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## ***b-solutions***

# **FINAL REPORT BY THE EXPERT**

**Advice Case:** Cross-border healthcare between the twin cities of Valga and Valka

**Advised Entity:** Valga Municipality, EE

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## **I. Description of the Obstacle**

Valga Hospital is located in Estonian side of twin city Valga (Estonia) and Valka (Latvia).

### **Background:**

During the Soviet era, when both towns were developing their own infrastructure, two hospitals were built about two kilometres apart. After regaining independence, both countries faced the same challenges of transition and reorganization of their healthcare systems, with a need to increase the efficiency of hospital-based care delivery. In the mid-1990s, new premises for the Valga Hospital (Estonia) were built. At the same time, Valka Hospital (Latvia) was closed down. Leaving only a reception point for emergency cases.

Valga Hospital (Estonia) is the only hospital in the region as there is no hospital at the Latvian side of the city. The next closest hospitals are 50 km (in Valmiera, Latvia) and 90 km (in Tartu, Estonia). Both municipalities are willing to use the Valga Hospital (Estonia) to provide healthcare services for the twin-town. This is also the expectation of the residents situated within 30 km of Valga-Valka twin-town.

The population of the twin-town is around 18,000 inhabitants (with around 12,000 living on the Estonian side and 6,000 on the Latvian side). The total population size puts the twin-town among the biggest towns in Estonia (6th place) and in Latvia (13th place). Both towns are surrounded by counties with populations of about 30,000 inhabitants.

The population size indicates the big enough service area size for the Valga Hospital. In comparison, the average service area for regional hospitals in both Estonia and Latvia is 29,000 people.

### **Description of an obstacle**

Coming from previous, i.e. size of population in the twin-town and distance to the other closest hospitals, can be seen that there is the need for the health care service provided by the Valga Hospital for both sides of the border. Today, Latvian residents can use Valga Hospital based on the European Union System of Reciprocal Healthcare. However, even though the health care services provided by Valga Hospital (Estonia) can be used by the residents of both Estonia and Latvia, the services provided by Valga Hospital are underused by the Latvian residents. To ensure the long-term presence of Valga Hospital in the region, the cross-border provision of health care services has to increase, i.e. the number of Latvian residents who use the health care services in the Valga Hospital needs to increase. The low number of Latvian residents using the health care services provided by Valga Hospital comes from the difference in cost for medical services between Estonia and Latvia and from the reimbursement mechanisms for foreign health care services in Latvia.

There are two types of medical treatment provided by Valga Hospital – necessary medical treatment and planned medical treatment.

*Necessary medical treatment.* As stated in the EU regulation 883/2004 article 19, a person is entitled to the benefits in kind which become necessary on medical grounds during their stay, taking into account the nature of the benefits and the expected length of the stay. Under this



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regulation, Estonia is obligated to treat persons insured in another EU Member State equally to persons insured by the Estonian Health Insurance Fund, should they need required medical care during their temporary stay in Estonia. In an everyday terms it means that in case a Latvian resident is brought to hospital by ambulance, the cost of medical services is paid by the Estonian Health Insurance Fund, i.e. the health care in Valga Hospital is free for the Latvian resident.

*Planned medical treatment.* From October 25<sup>th</sup> 2013, all EU Member States had to transpose the directive on patients' rights (Directive 2011/24/EU) in cross-border health care into their legal system. The Directive has three main objectives: to clarify the right of patients to receive healthcare in another EU Member State, to ensure the safety and quality of cross-border health services, and to encourage cross-border cooperation on health care. This means that a Latvian resident who is insured by the Latvian Health Insurance Fund can travel to Estonia to seek treatment and apply for reimbursement from Latvian Health Insurance Fund afterwards, i.e. the Latvian resident has to first cover all the costs on their own and then apply for reimbursement of costs from the Latvian Health Insurance Fund. The reimbursement application will be processed by the Latvian Health Insurance Fund after the provision of service and the submission of all necessary documents. The Latvian Health Insurance Fund does not handle unpaid invoices. Also, the reimbursement will be made only to those costs of the health services that the patient is also entitled to receive at the expense of Latvian Health Insurance Fund in Latvia.

Also, the cost reimbursement of the health care service is made based on the Latvian health care service price list. As the price for the health care services in Latvia is generally lower than in Estonia, in most cases over 30% of difference, there is an amount of the service cost that remains not reimbursed for the Latvian resident. The difference between Estonia and Latvia in the price of health care services is the main obstacle for cross-border health care service provision by the Valga Hospital.

Based on the interviews conducted, the Expert was not able to find a person whose health care costs, provided by Valga Hospital, have been reimbursed by the Latvian Health Insurance Fund. At the same time, the Expert was able to identify several persons who have submitted the reimbursement application to the Latvian Health Insurance Fund and have got no reimbursement nor a response about why the health care costs have not been reimbursed.

## **II. Indication of the Legal/Administrative Dispositions causing the Obstacle**

There have been identified no legal dispositions causing the obstacle(s) for cross-border health care provision by the Valga Hospital. However, based on the conducted interviews, there were defined several administrative obstacles that may add to the low level of cross-border health care provision by the Valga Hospital. These administrative obstacles are as follows.

