

# REGIONALISATION AND COMPETITION – FINNISH SOCIAL AND HEALTH CARE REFORM\*

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*The Economist from September 10th 2016 listed many challenges British NHS is facing. Finland shares the need to take better care of people – in situation where population is getting older, technological possibilities are huge and need to better control the economy can be so frustrating.*

*In Finland, the last Governments have very clearly recognized huge need for reforms in social and health care sector. Mr Juha Sipilä's current Government has prepared the latest reply to the old challenge: over 800 pages of new legislation draft, issued in the end of June 2016.*

The Government agreed upon the policy lines that will guide the drafting of legislation on three interconnected reforms:

- (1) The reform of the organization of health and social services
- (2) Freedom of choice and multisource financing reform, and
- (3) The regional government reform, i.e. the establishment of 18 autonomous counties governed by elected county councils. The counties will be responsible also for certain other public duties e.g. rescue services.

The goals of the social and health services reform are the following

- (1) The objective of the healthcare and social welfare reform package is to curb growth of costs by EUR 3 billion. The goal is to curb growth of health and social services expenditure by approximately 1.5 percentage points per year in the period 2020–2029 – this will contribute to better balance of public economy.
- (2) Guarantee equal access to high quality services everywhere in the country and
- (3) Reduce regional and social inequities.

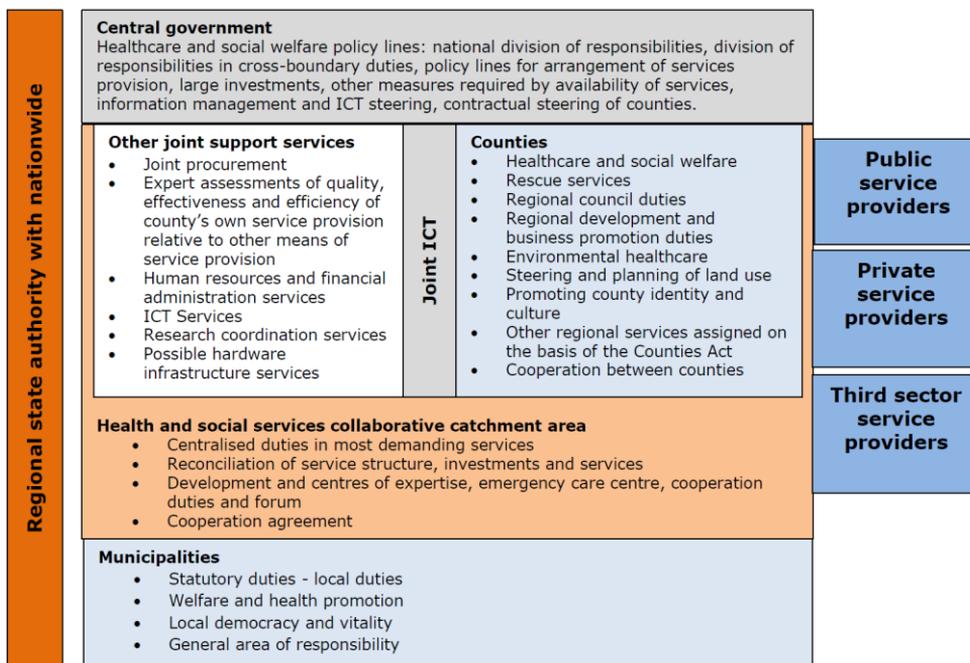
The health and social reform is based on a client-centered *integration of health and social services* as the key measure for narrowing health and wellbeing disparities, improving the effectiveness of the services in an equal manner and bringing cost savings. There will be *18 counties* with own budget but a single financial management and they will provide the necessary health and social services on their own, together with other counties or in collaboration with the private or third sector. Counties will be *financed by the central government* and the current multisource financing will be simplified – all these things are easy to write but really challenging to make into reality!

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**Chart 1 Counties’ duties and new healthcare and social welfare structure  
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Source: English summary of Government's draft proposal for health, social services and regional government reform legislation <http://alueuudistus.fi/hallituksen-esitysluonnos-31-8-2016>

A *purchaser–provider separation* will be implemented: counties will ensure that the organization and provision of services are genuinely separated and performed by different organizations. *Freedom of choice* will significantly promote competition in the provision of services. Integration of information systems will increase information flows between different providers. Consequently, the service chain integration will improve. Essential public health functions, including health promotion and disease prevention, will be ensured for the youngsters and elderly people – this seems to be a very interesting effort to other countries as well!

The government bills on the reform will be passed to the Parliament in 2016 and 2017, and enacted in 2019. *Improved cost management* will be a key principle when preparing legislation and implementing the reform. Successful and skillful change management will be a prerequisite for achieving the targets and thus will receive particular attention during the reform implementation.

To sum up, ongoing process is a most interesting one. Introducing, in a very limited time, a new level of administration, with solid finance and cost control, change of duties between municipalities and this new level – the Government has chosen an open way – there is an ongoing commentary phase for municipalities this autumn. Different workgroups are currently busy finding their answers to difficult questions – like what are the key indicators in health and social services, how should we make better use of digitalization, how better invest – even with limited resources – on people to make their life better.