

Austria's new coalition government's program

Country: Austria

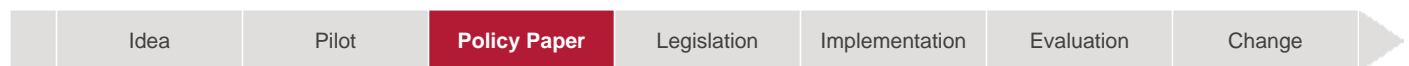
Partner Institute: Institute for Advanced Studies (IHS), Vienna

Survey no: (9)2007

Author(s): Hofmarcher, Maria M., Gerald Röhrling and Dominik Walch

Health Policy Issues: System Organisation/ Integration, HR Training/Capacities, Benefit Basket, Public Health, Pharmaceutical Policy, Funding / Pooling, Quality Improvement, Political Context, Prevention, Remuneration / Payment, Responsiveness

Current Process Stages



Featured in half-yearly report: Health Policy Developments 9

1. Abstract

In January 2007, Austria's two biggest parties - the social democratic SPÖ and the conservative ÖVP - formed a new coalition government. As far as health policy is concerned the two parties quickly reached consensus on health policy goals for the four year legislative period. This survey summarizes the new government's most important ideas and positions on health policy (excluding long-term care which will be featured in the next survey round).

2. Purpose of health policy or idea

The preamble of the government program's chapter on health lays out broad health policy goals seeking to ensure:

- prolonged life spans and healthy life expectancy, high patient satisfaction and comprehensive protection against the financial risks associated with health problems;
- patient-centred care;
- universal health care provision for all individuals, irrespective of age and income; and
- equitable financing ("solidarity principle"), equality of access, appropriate quality and cost efficiency in provision of health care

Main objectives

Public Health and Prevention

Background

In 1998 a special law on health promotion was passed. In the same year a government agency for prevention, health promotion and public health was founded. The goal was to promote prevention and health promotion. In addition to curative care, rehabilitative care and long-term care, health promotion/ public health is considered as a fourth pillar of the Austrian health system

Goals and ideas

The current coalition's goal is to increase activities and initiatives in this area as well as increasing funding.

It is planned to:

- enhance measures concerning tobacco control (the introduction of strict rules concerning the protection of non-smokers in restaurants and bars - see survey ["Austria's anti-smoking strategies"](#));
- develop national strategies against drug addiction amongst young people;
- increase activities in the area of public health services;
- establish systematic screening programs;
- enhance vaccination programs;
- introduce epidemiology - based prevention and health documentation programs; and
- provide incentives for participation in public health programs such as preventive checkups (see survey ["New rules for preventive health check-ups"](#))

System Organization/Integration, Funding/Pooling, and Payment/Remuneration

Background

Due to Austria's federalist tradition and the organization of the Austrian SHI system, the organization of health financing and delivery is quite complex. Pooling/ funding, system organization/integration, payment and remuneration are inextricably linked and interconnected rendering the system rather intransparent.

The central legal instrument to coordinate complexity in financing especially in the hospital sector is the so-called 'Agreement in accordance with Art. 15a of the Austrian constitution'. This agreement (which is re-negotiated every four years) is a treaty between the federal government and federal states detailing - based on fiscal equalisation - the scope of tax-revenue allocation going to the health sector of each federal state.

Goals and ideas

The new government acknowledges that in order to meet the population's needs while ensuring the financial sustainability of the health care system, it is necessary

- to introduce centrally coordinated planning and governance of financial flows;
- to optimize health-processes so that prevention, diagnose, treatment, rehabilitation and long-term care are performed in the correct order, by correct providers, in adequate time and with guaranteed quality and a maximum of output; and
- to evaluate and harmonize the current structure of allocation of funds as well as the current payment and remuneration schemes.

