Iceland: Introduction of a maximum limit to individuals' expenditure on healthcare services

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New legislation on subsidies for user costs of healthcare services in Iceland is for the first time applying a maximum limit to individuals' expenditure on these services, per month and for each 12-month period. The effect of the new system is primarily to reduce costs for those in greatest need of services, whereas more modest users will pay more.

Description

The user costs of healthcare services have been a sensitive issue in Iceland for a long time and increasingly so during the recent economic and financial crisis. This is for example shown by the fact that the proportion of low-income individuals who report unmet need for medical examination, due to excessive cost, rose from about 3% in 2005 to 6.8% in 2011; it still stands at more than 6% in 2014 (versus 5.1% for the EU average). The other Nordic nations range between 0.5% and 1% in 2014, decisively lower than Iceland (Eurostat, EU-SILC).

The overall user share of total healthcare expenditure in Iceland (18.2%) is higher than in Denmark (15.8), Norway (14.8) and Sweden (16.3), but lower than in Finland (24.5). It has increased significantly from the early 1990s to the 2000s (OECD, Health Statistics 2016).

The Federation of Labour Unions (ASÍ 2016) published a report on the user costs of healthcare services in March2016. The report surveys the various subsidies in place and shows how those in great need of healthcare services are often subject to forbiddingly high user costs. An earlier report on the increasing costs faced by cancer patients in Iceland had also highlighted a significantly higher level of user costs for that group than in the other Nordic countries (Einarsson 2013).

Since 2013, the present centre-right government has had a policy goal of relieving the costs to those in greatest need of healthcare services. Working groups representing stakeholders and civil servants have been discussing this issue more or less since 2007, but without reaching consensus on recommendations. The crisis years then seriously limited the government's ability to fund increased subsidies. That situation has now changed.

In June2016, new legislation on healthcare user cost subsidies was adopted in parliament (effective from 1st of February 2017). This replaces Law no. 112 from 2008 and a regulation on healthcare user costs from 2013. The new legislation aims to: simplify the system of user cost subsidies for healthcare services; reduce costs for those in greatest need of services; reduce costs to families with young children; and strengthen the healthcare centres as the first stop in the healthcare system.

The main novelty of the new provision is the implementation of a monthly and a yearly limit on individuals' healthcare expenditure. General users will pay no more than 33,600 I.Kr. (251 Euros) per month and 95,200 per 12 months (710 Euros). Disability pensioners, old-age pensioners and children under 18 will pay a maximum of two thirds of these sums.

Children under 18 do not pay for visits to healthcare centres. If they need to use private specialist services, these will be

cost-free if recommended and certified by the healthcare centre's doctors. So, the gate-keeping role of local healthcare centres has been increased.

The above-mentioned sums are for general users. Those with the greatest need for services (in terms of cost) will pay less in accordance with personal health budget guidelines, worked out in ministerial regulations. The reference goal is that those with the greatest need will pay a maximum of 5,600 I.Kr. (42 Euros) per month and 67,200 per 12 months (501 Euros). Pensioners and children with the greatest need will pay two thirds of these sums, as applies for general users.

These ceilings cover the cost of visits to healthcare centres, hospital services, visits to private specialists (who have contracts with the public sickness insurance system), research costs and Magnetic resonance imaging (MRI) and other scanning services.

Excluded are user costs relating to medication, dental services, psychological counselling, health-related travelling costs and the cost of special user support equipment.

The new system of subsidies is not expected to increase overall public expenditure on user subsidies: the changes will be financed by shifting the cost from users with greatest needs and families with children to users with less extensive needs. The latter group, probably some 80-85% of all users of healthcare services, will face a significant increase in their healthcare user cost.

Outlook & Commentary

The new system of subsidies has generally been well received by the public and relevant stakeholders, particularly the idea of implementing a monthly and a yearly maximum on user expenditure. The Welfare Committee of the parliament delivered a unanimous decision on the proposed changes, which is somewhat unusual these days (Parliamentary Welfare Committee 2016). Yet, it emphasised that the proposed maximum reference amounts are too high, a view also expressed by the present Minister of Health.

The Welfare Committee and the present Minister of Health thus jointly state that they expect a change in next year's budget that will allow a further lowering of the maximum 12-month amount - from 95,200 to 50,000 I.Kr. (373 Euros instead of 710 Euros). If that is delivered, the new system will represent a major step forward in reducing the user cost of healthcare services in Iceland – and not just for heavy users of the services.

The fact that medication costs are not included in the maximum reference figure for yearly costs still means that those with great need for costly medication may still be subject to quite high healthcare costs under the new system. The Federation of Disability Pensioners (ÖBÍ 2016) has criticised the new system on these grounds. Significant other expenditure posts that affect the disabled and elderly also fall outside the maximum, such as the costs of supportive medical equipment and travel costs relating to access to services. Still, disability pensioners will be better off with the new system – and decisively so if the new lower maximum reference ceiling of 50,000 per 12 months is adopted.

Further reading

ASÍ (2016). Kostnaður sjúklinga vegna heilbrigðisþjónustu. Reykjavík: ASÍ.

Einarsson, Ingimar (2013). Greiðsluþátttaka almennings í heilbrigðiskerfinu. Report to Krabbameinsfélagið (https://www.krabb.is/media/auglysingar/Greidsluthatttaka-final.pdf).

ÖBÍ (2016). Umsögn Öryrkjabandalags Íslands (Federation of Disability Pensioners on new system of subsidies of user cost for healthcare).

Parliamentary Welfare Committee (2016). Nefndarálit með breytingatillögu (http://www.althingi.is/altext/145/s/1433.html).

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