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The Lithuanian Healthcare System

Lithuania, officially the Republic of Lithuania, is one of the three Baltic States. Situated along the southeastern shore of the Baltic Sea, it shares borders with Latvia to the north, Belarus to the southeast, Poland, and the Russian enclave of the Kaliningrad Oblast to the southwest. Lithuania is a member of NATO. Its population is 3.4 million, declining during the last decade because of demographic factors and negative migration. Its capital and largest city is Vilnius.

History

During the 14th century, Lithuania was one of the largest countries in Europe: Belarus, Ukraine, and parts of Poland and Russia used to be territories of the Grand Duchy of Lithuania. With the Lublin Union of 1569 Poland and Lithuania formed a new state, the Polish–Lithuanian Commonwealth. The Commonwealth lasted more than two centuries, until neighbouring countries sys tem - a tically dismantled it from 1772 to 1795, with the Russian Empire annexing most of Lithuania's territory. In the wake of the First World War the sovereign state had been reestablished but in 1940, Lithuania was occupied first by the Soviet Union then Nazi Germany. As World War II neared its end in 1944 and the Nazis retreated, the Soviet Union reoccupied Lithuania. On March 11, 1990, Lithuania became the first Soviet republic to declare its renewed independence.

Institutions

The Lithuanian head of state is the President, elected directly for a five-year term, serving a maximum of two consecutive terms. The post of President is largely ceremonial; main policy functions however include foreign affairs and national security policy. The President, with the approval of the parliamentary body also appoints the prime minister and on the latter's nomination, appoints the rest of the cabinet, as well as a number of other top civil servants and the judges for all courts. The unicameral Lithuanian parliament, the Seimas, has 141 members who are elected for four-year terms. 71 of the members of this legislative body are elected in single constituencies, and the other 70 are elected in a nationwide vote by proportional representation.

The litas, the national currency, has been pegged to the euro since February 2, 2002 at the rate of EUR 1.00 = LTL 3.4528, and Lithuania is expecting to switch to the euro on January 1, 2011.

Lithuania is a member of the World Trade Organisation, and the European Union (Since May 2004). Lithuania became a full member of the Schengen Agreement on 21 December 2007.

Economy

During the last five years Lithuania has had one of the highest economic growth rates among EU candidate and member countries, reaching 10.2% in 2003 and 8.9% in 2007. Fast growth has radically changed the country’s relative figures. In 2001 the GDP per capita in Lithuania was 41% of EU27 level, reaching 61% in 2007.

Fast economic growth has also contributed to improvements in social indicators with unemployment rate decreasing from 16.5% in 2001 to just 4.3% in 2007, but provoked growth of inflation from 1.6% in 2001 to 5.8% in 2007 and up to 10% in 2008 and unsustainable levels of current account deficits.

Mounting internal pressures in combination with the gloomy international environment is slowing economic growth in 2008 to 3-4% and there is a risk of falling in to recession in the first quarter of 2009. The slowdown will hit the healthcare sector, which was growing during the last years in line with the general economic growth. At least in 2009 positive trends in long-term social stability will not be affected, i.e. the number of births was 30.5 per thousand in 2005, 32.3 per thousand in 2007 and will reach about 35 per thousand in 2008.

Health System

The healthcare system in Lithuania is designed according to the basic principles common to European cultures. Universal access to basic medical services is granted to the whole population. Basic medical services are mainly free of charge for the consumer and mostly financed according to a solidarity-based scheme of statutory health insurance operational since 1997. From the start funding was raised according to a

mixed model: about 50% of health insurance funds came from general income tax (30% of the tax was allocated to health insurance); 3% of payroll tax and contributions from the state budget for pensioners, unemployed and children, contributed for the residual part.

As of 1 January 2009 this model has been modified: special health insurance contributions at the level of 6% of payroll will replace allocations from general income tax. The change will mean that about 75% of statutory health insurance revenues will be generated by health insurance contributions (HIC) and 25% by contributions from the state budget and other sources of marginal importance.

The relative increase of importance of HIC means that the system is moving closer to the Bismarck model but certain differences between the two will remain:

The statutory health insurance fund in Lithuania is a semi autonomous state monopoly under the Ministry of Health (MOH) referred to as the State Patient Fund (SPF);

Contributions, benefit packages, price providers are fixed by law or state authorities, and

Formulas to assure regional equity in funds distribution to regional branches of SPF are in place.

