

Government policy 7 November 2015

Principles of division into regions, and check marks of the healthcare and social welfare reform

The Government has agreed in its negotiations that there will be 18 autonomous regions and that healthcare and social welfare services will be organised within a framework of 15 regions. The comparability of different ways of providing healthcare and social welfare services will be enhanced.

With respect to achieving the objectives of the healthcare and social welfare reform, the Government has agreed on the most important issues relating to the division into regions and the organisation of healthcare and social welfare. The aim of the policies is to create conditions for curbing cost growth so as to achieve the bridging of the sustainability gap by EUR 3 billion, and to deliver uniform quality and availability of healthcare and social welfare services in accordance with Section 19 of the Constitution, The Right to Social Security. The policies are also intended to create a good basis for revamping the service system.

Responsibility for organising healthcare and social welfare services will be transferred from the joint municipal authorities and local authorities to 18 autonomous regions. The existing division into regions will be used as the basis for dividing the country into autonomous regions. The autonomous regions will be responsible for services in accordance with the Act on organising healthcare and social welfare services as well as Government decisions on the organisation of healthcare and social welfare services made pursuant of the Act. The autonomous regions will organise healthcare and social welfare services either alone or, in terms of three autonomous regions specified in new legislation, will provide services with the support of the service structures of the other autonomous regions in the most intensive services and in accordance with a statutory division of responsibilities, such that in healthcare and social welfare there will be 15 clear regional entities in the country by which healthcare and social welfare services are organised. A more detailed description is appended. Where an autonomous region deems its financial or other resource capacity insufficient for organising healthcare and social welfare services, it may seek government approval to organise the services in cooperation with another autonomous region. The Government may also initiate this procedure or a crisis procedure relating to an autonomous region in the event of precisely specified statutory criteria being fulfilled. The matter will be assessed at least in connection with Government decisions on the organisation of healthcare and social welfare services.

The Government has decided that there will be 12 units (hospitals and associated 24-hour intensive social welfare services points) operating on a broad basis around the clock. All the other existing central hospitals will continue as units providing a more limited range of 24-hour services, supported by the network of 12 hospital units offering broad-based 24-hour A&E services and the emergency care system. This way, there will be 24-hour A&E services and other specialised services available in different parts of the country, taking distances and other regional special characteristics into account. Finland's five university hospitals (Helsinki, Tampere, Turku, Oulu and Kuopio) will continue as now.

The appropriate criteria will be formulated for the operation and development of university hospitals and dedicated centres of expertise in the social sector. Similar criteria will be drawn up for pertinent research and teaching carried out in universities and polytechnics to be utilised in the practical development of healthcare and social welfare services.

The autonomous regions will make a proposal to Ministry of Social Affairs and Health for a Government decision on the organisation of healthcare and social welfare in their region. On the proposal of the

Ministry of Social Affairs and Health, the Government will decide on the organisation of healthcare and social welfare. The autonomous regions will be responsible for organising healthcare and social welfare services in accordance with the Government decision on the organisation of healthcare and social welfare.

Central government steering will be strengthened. On the proposal of the Ministry of Social Affairs and Health, the Government will decide on the organisation of healthcare and social welfare at regular intervals (for example every fifth year). By law, the Government decision on the organisation of healthcare and social welfare will specify the following:¹

- 1) a public service pledge on healthcare and social welfare clarifying legislation;
- 2) the duties and division of responsibilities of national specialised units;
- 3) the division of responsibilities for regional duties that cross the boundaries of autonomous regions and, as part of this, the division of responsibilities between the university hospitals and other centres of expertise;
- 4) national strategic goals for the development of healthcare and social welfare services;
- 5) general policies on large investments and the production structure as well as the utilisation of different means of providing services;
- 6) coordinating the services of the autonomous regions to implement customer-oriented integration in so far as the autonomous regions have not agreed on the issue; and
- 7) other measures required to safeguard equal access to healthcare and social welfare services, the execution of freedom of choice, customers' opportunities to participate and influence, and language rights.