Therefore the new coalition plans to

- introduce the integration of care in a legally binding way thereby transcending federal and sectoral boundaries. This includes establishing outpatient health centres or the introduction of models of trans-sectoral cooperation in order to improve specialist care in rural areas, i.e. the reorganization of primary and ambulatory care;
- bundle resources and introduce a monistic financing regime, where the allocation of funds takes place in accordance with the population's risk-structure;
- simplify the organizational structure of Austria's SHI system by merging insurers and harmonizing the benefit baskets across regional sickness funds;
- realize efficiency gains in the entire health care system. For the up-coming legislative period the coalition parties have agreed to realize efficiency gains of € 300 Million until 2008 and an additional € 100 million until 2010; and
- deal with current deficits of SHI companies. In order to deal with the current deficits of several SHI companies the government's strategy is twofold: Increasing efficiency and a reduction of costs should cover 50% of the deficits.

Raising insurance premiums by 0,15 percentage points should cover the remaining 50%.

Pharmaceutical Policy

Background

In order to curb growth of expenditure on pharmaceuticals a new reimbursement regime for pharmaceuticals was introduced in 2004 (see survey "[Pharmaceutical Price Policy](#)"). This reimbursement codex is characterized by a box system. All medicines are categorized into different boxes, according to which certain standards of reimbursement are defined.

Goals and ideas

The current government plans to

- evaluate and amend the system of reimbursement, e.g. by considering the inclusion of homeopathic medicines);
- introduce the electronic administration of prescribing and distributing medicines (e-medication and e-prescription);
- foster the prescription of generics. The prescription charges for generics for instance should be considerably lower in order to create incentives for the use of generics; and
- establish joint committees of hospitals and SHI companies to work out guidelines for the evaluation and choice of medical products.

HR Training/Capacities

Background

Training of physicians in Austria is based on a dual system. Following the completion of the university degree practical training in a hospital is required. General practitioners have to complete a training curriculum of three years, specialists' training takes six years.

Goals and ideas

- Following an international development the new government plans to change this system by defining general medicine as a new specialist field. The first year of practical training will be a uniform basic training for all specialists (including the new specialist for general medicine)
- The structure of the on-the-job training within a hospital will be revised to comply with ongoing restructuring in the hospital sector.
- A relatively innovative idea is to redefine authorization regarding medical procedures, i.e. what a nurse is allowed to carry out, which procedures are solely carried out by physicians.
- For medical professions (other than physicians) education curricula will be harmonized and flexibility will be enhanced in order to increase mobility.

Quality Improvement/ Responsiveness

Background

In 2005 the health reform and the health quality law introduced the notion of quality and quality control in a system-wide approach (see survey "[Health Quality Law](#)"). With this, quality and quality control were presented in a somewhat more uniform way thereby giving this issue an unprecedented prominence in Austria's legal framework. Before that the issue of quality in health care was defined independently for various areas and sectors.

Goals and ideas

The government intends to improve quality by up-dating current legislations by

- developing guidelines for measuring process and outcome quality, e.g. waiting times, re-admissions. In this context it is interesting that until now there was no official recognition that waiting times in Austria exist;

- fostering patient-centered care by quality assurance including psychotherapy;
- utilizing EC-funded research to promote innovation; and
- improving working conditions and especially working hours of health care personnel to enhance quality in health care.

Type of incentives

The government program explicitly refrains from raising co-payments. Rather, for 2008 it plans to introduce a ceiling of 2% of annual income for co-payments associated with prescription medicines. The administration of co-payments should be based on the use of the e-card, Austria's electronic health insurance system.

Funds allocated to "reform pool projects" (see survey "[Integration of Care - Follow-up](#)") may be used to enhance coordinated care for patients with special care needs.

Current remuneration of health professionals remained largely unchanged. Primary care providers are mostly paid on a mixed basis, combining a flat rate with fee-for-service pays. Specialists are largely paid on a fee-for-service basis. More centralized revenue pooling which is envisaged in the medium term may enhance transparency in financing which currently is rather complex, in particular in the hospital sector. In the short-term it seems that performance-oriented payment in the hospital sector remains untouched in this prevailing complexity. This may block much needed efficiency gains in this area as the incentive for hospitals to admit or re-admit patients remains strong.

This unfavourable incentive structure is maybe mitigated when service planning is fully implemented. In this context care provision in a region may be organized on a more flexible basis which may support the provision of adequate care outside (acute care) hospitals.

