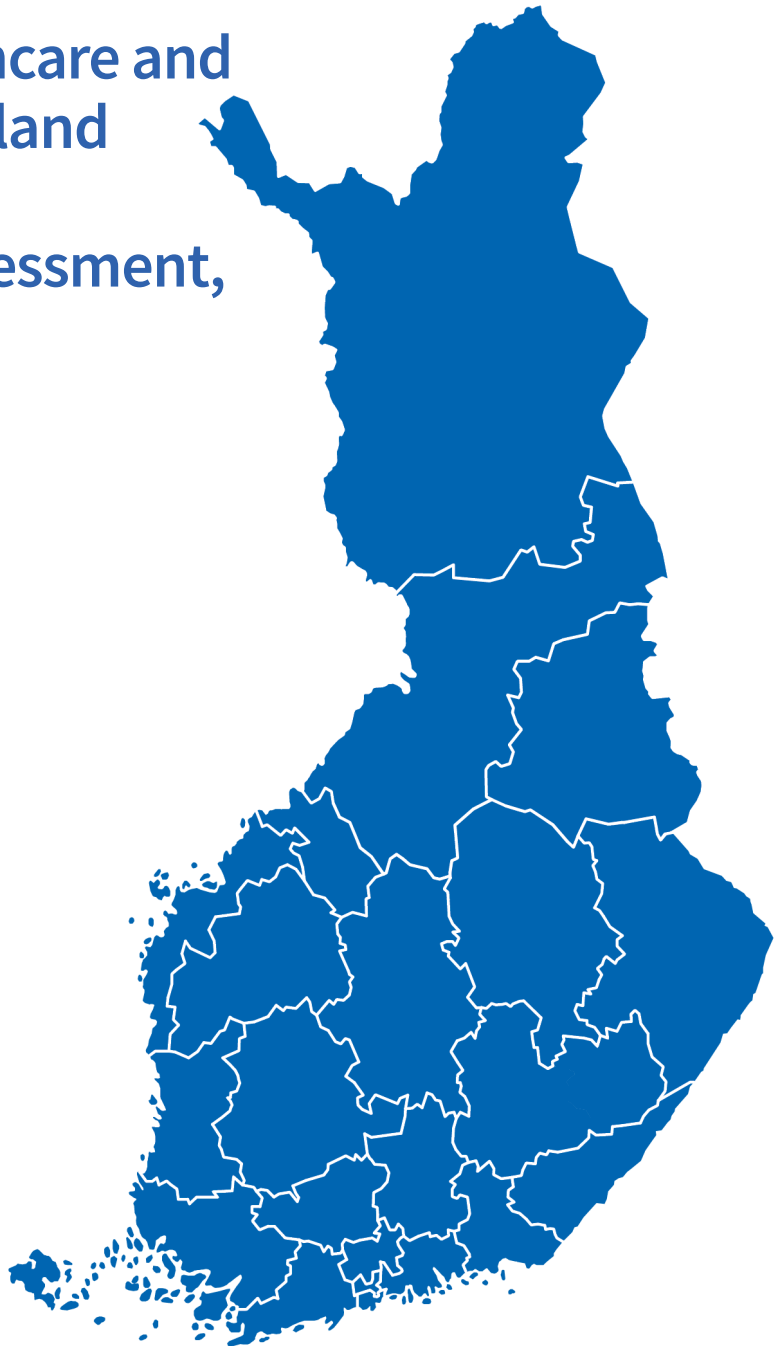


From
**INFORMATION
TO ASSESSMENT**
aiming for better services

Organising of healthcare and social welfare in Finland

National Expert Assessment, autumn 2023

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To the reader

Since the beginning of 2023, 21 wellbeing services counties and the City of Helsinki have been responsible for organising the health, social and rescue services in Finland. In addition, the HUS Group is responsible for organising specialised healthcare in the region of Uusimaa.

The Finnish Institute for Health and Welfare (THL) has a statutory duty to draw up annual expert assessments on the organisation of healthcare and social welfare in each wellbeing services county, collaborative area and nationally. The expert assessment for the autumn 2023 provides an overall picture of the initial phase of the task of the wellbeing services counties, the City of Helsinki and the HUS Group to organise healthcare and social welfare and the progress they have made in implementing the reforms.

THL's national expert assessment looks at the service needs of the population, the building of the operational structure of the wellbeing services counties, and the availability and sufficiency of competent personnel. In addition, the healthcare and social welfare costs, their funding and the investments made in them are discussed. The content focuses on the measures taken to promote equitable availability of the services, sufficiency of personnel and the management of finances to respond to the national strategic goals of healthcare and social welfare and to the strategic goals set by the counties themselves.

The findings of the expert assessments for the wellbeing services counties and the observations made in current regional and national reports and studies have been used in drawing up the national expert assessment. THL will publish the National Expert Assessment and the assessments specific to the wellbeing services counties at the same time.

The National Expert Assessment of organising of healthcare and social welfare is aimed at supporting national and regional decision-makers, officeholders and specialists. The expert assessment supports the implementation of the work in the wellbeing services counties by providing fresh observations of the key points of view concerning the organisation of services nationally and in different parts of the country. THL's expert assessments also lay a strong basis for the national report on equitable implementation of healthcare and social welfare and the adequacy of the level of funding, drawn up annually by the Ministry of Social Affairs and Health.

In Helsinki, 24 October 2023

Nina Knappe

Director of Assessment

Conclusions from the Expert Assessment

Service provision is challenged by the ageing of the population and the growing service need

The wellbeing services counties that began their operations on 1 January 2023 are challenged by the service need related to rapid ageing of the population and the simultaneously deepening shortage of personnel. As the mortality rate is higher than the birth rate, the country's population growth is based on positive net immigration. There are considerable regional differences in the morbidity and age structure of the population. The number of foreign language-speakers continues to grow, and their proportion is large especially in the Helsinki Metropolitan Area. The service need of children and young people is growing because of the increasingly common challenges to mental well-being.

The shortage of personnel has weakened the availability of services. According to forecasts, the retirement of professional personnel will continue to be strong in the next few years. In the next five years, about one fifth of the healthcare and social welfare personnel in more than half of the wellbeing services counties will be retiring.

The wellbeing services county's responsibility for organising makes new kinds of personnel solutions possible

At the stage where the responsibility for organising was being transferred, the personnel resources of the wellbeing services counties were strongly tied with the production structures of the earlier organisers. By conducting planning at the level of the wellbeing services county, it is therefore possible to find solutions that support the sufficiency of personnel and the availability and continuity of the services, especially in areas that previously had a large number of different organisers.

