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HEALTH CARE AND FISCAL DECENTRALISATION IN SPAIN

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HEALTH CARE AND FISCAL DECENTRALISATION IN SPAIN

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THE SPANISH NHS

- Health care provision in Spain is a mix of public provision (approximately 70% of total health care spending) and private (the other 30%, partly publicly financed).

- In 2001 total health expenditure amounts 7.5% of the Spanish Gross Domestic Product, 1.594 US $ pc.

THE SPANISH NHS

- Main sources of financing the system:

- Public Expenditure 1986: General revenues (23.77%), social insurance contributions (74.27%), Other sources (1.96%).
- 1995: General revenues (77.28%), social insurance contributions (20.43%), Other sources (2.29%).
- 2001: General revenues (97.6%), Other sources (2.4%)

THE SPANISH NHS

- Private expenditure (in thousand million current pesetas and %)
- 1986: Health insurance Premia (24%) with 4.301 thousand enrolees and out of pocket (76%).
- 1995: Health insurance Premia (30%) with 6.700 thousand enrolees and out of pocket (70%).
- 2001: Health insurance premia holding relative share by increasing rates at equal number of enrolees

EL SISTEMA SANITARIO ESPAÑOL EN LA OCDE

Gasto público en salud - % producto interior bruto			
	2001	2000	1999
Australia		6,0	6,0
Austria		5,6	5,6
Bélgica		6,2	6,2
Canada	6,8	6,5	6,5
República Checa		6,6	6,5
Dinamarca	6,9	6,8	7,0
Finlandia		5,0	5,2
Francia		7,2	7,1
Alemania		8,0	8,0
Grecia		4,6	4,7
Hungría		5,1	5,3
Islandia		7,5	7,4
Irlanda		5,1	5,2
Italia	6,1	5,9	5,7
Japón		5,9	5,8
Corea		2,6	2,4
Luxemburgo			5,6
México		2,5	2,6
Países Bajos		5,5	5,4
Nueva Zelanda	6,3	6,2	6,1
Noruega		6,7	7,5
Polonia		4,2	4,4
Portugal		5,8	5,9
República Eslovaca		5,3	5,2
España		5,4	5,4
Suiza		6,0	5,9
Reino Unido		5,9	5,7
Estados Unidos		5,8	5,7
OCDE 2002 4ta ed.			

