

Prime Minister Marin's Government decides basis for health and social services reform

The Government has finalised the policy outlines for the health and social services reform, on the basis of which preparations for the reform will continue. The aim is to circulate the draft bills on the restructuring of health and social services for comments in June. The reform is progressing both as a structural reform and as a service reform. Health and social services will be developed as part of the Future Health and Social Services Centres programme. The call for applications for funding from the programme closed at the end of May. The results of the call will be published at the end of June.

Division into regions and responsibility for integration

The division into regions would be implemented in a way that, after the reform, there would be one joint Act on the Division into Counties. The division into counties would provide an area of operation not only for health and social services counties but also for regional councils and form the basis for the regional divisions of regional state administration. The act implementing the reform would lay down provisions on the division into counties as the reform enters into force.

The responsibility for organising services would be integrated so that there would be one organiser responsible for both basic-level and specialised services in healthcare and social welfare. Some of the services and duties in healthcare and social welfare would be integrated into larger packages for one or more counties. A total of 12 health and social services counties and HUS would be responsible for providing extensive 24-hour services in healthcare and social welfare. There would be five collaborative catchment areas for the regional coordination, development and cooperation of healthcare and social welfare organised by the counties.

A basic solution based on the health and social services counties would be applied to the Uusimaa region, apart from the City of Helsinki and the joint county authority for the Hospital District of Helsinki and Uusimaa. As a city, Helsinki would be responsible for organising health and social services as well as rescue services, and the joint county authority for the Hospital District of Helsinki and Uusimaa would perform the statutory duties assigned to it. A special act would complement the general regulation.

Comments are requested on two options for the counties of North Savo and South Savo regarding the placement of the municipalities within the East Savo

Hospital District (Enonkoski, Rantasalmi, Savonlinna and Sulkava) either as part of the county of North Savo or as part the county of South Savo in accordance with the current division into regions. Impact assessments and detailed calculations for the two options will be annexed to the government proposal. This potential change to the current division into regions would also apply to the Regional Councils, Centres for Economic Development, Transport and the Environment, judicial districts of District Courts and the electoral districts of parliamentary elections. The division into counties will be decided after the consultation round.

Responsibility for organising services

The health and social services counties would be responsible for their statutory duties, and they would also decide on the equal availability of services, define the need, quantity and quality of services and determine the way services are provided. They would be responsible for exercising the powers assigned to them as public authorities (exercise of public authority) and supervising the provision of services.

In addition to the services, the health and social services counties would assume responsibility for preventive healthcare and social welfare services, training and research, preparedness for incidents and emergencies, security of supply and duties related to the prevention of communicable diseases, for example. The counties should have sufficient competence, functional capacity and preparedness to take responsibility for the organisation of healthcare and social welfare and they must ensure the availability of health and social services according to their residents' service needs in all situations.

The counties should also have in place a sufficient service provision system of their own to fulfil their responsibility for organising services. The services

of school social workers and school psychologists would be organised in the future health and social services counties but they would be a locally accessible service in the same way as before. Close cooperation between the education and culture sector and the counties would be ensured by creating the necessary cooperative structures. Measures would also be taken to strengthen student welfare services, and for this purpose, binding levels of student welfare services would be set.

Organisation of rescue services

The responsibility for organising rescue services would rest with 21 health and social services counties and the City of Helsinki. Because the health and social services counties would be responsible for organising both health and social services and rescue services in their areas, the rescue departments could, in addition to their rescue service duties, continue to provide prehospital emergency medical services and first response services. Rescue services would continue to be a separate sector working in parallel with the healthcare and social welfare sector. As a result of the reform, the role of central government guidance and direction in rescue services would be strengthened and, in future, rescue services would be funded from the Budget. Stronger national guidance and direction would improve the provision of more harmonised and equal rescue services throughout the country.

Responsibility for organisation, and purchased services

The health and social services counties could purchase health and social services from private service providers if that is necessary to ensure the sufficiency and equal provision of services and to perform their duties appropriately. The content, scope and quantity of the services to be purchased should be such that the counties could, in all situations, fulfil their responsibility for organising services in an appropriate manner.

