

Health Purchasing Agencies

Country: Austria

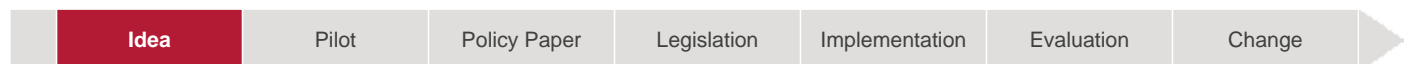
Partner Institute: Institute for Advanced Studies (IHS), Vienna

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Health Policy Issues: System Organisation/ Integration, Funding / Pooling, Quality Improvement, Political Context, Access, Remuneration / Payment

Current Process Stages



Featured in half-yearly report: Health Policy Developments Issue 3

1. Abstract

To enhance planning, control and financing competence the Austrian government is promoting the creation of health purchasing agencies. The main task of these agencies is to purchase services on the "health market" according to predefined quality standards and prices. If implemented, the creation of Health Purchasing Agencies would constitute the most important health sector reform since the Social Security Act was enacted in 1955.

2. Purpose of health policy or idea

To enhance planning, control and financing competence the Austrian government is promoting the creation of health purchasing agencies ("Gesundheitsagenturen"; "Gesundheitsfonds") at the regional and/or national level. The main task of these agencies is to purchase services on the "health market" according to predefined quality standards and prices.

The main expectation is that the integration of service delivery will be enhanced.

If implemented, the creation of Health Purchasing Agencies would constitute the most important health sector reform since the Social Security Act was enacted in 1955.

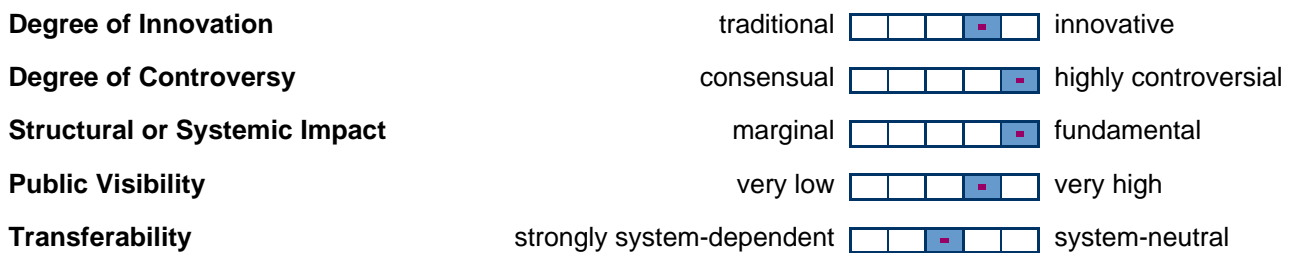
Main objectives

- To optimize resource utilization
- To enhance the integration of service delivery
- To pool financial resources in order to improve purchasing

Type of incentives

- Pooled funding is likely to reduce incentives for "cost-shifting" between inpatient and outpatient care
- Decision making for resource allocation in inpatient and in outpatient care may be improved
- "Purchaser-Provider" split (i.e. "privatization" of public hospitals) in inpatient care may reveal the true cost of hospital care

3. Characteristics of this policy



- Highly overdue, we believe that this policy idea is important with respect to improved decision making for the allocation of resources to the different levels of service provision;
- We have doubts whether this policy could be implemented smoothly as major legal adjustments would be necessary.
- In addition, we doubt that it is economically useful to weaken the (political) influence of Social Security Institutions who are the biggest payer in health care (about 80 percent of public expenditure on health)

4. Political and economic background

This initiative is announced in the 2003 Policy Paper of the current government.

Up to now service provision in the Austrian health care sector has been segregated accross various stakeholders. In particular, ambulatory care and drug provision is paid for by sickness funds; inpatient care on the other hand has been predominately provided by local governments but with sickness funds covering roughly half of total inpatient care cost.

Sickness fund expenses for inpatient care are budgeted; thus there is no incentive for these stakeholders for cost containment in inpatient care but there are incentives for referrals to higher levels of care.

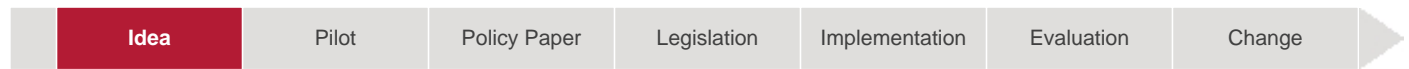
Complies with

Other - Constitution

Change based on an overall national health policy statement

Regierungsprogramm der Österreichischen Bundesregierung für die XXII Gesetzgebungsperiode, March 2003

5. Purpose and process analysis



Origins of health policy idea

The idea to create "regional purchasing funds" has been out there some time (see Survey Number 01/2003).

Whereas previous activities with respect to this idea were solely borne by local politicians, the government launched the idea of the creation of health purchasing agencies at the beginning of 2004 and has received wide public (media) attention.

In addition some government officials discuss the current idea with respect to the creation of "Health Regions". The purpose of health regions is to make service delivery and financing more efficient given the differing sizes of the Austrian regions. In particular, the regions "North", "South" and "West" shall be created; however, it seems that there is no consensus within the government on this. An imposition of a technical structure on top of the political-administrative boundaries of the regions would probably encounter numerous obstacles and fierce opposition, given the manifold aspects of re-defining and re-organizing health competences both of local and regional authorities and of the self-governance administration.

Approach of idea

The approach of the idea is described as: new: renewed: 2000 in the Austrian state of Vorarlberg

Innovation or pilot project

Local level - but no experiences yet because the idea was not yet implemented

Stakeholder positions

There is no official policy paper on this idea (see above); but the idea has been an official subject within the "Dialogs on reforming the health sector" launched and hosted by the Ministry of Health. In addition, media attention has been quite high as the implementation of this policy is going to change the balance of power within stakeholders involved: It is interwoven with the reorganisation of the Austrian Federation of Social Security Institutions (see survey 02/2003). Therefore, the majority of representatives of the Federation are opposing this policy; the main reason for this being the likely loss of influence (purchasing power) of sickness funds, i.e. self governing. Up to now it is ambiguous how power in Health Purchasing Agencies will be balanced. Representatives of the Federation fear that their role will be reduced to merely execute the policy with no active involvement in decisions on resource allocation.

Doctors associations are also quite concerned as they fear the creation of an NHS type of health system in Austria with higher administration outlays. According to the currently available concepts doctors will have no saying within the agencies.

The government's role or position is strong as most local state politicians are members of the leading government party (ÖVP- people party).

The plan is very popular with regional politicians who would gain influence and authority in health policy decisions.

Influences in policy making and legislation

If the policy is going to be implemented, legislation would require major changes. For the time being it is not possible to anticipate how the various stakeholders involved will act and react with respect to new legislation.

Legislative outcome

pending

Adoption and implementation

Within the health purchasing agencies, the balance of power of federal and local governments and sickness funds is first of all a political question; according to media reports, the suggestion was 40 (social security) to 40 (local government) to 20 (federal government).

This policy will create further hot debates on the reform of the health sector. Self governance has been a defining factor of Social Security Institutions and will be vehemently defended by their representatives who will be supported by trade unions.

According a Ministry of Health communication from January 2004, the implementation of Health Purchasing Agencies will be the most important reform since the Social Security Act which was implemented in 1955.

6. References

Sources of Information

Regierungsprogramm der Österreichischen Bundesregierung für die XXII Gesetzgebungsperiode, March 2003

Various grey literature including presentations by health politicians and media coverage.

According to Ministry of Health officials, official documents on the subject will be available by the end of May 2004.

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