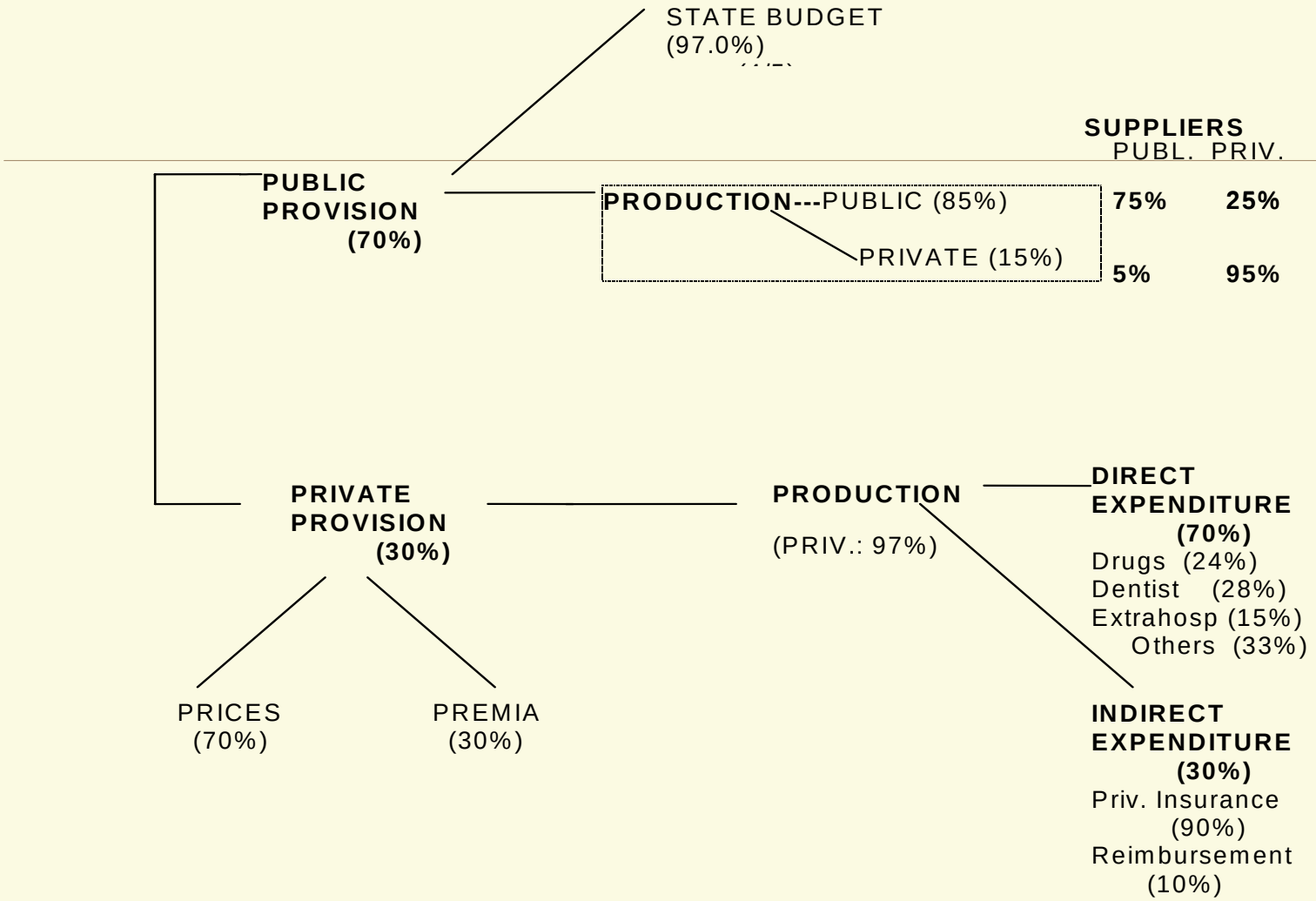
EL SISTEMA SANITARIO ESPAÑOL

Gasto sanitario per cápita total, público, privado en $ ppp

Países OCDE AÑO 2000

Austria	2 162	1 507	655
Belgium	2 269	1 616	652
Canada	2 535	1 826	709
Czech Republic	1 031	942	89
Denmark	2 420	1 986	434
Finland	1 664	1 249	415
France	2 349	1 785	564
Greece	1 399	777	622
Hungary	841	637	205
Ireland	1 953	1 480	473
Italy	2 032	1 497	535
Netherlands	2 246	1 517	729
New Zealand	1 623	1 266	357
Portugal	1 441	1 025	414
Slovak Republic	690	618	72
Spain	1 556	1 088	468
United Kingdom	1 763	1 429	335
United States	4 631	2 051	2 580

THE SPANISH NHS (approach of flows)



Key words: <u>Finance</u> refers to the revenue sources; <u>provison</u> to the service responsabilities; <u>production</u>, regards to who produces the service; and <u>supply,</u> to the inputs ownership. Prices can be identified with direct expenditure and premia with indirect expenditure.
Source: own elaboration, from different sources.

Organizational chart of health care system

REGIONAL PARLIAMENTS (17)

* Regional laws
* Regional budget law

(INTERTERRITORIAL COUNCIL)

SPANISH PARLIAMENT

* Basic laws
* National budget law

NATIONAL HEALTH SYSTEM

REGIONAL PARLIAM. (17)

* Public health
* Planning
* Management of Social Security health care

Regional Health Services (100% population)

Primary Care

Specialised Care (Hospitals)

(Own and Social Security Resources)

From 2002 all Regional Governments will assume competences on managing the health services

SPANISH GOVERNMENT MINISTRY OF HEALTH

* General co-ordination
* Coverage and benefits
* Pharmac. policy
* Under and post-graduated training

Source: HIT. WHO and own elaboration

PRIVATE HEALTH CARE INSURANCE

- SPAIN 2001: Premia 2.945 m Euros: 15.5% of the population, of which one third under substitutive coverage)
  - Double coverage: 10.5%
- IN CATALONIA: 25% of population (total: 6 M) only 12% under substitutive coverage.
  - Double coverage: 22%

FRAMEWORKS FOR HEALTH CARE

TABLE 1

Planning/ Insurance	Purchasing	Production
Health Depart.	Health Care Service	Manag. Units