### **Providing health care service to the patient in their native language**

Both countries speak their own language which is very different from the neighbour country. In both countries it has been stated by law that the health care should be provided on the language of the patient. In this case then either in Estonian or in Latvian.

During the interviews it came out that there are already several nurses working in the Valga Hospital who can speak both Estonian and Latvian language. It also occurred that the Valga Hospital has already used the help of these nurses to provide for the doctors who have trouble



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with Latvian language. Also occurred that there are already working some Latvian doctors in Valga Hospital and they use Estonian nurses to help with the language. The head of the Valga Hospital as well as the doctors and nurses the Expert talked with did not see a problem in providing the health care service in Valga Hospital in both languages.

#### **Information about the case of the patient**

In Estonia the health care system is digitalized, i.e. there is almost no information on paper about the patient. In Latvian side the patient information is still mostly paper-based. In case of the Latvian patient visiting Valga Hospital, the doctor has to fill in the digital case description in Estonian and a paper version of the same case in Latvian. In addition to the double work, this work also requires good level of knowledge in both languages. This double work was seen as a problem by most of the doctors in both sides of the border. However, these doctors also mentioned that usually this work is done by the nurse and the doctor just reads the text written by the nurse and signs it.

Under here must be also mentioned the system of a digital medical receipt that is in force in Estonia. This means that an Estonian citizen can go into whatever Pharmacy and will get his/her medicine based on his/her ID card. In Latvia, the medical receipt is still provided on paper. To provide health care service in Valga Hospital for the Latvian residents, a solution has to be found about the medical receipt so that the Latvian resident can get the medicine from Pharmacies from whichever side of the border.

#### **Latvia has no shares in Valga Hospital**

Valga Hospital is a limited company with shareholders of Valga municipality (49%) and Tartu University Hospital (51%). During the interviews came out that having no shares in Valga Hospital, may be a concern for the Latvian side. In here must be brought out that it came out in the interviews conducted with Estonian Stakeholders. Having shares in Valga Hospital was never mentioned in any interviews conducted with Latvian Stakeholders. However, mayor of Valga Municipality did not see any problem with decreasing their share in Valga Hospital to increase the share of Latvian Stakeholder.

Following the results of the interviews, these above described administrative matters were considered by the interviewees as something that makes the cross-border health care service provision complicated, but not essential enough to have no cross-border service provision. However, the below described administrative obstacle – difference in health care service cost – was named constantly as the main obstacle to cross-border health care provision by the Valga Hospital.

#### **Difference in health care service cost**

Even though the calculation method for the cost of a health care service is the same in both sides of the border, the cost for a medical service differ in both sides of the border in most cases up to 30%. The cost of a health care service is higher in Estonian side. The problem was already described thoroughly under the section 1, Description of the Obstacle.



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### **III. Description of a Possible Solution**

The proposed road map for providing cross-border health care services on the basis of Valga Hospital is as follows.

#### **STEP 1 – Latvian Stakeholder is a shareholder in Valga Hospital**

To ensure that Latvia has an interest to buy health care services from Valga Hospital and to provide the Latvian side with the possibility to have a say in the use of the funds and in the quality and provision of cross-border health care services, Latvia has to become a shareholder in Valga Hospital. Expert provides no suggestions about which Latvian organization should be acting as a shareholder in Valga Hospital. This has to be decided by Latvian side itself.

Following the outcome of the interviews, the Expert does not see a problem with conducting STEP 1 as the mayor of Valga Municipality has expressed the will to decrease the proportion of its shares in Valga Hospital in accordance to increase the proportion of shares of Latvian Stakeholder.

#### **STEP 2 – Valga Hospital gets a special status**

It is the rule of the thumb that hospitals in both Estonia and Latvia are financed by the National Health Insurance Fund based on the amount of the services they provide, i.e. the budgeting is service based. This way of budgeting makes the financial planning for small hospitals, such as Valga Hospital, difficult. It will be even more difficult when Valga Hospital needs to make service-based calculations also for services provided across the border.

Giving a special status to the Valga Hospital allows the Hospital to plan lump-sum based. Laws and regulations about health care provision in both countries allows giving this kind of special status to the hospital.

#### **STEP 3 – Agreement between Valga Hospital and National Health Insurance Funds of Latvia and Estonia**

The national governments of both Estonia and Latvia have separately adopted a law that regulates the provision and the procedures for financing the health care services. These laws both are also allowing the National Health Fund of both countries to conduct agreements with hospitals from the other countries about health care service provision. Based on these laws, both Estonian and Latvian National Health Fund should sign an agreement with Valga Hospital about financing the provision of health care services. This will ease the procedures of billing, i.e. the cost of the medical service provided in the Valga Hospital will be paid directly by the Estonian National Health Insurance Fund. The National Health Insurance Funds will then coordinate the billing procedures among each other and the patient does not have to pay for the service directly and then spend his/her time for applying for the reimbursement.



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#### **IV. Pre-Assessment of whether the Case could be solved with the European Cross-Border Mechanism**

In the case of providing cross-border health care services on the basis of Valga Hospital, the application of the ECBM is not necessary. The obstacle can be solved with an agreement between the Estonian and Latvian National Health Insurance Funds and Valga Hospital.

#### **V. Other relevant aspects to this case**

#### **VI. References and Appendix/Appendices if any**

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