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Italy's Healthcare System in Transition

The Italian National Health Service (INHS) was established in 1978 to grant universal access to a uniform level of care throughout Italy, financed by general taxation.

The INHS provides universal coverage and free health care at point of delivery to all Italian and European Union citizens. In spite of this, there are considerable variations in coverage and service quality between the richer and better covered regions of the north and the poorer ones in the south.

Key Actors

The key operational actors consist of 21 Regional Health Authorities (RHAs) and approximately 200 Local Health Authorities (LHAs) which serve geographical zones with mean populations of about 300,000. Together, they are responsible for ensuring the delivery of healthcare services by means of public and private accredited hospitals and other facilities.

Reforms Shake Up Roles and Responsibilities

In Italy, a major reform of the Constitution (Constitutional Law number 3 of October 18th, 2001) radically modified the roles and responsibilities of the State and the Regions.

At the national level, authorities are responsible for ensuring that the general objectives and principles of the health care system are met, including definition of the basic benefits package ('livelli essenziali di assistenza' or LEA, which must be uniformly provided throughout the country). The traditional welfare state maxims of universal

coverage, dignity and equity have in recent decades been joined by principles of effectiveness and cost-effectiveness.

The Regions now have law making powers on health protection, within the framework of fundamental principles defined by the State. All Regional Authorities have a considerable degree of powers to legislate on a regional basis and freely allocate funds received from the central government, in particular for healthcare delivery. Major policy decisions are however agreed by an inter-institutional 'State-Regions Conference', which is constituted by representatives of national Ministries and the Regional Authorities.

Full Spectrum Coverage

Healthcare services cover the whole spectrum of, from visits to family doctors and specialists to in-patient treatment (tests, medication and surgery) and post-operative rehabilitation as well as ambulatory care and outpatient treatment.

The INHS also pays for part or all, of the cost of drugs and medicines. Emergency health provision is available to all residents (as well as visitors).

Tariffs, Reimbursement and Insurance

Hospitals are reimbursed by the INHS according to a national diagnosis-related group (DRG)-like system. National-level tariffs cover the cost of public hospital admissions throughout the country. The RHAs can add further tariffs for specific activities (such as psychiatric services) which are not covered by national tariffs.

Private hospitals are reimbursed to the same DRG-specified level, and additional costs borne by patients – through private insurance schemes.

Many Italians and foreigners opt to take out private health insurance in addition to the basic State cover. Among other benefits, private insurance provides freedom in choice of family doctors and/or specialists and the right to be treated in private hospitals. In many cases, private facilities reduce the waiting time for a specialist appointment or a surgical intervention. They also offer more freedom in visitation rights and standards of accommodation. However, the quality of medical care in State and private hospitals are roughly similar (surgeons typically work for both the State and private sectors).

Mixed Private-Public Models – a Beginning ?

Certain Regional Health Authorities have reached agreements with private hospitals allowing patients to be treated under the INHS. This has shortened waiting lists at public hospitals, but lengthened them at private facilities. In addition, a court decision sometime ago ruled that patients whose life was endangered because of waiting lists could seek treatment at a private hospital without having to obtain advance permission from the Regional Health Authority, and still be covered for costs by the INHS.

Sources and Composition of Healthcare Financing

The financing of healthcare in Italy is mixed. The country has one of Europe's highest rates of private, out-of-pocket healthcare spending (about 25% of total). According to some estimates, almost 35% of Italians access private care in one form or another. Although one of the principal goals behind the establishment of the INHS in 1978 was to quickly move toward a national taxbased system, social health insurance contributions still represented more than 50% of total public financing for another two and a half decades. In 1998, social contributions were replaced by a regional business tax; this is supplemented with a national grant financed by revenues from value-added tax (VAT) collections to ensure sufficient re - sources for each region.

Co-Payments

Out-of-pocket/private payments include copayments for diagnostic procedures, medicines and ambulatory specialist consultations. Users have to pay costs of outpatient care up to a 36 Euro ceiling since 2000. Copayments for drugs and ambulatory services have a restricted role, accounting for a 4.8% peak of total INHS revenues in 1996, and then declining to below 3% in 2002 after co-payments for prescription drugs were abolished.

Patients however continue to need to make out-of-pocket payments for non-prescription medicines and directly purchase private health care. An estimated 15% of the population has complementary private health insurance. This is either individually subscribed or offered by employers. About two out of three health insurance companies are for-profit while one third are nonprofit organisations.

Private Insurance Still Loosely Coupled

In contrast to EU countries, such as Belgium, Germany and France, Italy's private insurance sector is very loosely integrated to the public sector. As a result, private insurers tend to mainly substitute for INHS services rather than complement them.

The most frequently used private health services covered by for-profit health insurance are diagnostic and outpatient visits, but their share in reimbursed monies is small. By contrast, in-patient surgical care accounts for only a fifth of demand but over two-thirds of total reimbursement.

The Second Best Healthcare System in the World: WHO

Overall, the Italian healthcare system is one of continuing transition. In spite of occasionally severe criticism, not least from within the country, the World Health Organisation ranked the country as having the world's second best healthcare system, after France. (The World Health Report 2000). Organisation ranked the country as having the world's second best healthcare system, after France. (The World Health Report 2000).

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