However, it would not be permitted to purchase services relating to duties fulfilling the responsibility for organising services or the exercise of public powers, 24-hour social services, primary and specialised 24-hour health services, and services related to the organisation of prehospital emergency medical services. Under similar conditions, it would be possible to use temporary agency labour. Private service providers can perform duties involving the use of public powers only if separately provided in

another act. The provider of purchased services and its subcontractor must fulfil the conditions laid down in the Private Healthcare Act and the Act on Private Social Services (in future, the conditions laid down in the Service Provision Act and the Enforcement Act). Private service providers could purchase health and social services from subcontractors to supplement their own activities.

Supervision

The Act on Organising Healthcare and Social Welfare would include provisions on the supervision of counties, according to which the Regional State Administrative Agencies and the National Supervisory Authority for Welfare and Health (Valvira) would act as the supervisory authorities. The Act would also contain provisions on the self-supervision of counties. Provisions would be introduced whereby the health and social services counties would be required to state the reasons for procurement decisions, undertake risk management in their areas, and prepare for the expiration of contracts for purchased services and for possible breaches of contract and disruptions. The counties would be obliged to supervise and guide outsourced service activities at both the population and individual levels. In addition, provisions would also be introduced whereby the counties' outsourcing plans would be monitored as part of the annual discussions with the Ministry of Social Affairs and Health.

Guidance and direction of counties

The Government would confirm the national and fiscal policy strategic objectives for health, social and rescue services for a four-year term. The counties' activities and funding would be assessed annually when the Ministry of Social Affairs and Health holds negotiations with the counties to provide guidance and direction. The following new advisory boards would be established under the relevant Ministries — the advisory board for healthcare and social welfare (Ministry of Social Affairs and Health), the advisory board for rescue services (Ministry of the Interior) and the advisory board for county funding and government (Ministry for Finance). All counties and the relevant Ministries would participate in the work of these boards.

Administration

Provisions on the matters relating to the activities, administration and funding of counties would be laid

down in the Counties Act, the provisions of which would be very similar to those laid down in the Local Government Act. The provisions of the Counties Act would be general and allow the county councils to decide on the organisational structure of counties in more detail. An elective county council would be the highest decision-making body of counties. The activities of counties would be managed in accordance with a county strategy approved by the county council. In addition to the organisation of the counties' administration, the Counties Act would lay down provisions on the opportunities of county residents to influence and participate, for example.

Provisional governance during the initial stage

After the establishment of counties, but before the start of the county council's term of office and the appointment of a county executive, it would be necessary to set up a body responsible for preparing the launch of the county's activities. Such provisional preparatory bodies would consist of representatives of the authorities who currently perform the duties to be transferred to the counties. Provisions on the composition of the bodies would be laid down in the act implementing the reform with the effect that the representation of different operators would be secured. The responsibility for appointing and organising such bodies would rest with municipalities or joint municipal authorities, but first the municipalities in the area would have to reach a unanimous decision on this.

Personnel

All personnel and their tasks would be transferred from municipal units and institutions providing health, social and rescue services and from joint municipal authorities to the employment of the health and social services counties and joint county authorities for health and social services on the principles of transfer of business. School social workers and school psychologists, too, would be transferred to the employment of the counties. Personnel would be transferred from joint municipal support services to the employment of the counties and joint county authorities when at least half of their tasks are subject to transfer.

Client charges

Client charges would be subject to annual assessment as part of the guidance and direction of the counties and the assessment of the sufficiency of

funding. The preparation of the criteria for determining funding for counties will examine the need and possibility to take into account the counties' different possibilities to collect income-related client charges.

Environmental healthcare

Tasks related to environmental healthcare would not be transferred to the counties at this stage. The Ministry of Social Affairs and Health and the Ministry of Agriculture and Forestry will launch a study on other possible environmental healthcare arrangements to reduce the number of organisers alongside the health and social services reform. The Ministry of Agriculture and Forestry will set up a working group to reform legislation on veterinary services.

Municipal funding

A proportion of the municipalities' revenue and costs, amounting to an estimated EUR 19.1 billion at the 2020 level, would be transferred from the municipalities to finance the counties' activities. This would be achieved by decreasing central government transfers, compensations for tax losses, municipalities' share of corporation tax revenue, and municipal income tax. Taxation would account for approximately EUR 13 billion. A proportion of the municipal income tax would be transferred to finance the counties' activities by lowering the municipal income tax percentages equally among the municipalities. A current estimate of the cut is 12.63 percentage points. While a proportion of the municipalities' revenue and costs would be transferred in equal measure when examined for the country as a whole, there could be great differences among municipalities. Changes in local government finances would be made more equitable among municipalities by introducing different kinds of equalisation elements to the system of central government transfers to local government. The difference between transferable costs and revenue for a municipality would be restricted by the use of a separate change limiter. The overall change in finances would be curbed by a transitional equalisation of five years that would limit the change in a municipality's financial balance in stages, eventually reaching a limit of +/- EUR 100 per capita. For the time being, any amounts exceeding the limit would be offset by a continuous adjustment equalisation. In the year of the reform's entry into force, the change in financial balance would be restricted to zero in relation to the situation in the preceding year. In addition, significant changes would be made to the revenue equalisation system.

