# The Milestones of Reforming Primary Health Care in Estonia

The Lancet Global Health Commission on Financing Primary Health Care

SYNOPSIS

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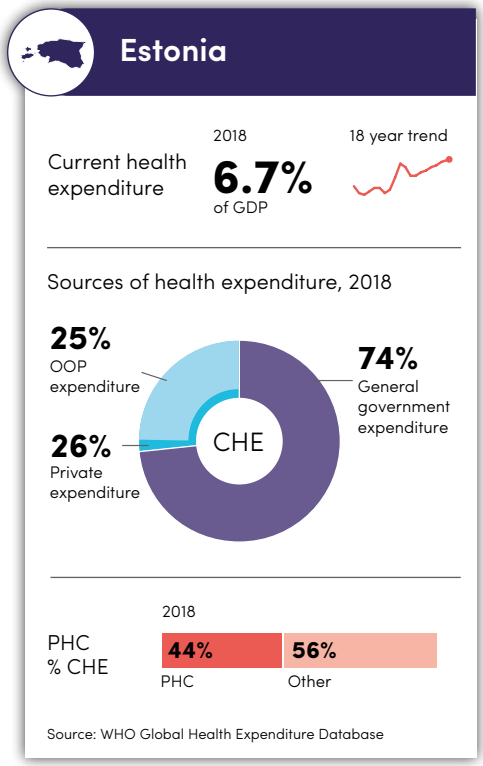
**Estonia has been hailed for achieving health outcomes comparable to other high-income countries at relatively low cost. This success is the result of comprehensive health system reforms implemented following Estonia's independence from the Soviet Union in 1991. The reforms involved reorganisation from a disease-specific and specialist focused health system to one centred on family medicine, with earmarked funding for health accrued through social insurance contributions. This case study provides an overview of the primary health care (PHC) reforms in Estonia since 1991 and identifies the driving factors behind their success. It highlights the impact of financing reforms, which made it possible to secure funding for health and initiate the transition towards a PHC-centred health system.**



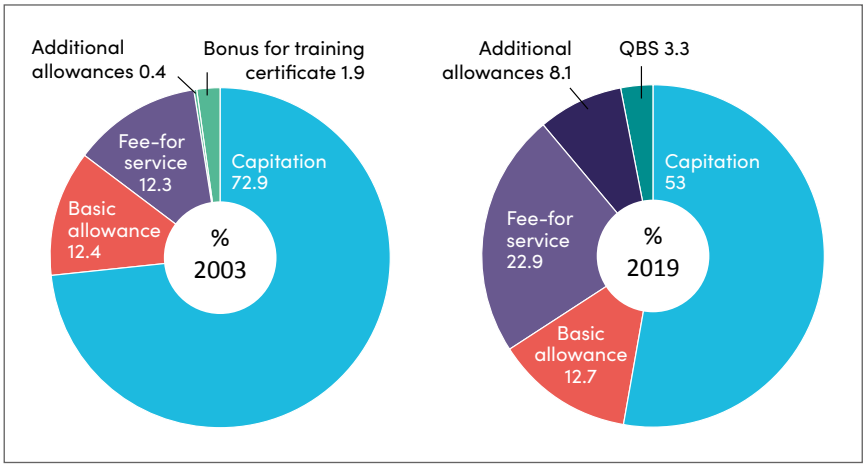

## REORGANISATION OF THE HEALTH SYSTEM - PRIORITISATION OF PRIMARY HEALTH CARE AND FAMILY DOCTORS

Following the end of the Soviet occupation, Estonia's inflated hospital network was restructured, and capacity decreased substantially over 10 years. This was gradually replaced with a network of self-employed family doctors providing PHC close to patients' home. Family doctors also operated as gatekeepers, referring patients to higher levels of the health system when necessary. Efforts were made to train more family doctors by retraining medical doctors and introducing family medicine as both a medical and academic speciality within Estonia's only medical school. PHC reform was formally completed in 2003 when almost 80% of Estonians had their own family doctor. In the past decade, the list of essential PHC services has expanded, leading to the creation of PHC Centres - bringing together family doctors and nurses with other specialities, including physiotherapy and midwifery, into one team.