Groups affected

Austrian population, social health insurance, employees in health system

3. Characteristics of this policy

Degree of Innovation	traditional	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	innovative
Degree of Controversy	consensual	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	highly controversial
Structural or Systemic Impact	marginal	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	fundamental
Public Visibility	very low	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	very high
Transferability	strongly system-dependent	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	system-neutral

The current government program continues efforts of previous governments to improve health care services and delivery. A change in the governance structure of social insurance was "innovated" by the previous government and not rolled back; all other measures proposed seem in line with approaches taken in other countries to develop the health system and to make it more "user friendly". However, the proposal to initiate negotiations about some form of "single payer" model is rather innovative as it suggests central revenue pooling in the medium term. Furthermore, the explicit proposal to harmonize benefit packages between sickness funds is also rather innovative as regional autonomy is considered as an important "asset" to guarantee proximity to insurees and contractual freedom with providers.

If efforts to intensify service planning across sectors are successful and if re-structuring of financing towards a "single payer model" progresses, the systemic impact will be rather fundamental.

Most measures envisaged are rather generic in nature so that they may be transferred to other health care systems.

4. Political and economic background

Following last year's general elections Austria's two biggest parties, the socialdemocratic SPÖ and the conservative ÖVP, started negotiating the formation of a new coalition government. After more than two months of negotiations a new government was finally inaugurated in January 2007. The health chapter in the current government program has 10 sections.

While the health chapter in its preamble does not deviate much from the two previous center-right governments' health policy goals, it puts less emphasis on the re-structuring and re-organising of social health insurance and on the introduction of new co-payments (see survey "[Social Security - Institutional Reform](#)" and Hofmarcher, 2006).

Furthermore, acknowledging the increasing importance of the issues of patient and consumer safety, the new government program has a chapter on consumer protection.

The goals of health care reforms in the 1990s and in particular the goal of ensuring the financial sustainability of the public health care system are embedded in the overall economic goal of budget consolidation. When it joined the European Economic and Monetary Union in 1998, Austria also took on the obligation to try to reduce its structural budget deficit as far as possible in accordance with the Pact for Stability and Growth. This led to the adoption of the Austrian Stability Pact in 2001, which was renewed in 2005 and is also implemented via an agreement pursuant to Article 15a of the Federal Constitution. According to this, the financial equalization process between the Federal Government and the Länder and the stability pact provide the framework for target setting in the health care sector. Budget discipline and structural reforms, both of which are budget consolidation goals, have thus been determining factors for reforms in the health care sector since the mid-1990s, a fact which is reflected by the legislative measures taken also in this new government program.

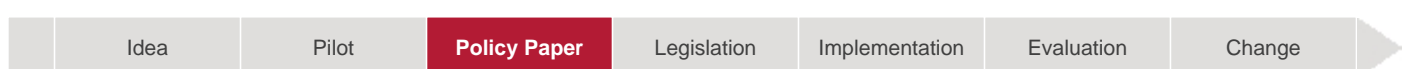
Change of government

The centre-right government in power since 2000 is succeeded by a "new" grand coalition government between Social Democrats (SPO) and the Peoples Party (OVP)

Complies with

EU regulations -

5. Purpose and process analysis



Origins of health policy idea

The new coalition government agreed on a package of goals and measures during negotiations at the beginning of 2007.

Initiators of idea/main actors

- Government
- Political Parties

Stakeholder positions

Physicians

For the president of the Austrian Doctors Chamber the new government's program reflects a continuation of past reforms. The Chamber of Doctors warns against an organizational and financial centralization, especially a monistic financing structure. According to Mr. Brettenthaler centrally planned provision of services is bound to result in bureaucracy and over-regulation. The importance of specialists in private practises for the provision of decentralized services is not appropriately stressed. He pointed out that the Chamber of Doctors has advocated raising insurance premiums for a long time. The increase of premiums by 0,15 percentage points is only a first step. The idea of promoting the prescription of generics was welcomed.

Opposition Parties

Grüne (Green party): The green party said that the increase of insurance premiums is not the right approach to guarantee sustainability of the system. A possibility to raise additional funds is raising the ceiling on maximum health premiums. Further they postulate a harmonization of premiums and services. People with income under € 1000 per month should be exempted from prescription charge. Specific rules should be put in place for people with chronic diseases.