TABLE 2

Planning	Insurance	Purchasing	Production
Health Depart.	Health Care Service	Regions, Areas	Manag. Units

TABLE 3

Planning	Insurance	Purchasing/ Production
Health Depart.	Health Care Service	Regions, Areas, Networks of Manag. Units

TABLE 4

Planning/ Insurance	Insurance Management/Purchasing	Production
Health Depart/ Health Care Service	Networks of providers/ Non public Insurers	Health Care Manag. Units

Evolution of health expenditure in NHS type of systems: some key factors:

Fiscal subsidies for out-of-pocket private expenditure?
Abolished in 2000.
Now just as a fringe benefit and a tax espenditure in the Corporation Income Tax

Trends in private health insurance: Complementary vs. Substitutive role.
Still doubts on extending or supressing MUFACE: public voucher for private
provision (chosen by 87%) for civil servants.

Health professionals as civil servants: relative low salaries, plenty of staff, loose incompatibilty rules (public-private) and relatively low productivity

GENERAL OVERVIEW ON FISCAL DECENTRALISATION IN SPAIN

- SPANISH CONSTITUTION 1978
- GENERAL LAW FOR THE FINANCE OF AUTONOMOUS COMMUNITIES 1980
  - BASQUE (FORAL) COMMUNITIES (INCLUDING NAVARRA)
  - AUTONOMOUS COMMUNITIES (CC.AA.)
    - * ORDINARY STATUS CC.AA. (BASICALLY WITHOUT HEALTH EXPENDITURE, UP 2002): ART. 143 (9)
    - * PARTICULAR STATUS (HISTORIC CC.AA. (Plus others) ART. 151 (4: CATALONIA, ANDALUSIA,GALÍCIA, VALENCIA)

- FINANCE FOR HEALTH CARE, OUT OF THE GENERAL FINANCING SYSTEM -UP 2002- (AROUND ONE THIRD OF THE REGIONAL FINANCE), BASICALLY UNDER CAPITATION
- HEALTH CARE AND EDUCATION REPRESENT TWO THIRDS AT LEAST OF THE CC.AA. EXPENDITURE

MULTIJURISDICCIONAL PUBLIC EXPENDITURE: CONSOLIDATED TOTAL EXPENDITURE OF PUBLIC ADMINISTRATIONS

	1979	1990	1997	2001
Central	88.0	67.5	63.8	58
CC.AA.	0.1	19.2	23.9	25
CC. LL.	11.9	13.9	12.3	17

Source: MEH. Dirección General de Coordinación con las Haciendas Territoriales, y Boletín estadístico del Banco de España For 2001, it does not include Social Security.

FINAL PUBLIC CONSUMPTION (BASICALLY, PUBLIC EMPLOYEES' WAGE BILL)

	%
Central State:	**59**
CC.AA.:	**22**
Local Authorities:	**19**

However, on current expenditure (excluding final consumption and capital spending), ie. basically social expenditure, 87% is central

THE BASC REGIME: BASC COUNTRY / NAVARRA

ECONOMIC AGGREEMENT WITH A FINANCIAL CONTRIBUTION (*CUPO*) FOR THE SERVICES STILL UNDER THE CENTRAL STATE RESPONSIBILITY

TAX REVENUE COLLECTION AT THE REGIONAL LEVEL AND HIGHER FISCAL ACCOUNTABILITY IN FINANCING THE TRANSFERED SERVICES

CAVEATS ON THE LEVEL OF INTERTERRITORIAL SOLIDARITY AND ON WHETHER THIS SYSTEM COULD BE EXTENDED TO OTHER CC.AA.

PER CAPITA DIFFERENCES RELATED TO REGIONAL POWER AND FINANCIAL EXPENDITURE CAPABILITIES (1999) $

Ordinary CC.AA.	**1.450**
Special Status CC.AA.	**2.665**
Basque regions	**3.323**

Remember, however, at an unequal level of transfers

BASIC MECHANISMS OF FINANCE

1980 - 1991 ---> FINANCING THE EFFECTIVE COSTS OF THE TRANSFER (UP TO 1987 BY LAW, AFTERWARDS, BY FACTS)

1991 - 1996 ---> IDEM, BUT ALLOCATED ON A CENTRAL STATE REVENUE SHARING PROCEDURES, BASED ON WEIGHTED PARAMETERS (POPULATION, FISCAL EFFORT, DENSITY, ...)

