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IMPLEMENTING THE GLOBAL HEALTH FINANCING POLICY: THE CASE OF LATVIA

Abstract:

Growing cost pressures and need for universal health coverage creates demand for sustainability of health financing systems and also concerns about the system's ability to fund itself in the face of growing cost pressures. Typically, policy-makers have sought to find a balanced combination of different strategies to tackle both the supply and demand sides of health services. In September, 2015, 193 countries agreed to the ambitious Sustainable Development Goals (SDG). There are still considerable differences the definition of universal health coverage (UHC) and what it would look like when applied in health care system. Nonetheless, this trajectory towards universal health coverage almost always has three common features. The first is political activism driven by a range of social forces to generalise access to health care. The second feature is a growth in revenues and rise in health spending. The third feature is an increase in the share of health spending that is pooled rather than paid out-of-pocket (OOP) by individuals and families.

Latvian health system as European health systems faces challenges and financial pressures that threaten their long-term sustainability and the values of equity, universalism and solidarity. During recent financial and economic crisis, GDP and public expenditures declined more in Latvia than in any other EU member state. Based on fiscal constraints significant spending cuts were made in the health care sector and public spending on health as a share of GDP dropped from 4.3% of GDP in 2007 to approx. 3% in 2016.

The Latvian parliament passed the Healthcare Financing Law in December 2017 and it change the principles of the national healthcare financing system. The aim of the new law is to convert the current system from a general tax revenues funded National Health Service (NHS) system into a Compulsory Health Insurance (CHI) system by linking entitlement to health services to the payment of income-related mandatory social insurance contributions. However narrowly defined package of basic healthcare services would continue to be available to the entire population in order to ensure conformity with the constitution. The Law does not propose significant institutional changes to the health system, i.e. the pooling of resources by a single institution and the purchasing of care from independent providers would be retained. Further discussion of healthcare finance and system reform should be considered alongside more general budgetary issues and challenges including expected SDG targets and demographic, technological and epidemiological changes of health care.

Keywords:

Health systems; health policies; healthcare financing; Health care reforms; taxation; Sustainable Development Goals; universal health coverage.

JEL Classification: H75, I18, I13