strengthen student welfare services, and for this purpose, binding levels of student welfare services would be set.

# Municipal funding

- A proportion of the municipalities' costs and revenue, amounting to an estimated EUR 19.1 billion at the 2020 level, would be transferred from the municipalities to finance the counties' activities.
- Costs and revenues would be transferred in equal measures when examined for the country as a whole, but there could be treat differences among municipalities.
- Changes in municipalities would be curbed by a transitional equalisation of five years that would limit changes in stages and by a continuous change limiter of +/- EUR 100 that would be in place for the time being.
- In 2023, the change in financial balance (annual margin after depreciations) would be restricted to zero in relation to the situation in the preceding year.

# Funding for the health and social services counties



- The funding for the health and social services counties would be based to a large part on state funding as well as on client and user charges.
  - In the first phase, the counties would not have the right to levy taxes.
  - This funding base would be raised annually based on estimated service needs and growth in the level of costs.
  - The funding would be adjusted retrospectively to correspond to the actual costs at the national level.
- The funding for the health care and social welfare counties would be universal, and it would be largely determined by factors describing service needs and circumstances. Some of the funding would be based on population numbers and some would be determined by the criteria for health and wellbeing performance.
- The health and social services counties would be eligible for additional funding if the level of funding allocated to them jeopardised the organisation of health, social and rescue services.
- The transition of the health and social services counties to a calculated finance model would be facilitated with transitional funding.
  - The transitional period would last seven years, after which any change exceeding EUR 150 per capita between imputed funding and transferable funding will be balanced by a continuous transitional equalisation that would be in use for the time being.
- The calculated finance model will be reviewed on the basis of the comments received during the consultation round.

# Tax changes related to the funding of health and social services



- On their entry into force, the changes to the tax structure must not result in tax increases.
- Municipalities' tax revenue would be transferred to the state to finance the health and social services counties' activities.
  - Transfers through taxation would amount to around EUR 12.7 billion (EUR 12.1 billion in earned income tax revenue and EUR 0.6 billion in corporation tax revenue).
- The municipalities' share of corporation tax revenue would be reduced by one third, while the state's share would be raised correspondingly.
- Municipal tax rates would be lowered by 12.63 percentage points (current estimate) across the board, while central government tax revenues would be increased accordingly.
- In income taxation, the tax status of the health and social services counties would correspond to that of other public sector entities.
- To improve purchasing neutrality, the health and social services counties would have the right to get a refund for VAT included in taxable acquisitions and the imputed tax included in tax-free acquisitions in healthcare and social welfare.
- Changes in earned income taxation would be carried out within the current tax system by changing the deductions and the state and municipal income tax percentages. The basis of state and municipal income taxation would be amended at the same time.
- Any changes to earned income taxation would be implemented in ways that have as little impact as possible on taxpayers' taxation levels.
  - Current estimates indicate that earned income taxation would have to be cut by around EUR 185 billion to prevent any increase in earned income taxation.

# Asset arrangements



- The joint municipal authorities for hospital districts and specialised healthcare and their assets and liabilities would be transferred to the health and social services counties.
- The counties would get the movable assets and contracts of the municipalities and joint municipal authorities relating healthcare and social welfare and rescue services as well as the holiday pay liabilities of the transferable personnel.
  - Municipalities could receive compensation for verifiable direct costs arising from asset arrangements if the municipality's financial autonomy were compromised as a result of asset arrangements.
- The counties would lease municipality-owned premises for healthcare and social welfare and rescue services for a transitional period (at least three years with one year's option).
- Other arrangements could be possible, too, such as agreements on transferable property or terms of lease of premises.
- The funding for the health and social services counties would not include separate investment funding.
- Health and social services counties would have an independent right to long-term borrowing.

# Division into counties



- After the reform, there would be one joint Act on the Division into Counties. The division into counties would provide an area of operation not only for health and social services counties but also for regional councils and forms the basis for the regional divisions of regional state administration.
- Comments are requested on two options for the counties of North Savo and South Savo regarding the placement of the municipalities within the East Savo Hospital District (Enonkoski, Rantasalmi, Savonlinna and Sulkava) either as part of the county of North Savo or as part the county of South Savo in accordance with the current division into regions.
  - Impact assessments and detailed calculations for the two options will be annexed to the government proposal.
  - This potential change to the current division into regions would also apply to the Regional Councils, Centres for Economic Development, Transport and the Environment, judicial districts of District Courts and the electoral districts of parliamentary elections.
- The division into counties will be decided after the consultation round.

# Special arrangements for Uusimaa

- A basic solution based on the health and social services counties would be applied to the Uusimaa region, apart from the City of Helsinki and the joint county authority for the Hospital District of Helsinki and Uusimaa. As a city, Helsinki would be responsible for organising health and social services as well as rescue services, and the joint county authority for the Hospital District of Helsinki and Uusimaa would perform the statutory duties assigned to it. A special act would complement the general regulation.
- Duties related to health and social services would be funded in accordance with the national model, and the joint county authority for the Hospital District of Helsinki and Uusimaa would receive funding from the health and social services counties as agreed in the charter.
- The health and social services counties in the Uusimaa region and the City of Helsinki would have the primary responsibility for organising services.