## FINANCING REFORMS - EARMARKED FUNDING FOR HEALTH

A social health insurance model (the Estonian Health Insurance Fund - EHIF) was established in 1991, which generated funds for health through a tax of 13% of salary or earnings. Family doctors worked as private practitioners contracted by the EHIF and paid through a mixed payment model combining capitation, fee-for-service (FFS), a basic allowance, additional allowances, and bonuses. This payment system aimed to incentivise doctors to take more responsibility for diagnostic services and treatment, to provide continuity of care, and to compensate for the financial risks of caring for older people or working in remote areas. Over the years, there has been a steady increase in funding for PHC. However, the share of capitation in the budget has decreased and the share of FFS has increased, currently accounting for almost one quarter of family doctors' total revenue. The basic allowance, which has also increased, provides additional funds for PHC centres, motivating individual PHC providers to form groups and provide a wider scope of services.

**Figure 1: Evolution of Estonia's PHC payment system 2003-2019**




Source: Country case study

## ENHANCING THE QUALITY OF PHC SERVICES THROUGH FINANCIAL INCENTIVES AND DIGITALIZATION

In 2006, Estonia introduced a Quality Bonus System (QBS)– a pay for performance scheme that provides financial incentives to promote family doctors' involvement in disease prevention, to ensure effective management of patients with chronic diseases, and to motivate family doctors to provide a broad range of services. An additional payment was introduced in 2016 for accredited PHC providers based on several quality indicators. The use of digital systems to submit billing data and prescribe medications facilitated the collection of data on quality indicators, for example, in assessing whether family doctors prescribed medications in accordance with clinical guidelines.

Even though Estonia has a fairly young PHC system, it is recognised as a strong system in Europe. Estonia has successfully implemented and scaled-up PHC reforms, introducing new organizational structures, user choice of family doctors, new payment methods and specialist training for family medicine. The effectiveness of PHC has been enhanced, as evidenced by improved management of key chronic conditions by family doctors and reduced hospital admissions. However, the current model of PHC continues to face challenges in meeting the needs of an increasingly elderly population with multiple non-communicable diseases, and several weaknesses persist that impact on the integration of care. Ensuring access to care in rural areas remains a particular challenge.

## LESSONS LEARNED

1. **Successful reforms require a comprehensive strategy to strengthen the capacity of PHC.** In Estonia, this involved the development of family medicine as a new speciality and the formulation of a strong Family Doctor Association with PHC champions, who helped to promote change from within the health system.
2. **Strong leadership from government and consistent policy objectives are important to achieve desired change.** Strong leadership of the Ministry of Social Affairs and support by the EHIF during PHCs reform played a crucial role. Importantly, Estonia maintained the same policy objectives and targets during the reform process and did not allow health reforms to be influenced or hindered by political opposition.
3. **Financial incentives can help to drive additional organisation change.** The reforms demonstrate the close link between PHC finance arrangements and service delivery. In Estonia's case, changes were driven by supply side reforms and reinforced by changes in financing arrangements, e.g., a basic allowance for PHC Centres encouraged the formation of multidisciplinary teams.
4. **Financial support from donors can be useful in achieving pre-defined health system goals.** Estonia drew on external support from the World Bank and EU to achieve its stated policy objectives. Foreign partners also played a key role in helping the Ministry of Social Affairs to maintain the reform agenda and gain political support.
5. **Digital technology can play an important role in improving the quality of PHC services.** For instance, in Estonia, the widespread use of electronic data management systems as a critical part of the payment system advanced the collection of PHC performance data.

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This synopsis is based on one of 10 country case-studies written for the Lancet Global Health Commission on Financing Primary Health Care:

**Kasekamp K, Habicht T, Kalda R. The Milestones of Reforming Primary Health Care in Estonia. *Lancet Global Health Commission on Financing Primary Health Care.* Working Paper No. 3. 2022**

**Funding:** This work was funded by a grant from the Bill & Melinda Gates Foundation. However, the views expressed in the synopses are those of the authors and do not necessarily reflect the views or policies of BMGF.

**Suggested citation:** Kasekamp K, Habicht T, Kalda R. Synopsis: The Milestones of Reforming Primary Health Care in Estonia. *Lancet Global Health Commission Financing Primary Health Care.* 2022