The strategic goals of the wellbeing services counties have an emphasis on measures that strengthen the retention and attraction of personnel and are necessary to ensure equal access to services for the population. Wellbeing services counties have increased their own personnel and reinforced the solutions involving back-up personnel to safeguard statutory services. The use of temporary agency workers and purchased services has been increased, which on the other hand may also put the financial management of the counties and securing sufficient own service production at risk. In addition, the possible complete outsourcing implemented by counties may slow down the development of the service structures in the counties.

Good practices need to be made part of the operation of the entire wellbeing service county

The wellbeing services counties began their operations from very different starting points. Their new organisation culture is now forming. When the wellbeing counties were set up, the counties with regional organisers could take advantage of the previous management and decision-making structures and systems. Other counties have had to combine the functions and systems of many different organisations and create new interface structures.

The greatest challenges faced by the counties are related to services for children, young people and families as well as to primary and specialised-level services for older people. The net operating costs of these services increased proportionally the most between 2018 and 2022. Especially the ageing of the population will continue to increase the service needs and costs in the future.

The development of services for children, young people and families has focused on services with a low threshold. The electronic family centre service has been introduced and mental health services have been strengthened. In addition to the development measures that have been implemented and those currently under way, good practices must be established in the whole wellbeing services county so that primary-level services and their coordination can be enhanced. The possibilities for older people to live at home have been increased by developing services that support it. There is a growing need especially for communal housing services. Technology has been introduced to facilitate home care and the number of remote visits has increased.

High deficit forecasts threaten efforts to balance the finances also in the coming years

In 2022, the net operating costs of the healthcare and social welfare organised by municipalities and joint municipal authorities amounted to EUR 21.2 billion. The resident-specific costs in the wellbeing services counties varied from EUR 3,168 to EUR 4,923.

The counties' budgets for the year 2023 were drawn up to have a deficit of EUR 0.86 billion in a situation in which Russia's war of aggression against Ukraine and the COVID-19 pandemic were still affecting the operating environment. Compared with the year 2022, the level of funding was raised on the basis of factors included in the Act on Funding of Wellbeing Services Counties. The financial calculations will be further specified and despite the one-time compensation of EUR 0.7 billion, the total deficit of the wellbeing services counties is increasing to EUR 1.1 billion.

The increase in the funding of the wellbeing services counties has not fully corresponded to the development of inflation or the level of the national labour market solution. Based on the interim reports, significant deviations from the budget have also been caused by an increase in the volume of purchased services, price increases and increasingly common use of hired labour. The harmonisation of salaries has been implemented by only some of the wellbeing services counties. The majority of them have only just begun this work. The weaker economic outlook makes it more difficult to cover the deficits accumulated in the balance sheet of wellbeing services counties by the end of 2026.

Strict financial framework requires acceleration of measures

Only some of the wellbeing services counties have set cost savings targets for this year and it seems unlikely that even they will reach the savings targets. Some counties have already taken measures to adjust their operations and finances for a long time, which makes it more difficult for them to find new ways of saving money and improving efficiency. Considerable adjustments are required in the period 2024–2025. In spring 2023, only two of the counties estimated that they had the capacities to make their operations financially sustainable by the year 2025. If the counties are not able to adapt their finances by the deadline, the Ministry of Finance may start the assessment procedure of a wellbeing services county at the initiative of the Ministry of Social Affairs and Health or based on financial criteria.

In relation to the funding and the challenges in the equality and growing service needs of the population, the measures launched by the wellbeing services counties and the pace of their progress currently look insufficient. However, it should be taken into account that the wellbeing services counties have been

operating for less than a year and the planning of the measures, decision-making and implementation take time. At the same time, the growing shortage of personnel is complicating the development of the service system.

Hospital investments have increased the loan portfolio of the wellbeing services counties

The wellbeing services counties continue the already planned and the ongoing hospital investments as well as the construction and renovation projects in primary services. Investments in the harmonisation of the client and patient information systems are made especially in counties where organising was previously not centralised. As a result of the investments, the loan portfolio of the wellbeing services counties is expected to grow to EUR 4.8 billion in 2023. The largest resident-specific loan portfolios are in the wellbeing services counties that have implemented hospital construction projects or have ongoing ones. Especially in these counties, investment opportunities will be scarce in the coming years.

Operational reform of the service system is necessary

The organisation of the necessary services and economic sustainability require an operational reform of the service system in all wellbeing services counties. The counties are currently surveying the options for effective and cost-efficient organisation of services. The needs to renew the service network and channels are investigated and counties' own service production is compared with purchased services. Efforts are made to further strengthen multiprofessional cooperation.

In accordance with the strategic goals, efforts are made to decrease the growing need and demand for care and services by providing advice and guidance through multiple channels and by supporting self-care. The flow of clients and patients is managed by harmonising and tightening the criteria for getting treatment or granting a service. Most counties have also continued the promotion of well-being, health and safety in networks that were already operating previously.

The balance between service channels is only just forming

Several wellbeing services counties are planning to centralise operations into larger units and strengthen the coordination of services at the primary and specialised level. The service channels will also be diversified according to the population's need for services, for example, by increasing mobile services. The use of electronic services will be further extended and still more diverse use will be made of technology. The expected benefits of electronic services seem high, especially if people such as the residents of rural areas and pensioners are taken into account, as they use electronic services less than the other population groups. The counties therefore need to find an appropriate balance between electronic services and services provided in healthcare units.

Participatory strategy work lays a good foundation for building the operation of the wellbeing services county

Wellbeing services counties have implemented their strategy work by broadly involving the residents, personnel, decision-makers and other stakeholders. The national goals for healthcare and social welfare have mainly been taken into account well in the strategic policies of the counties. In a majority of the counties, the county strategy and the service strategy already govern the development of the operation partly, although the programmes and plans for the implementation of the strategies are still under preparation. The wellbeing services counties now have better capacities to introduce tried and tested practices in the whole county. The collaborative areas, on the other hand, provide opportunities for intensifying the cooperation between wellbeing services counties in procurement and development work concerning data management and digitalisation.

