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## Healthcare in Austria

The roots of the Welfare State in Austria date back to the Middle Ages, in the shape of the Ausgedinge, a flat-rate income paid to free farmers in rural areas after they retired and transferred their holdings. Miners too had their own health insurance and pension scheme. Indeed, some believe that Austria's mining law cooperatives are the world's oldest form of welfare organisation.

The Austrian healthcare system is also marked by a deeply-ingrained federal culture, dating back to the 'Mittelbare Bundesverwaltung' or indirect federal administration system of the 1870s which assigned authority and responsibility, from the Federal Minister through the provincial Governor to district and local health officials. Not unsurprisingly, moderm Austria's healthcare system is also financed in a complex manner by its various stakeholders.

Over the past three decades, the stakeholders have used typically Austrian models of advance planning and cooperative models to ensure near-universal healthcare, accompanied by comprehensive benefits. This has blunted the edge of more recent cost-containment measures. In addition, reforms dating back five years have resulted in a model based on decentralised contracts with private service providers.

One of the most notable aspects of the healthcare system in Austria is its relatively early response to the specific problems associated with an aging population, principally in the shape of legislation dating back to the early 1990s. Overall, satisfaction levels of Austrians with their health care system is high in an international comparative context.

**COUNTRY FOCUS: AUSTRIA**

| | | DATE |
|---|---|---|
| Population (million) | 8.23 | 2005 |
| Live birth/female | 1.42 | 2004 |
| Deaths/1,000 pop. | 9.84 | 2007 (est.) |
| Life expectancy (years) | 79.5 | 2005 |
| GDP (billion Euros: 2006) | 256.4 | 2006 |
| Total healthcare expenditure (% GDP) | 10.2 | 2005 |
| Total healthcare expenditure per capita (PPP dollars) | 3,519 | 2005 |
| % of healthcare system financed by public funds | 75.7 | 2005 |
| Number of hospitals (per 100,000 inhabitants) | 3.4 | 2003 |
| Number of CT scanners (per million inhabitants) | 29.4 | 2005 |
| Number of MRIs (per million inhabitants) | 16.3 | 2005 |
| Number of acute care beds (per 1,000 inhabitants) | 6.0 | 2003 |
| Length of stay (average in days) | 8.0 | 2004 |
| Number of physicians (per 1,000 inhabitants) | 3.5 | 2005 |
| Number of nurses (per 1,000 inhabitants) | 9.4 | 2005 |
| Percentage of households with Internet access | NA | |
| Percentage of individuals using the Internet for interacting with public authorities | NA | |

Austria's health care system is complex, with cross-stakeholder structures at the federal, Länder (provincial) and local government levels. These assign competencies for both planning as well as operations and financing.

According to the Austrian Constitution, regulation of health care is the responsibility of the federal government – with one important exception, namely hospitals. Indeed, as far as hospitals are concerned, the passage of laws and their implementation rests with the nine provincial governments. Public health services (which involve epidemiology, preventive health, infant-andmother care, and school services) are delegated by provincial governments to local authorities.

So-called 'fund hospitals' (listed within the Hospital Plan of a province) have a statutory requirement to admit or provide care for patients. In return, they receive subsidies from public sources for investments, maintenance and running costs.

Austria's 40+ private-sector hospitals have also been given a boost after the founding in 2002 of the Private Hospitals Financing Fund (PRIKRAF) which finances inpatient services. The fund makes payments to hospitals on a performance-and quality-oriented basis known as LKF (Performance Related Hospital Financing System), essentially an Austrian DRG model.

Neverthless, the federal government continues to play a key role in the healthcare system, above all in providing it with an overall strategic direction. Towards this, the Federal Ministry of Health and Women (BMGF) is assisted by a number of high-powered advisory boards, commissions and institutes. These include the Supreme Health Council (Oberster Sanitätsrat) with 30 members from the medical scientific community; a 27-member Structure Commission with national and regional politicians as well as healthcare policy experts; and the Austrian Federal Health Institute (Österreichisches

Bundesinstitut für Gesundheitswesen, ÖBIG).

#### Long-Term Care

In 1993, a Long-Term Care Law stipulated that long-term healthcare be financed almost wholly from the federal budget. Long-term care is estimated to account for about 10% of all healthcare spending.

Like long-term care, acute in-patient care also leverages federal instruments to ensure both transparency and a level playing field in terms of entitlement criteria and quality standards. Alongside, patient rights have been strengthened by virtue of a Charter and the appointment of ombudspersons.

Nevertheless, there continue to be considerable differences in access to healthcare and physician density across different provinces, as well as between cities and villages; the share of Austria's rural population is about one-third of the total.

#### A Mixed Public-Private Financing Model

At the moment, just under half of all healthcare financing is borne by the social health insurance system, a quarter by the federal, provincial (Lander) and local governments, and the balance quarter through private payments. As a result of the latter, Austria ranks in the lower third of EU countries as far as the public share of total health care expenditure is concerned.

The inherently complex nature of the Austrian healthcare system is reflected in the fact that private health providers continue to get over two-thirds their revenues from public sources, principally Austria's 21 health insurance funds (as well as federal grants).

Mandatory insurance is based on occupational status and/or place of residence. As a result, there is no competition between health insurance funds. The unemployed and people in marginal part-time employment are not subject to statutory social health insurance. Medicines and outpatient care regimes are organised, on the one hand, by negotiations between the health insurance funds (alongside their umbrella Federation – the Hauptverband der

österreichischen Sozialversicherungsträger), and on the other, the public law or stautory chambers of physicians, pharmacists, professional midwives and veterinarians.

Insured patients have a free choice of physicians for outpatient services. 60% of the country's approximately 20,000 physicians work in individual capacities for outpatient services, while 40% have contractual relationships with one or more of the health insurance funds. Outpatient care is also offered by clinics and hospital outpatient departments.

#### Healthcare Reforms

Healthcare reforms have targeted cost containment, sought to encourage more efficiency in organisation and delivery and increased cost-sharing arrangements. This has been spurred by the fact that recent years have seen health funds running annual deficits of about Û250 million.

Reforms have also sought to couple reimbursement regimes more strongly than in the past to health technology assessment. On the other hand, developments in such a direction have hardly been rigid and one-way. An outpatient clinic fee, which was introduced in 2001, was suspended in 2005 as a result of high implementation costs and considerable resistance from the public.

As part of ongoing reforms, there also have been increased efforts to streamline decision-making and financing patterns across different provinces – as well as healthcare sub-segments (from dentistry and opthalmology to chronic care). Since 2002, all provinces (except Vienna) have privatised their hospitals, principally in the form of an organisational restructuring (with the provincial government remaining majority owner in most cases). As a result, private companies have taken responsibility for hospital management and service provision for their clients, namely health insurance funds, while the provincial and/or local authorities function as guarantors. In this manner, Austria hassought to separate service provision from payment.

**Healthcare in Austria and the Eu**

Physician density in Austria is in line with the EU average. The ratio of nursing staff, traditionally much lower than the EU average, doubled between 1980 and 2003 to 6 per 1,000 inhabitants, and has since risen to 9. No estimates have been made about waiting lists for medical treatment, but the consensus is that these are short in comparison to other EU countries. Also worthy of attention is the fact that Austria has one of the EU's highest admission rates, at 28.4 per 100 inhabitants in 2003.

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