Funding for health and social services counties

The funding for the health and social services counties would be based to a large part on state funding as well as on client and user charges. In the first phase, the counties would not have the right to levy taxes. County funding would be based on the municipalities' costs of organising the transferable tasks of healthcare and social welfare and rescue services. This funding base would be raised annually based on estimated service needs and growth in the level of costs. Any changes in the duties of the counties would be taken into account in the cost level. Moreover, the level of county funding would be adjusted retrospectively so that imputed costs would not diverge from the actual costs. The funding for the health and social services counties would be universal. It would be divided among the counties based on imputed factors related to service needs and circumstances, covering healthcare and social welfare and rescue services.

Some of the funding would be based on population numbers and some would be determined by the criteria for health and wellbeing performance. The health and social services counties would also be eligible for additional funding to secure health, social and rescue services if the level of funding allocated to them jeopardised the organisation of services. A comprehensive finance model would be introduced already in the year of the reform's entry into force, which means that changes in needs-based factors would be fully taken into account. However, during the transition period, the difference between the transferable costs and the funding calculation for the counties would be adjusted by means of a transitional equalisation, so that the change would not exceed the limit of +/- EUR 150 per capita over seven years. For the time being, any amounts exceeding the limit would be offset by a continuous adjustment equalisation. The finance model for the health and social services counties will be reviewed on the basis of the comments received during the consultation round.

Assets

The health and social services counties would be obligated to have the assets necessary for fulfilling their responsibility for organising services. The joint municipal authorities for hospital districts and specialised healthcare and their assets and liabilities would be transferred to the new counties. The counties

would get the movable assets and contracts of the municipalities and joint municipal authorities relating to healthcare and social welfare and rescue services as well as the holiday pay liabilities of the transferable personnel. The counties would lease municipality-owned premises for healthcare and social welfare and rescue services for a transitional period (at least three years with one year's option).

Taxation

Municipalities' tax revenue would be transferred to the state to finance the counties' activities. The current estimate is around EUR 12.1 billion in earned income tax revenue and around EUR 0.6 billion in corporation tax revenue at the 2020 level. Changes in earned income taxation would be carried out within the current tax system by changing the deductions and the state and municipal income tax percentages. The basis of state and municipal income taxation would be amended at the same time. According to current estimates, the municipal income tax percentages would be reduced for all municipalities by 12.63 percentage points, while state taxation would be raised correspondingly. Any changes to earned income taxation would be implemented in ways that have as little impact as possible on taxpayers' taxation levels: the aim is not to lighten or tighten anyone's taxation.

Current estimates indicate that earned income taxation would have to be cut by around EUR 185 billion to prevent any increase in earned income taxation. The municipalities' share of corporation tax revenue will be reduced by one third, while the state's share will be raised correspondingly. In income taxation, the tax status of the health and social services counties would correspond to that of other public sector entities. The intention is that there will be no tax consequences in income taxation, value-added taxation or capital transfer taxation when the joint municipal authorities and their assets and liabilities are transferred in the manner outlined in the Act implementing the reform to the health and social services counties or to the joint county authorities for health and social services.

Value-added taxation

To improve the purchasing neutrality of county-level operations, the counties would be compensated the value-added tax (VAT) costs included in the acquisitions for general administration, health and social services, and rescue services, among others. Health and

social services counties and joint county authorities for health and social services would have the right to get a refund for VAT included in taxable acquisitions and the imputed VAT included in tax-free acquisitions in healthcare and social welfare.

Other public sector entities responsible for organising health, social and rescue services would be considered equal to the health and social services counties. To reduce administrative burden, the refund

would be linked to the VAT system in the same way that applies to the municipal sector at the moment. Tax costs included in acquisitions would be refunded through the VAT system. As a result, the amount of VAT included in acquisitions of the municipal sector would decrease an estimated EUR 1.6 billion, and a corresponding amount would be transferred to the county sector.

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