Population and operating environment

Net migration increased the population, birth rate declined

At the end of 2022, Finland had 5,563,970 inhabitants. The number of births decreased from the previous year. Mortality has been higher than the birth rate since 2016. Record-high net immigration has increased the population. Birth rate was higher than mortality in the wellbeing services county of Vantaa and Kerava, in the wellbeing services county of West Uusimaa and in Helsinki, and the population of these areas was also increased by record-high net migration. Thanks to net migration, the population also increased in the wellbeing services counties of Central Uusimaa, Southwest Finland, Pirkanmaa, Ostrobothnia and North Ostrobothnia. According to the forecast, the population of Finland will grow until 2030, but will start to decline in 2034. The population will decline especially in the wellbeing services counties of South Savo, Kymenlaakso and Kainuu.

The proportion of the foreign-speaking population is growing. It is largest in the wellbeing services county of Vantaa and Kerava and in Helsinki. People from Estonia and Russia account for the largest number of foreign citizens living in Finland. The proportion of the Swedish-speaking population has not changed between 2017 and 2022.

Anxiety and bullying on the increase among young people

According to the 2023 School Health Promotion study, anxiety has increased among secondary school pupils and the situation has become worse than it was during the pandemic. Over one fifth of young people have experienced moderate or severe anxiety, the smallest proportion in Ostrobothnia (19%) and the largest in the wellbeing services county of Vantaa and Kerava (23%). The proportion of those who find their health poor has increased, as they account for slightly over one quarter of young people. The situation is the poorest in the wellbeing services counties of East Uusimaa and Kainuu. Experiences of bullying have increased.

Great differences in the age structure, morbidity, incapacity for work and premature mortality

The proportion of the working-age population has decreased between 2017 and 2022. It is the smallest in South Savo and the largest in Helsinki. The proportion of unemployed people is the largest in the wellbeing services county of North Karelia and the smallest in the wellbeing services county of Ostrobothnia. Non-standardised incapacity for work remained unchanged between 2019 and 2021. It is the highest in the wellbeing services county of Kainuu and the lowest in Helsinki. The education level of the population is the highest in Helsinki and the lowest in the wellbeing services county of Satakunta. The economic dependency ratio returned to the pre-pandemic level in 2021. It is the lowest in Helsinki (109) and the highest in North Karelia (167).

Morbidity declined between 2019 and 2021. It is the highest in North Savo and the lowest in West Uusimaa. Premature mortality is the highest in the wellbeing services county of Kainuu and the lowest in the wellbeing services county of Ostrobothnia.

Finland is one of the fastest ageing countries in the EU

In Finland, the proportion of over-65-year-olds in the population has grown second fastest of all the EU countries over the last ten years. The proportion has increased by five percentage points. Twenty-three per cent of the population of Finland were aged 65 and over (in 2022). There are great differences in the ageing of the population between the wellbeing services counties (Figure 1). The proportion of people aged over 75 is the largest in South Savo. In the wellbeing services counties in Uusimaa and in Helsinki, the proportion of over-75-year-olds is lower than average, although the increase in numbers is high.

Counties started their organising task from very different starting points

The new healthcare and social welfare organisers started their operation from very different starting points. The eight organisers that previously operated on a regional basis had already organised their services either partly or fully in the whole region. These counties were able to partly make use of already created decision-making and management structures. Transferring to the wellbeing services county a responsibility for organising that was based on municipalities was a much more laborious task. These wellbeing services counties concentrated on a safe transition and the necessary tasks during their first months of operation. In the separate solution created for the region of Uusimaa, the responsibility for organising was divided between four wellbeing services counties, the City of Helsinki and the HUS Group. The implementation of the separate solution required development of new cooperation structures and a culture of cooperation between the six organising parties in the area.

Sufficiency of workforce a critical challenge to organising the services

The sufficiency of competent workforce is the greatest challenge to organising the services in the whole country. According to the data in the labour force road map of the Ministry of Economic Affairs and Employment, the shortage of nurses and practical nurses is still the greatest. There is also a shortage of home care workers in home services, doctors, dentists, specialists in social work and psychologists. Foreign labour can be best received as practical nurses, home care workers and dentists.

Based on KEVA's 5-year retirement forecast based on the data for March 2023, about one fifth of the entire personnel will retire in more than one half of the wellbeing services counties. More than one fifth of practical nurses will retire in five counties. More than one tenth of nurses will retire in all counties. Of specialists in social welfare, about one third will retire in three counties, and almost one half in the HUS Group. Retiring is highest among home care workers: more than one half of them will retire in four counties.

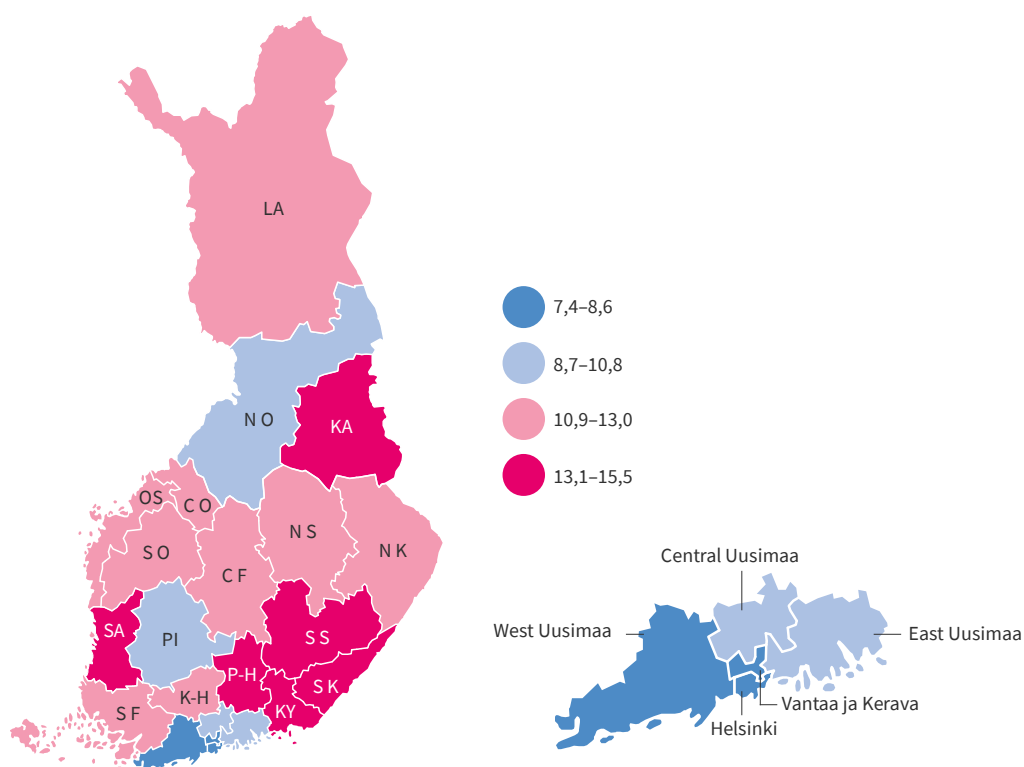
Client fees are being harmonised

At the beginning of their operation, some of the wellbeing services counties had municipality-specific differences in client fees. Wellbeing services counties have been harmonising their client fees. There are differences between their services in terms of free services and services subjects to a charge. Only some of the counties provide free contraception for under-25-year-olds. Nurse's appointments in specialised healthcare are mainly free of charge. The wellbeing services county of Lapland has not determined charges for remote appointments, except for regular home care. Helsinki does not charge health centre fees. The basic fees in oral healthcare are very similar in the whole country.