FPÖ (Freedom Party): On behalf of the Freedom Party the party leader opposes the increase of insurance premiums. Instead the government should combat health insurance fraud, which, she says, is most prevalent amongst immigrants. The Freedom Party demands a photograph and fingerprint included in the health insurance tax. For the party leader the government's program lacks detailed information on dealing with drug addiction. She criticizes the measures planned against smokers. Furthermore the Freedom Party advocates reducing VAT on prescription medicines to 10%.

BZÖ: For the BZÖ Ursula Haubner welcomes efforts to promote shifts in care provision from outpatient departments to physicians in private practices. In rural areas however, provision of services by private practices has to be improved first. The BZÖ is against increasing insurance premiums and advocates cost reductions. The BZÖ also opposes measures against smokers. Like the Freedom Party the BZÖ is also in favour of reducing VAT on prescription medicines to 10%.

Actors and positions

Description of actors and their positions

Government

Government very supportive  strongly opposed

Political Parties

SPÖ very supportive  strongly opposed

ÖVP very supportive  strongly opposed

Greens	very supportive	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	strongly opposed
FPÖ	very supportive	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	strongly opposed
BZÖ	very supportive	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	strongly opposed

Actors and influence

Description of actors and their influence

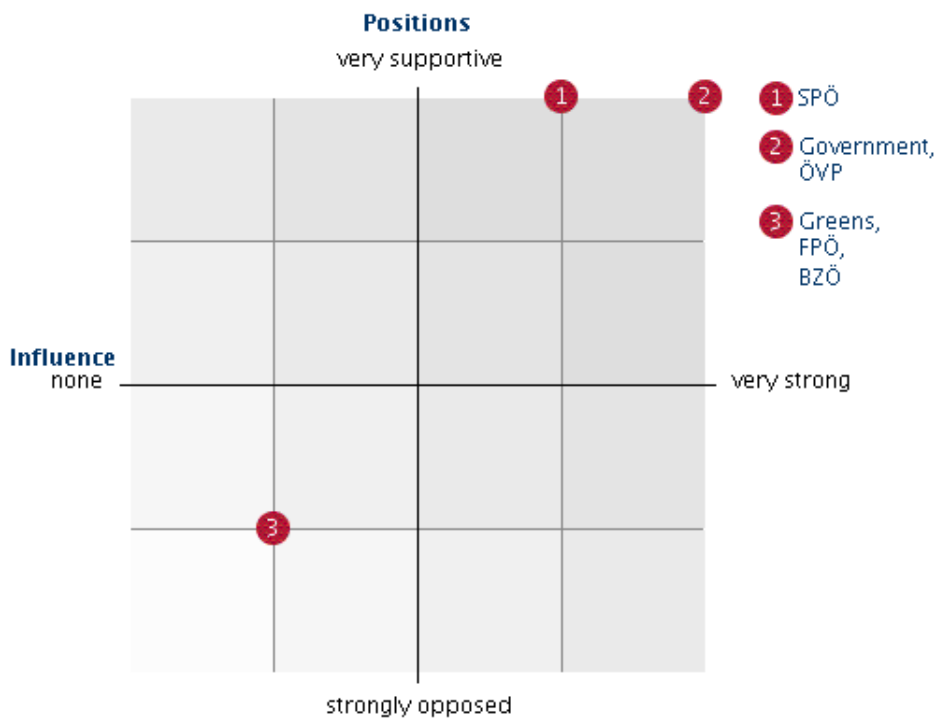
Government

Government	very strong	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	none
------------	-------------	---	------

Political Parties

SPÖ	very strong	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	none
ÖVP	very strong	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	none
Greens	very strong	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	none
FPÖ	very strong	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	none
BZÖ	very strong	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	none

Positions and Influences at a glance



Monitoring and evaluation

As with previous government programs evaluations of the impact of cost containment measures are foreseen. However, timelines are not specified. Previous treaties between the federal government and the "Laender" have foreseen cost containment in order of 300 million Euros per year. This was conditional on the additional funds raised

by increases in contribution rates in 2003 (Hofmarcher, Rack 2006 and survey "[Adjustment of SHI contribution rates](#)"). The re-organisation of ambulatory care, e.g. more outpatient treatment and further productivity improvements in the hospital sector were thought to help achieving cost savings. However, to our knowledge these evaluations were never conducted and there seems to be no indication that cost containment was achieved as envisaged.