# Special arrangements for Uusimaa



- The statutory responsibility of the Hospital District of Uusimaa and Helsinki for organising services would include:
  - demanding specialised medical care that belongs to a university hospital, and other specialised medical care that is necessary for arranging this care,
  - urgent medical care and some other duties (e.g. prehospital emergency medical services, preparedness),
  - and specialised medical care necessary for maintaining these services.
- In addition, the counties in the Uusimaa region, the City of Helsinki and the Hospital District of Uusimaa and Helsinki would conclude an agreement on the organisation of those health and social services that are not separately assigned to the Hospital District by law.
- The Act on Organising Health and Social Services in Uusimaa would lay down provisions on separating the finances of the City of Helsinki in terms of health and social services and rescue services.



# Health and social services counties' responsibility for organising services



- The counties should have sufficient competence, functional capacity and preparedness to take responsibility for the organisation of healthcare and social welfare and they must ensure the availability of health and social services according to their residents' service needs in all situations.
- The counties should have in their employment all the necessary healthcare and social welfare professionals and other personnel. They should also have appropriate premises and tools at their disposal and ensure other necessary working conditions.
- The counties should also have in place a sufficient service provision system of their own to fulfil their responsibility for organising services.

# Requirements concerning providers of purchased services to be specified

- The provider of purchased services and its subcontractor should fulfil the conditions laid down in the Private Healthcare Act and the Act on Private Social Services.
- Service providers should have sufficient conditions to perform their duties (e.g. sufficient competence, personnel, people in charge, economic capacity) in relation to the content and scope of services purchased by the counties.
- As regards the content and quality of services, private service providers should comply with the similar statutory requirements as the health and social services counties. They should also comply with the counties' service strategies and the service packages and service chains defined by the counties.

# Purchasing services from private service providers

- The health and social services counties could purchase health and social services from private service providers if that is necessary to ensure the sufficiency and equal provision of services and to perform their duties appropriately.
- However, it would not be permitted to purchase:
  - services relating to duties fulfilling the responsibility for organising services or the exercise of public powers,
  - 24-hour social services, and primary and specialised 24-hour health services,
  - and services related to the organisation of prehospital emergency medical services (the doctor responsible for prehospital emergency medical services and the person in charge of services on the field should also be in a public-service employment relationship).
- Private service providers could, however, perform duties involving the use of public powers only if separately provided in another act.

# Purchasing services from private service providers



- The health and social services counties could, under similar conditions, use temporary agency labour in their operating units (also in 24-hour emergency services to supplement their own activities).
- Private service providers could, when health services are purchased from them, assess the need for care as part of the treatment given to clients, as instructed by the counties (however, this does not apply to cases of specialised medical care).
- The content, scope and quantity of the services to be purchased should be such that the counties could, in all situations, fulfil their responsibility for organising services in an appropriate manner.



# Further transferring public administrative duties to the subcontractors of private service providers (sub-delegation)

- Private service providers could purchase health and social services from subcontractors to supplement their own activities.
- Providers of purchased services would be required to have their own expertise and personnel. Subcontracting could be only supplementary (cf. the interpretation of the Constitutional Law Committee\*).
- Providers of purchased services would also have overall responsibility for the service provided by their subcontractors.
- The possibility of subcontracting should be included in the contract for purchased services and the counties should approve the subcontractors so that they would be aware of the scope of subcontracting and have the opportunity to guide the activities.

\* The starting point for the Constitutional Law Committee's interpretation: It is possible to further transfer duties in technical and supplementary services.

# Supervision and risk management of purchased services



- Provisions would be introduced whereby the health and social services counties would be required to state the reasons for procurement decisions: grounds for transferring public administrative duties, steps taken to ensure the responsibility for organising services is fulfilled, how risk management is taken into account.
- The counties would also be required to undertake risk management in their areas, and prepare for the expiration of contracts for purchased services and for possible breaches of contract and disruptions.
- The counties would be obliged to supervise and guide outsourced service activities at both the population and individual levels.
- Guidance and direction of health and social services counties
  - Provisions would also be issued whereby the counties' outsourcing plans would be monitored as part of the annual discussions with the Ministry of Social Affairs and Health.

# Invalidity of existing unlawful contracts for outsourced services as prescribed by law

- Some of the existing contracts for outsourced services do not fulfil the criteria laid down in the legislation that is now being prepared and that will enter into force later (the conditions concerning the counties' responsibility for organising services are not met).
- Provisions on the invalidity of these contracts under the law would be issued, if the contracts did not secure the fulfilment of the responsibility for organising services as provided by law or if it was not possible to make them comply with the law without new competitive tendering.
  - Provisions would be issued to set a two-year transition period.
  - Provisions would also be introduced whereby the health and social services councils would not be obliged to pay contractual fines relating to these contracts.
  - Providers of purchased services would have the right to be reimbursed for investments that become useless, provided that providers could not have prepared for such situations.