The Government will make the provision of healthcare and social welfare services more versatile. Each autonomous region will provide the necessary services itself or may use the services of the private sector or the third sector. Further preparation will address comparability between different service providers in terms of the costs, cost-effectiveness, quality and impact of publicly and privately provided services that fall within the scope of the public service pledge. Quality and cost data on public and publicly-funded private healthcare and social welfare services must be publicly available in order to facilitate open comparison. Each autonomous region must, before the provision of services, compare the efficiency of its own service provision and explore opportunities to use private and third sector provision as well as opportunities to organise service provision in cooperation with other autonomous regions.

In their preparation process and organisation, the autonomous regions will separate the preparation of healthcare and social welfare organisation duties from the management of the autonomous region's own provision. This means that the professional managers heading provision of services are kept separate from decision-making relating to the organisation of services. The autonomous regions' duty to organise services will include the preparation of a service provision strategy. The strategy will specify, among other things, how a region's services are provided. Each autonomous region will regularly assess in accordance with national assessment criteria the appropriateness of the service provision strategy .

Each autonomous region will also regularly assess in accordance with national assessment criteria the appropriateness of the autonomous region's own provision relative to services available from private and third sector providers.

¹ This is a preliminary list and it is based on the proposal on the content of the Government decision on the organisation of healthcare and social welfare included in Government proposal 324/2014. The list, however, takes into account the fact that the decision on the organisation of healthcare and social welfare would be made now by the Government and that it would concern the autonomous regions, which will have a directly-elected supreme decision-making body. Government steering, therefore, will be directed at the most essential aspects in terms of safeguarding equal access to basic public services and management of costs, and otherwise it will be left to the autonomous regions' discretion to implement the task of organising healthcare and social welfare services assigned to them.

Effective competition and diverse provision of healthcare and social welfare services will be ensured in the drafting of legislation and in the regional implementation of the healthcare and social welfare reform package. The Finnish Consumer and Competition Authority will supervise the implementation of competition in the healthcare and social welfare services market and, as part of this, also the opportunities for small and medium-sized enterprises to participate. Procedures and conditions will be prepared to make sure that new service providers and small and medium-sized enterprises are able to provide the services. When organising their own provision, the autonomous regions must take regional special characteristics into account and also those operating models and units providing integrated services that are currently shown to be effective. The aim is to utilise the opportunities given by competition in so far as there is potential in the provision of healthcare and social welfare for competition between different service providers.

In the healthcare and social welfare reform project, consideration is currently being given to how transfers of property and personnel from joint municipal authorities and local authorities to the autonomous regions could best be implemented. This will be decided separately on the basis of alternative solutions studied during the preparation. It is particularly important that the status of personnel during the change is taken into account. The aim is to implement changes in the status of personnel as economically as possible and adhering to good human resources policy.

A framework for the cooperation and effective operation of the autonomous regions will be created by establishing a national joint procurement unit, owned by the autonomous regions, whose task will also be to prepare expert assessments of cost-efficiency in relation to the quality and effectiveness of the autonomous regions' own service provision. The joint procurement unit will decide on matters relating to competitive tendering and purchasing in joint procurement determined by the autonomous regions, but otherwise the joint procurement unit will give expert assessments and make preparations for each autonomous region with respect to the autonomous region's own decision-making. The joint procurement unit will also give expert assessments on provision methods to the Ministry of Social Affairs and Health for the preparation of the Government decision on the organisation of healthcare and social welfare. In addition, for the autonomous regions will be established, and owned by them, joint national premises services, human resources, financial and data management and ICT services, research coordination services and possible joint equipment infrastructure services. An important practical task of the autonomous regions' joint national data management and ICT service will be to implement the single ICT platform necessary for the integration of data and the smooth functioning of services.