6. Expected outcome

Following structural measures taken in the 1997 reform (Hofmarcher, Rack 2006), a range of measures have been implemented in the 2005 reform which both further develop organizational and decision-making structures, and change planning activities and create the conditions for a more flexible use of funding in the public health care system. Furthermore, the legislation focuses on both quality assurance and information and communications technology.

The new government program envisages a continuation of these approaches. However, it puts less emphasis on re-organizing decision making in social insurance and explicitly refrains from increasing co-payments. But it does not intend to roll back measures taken in previous governments. For example, even though the center-right government did not succeed in re-structuring governance of social health insurance up to its expectations, decision making is now shared on an equal basis between employers and employees, a situation which was much opposed from Social Democrats at times when they were in opposition.

Seen from an overall perspective, Austrian health policy is guided by a lasting consensus which transcends party politics. This states that the health care sector essentially has to be subjected to supply-side regulation by means of plans and service amounts, and not on the basis of (price-) regulated competition between the health insurance funds. The introduction of competition between health insurance funds was discussed, but unlike in Germany, the Netherlands and Switzerland, control via mandatory membership in health insurance funds, state planning and cooperation in bodies made up of a cross-section of stakeholders were preferred.

The current government program continues this and seems to intensify efforts to:

- enhance comprehensive service planning across health care sectors aided by provisions in the health quality law and in the health telematics law;
- improve patient-centered care by giving incentives to financing agents, e.g. "reform pool" to cooperate and to enable providers to improve oversight and patient management in ambulatory care settings, e.g. up-grading of primary care doctors as specialists; and to
- initiate negotiations between financing agents to develop (regional) "single payer" models and harmonize benefits and provider fees across regions.

Quality of Health Care Services

marginal  fundamental

Level of Equity

system less equitable  system more equitable

Cost Efficiency

very low  very high

This rating is rather tentative, as most of the measures suggested in this government program are not yet legislation. Nevertheless, some of the measures discussed are already part of legislation so that we are encouraged to give a preliminary assessment of the likely impact of proposed measures on system performance.

With this program, we believe that the quality of care provision may remain unchanged in the medium term. Even though the health quality law is an important step to enhance services it has not yet matured enough to register visible improvements. This will likely change when quality reporting - as foreseen by the law - is regular and providers are

held more accountable.

If harmonization of benefits across sickness funds are achieved this may enhance equity; furthermore, intensified efforts to implement service planning across sectors may well enhance equity as access to care may improve. We believe that the current government program lays out important measures to enhance cost efficiency, e.g. promoting better ambulatory care. However, visible improvements of cost efficiency would require reliable evaluations. Scattered evidence suggests that disease management programs, largely funded by "reform pool" means, have led to cost savings. But there are no data accessible or evaluations carried out that much needed re-organization of care delivery has taken place and cost efficiency was improved. The impact of proposed measures on cost efficiency will remain rather vague unless visible re-organisations in care delivery take place and will be accompanied by reliable evaluations.

7. References

Sources of Information

Regierungsprogramm für die XXIII. Gesetzgebungsperiode (www.bka.gv.at/DocView.axd?CobId=19542)

"Ärzte begrüßen Bekenntnis zu Bürokratieabbau." *Ärztewoche*, 21. Jahrgang Nr. 4, 2007

Hofmarcher, M.M (2006), Gesundheitspolitik seit 2000: Konsolidierung gelungen - Umbau tot?, in Talos, E., Schwarz - Blau, Eine Bilanz des "Neu-Regierens", LIT Verlag Wien, Muenster.

Hofmarcher M M and Rack H-M.: Austria Health system review. *Health Systems in Transition*. 2006; 8(3); 1-247.

Various press reports

Author/s and/or contributors to this survey

Hofmarcher, Maria M., Gerald Röhrling and Dominik Walch

Suggested citation for this online article

Hofmarcher, Maria M., Gerald Röhrling and Dominik Walch: "Austria's new coalition government's program". *Health Policy Monitor*, April 2007. Available at

http://www.hpm.org/en/Downloads/Half-Yearly_Reports.html