



Can hospitals be encouraged to perform better?

Note for the press

Tallinn, 5 May 2008

Some health systems in Europe use financial incentives for hospitals and specialist physicians linked to process and outcome indicators of performance in an attempt to improve health gain. This is called paying for performance (P4P). Can Estonia's health system reward value for money and improved quality in hospital and other specialized care and, if so, how? These questions are discussed in a WHO report launched today: *Payment for performance (P4P): international experience and a cautionary proposal for Estonia*. The report advises caution in undertaking P4P but says that it can offer good value for taxpayers and the users of health services.

“Estonia has the capacity to spend more on health care and to implement reform effectively”, says Tamas Evetovits of the WHO Regional Office for Europe. “We believe that linking additional investment in health with performance measurement is both wise and feasible for Estonia in 2008.”

Comparing the lessons it has learned with those of selected high-income countries, Estonia sees several promising ways of improving the purchasing function of the Estonian Health Insurance Fund. “Over the past five years, spending on health care services has doubled”, according to Hannes Danilov of the Estonian Health Insurance Fund. “For the first time in 2007, the additional money spent for health care compared with the previous year exceeded EEK 1 billion [€64 million]. In such a situation, we feel that health outcomes should be emphasized more strongly: are the people using the services getting healthier?”

“The challenge for health insurance funds and health care providers is to learn the lessons of the international literature when developing pay-for-performance schemes”, according to Alan Maynard, Professor of Health Economics at the University of York, who was responsible for preparing the report commissioned by the Estonian Health Insurance Fund and the WHO Regional Office for Europe.



“These lessons require collaboration in the careful design of any reforms, with robust piloting and evaluation. Some may be intimidated by these challenges and prefer to accept existing inefficiency in health care delivery that penalizes service users and taxpayers in Estonia. The costs of P4P reform are likely to be considerable, but the costs of inertia are even greater.”

Improving the performance of health care providers is closely related to the WHO European Ministerial Conference on Health Systems: “Health Systems, Health and Wealth” hosted by the Government of Estonia, which will take place in Tallinn, Estonia on 25–27 June 2008. Delegations led by health ministers will discuss the recent evidence on effective strategies to improve the performance of health systems, given the increasing and often conflicting pressures on them to ensure both sustainability and solidarity.

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