Harmonisation of client and patient information systems has focused on cooperation with a few system suppliers

A majority of the wellbeing services counties have begun the harmonisation of their client and patient information systems. Ten wellbeing services counties from across the country have acquired or are in the process of acquiring their client and patient information system from one supplier of core data systems. Five other counties have acquired the client and patient data system from two other system suppliers. Competitive tendering processes for these systems are under way in a few counties. Many counties are examining the possibilities to carry out procurement jointly with the collaborative area, and a few counties are developing knowledge-based management in cooperation across collaborative areas.

Figure 1. Proportion of people aged 75 and over in the population of the area (%)



▲ The map shows the proportion of the population aged 75 and over in the population of the wellbeing services counties and in the City of Helsinki in 2022. Of the population of the whole country, 10.8% had reached the age of 75 in 2022. The areas exceeding the average for the country have been coloured in different shades of red and the areas below the average in shades of blue. The information in the figure is based on the population data in Statistics Finland's statistics on population structure (31 December 2022).

Wellbeing services county abbreviations:

C F = Central Finland, C O = Central Ostrobothnia, KA = Kainuu, K-H = Kanta-Häme, KY = Kymenlaakso, LA = Lapland, N K = North Karelia, N O = North Ostrobothnia, N S = North Savo, OS = Ostrobothnia, P-H = Päijät-Häme, PI = Pirkanmaa, SA = Satakunta, S F = Southwest Finland, S K = South Karelia, S O = South Ostrobothnia, S S = South Savo

Costs, investments and funding

Major differences between counties in healthcare and social welfare costs

In 2022, the net operating costs of healthcare and social welfare under the responsibility of municipalities amounted to EUR 21.2 billion, with an average of EUR 3,817 per resident (Figure 2). The costs per resident varied from EUR 3,168 in West Uusimaa to EUR 4,923 in South Savo.

The net operating costs not proportioned to the service needs have increased eight per cent in real terms within the period 2018–2022, when compared to the price level of 2022. Although the costs decreased most in Kainuu (-4%), they were still higher than the average for the whole country in 2022. The net operating costs increased most in the wellbeing services county of Vantaa and Kerava and in Helsinki (21%). However, they were still lower than the average for the whole country. The level of the net operating costs is affected by the COVID-19 grants awarded in 2020 and 2021 and one-time items paid in 2022.

The increase of the real net operating costs was strongest in non-residential services for children, young people and families and in child welfare (18%). The second strongest increase was seen in the costs of services for older people (11%).

The earlier model of organising was not connected to the level of need-adjusted costs

According to the calculations updated by THL in 2023, the population's service needs in 2021 were the lowest in Finland in Helsinki (index 83, the whole country 100) and the highest in North Karelia (index 123). The need-adjusted costs, i.e. the net operating costs of healthcare and social welfare proportioned to the service needs were the highest in Helsinki (+14%) and the lowest in North Karelia (-12%) (Figure 3).

The need-adjusted costs were higher than average in seven counties and lower than average in ten counties in 2019, 2020 and 2021. The level of need-adjusted costs was not consistently linked to the previous model of organising, population or age structure of the area. Client satisfaction and the satisfaction of the population with the sufficiency of the services did not correlate with the need-adjusted costs, either. Within the time period, the index of need-adjusted costs declined most in the wellbeing services county of Vantaa and Kerava and in the county of West Uusimaa, and increased most in South Savo and South Ostrobothnia.

Strong ageing of the population challenges to reform the service structures to mitigate the anticipated development of costs

Based on THL's forecast calculations on changes in the age structure of the population, the real growth in the healthcare and social welfare costs in the whole country will be on average one per cent per year until 2030. It is forecast to be the highest in the wellbeing services counties of Uusimaa. Correspondingly, the growth is anticipated to be the lowest in Kainuu and South Savo, where the proportions of older people in the population are already the largest in the country and the population is declining.

Population growth and especially ageing increase the service needs and, as a result, the healthcare and social welfare costs in services for older people and in somatic specialised healthcare (Figure 4).

Joint municipal authorities were dissolved when the responsibility for organising was transferred to the wellbeing services counties

When the responsibility for organising social and health care was transferred from municipalities to the wellbeing services counties and partly to the HUS Group the member municipalities of the previous statutory joint municipal authorities covered the deficits accumulated in the balance sheets of the joint municipal authorities. The largest deficits remained to be covered by the member municipalities in the counties of Central Finland, Kymenlaakso, North Karelia and South Karelia. In the transition phase, cumulative balance sheet surpluses and investment reserves were dissolved, the most significant of which were implemented by the hospital districts of North Ostrobothnia and Southwest Finland. Transferring the responsibility for organising to the wellbeing services counties contributed to municipalities' willingness to sell healthcare and social welfare properties. The most significant sales decisions were made in the cities of Oulu, Lahti, Jyväskylä and Espoo.

The loan portfolio of the hospital districts continued to grow to EUR 4.5 billion due to extensive hospital investments. The loan portfolios grew the most in the Helsinki and Uusimaa, Kanta-Häme, North Ostrobothnia and North Savo hospital districts. In the transition phase, the assets and liabilities of the statutory joint municipal authorities were transferred to the wellbeing services counties.

Funding calculations of wellbeing services counties will be further specified

The funding of the wellbeing services counties is mainly based on universal funding from central government and partly on client and user fees. The funding of healthcare and social welfare in each county is based on the estimated service needs of the population (80%), the number of residents and other factors determining funding. The service needs increase the imputed resident-specific funding especially in counties with a fairly old population, such as Kainuu, North Karelia and South Savo. Especially the wellbeing services counties of Lapland and Kainuu receive funding based on the determining factor population density (Figure 5). The resident-specific imputed funding is lowest in the counties of Uusimaa and in the City of Helsinki, however, it is increased by the large proportion of people speaking a foreign language.