1996 - 2001 ---> PREVIOUS METHOD +
INCLUDING REVENUE COLLECTED FROM THE PERSONAL INCOME TAX (30% SEGMENT), WITH ADDITIONAL FINANCE ACCORDING TO ITS EVOLUTION OVER A PREDETERMINED REVENUE BENCHMARK, EITHER DUE TO A HIGHER DYNAMIC FISCAL COMPLIANCE, AN INCOME TAX REVENUE ELASTICITY GREATER THAN ONE OR TO REGIONAL 'SURCHARGES' (NOT SO FAR APPLIED),
+ FINANCIAL SAFEGUARDS (IN OPERATION)

Revenue Profile of CC.AA. (%) 1998

	Historic (art. 151)	Ordinary (art.143)
Taxes		
- own (new)	**4.0**	**7.2**
- state transferred	**10.5**	**18.9**
- territorial share personal income tax revenues	**5.8**	**14.7**
- own personal income tax revenues	**5.6**	**4.6**
total	***25.9***	***45.5***
Transfers		
- from central government	**63.4**	**21.4**
*** general transfers**	**21.5**	**9.2**
*** Health and Social services**	**36.1**	**2.1**
*** Solidarity Fund (FCI)**	**1.6**	**1.9**
- from the EU	**8.6**	**27.8**

TYPES OF TRANSFERS

TRANSFERS	CONDITIONED	UNCONDITIONED
For financing Public services (current and capital)	Specific to levelling ‘essential’ public services (not so far in operation)	% share on central tax revenues
	Investment aggreements	Territorial allocation of personal income tax revenues
For development purposes (capital spending)	Interterritorial Compensation Fund	----------
	European Structural Funds	----------

Source: Monasterio & Suarez, 1998

FROM AN AUTONOMOUS FISCAL DECENTRALISATION POINT OF VIEW:

1986 - 1996 ---> REVENUE TRANSFER OF SOME TAXES (ON PERSONAL WEALTH, INHERITANCE TAXES, WEALTH TRANSFERS, ...), JUST A 10% OF TOTAL REVENUES (70%, CENTRAL TRANSFERS)

1997 ---> 30% OF THE PERSONAL INCOME TAX REVENUES ON A TERRITORIAL BASIS + LEGISLATION POWERS ON THIS (+ - 20%)

2001 ---> THE FORMER SYSTEM EXTENDED TO A HIGHER % OF PERSONAL INCOME TAX + PETROL, ALCOHOL AND TOBACCO TAXES + VAT + minor

SOLIDARITY INTERTERRITORIAL FUND (FCI)

(COORDINATED WITH EUROPEAN FUNDS SINCE 1987)

AFTER 1989, LIMITED TO CC.AA. WITH INCOME PER CAPITA BELOW 75% OF THE EUROPEAN AVERAGE

DISTRIBUTION ACCORDING TO POPULATION (87.5%), DISPERSION (6.9%), GEOGRAFICAL EXTENT (3.0%), MIGRATION BALANCE (1.6%), UNEMPLOYMENT (1.0%)

FROM 1992, CHANNELES 35% OF THE CENTRAL GOVERNEMENT NEW PUBLIC INVESTMENT

AVERAGE: 48 CAN $ PER CAPITA (1991), EXCLUDING EUROPEAN FUNDS. FIGURES RANK FROM 1 TO 4

The new Tax revenue sharing initiative (1-I- 2002)

33% IRPF/personal income tax
35% IVA/ VAT
40% s/ tabaco/ Tobacco
40% s/ alcoholes/alcohol
40% s/ hidrocarburos/ petrol
100% s/ energía/ power
100% s/ matriculación/ car registration
100% s/ succesiones i donaciones/ inheritance
100% impt s/ patrimono/ wealth
100% s/ transmisiones i AJD/ wealth transfers
100% tasa s/ juego/ gambling

Main features

Integration oh health care, with safegards
(2002-...)