# Policy outlines on guidance and direction for health and social services counties

- i. The Government would confirm the national and fiscal policy strategic objectives for health, social and rescue services for a four-year term.
- ii. The Ministries would conduct annual negotiations with the counties, and the Ministry of Social Affairs and Health would coordinate the organisation of these negotiations.
- iii. Possible additional funding and assessment procedure for the counties would be separate processes.
- iv. The following new advisory boards would be established — the advisory board for healthcare and social welfare (Ministry of Social Affairs and Health), the advisory board for rescue services (Ministry of the Interior) and the advisory board for county funding and government (Ministry for Finance). All counties and the relevant Ministries would participate in the work of these boards.
- v. Comparable data on the activities and finances of the counties for the purpose of guidance and direction, expert assessments by the Finnish Institute for Health and Welfare and the Ministry of the Interior, other expert data
- vi. Counties' development activities as part of the responsibility for organising services
- vii. Health and social services duties specified in the agreement on collaborative catchment areas, the Ministry of Social Affairs and Health to hold annual negotiations

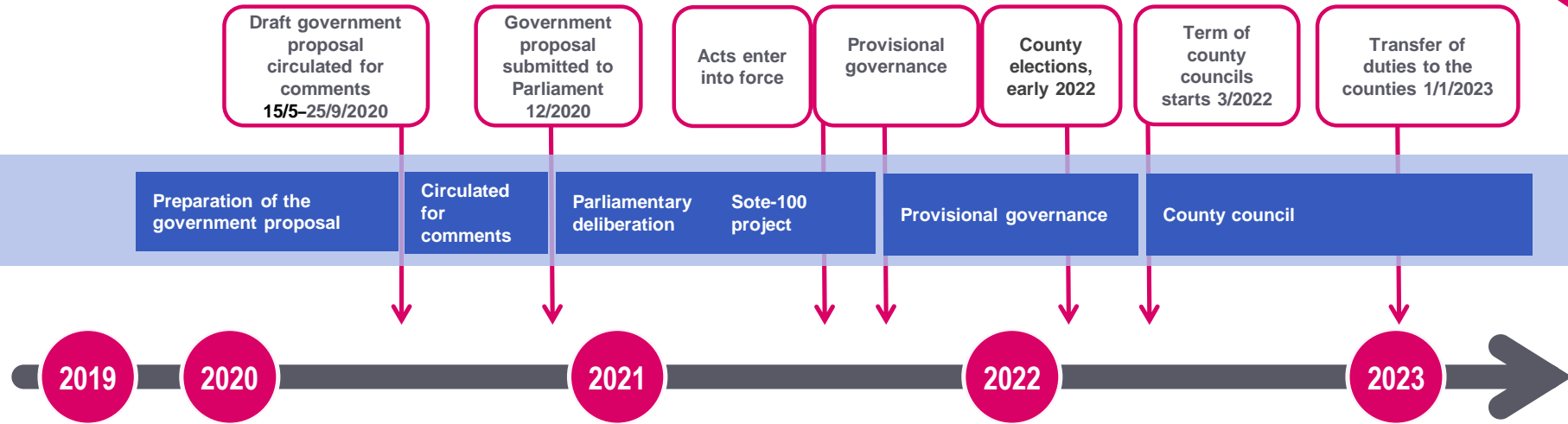


# Provisional governance during the initial stage

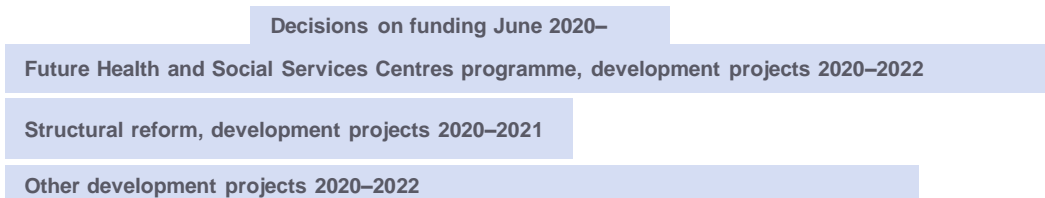


- After the establishment of counties, but before the start of the county council's' term of office and the appointment of a county executive, it would be necessary to set up a body responsible for preparing the launch of the county's activities.
- This provisional preparatory body would consist of representatives of the authorities who currently perform the duties to be transferred to the counties.
- The responsibility for appointing and organising such bodies would rest with municipalities or joint municipal authorities, but first the municipalities in the area would have to reach a unanimous decision on this.
- The Government would have the power to appoint a provisional preparatory body if it were not otherwise appointed by the deadline.

# Timetable for the health and social services reform 2020–2022



Development of services





# Thank you

Ministry of Social Affairs and Health

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