According to the calculations published by the Ministry of Finance in August 2023, the funding for the health, social and rescue services of the wellbeing services counties and the City of Helsinki for the year 2023 is a total of EUR 23.2 billion, of which the share of health and social services is EUR 22.7 billion. The items that based on a survey sent to municipalities and joint municipal authorities by the Ministry of Finance distorted the transfer calculations for 2021 and 2022 have been corrected in the calculation. In the funding, the compensations for two units for primary and specialised 24-hour services in the wellbeing services counties of Lapland and South Savo have been taken into account. According to the calculations, the imputed funding will increase most in the wellbeing services counties of North Karelia, Southwest Finland and Lapland, and decline in many of the counties in Uusimaa in proportion to the transferred costs.

The change in the funding will be staggered with the transitional equalisation procedure between 2023 and 2029. Nine counties will reach the imputed level of funding during the transition period. At the end of the transition period, the largest currently permanent transitional equalisation supplements would remain in the funding of the City of Helsinki and the wellbeing services counties of Kymenlaakso and South

Savo. Correspondingly, the largest transitional equalisation reductions would remain in the funding of the wellbeing services counties of North Karelia and Lapland.

According to the calculation published by the Ministry of Finance in August, the total funding for 2024 will be EUR 24.4 billion, of which the funding for healthcare and social welfare will be EUR 23.9 billion. In the funding for 2024, the university hospital supplement is a new factor determining funding. In 2024, it is EUR 131 million.

Forecasts of financial statements show deficits

The budgets were prepared in an extremely uncertain situation where the Russian war of aggression and the still continuing COVID-19 pandemic affected the operating environment. Except for North Savo, the 2023 budgets of the wellbeing services counties had been drawn up to be in deficit. The anticipated deficit totalled approximately EUR 860 million. At the beginning of this year, THL estimated that the one-time compensation based on the 2022 financial statements would cut a considerable part of the deficit. According to the budget plans, a balance in the finances would be reached by the end of 2025, however.

The level of funding for healthcare and social welfare was raised in comparison to the 2022 level in accordance with the wellbeing services county index (3.52%) and the increase in the need for services (1.22%), and by EUR 0.25 billion with regard to new healthcare and social welfare tasks – all in all by EUR 1.3 billion. The total of the deficits reported by the counties in the forecasts of their financial statements is growing to approximately EUR 1.1 billion in spite of the one-time compensation of EUR 0.7 billion added to the funding. However, the increase in the level of funding has not fully corresponded to the level of the development of inflation or the level of the national labour market solution, which has further increased the forecast deficits of the counties in proportion to the budget. Based on the interim reports, the most significant deviations from the budget are additionally caused by an increase in the volume of purchased services, price increases and increasingly common use of temporary agency workers.

The largest forecast resident-specific deficits were in the wellbeing services counties of Kainuu, South Savo, Kymenlaakso, Central Finland, North Savo and Lapland. The City of Helsinki and in the wellbeing services county of Central Ostrobothnia in turn had the smallest forecast resident-specific deficits.

The majority of the counties that organised their operation at the beginning of 2023 experienced delays in starting the invoicing of clients, the circulation of purchase invoices and the payment of salaries. The challenges with the up-to-dateness and punctuality of accounting continue to be reflected in the counties' forecasts.

Local Government and County Employers has estimated that the harmonisation of salaries will increase the labour costs by approximately six percent. The harmonisation of salaries has already been implemented in South Karelia and other counties that were previously organised regionally, but some of them have still not completed it. Correspondingly, the harmonisation of salaries is only just beginning in counties where the organisation of the services has previously been decentralised, such as in Pirkanmaa, Southwest Finland, West Uusimaa and North Ostrobothnia.

Several wellbeing services counties apply for budget authority for additional borrowing

In June 2023, the Government granted only the wellbeing services county of North Karelia the budget authority for long-term borrowing for the year 2024 based on the annual margin. The rest of the wellbeing services counties can continue the previous investment projects as normal and take out the loans

allocated to them, but they cannot take out loans for new projects. However, several counties have applied for a budget authority for additional borrowing or are considering it.

The wellbeing services counties of Kainuu, North Ostrobothnia, North Savo and Central Finland, which have implemented or have ongoing hospital construction projects, have the largest resident-specific loan portfolios. The smallest resident-specific loan portfolios were in the wellbeing services counties of Kymenlaakso and Uusimaa, in the latter of which the investments in specialised healthcare are implemented by the HUS Group. In Helsinki, the city implements the construction investments and the health, social and rescue services rent the facilities internally. The City of Helsinki's budget authority for borrowing is not restricted. As a result of the investments, the loan portfolio of the wellbeing services counties is expected to grow to EUR 4.8 billion in 2023.

Construction of hospitals and harmonisation of client and patient information systems emphasised in investment plans

The investment plans implemented in the balance sheet of the wellbeing services counties, the City of Helsinki and the HUS Group total EUR 4.9 billion for the budget plan period 2024–2027. In addition, rental agreements and other contracts corresponding to investments amount to EUR 1.1 billion.

The wellbeing services counties continue the already planned and ongoing hospital investments as well as the construction and renovation projects in primary services. Investments in the harmonisation of the client and patient information systems are made especially in counties in which organising was previously decentralised. In addition, the investments also have an emphasis on systems for knowledge-based management and on data pools as well as on e-services and remote care systems.