The full integration of customer and patient data as well as control data will create a good basis for the delivery of customer-oriented, integrated healthcare and social welfare services. The autonomous regions' data management and electronic services will be organised such that they are seamlessly incorporated into the national service channel and other related services. The interface and architectures of the autonomous regions' information systems will be specified and the information systems implemented such that the interoperability of information and information systems with other private and public sector information systems is ensured.

As part of the reform, legislation on freedom of choice will be enacted, enabling customers to choose between public, private or third sector service providers. Freedom of choice will be the main principle at the basic service level. Where appropriate, the same principle will also be applied in specialised healthcare and social welfare services. Preparations for simplifying the multisource financing of healthcare and social welfare as well as expanding freedom of choice will begin in November 2015. Changes will be prepared as scheduled in the Government Programme as part of the healthcare and social welfare solution, such that Government proposals will be submitted to Parliament as soon as possible following the Act on organising healthcare and social welfare services, and so that legislation relating to simplifying multisource financing and expanding freedom of choice comes into force on 1 January 2019. This will be taken into account in the reform of the financing system. The aim of the future freedom of choice model is to strengthen in

particular base level services and to ensure swift access to care as well as to support freedom of choice for individuals by introducing uniform quality criteria and through public information that helps people make their choices about services.

The autonomous regions will be multiplex. From 1 January 2019, they will be responsible for the following functions:

- rescue services, taking into account, however, the possible need to organise in a more extensive region duties that require a larger area and population base than a single autonomous region
- the duties of the regional councils relating to regional development and its funding, including the transmission of funding based on EU programmes, as well as duties relating to regional land use planning
- regional and business development duties handled by the Centres for Economic Development, Transport and the Environment, including duties relating to rural area business development and finance
- possibly environmental healthcare

The Ministry of the Interior, the Ministry of Employment and the Economy, the Ministry of Social Affairs and Health, the Ministry of Agriculture and Forestry, the Ministry of Education and Culture, the Ministry of Transport and Communications and the Ministry of the Environment will each assess in more detail the content of the duties to be transferred to the autonomous regions and how the transfers should be carried out. The review will focus particularly on regional duties and those handled through the statutory cooperation of local authorities. Preparations will explore and safeguard opportunities to handle some of the transferred duties as a cooperative effort of autonomous regions in a more extensive area than a single autonomous region. At the same time, an assessment will be made as to whether regional administration duties and other duties handled regionally can be transferred completely or partially to local authorities. In January 2016, on the basis of reports, the Government will make a separate decision on the preparation of the regional government reform package and on other duties to be transferred to the autonomous regions. The Ministry of Finance will coordinate the preparatory work in cooperation with the Project Manager of the healthcare and social welfare reform package. The work will be steered by the ministerial working group on reforms.

The Government adopted a policy on 20 October 2015 for the preparation of funding solutions for the healthcare and social welfare reform. According to this, the preparation of the funding reform will be based on the policies outlined in the Government Programme, according to which, in turn, the total tax rate must not rise and taxation on labour must not increase at any income level. The funding solution for healthcare and social welfare reform will be prepared, taking into account the policies outlined in the Government Programme, primarily on the basis of the central government's responsibility for funding, because local authorities' main responsibility for funding may be considered to conflict with the autonomy of local authorities safeguarded by the Constitution. Alongside the central government's responsibility for funding, further preparation will also assess a solution based to some extent on the autonomous regions' own right to levy taxes.

A parliamentary monitoring group has been established for the healthcare and social welfare reform. The task of the parliamentary monitoring group is to monitor the structural reform of healthcare and social welfare as well as the preparation and implementation of a freedom of choice report and the achievement of its objectives. The monitoring group may also express its views to support preparation and implementation and to further the achievement of the reform objectives.

