

# Health and social services reform in Finland

Epsu 7.4.2017

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# Current system...

## Healthcare services

**Municipalities** (local authorities, 297 in mainland Finland) are responsible for organising health care services which they can

- provide themselves
- provide in cooperation with other municipalities (joint authorities) or
- purchase them from private companies etc.

**Hospital districts** (20 in total) are responsible for specialised medical care

→ Altogether healthcare services are being organised by over 200 municipalities or joint authorities

## Social welfare services

- Municipalities (local authorities) are responsible for organising social welfare services
- Municipalities are members in joint municipal authorities of **special welfare districts** (15+1) that organise services for people with developmental disabilities

# Health, social services and regional government reform

- One of the largest reforms ever undertaken in Finland
- The reform will affect hundreds of thousands of workers
- Currently a. 5000 people work on the reform
- It will have an impact on financing, management and taxation of health and social services

# Why does Finland need this reform?

## Demographic change:

- a growing need for services among the aging population

## Economic situation:

- slow economic growth
- sustainability gap in general government finances
- the Government's aim is to save EUR 10 billion, of which approximately EUR 3 billion should be covered through the reforms in the branch of Social Affairs and Health

# Why does Finland need this reform?

- **Local differences in the availability and quality of services**
- almost 2/3 of municipalities have less than 10,000 inhabitants > many have difficulties in financing services
- although the average health status in the Finnish population has improved, socio-economic (and health) inequalities have grown in some areas
- Access to services is difficult

# The reform aims

- To narrow down the differences in people's health and wellbeing
- To modernise services
- *To curb growing costs*
- To intergrate services in a customer-centered way
- To strengthen basic services
- To use information technology more effectively

# Freedom of choice

- Choosing freely health and social services centre and unit for oral health services
- Choosing the unit for other social and health services provided by county
- Counties will need to *corporatise* the services within the scope of "freedom of choice"

# Service providers

- Counties
- Private companies
- Organisations



# Finance

- To simplify the current multisource financing
- The government will finance the public health and social services
- All financing will flow through the new counties to the service providers
- The counties will not collect tax

# Legislation

Five separate Acts:

- the Counties Act,
- the Act on Organising Health and Social Services,
- the Implementation Act,
- the Act on Financing the Counties and
- the Act on Central Government Transfers to Local Government for Basic Public Services.
- The Act on Freedom of Choice in healthcare and social services!

Parliament in spring 2017.

# Timetable

July 2017 the new legislation into force.

New counties start 1.7.2017

January 2018 elections to be held in the new Counties.

Transfer of services from municipalities to counties

1.1.2019 (with flexibility from 6 months before to 6 months after)

# What will happen to employees?



## **Over 220,000 employees will work for the Counties (or for their companies)**

- Over 200,000 employees from municipalities (almost half of the current personnel)
- 5,000 employees from the State

## **Transfer of undertakings according to the draft Bill:**

- When employees are transferred from municipalities and State to the Counties.
- When employees are transferred from the Counties to companies.
- Applies to employees in municipal social and health care services as well as to employees in other municipal services if at least half of their duties include social and health care services or supporting services (food, cleaning etc.).

# What will happen to the employees?

## Trade Union concerns:

- Terms of employment offered by the private service providers.
- What will happen in the long run for those transferred to the private companies or to companies owned by the Counties?
- Growing uncertainty and worsening of the terms of employment.
- Up to 150,000 municipal employees will work in companies under competition
- Uncertainty about collective agreements to be applied in the new Counties and in the companies, as the present General Collective Agreement for Local Government cannot be applied as such, and a change in the application of Collective the solution depends on the ongoing negotiations.

## Changes in the negotiation system

- Municipal employers' organisation KT will negotiate also on behalf of the counties (but not necessarily on behalf of companies)
- Will a new collective agreement system be negotiated?

# What will happen to the employees?



## Trade Union concerns:

- Competition about working conditions, collective agreements, workplaces...
- Harmonisation of salaries of over 200 000 employees is a demanding task. ( those working for the same employer doing the same work must get the same salary )
- Pension benefits of the employees must not be weakened.
- Risk of breaking the care chain provided by social and welfare professionals.
- Risk of breaking the service chain provided by the supporting services.
- Supporting services are usually open for public procurement
- Risk of cuts in salaries and benefits; redundancies

# Involvement of Social Partners

The involvement of Social Partners on central level has been fairly weak.

- However, where involved, the role of social partners has been respected in the spirit of tripartite cooperation
- Employees have got places to influence – but not without active lobbying and some pressure...
- Unions (main negotiation organisations) involved in a working group on salaries: preparation of the harmonisation of salaries
- Central organisations (or appointed representatives) involved in working group on the status of employees
- transfer of undertakings; pensions; public authority duties
- preparation for legislation and/or collective agreements
- rules and guidelines for the future labour market system and structure

# Involvement of Social Partners

- In most regions there are ongoing preparations for the reform and local union representatives are working hard in the working groups
- In order to have employees committed to the reform, they must have possibilities to be involved in the change during the whole process.



# FOR MORE INFORMATION



- <http://alueuudistus.fi/en/frontpage>

Kiitos!