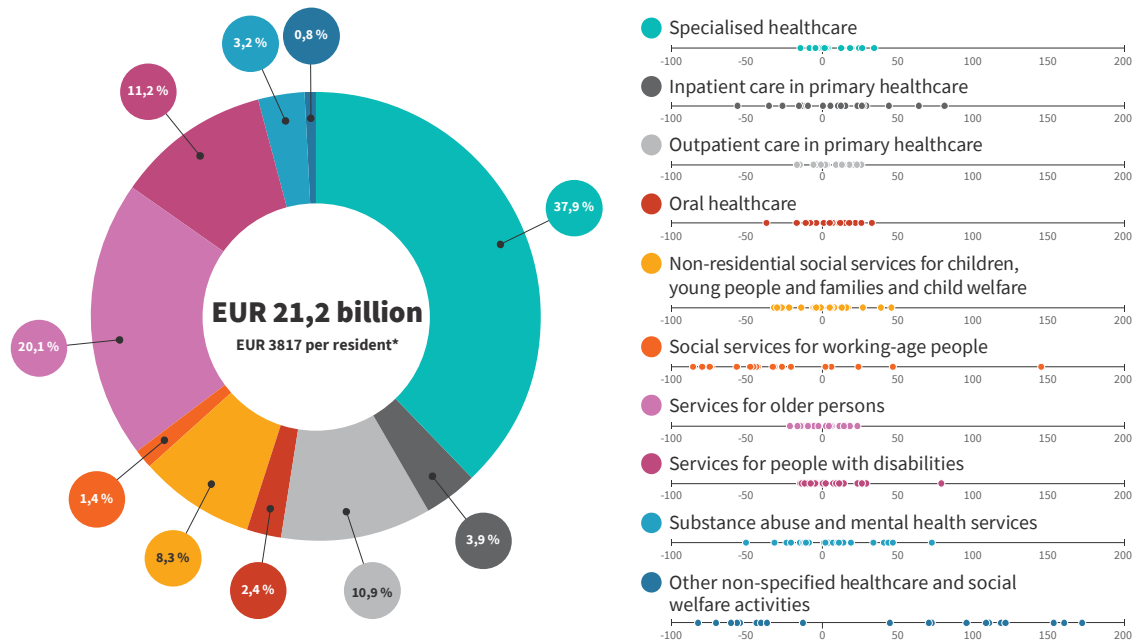
Balancing the finances is necessary

The organisation of the necessary services and economic sustainability require an operational reform of the service system in all wellbeing services counties. The counties must cover the deficit accumulated in the balance sheet within a maximum of two years from the beginning of the following year in which the financial statements were adopted. This means that the deficit generated in 2023 must be covered by the end of 2026. If additional deficit is generated in 2024, it should also be covered by the end of 2026. If the deficit has not been covered in the statutory timetable, the county may be subject to an assessment procedure.

By the end of September, 11 counties had set a cost savings target of a total of EUR 260 billion for the year 2023, but reaching the targets seems unlikely in many of the counties. In addition, Helsinki is seeking proposals for measures for adjustments of at least EUR 100 billion in the first phase. In many counties, the savings targets will be specified when the 2024 budget is drawn up. Some of the counties have already taken many measures during the long adjustment period, which makes it challenging to find new areas where savings can be made. Other counties are only just planning measures.

According to the report in accordance with section 29 of the Act on Organising Healthcare and Social Welfare Services, only West Uusimaa and North Karelia estimate that they fully meet the preconditions for making their operation financially sustainable by 2025.

Figure 2. Distribution of net social welfare and healthcare operating costs by task and the difference between each county and the national average in 2022

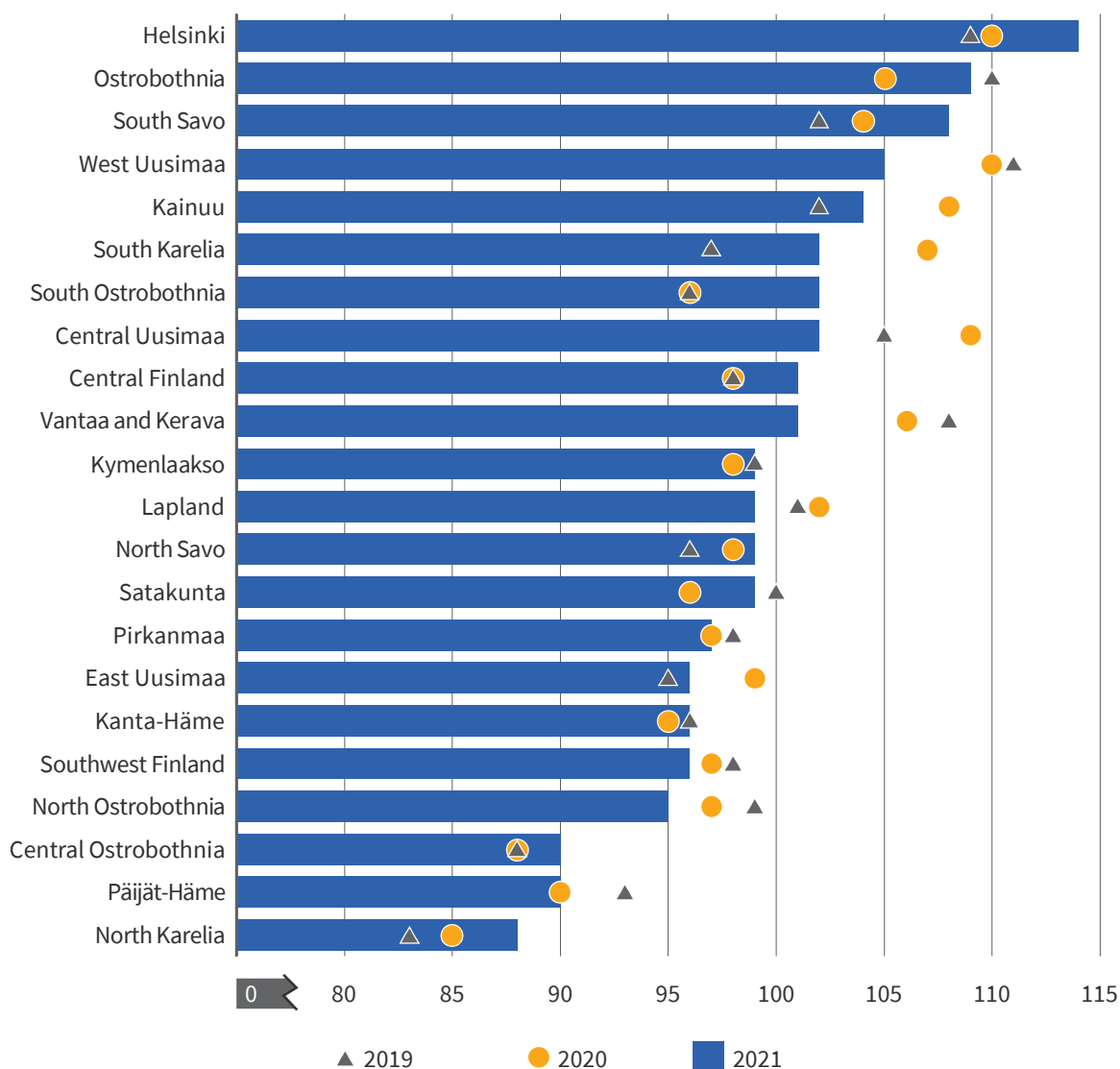


▲ The left side of the figure shows the percentage of the 2022 net social welfare and healthcare operating costs for each task in the whole country. On the right, the figure shows the distribution of the net healthcare and social welfare operating costs by task in proportion to the population in the age groups using the services. If the costs in proportion to the population of the wellbeing services county are higher than the average for the country, the value for the county is positive. The net operating costs of services for older persons are presented in proportion to the population over the age of 75. The net operating costs of social services for working-age people are shown in proportion to the population aged 18–65 years. The net operating costs of non-residential social services for children, young people and families and of child welfare have been proportioned to the population aged under 18 years.