Model for division into regions in healthcare and social welfare (autonomous regions will be responsible for organising healthcare and social welfare services within a framework of 15 regions; 18 autonomous regions in total):

Constitutional constraints

Constitutional prerequisites for the healthcare and social welfare reform solution:

- 1) allocation of responsibility to organise services (thus not solely the division into regions) must overall, together with other arrangements relating to the organisation and provision of healthcare and social welfare services and particularly solutions relating to financing, facilitate the equal observance of basic rights laid down in the Constitution. It is therefore decisive how the healthcare and social welfare solution, and related legislation, is able overall to guarantee the principle of equality laid down in Section 6 of the Constitution, the basic rights to social security laid down in Section 19 of the Constitution and, in practice therefore, equal access to the healthcare and social welfare services that observe these rights, as well as the obligation, laid down in Section 22 of the Constitution, for public authorities to guarantee and promote the observance of basic rights. It is therefore the legislation overall that is decisive, not merely the division into regions.
- 2) sufficient scope in decision-making must remain for self-government in accordance with Section 121(4) of the Constitution. The reasoning in this respect is that self-government observes the participatory rights laid down in Section 14 of the Constitution and that in legislation a solution must be found that implements in an equal way services that observe basic rights and at the same time observes as well as possible the participatory rights.
- 3) the division into regions must fulfil the requirements of Section 122 of the Constitution, namely the objective should be suitable territorial divisions and to safeguard opportunities for the Finnish-speaking and Swedish-speaking populations to receive services in their own language on equal terms.

Solution for division into regions

The solution for the division into regions is, more precisely, as follows:

- 18 autonomous regions, in which a council elected by direct vote will exercise the highest decision-making power, based on the existing division into regions.
- each autonomous region will act, within the framework specified by law and the Government decision on the organisation of healthcare and social welfare, as an organiser of healthcare and social welfare services, with the qualification given below.
- the responsibility to organise healthcare and social welfare will be specified in more detail in law such that the organisation of services will take place, in practice, in 15 regions. Three autonomous regions, prescribed in law, must organise services with the support of one of the other autonomous regions. In this case, the basis for the division of responsibilities and the obligation to cooperate of the said autonomous regions will be prescribed directly in legislation in which the opportunities to

influence of the autonomous regions obliged to cooperate will also be specified. The division of responsibilities will be specified in more detail in the Government decision on the organisation of healthcare and social welfare. These three autonomous regions will agree in more detail their cooperation with another autonomous region.

- the measures necessary to safeguard basic public services that observe basic rights as well as residents' language rights and participatory rights will be specified through central government financing and the Government decision on the organisation of healthcare and social welfare.

- units providing 24-hour A&E services on a broad basis will be specified through the Health Care Act and in future partly through the Act on organising healthcare and social welfare services, and provisions will be enacted to ensure that the autonomous regions must support them when fulfilling their duty to organise the services. With these and the provisions relating to support and division of responsibilities, it will accordingly be possible to eliminate completely from law the separate specific catchment area and prescribe more general provisions on support, on the division of responsibilities and on the obligation to cooperate. The model for a solution makes it possible to prescribe that there would be 12 hospital units/centres of expertise providing 24-hour A&E services on a broad basis.

- each autonomous region will make its own proposal to the Ministry of Social Affairs and Health in respect of the Government decision on the organisation of healthcare and social welfare.

The central government will steer the organisation of healthcare and social welfare services and will act as the primary provider of financing (Government decision of financing 20 October 2015; the possible limited right of autonomous regions to levy their own taxes will not eliminate the central government's significant role in financing) and therefore will be ultimately responsible for equal access to and implementation of services within the framework of economic constraints, i.e. budgetary restrictions. The central government will fulfil its role particularly through the Government decision on the organisation of healthcare and social welfare on a proposal of the Ministry of Social Affairs and based on the proposals of the autonomous regions and the negotiation procedure conducted with them. Scope will be left in the content of the Government decision on the organisation of healthcare and social welfare for the autonomous regions' own decision-making.

The constitutionality of the reform solution and any necessary changes as a result of this will be assessed in detail in connection with legislative preparation.