So far the statutory health insurance scheme has been in balance, whether they are going to be as successful during the period of incoming hard times remains to be seen.

Coverage

Most dental and spa services are not covered by the public scheme and almost no copayments are applied to general health services. There have been some suggestions to introduce marginal copayments for certain hospital services and certain types of modern technologies but until recently there was no political will to introduce those measures. Even taking into account the fact that copayments based on reference pricing are common for medicines and other medical goods, the limited scope of copayments results in the virtual absence of supplementary forms of health insurance. In the fall of 2008 the government opted for a national implementation of medical savings accounts supported by tax subsidies, but this decision is still just a political statement.

Hospitals

The provision of healthcare is shaped in a pyramid form with university hospitals at the top, a few regional hospitals with a majority of services except organ transplants and sophisticated testing procedures provided on the high end, municipal hospitals providing ordinary therapeutic and surgical services as well as nursing in the middle and primary healthcare institutions at the bottom. Special units of most hospitals provide specialised outpatient health services.

Polyclinics that at the beginning of market reforms were considered as rudiments of a Semasho system and had to be closed are flourishing in some private clinics and big cities today. Private practices are mainly concentrated in dental care with no public coverage and in family care with public funding based on an age adjusted capitation model and some incentives for screening and other services considered national priority. Roughly 80% of the labour force of about 80,000 in the healthcare sector are public employees with very slow dynamics towards becoming employed by private entities or self-employed.

National Health Council

The Lithuanian Health Programme was prepared and approved by the Seimas in 1998 in line with the implementation of the European health policy "Health for everyone in the twenty-first century" and the provisions of the Law on Health System passed in 1994, legitimating an active healthcare policy.

The common objectives of this programme are:

Reduction of mortality rates and increase of life expectancy;

Equity of access to healthcare, and

Improvement of quality of life.

The specific indicator levels to reach were determined according to specific objectives concerning cardiovascular diseases, cancers, accidents and injuries, mental illnesses, infectious diseases, oral health and diabetes mellitus.

The National Health Council was established to create an independent institution accountable to the parliament, consisting of leading figures

among public health professionals, researchers and community activists, local governments and non-governmental organisations representing the interests of public health. The council is composed of 15 members representing these groups with the mission of contributing to the formulation of a modern public health concept and implementation of health policies. Its role:

To analyse health promotion processes;

To assess the practical implementation of health policies, and

To provide conclusions, suggestions and recommendations around the improvement of performance of lifestyle, environment and healthcare services.

The Council has the authority, while considering problems, to include all strata and socioeconomic sectors of society, which, as referred to in the Maastricht Treaty approved in 1992, must assume the responsibility for the health of its people. The legal basis of the Council's activities is established in the Law on Health System of the Republic of Lithuania, and regulations are approved by resolutions of the Lithuanian Parliament.

The National Health Council assesses population health trends, their relationship to the social and economic policy decided by the state, provides information to the Seimas, government and society, prepares and submits an annual report to the Seimas on the population's health conditions and health policy formulation, and at their discretion provides suggestions to the government and Seimas on draft laws and other legislation.

Conclusion

Assessing key population health indicators in Lithuania, one may conclude that measures towards changing health markers are still needed. There have been significant positive developments only in the area of infant mortality reduction. In 2004, the infant mortality rate in Lithuania was better than the European average. However, it is disappointing that the former significantly positive trends of health indicators (in particular, mortality) from 2000 tend to be negative. Morbidity and mortality rates of the country's population from cancer, cardiovascular disease, spreading of HIV/AIDS and drug problems, smoking and alcohol consumption among children and adolescents are all increasingly growing.

One should note that without investing in the public health sector, without attracting other country's sectors of the social economic framework into the processes of the health sector, the possibilities of the health sector itself will gradually decline. If governmental strategy for dealing with health problems does not change, it will be virtually impossible to achieve the accelerated improvement of health indicators.

In order to implement the set objectives one needs a balance and sufficient funding for all areas affecting health:

Competent and methodical process control;

Definition of responsibilities and accountability for the obligations imposed;

Division and reorganisation of functions among public health institutions;

Identification and education of health sector entrepreneurs, and

Maturation of society, politicians, and media.

It is expected that the successful implementation of the Lithuanian Health Programme provisions will help to achieve substantial changes in creating a healthy and happy society. Health policy must be comprehended by everyone as an investment in the future, rather than as cost.

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