- Level: At the actual registered Cost (1999)

Increasing during 3 years at GDP nominal

- General source of revenues
(0.75) Publicly covered Population. + 0.245 Pop. >65 años
+ 0.005 Insularity factor

Future evolution: Earmarked at ITEn (non transferable central taxes)

<u>Plus some specific complementary funds (...)</u>
(for cross-boundary flows of patients)

PRESENT SITUATION

Level of Regional Debt and Average finance pc 1997-2001 adjusted by the level of Responsibilities (Spanish average 100)

	Regional Debt as a % of Regional GDP 31-12-2001	All competences Ecluded health ans solidarity (FCI) Funds
ANDALUCIA	9.6	101.1
ARAGON	4.6	106.4
ASTURIAS	5.3	93.45
BALEARES	2.8	83.5
CANARIAS	3.5	112.1
CANTABRIA	3.4	113.6
C.-LA MANCHA	3.6	106.2
C.Y LEON	3.5	115.8
CATALUÑA	9.1	99.1
EXTREMADURA	7.2	115.6
GALICIA	9.6	110.5
MADRID	6.3	89.3
MURCIA	4.4	91.0
LA RIOJA	3.9	112.3
C.VALENCIANA	11.4	87.5
TOTAL	7.2	100
BASC COUNTRY	3.9	

Source: Bank of Spain and E. Bandrés & A. Cuenca Revista Aragonesa de Administración Pública no 20, 2002, page 64.

Per capita Public Health Expenditure (average 100) (2002).

	SANIDAD	SANIDAD (Variables)	**SANIDAD (Ajustada)**
ANDALUCIA	98	95	**96**
ARAGON	109	106	**109**
ASTURIAS	112	107	**110**
BALEARES	86	103	**101**
CANARIAS	96	101	**99**
CANTABRIA	110	103	**121**
C.-LA MANCHA	97	104	**102**
C.Y LEON	100	106	**104**
CATALUÑA	105	102	**103**
EXTREMADURA	102	101	**103**
GALICIA	101	104	**102**
MADRID	95	95	**93**
MURCIA	97	95	**96**
LA RIOJA	96	104	**123**
C.VALENCIANA	100	100	**98**
TOTAL	100	100	**100**
COEF. VAR.	6.7	3.9	**8.3**

First column: former system; second Column: new system without ad hoc compensation at the moment of the transfer; third column: Final expenditure setled down for centarl financing purposes Source: Urbanos (2003)

Per capita Public Health Expenditure (euros 2004 and 2003).

	2004	2003
Andalucía	**943,1**	888,3
Aragón	**1.054,2**	1.053,3
Asturias	**1.062,9**	987,2
Baleares	**786,6**	807,2
Canarias	**990,9**	923,8
Cantabria	**1.134,5**	1.107,0
Castilla y León	**1.044,0**	966,6
Castilla – La Mancha	**1.039,5**	983,9
Cataluña*	**885,0**	905,8
C. Valenciana	**895,4**	814,5
Extremadura	**1.065,6**	1.000,5
Galicia	**983,5**	923,2
Madrid*	**881,9**	923,8
Murcia	**973,2**	942,1
Navarra	**1.151,3**	1.110,8
País Vasco	**1.042,1**	978,5
La Rioja	**1.227,5**	1.121,4

PRESENT SITUATION

SEARCH FOR STABILITY WITHOUT "CLOSING" THE SYSTEM

DISCUSS:

- ENLARGING THE BASKET FOR TAX REVENUE SHARING PURPOSES (OTHER THAN THE PERSONAL INCOME TAX) TO INCREASE FINANCIAL AUTONOMY AND FISCAL ACCOUNTABILITY (?)

- 'AUTONOMY' DOES NOT MATCH WITH "FINANCIAL GUARANTEES" DEFINED ON A MOVING AVERAGE TERMS STRATEGY, INDEPENDENTLY OF FISCAL EFFORT

SOME CAVEATS

NEED OF A MORE CLEAR SPECIFICATION OF REGIONAL SOLIDARITY FUNDS AND GREATER EXPENDITURE MONITORING FOR THEM, IS CERTAINLY NEEDED

FOR CATALONIA , THE FISCAL UNBALANCE BETWEEN CENTRALLY COLLECTED REVENUES AND EXPENDITURE ALLOCATED, ROUND 9% OF THE CATALAN GDP YEAR BY YEAR