The information is based on the service category-based financial information municipalities have reported to the State Treasury.

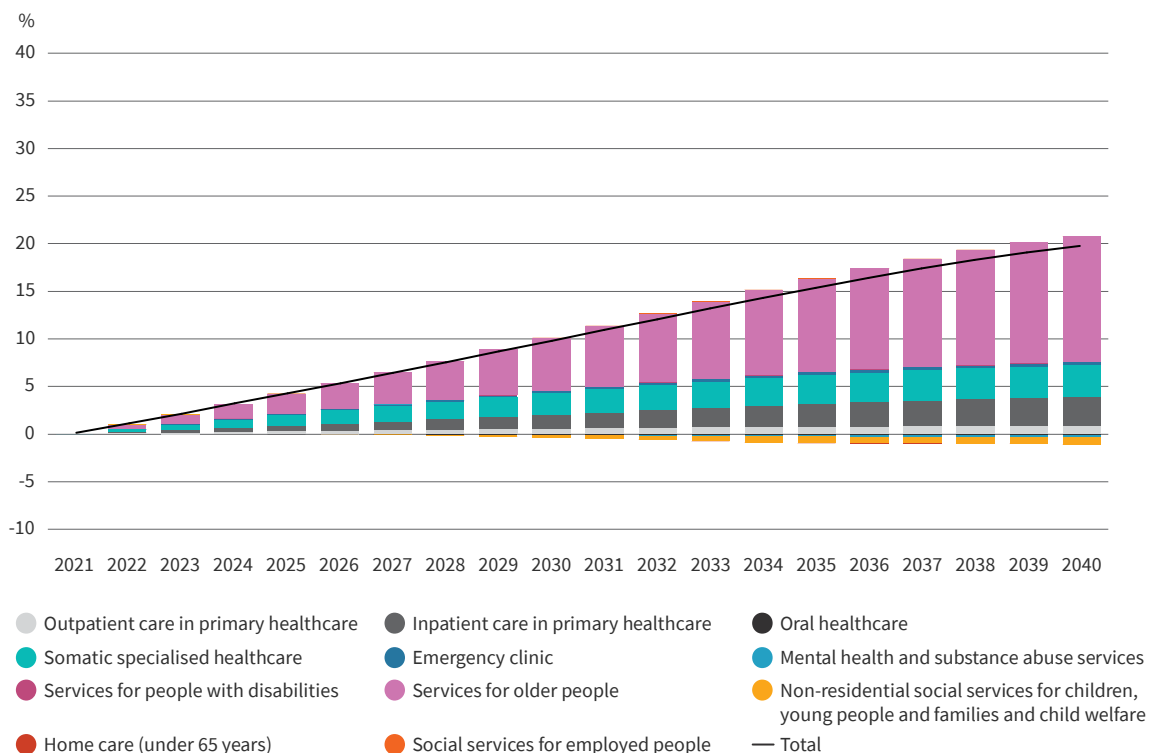
* The net operating costs deviate from the level used in the financial statements because of the adjustments made in transfer calculations and because of updated data.

Figure 3. Need-adjusted costs 2019–2021, index (whole country=100)



▲ The figure shows the deviation between the counties’ need-adjusted costs and the average for the country (100). The further the bar describing the costs is from the average, the lower or the higher are the need-adjusted costs in the county. The needs-based factors taken into account are the age and gender structure, morbidity and socio-economic status of the population. The data are based on the 2019–2021 calculations, which were updated by the Finnish Institute for Health and Welfare in 2023.

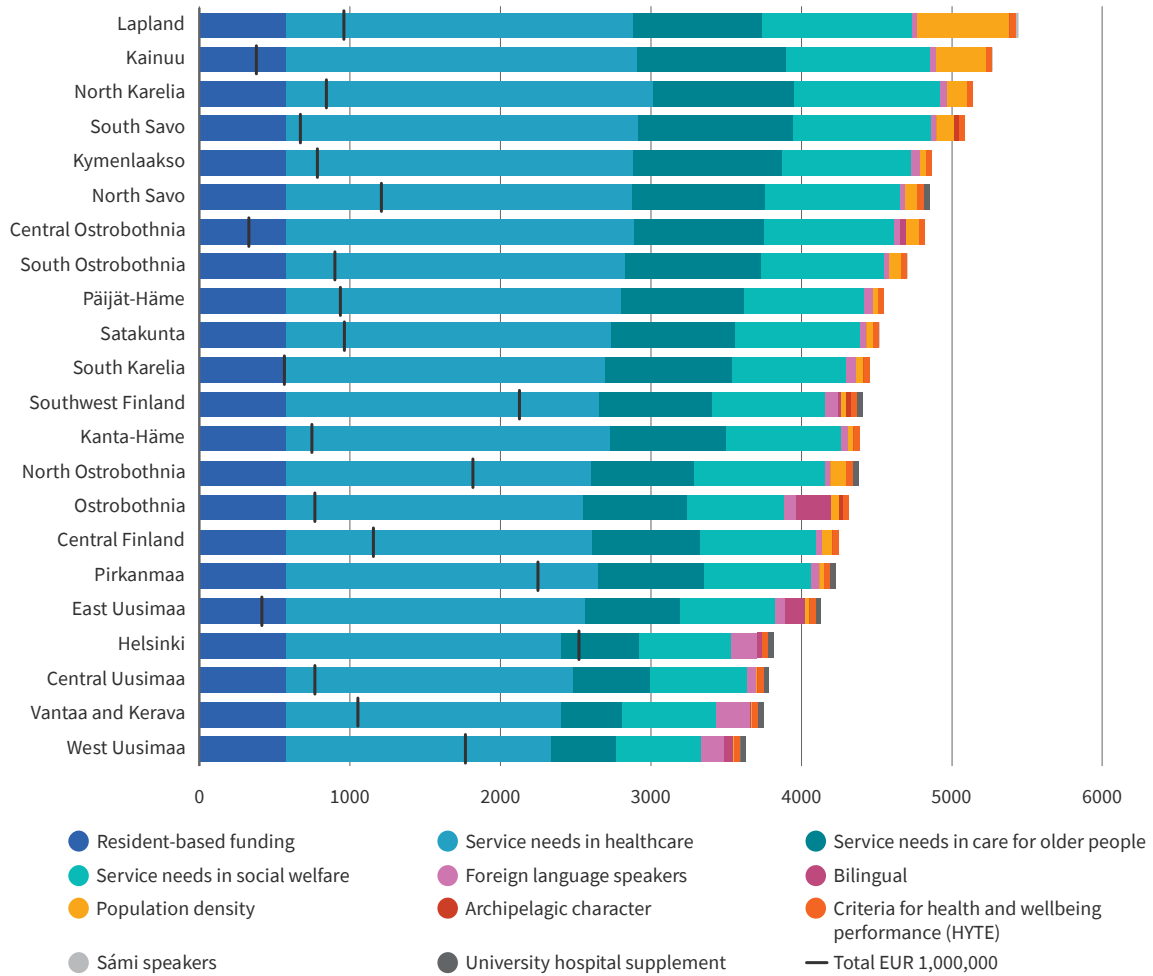
Figure 4. Annual impact of demographic change on the anticipated development of healthcare and social welfare costs, percentage from 2021 to 2040



