

Government Publishes Draft Proposal on Patient's Freedom of Choice

D&I Alert

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» Life Sciences & Healthcare

> THE FINNISH GOVERNMENT PUBLISHES DRAFT PROPOSAL ON PATIENT'S FREEDOM OF CHOICE

As a part of the major health and social services reform, the Finnish Government published on 21 December 2016 a draft proposal for new regulation (the "Freedom of Choice Act"), enabling patients within the scope of the established freedom of choice to select which health and social services they use. The proposal introduces a right for patients to choose between all healthcare providers fulfilling certain requirements established by law. This is new thinking, since public healthcare has traditionally not been compelled to consider patient's preferences – effectively patients will now become customers. The announced reform has attracted broad interest both in Finland and abroad, as Finland would be the first country in the world to introduce such wide right of choice for patients.

The purpose of the reform is to increase the customers' possibilities of exerting influence, speed up access to services as well as improve the quality and cost-effectiveness of the services.

> THE DRAFT PROPOSAL IN BRIEF

The Purpose and Scope of the Proposed Reform

The aim of the proposed reform is to adopt the most effective practices so that services are produced in a highly cost-effective way. In the proposed model, the work-load of service providers would ideally be evened out, and differences in people's welfare would be reduced.

The Freedom of Choice Act regards general healthcare and social care and partly special healthcare and dental services. Emergency services are excluded.

Freedom of Choice

The customers may choose, for one year at a time, which social and healthcare center and dental care unit to use, all while the social and healthcare county ("County") paying the same basic fee regardless of which service provider is used. This implies that the customer may, without having to compare costs, choose whether to go to a private or public healthcare provider.

The social and healthcare services are made available through vouchers or a personal budget. The vouchers extend the customer's freedom to choose

which service provider to use. Personal budgets are used with customers who are in continuing need for support and assistance.

> IMPLICATIONS FOR THE PRIVATE SECTOR

According to the proposal, the new legislation would bring new business opportunities and diversify the base of service providers on the market. Competition on the private healthcare market is also expected to increase. Public service providers will be required to streamline their services to compete for customers with private healthcare providers.

Under the current rules, private service providers have been able to enter the public healthcare market by taking part in tenders. Since the new system proposes to abolish the tenders and instead only requires fulfillment of specified requirements, the public healthcare market is expected to become simplified.

Private service providers offering their services to the patients, without the requirement for an assignment by the relevant County (so called direct service providers), are required to offer services with the same broad scope as the current public health and social care centers. As significant resources are required to accomplish this, the companies run by the Counties will mostly be challenged by large service providers, which have the possibility to meet the criteria set forth in the proposed legislation. However, this also enables for smaller service providers to form parts of subcontracting networks, where they may offer their services. The direct service providers may also use the services of smaller providers by subcontracting certain parts of their business to them.

> FUTURE STEPS AND CONCLUSION

The draft proposal will be circulated for comments in early 2017, and the aim of the Government is to have it handled by the Parliament prior to the summer break of 2017.

Should the proposal be approved, it would come into effect in two stages. From the entry into force on 1 January 2019 until the end of 2021, the focus will be on basic level services. Thereafter, the scope will be widened, and finally in the beginning of year 2023 the legislation would be in full effect.

As a conclusion, we highlight the following possible implications of the draft proposal:

- the patients will have a genuine freedom to choose which doctor and which hospital to entrust;
- private businesses get access to the public market without participating in public tenders;

- private businesses will find new possibilities to compete with the public sector, which would increase the private sector's market share of the social and healthcare market from the current level of 25 %; and
- small and midsize service providers may form parts of subcontracting networks to provide their services, resulting in an increased number of players on the market.

If the implications above realize, a unique social and healthcare model would be established in Finland, enabling new opportunities for profitable investments in the social and healthcare sector.

We at Dittmar & Indrenius are happy to discuss any questions you may have regarding the Finnish health and social services reform and its expected implications.



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