AN EQUALIZATION OF THE AVERAGE PER CAPITA INCOMES BY PUBLIC TRANSFERS, HOLDING UNALTERED THE INTERNAL PATTERN OF INCOME UNEQUALITY, WOULD REDUCE JUST AN 11% OF THE SPANISH PERSONAL INCOME DISPARITIES

ANDALUSIA, HAVING IMPROVED PER CAPITA INCOME ABOVE THE AVERAGE, HAS REGISTERED A LOWER THAN AVERAGE REDUCTION IN ITS GINI COEFFICIENT ON INTERNAL INCOME DISTRIBUTION DISPARITIES

SOME KEY POINTS FOR THE FUTURE:

WILL CATALONIA BE CAPABLE, WITH AROUND A 20% HIGHER PER CAPITA INCOME, DESACCELERATE THE INCREASING DEMANDS FOR WELFARE (HEALTH AND EDUCATION), BY RECEIVING BELOW OR JUST THE SPANISH STANDARD AVERAGE PER CAPITAL FINANCE?

DOES SOLIDARITY MEAN FULLY EQUALIZATION, INDEPENDENTLY OF FISCAL EFFORT AND THE WHOLE PROCESS OF INCOME GENERATION?

THE DIFFERENCE BETWEEN THE REGIONAL EARNED PER CAPITA INCOME AND THE FINALLY AVAILABLE PER CAPITA INCOME (AFTER TAXES AND SUBSIDIES) FOR CATALONIA IS TWICE THE AVERAGE DIFFERENCE FOR THE WHOLE SPANISH. IS THIS POLITICALLY SUSTAINABLE?

IN BRIEF, CATALONIA IN SPAIN

15.8% OF POPULATION
14.7% OF PUBLIC EXPENDITURES
19% OF GDP
23% OF INCOME TAXES (FISCAL EFFORT)

ESTATUT DE CATALUNYA:

GENERAL STATEMENT ON FINANCE:
: AVERAGE LEVEL ON FISCAL EFFORT AND POPULATION SHARE

A FISCAL AGGREEMENT OF THE 'BASQUE TYPE' WOULD INCREASE AVAILABLE REVENUES FOR CATALONIA A 30 TO 50%

Annexe 2-

À propos de la différence en revenus et en dépenses sanitaires publique :

une comparaison entre pays

Some data on Health care expenditure:
FINANCE YEAR 1999.

	FINANCE PER CAPITA*	**FINANCE p.c (SNS=100)**
ANDALOUSIE	101.927	99,04
CANARIES	100.460	97,61
CATALOGNE	108.214	105,14
PAYS VALENCIEN	102.814	99,90
GALICE	104.160	101,20
GESTION TRANSFÉRÉE* **	104.034	101,08
GESTIÓN NON TRANSFÉRÉE	101.350	98,47
S.N.S.* **	102.920	100
COEF. DE VARIATION****	0,0285	

* En pesetas. Calculée sur la base de la population résidente au 1er juillet 1998 (INE).

** En pesetas. Calculée sur la base de l'index régional de parité du pouvoir d'achat en 1998 (Institut d'Estadística de Catalunya).

*** Sauf Pays basque et Navarre.

Coeffcients of variation on Public Health Expenditure per capita and on GDP per capita, 1997 (or around)

Unweighted by population

States	Coef. var (PHExp pc)	Coef.var (GDPpc)
Australie	0,077501261	0,170656321
Allemagne	0,202306246	0,352884521
Canada	0,306891579	0,259610384
France	0,131183155	0,185638061
Italie	0,103893794	0,269550661
Suède	0,102744462	0,097980906
Espagne	0,027464087	0,16799999
RU	0,102919565	0,116031873

Weighted

States	Coef. var (PHExp pc)	Coef.var (GDPpc)
Australie	0,056245992	0,07716817
Allemagne	0,143079048	0,233900136
Canada	0,080830943	0,126293752
France	0,125511933	0,277026573
Italie	0,089808538	0,268621807
Suède	0,087837144	0,109060605
Espagne	0,021105161	0,163707875
RU	0,15182091	0,092255009

Remarquez que les observations concernant le Yukon et le NorthWestern pèsent très peu.
L'Île de France a un poids très élevé (elle dévie peu en DS et beaucoup en Revenus)
Déviations fortes en DS dans de nombreuses régions.