▲ The figure shows the development of the healthcare and social welfare costs as a result of demographic change if the operation remains similar to the current state. The estimated annual changes in the service needs are based on the long-term trend predictions produced with the model for analysing social welfare costs (SOME model). The figures show the average increase in the volume of health and social services for each task between 2021 and 2040 as a percentage. Changes in inflation, productivity, the service structure or the socio-economic status of the population are not taken into account in the projected growth.

The calculation model is based on the register data collected by THL for the year 2019 and, with regard to open care in social welfare, on direct requests for data.

Figure 5. Imputed resident-specific funding in healthcare and social welfare by factor determining funding, and the funding by wellbeing services county in 2024



▲ The figure shows the imputed resident-specific funding for healthcare and social welfare in the wellbeing services counties in accordance with the funding criteria by determining factor. It also shows the funding for 2024 by county. Imputed funding deviates from actual funding because of the transitional equalisation procedure, which reduces or increases the county's funding during the transition period 2023–2029.

Measures promoting equitable availability of services, sufficiency of personnel and financial management

Strategies of the wellbeing services counties respond to national goals

The task of the wellbeing services counties, the City of Helsinki and the HUS Group is to organise the services for the population equitably, as integrated service packages and near the clients, considering the need for services. The wellbeing services counties set the goals for implementing healthcare and social welfare services in their service strategy.

In December 2022, the Government confirmed the national strategic goals for healthcare and social welfare for organising equal, high-quality and cost-effective healthcare and social welfare. As a rule, the goals have been taken into account well in the strategic policies of the wellbeing services counties.

The goals of financially sustainable operation and slowing down the increase in costs in relation to the increase in the need for services already became very concrete when the wellbeing services counties started their operation. The forecast of the financial statements of each wellbeing services county, the City of Helsinki and HUS for the first year is in deficit.

About one half of counties have a plan for balancing their finances and operation

The City of Helsinki, the HUS Group and about one half of the counties have already decided on the policies and measures related to balancing their finances and operation as part of their strategies or as separate plans and programmes. Some counties already have policies concerning the service network in their strategies and some will decide on policies in connection with the plan for balancing the finances and the operation, which will be drawn up at the end of 2023. Some of the counties will not make decisions until in 2024.

The goals for balancing the finances and the operation are very similar in those counties that have made the decisions. For example, the goals of slowing down the growth of the need for treatment and services, equitable availability and accessibility, and availability and sufficiency of personnel have been taken into account in every plan. Many plans also include the goal of operational integration. It is considered a precondition for cost-effective and customer- and patient-oriented conduct.

Increase in service needs and using services will be mitigated

Most counties have continued the promotion of well-being, health and safety in networks that were already operating previously. Increasingly effective partnership is sought for from work at interfaces. The division of tasks with municipalities is clearest in environmental healthcare and education services, and least clear in the tasks of immigrant integration and housing.

The increase in the need and demand for treatment and services is responded to with multichannel advice and guidance, which have already been centralised in individual counties. Residents are provided with strong guidance on how to independently maintain and improve their well-being and functional capacity. There is still very little centralised multiprofessional advice and guidance available.

Efforts will also be made to manage the flow of clients and patients by harmonising and tightening the criteria for getting treatment or granting a service. In addition, there may be an assessment period aimed at surveying the client's own resources and other possible support opportunities at the beginning of the client relationship.

Balancing between own provision and purchased service

In addition to long-term impacts, fast solutions are also sought for balancing the finances and the operation. Although the number of units or beds has already been reduced because of a shortage of personnel before, some of the counties have decided to change, for example, traditional inpatient wards in primary healthcare into assessment and rehabilitation units, cutting down the number of beds at the same time. Efforts are made to change the operating culture of units, for example, by making it more multiprofessional. Personnel is transferred from inpatient wards to hospital-at-home, intensified home rehabilitation or some other service supporting living at home.

In addition to the financial realities, the counties also take into account the risks and challenges affecting the implementation of the changes. For example, the organisation of need-based services leads to reorganisation of the functions within the county and changes in the local services that people are familiar with. Some of the areas have assessed the impact of the measures on clients, personnel or the service activities.

The counties also analyse provision methods to find the most cost-effective way to organise the services. However, the use of the multi-provider model is challenged by market fluctuations and price increases. During the first year of operation of the wellbeing services counties, financial management has been complicated by the use of temporary agency workers, which is more expensive than own provision. Because of the shortage of personnel, there is a need to resort to purchased services increasingly often in any case.

However, the services include statutory tasks in which the county's own activity is necessary. It has been found sensible from the point of view of effectiveness and supervision to keep some of the tasks as the county's own provision. For example, these tasks include the operation of child welfare reception facilities and assessment and rehabilitation activities for older people. Service vouchers have been used to reduce the queues to treatment by using them for purposes such as clients with an episode of care. In social services, service vouchers are already in much more common use.

Electronic services have increased in healthcare

The increasingly worsened shortage of personnel in the wellbeing services counties has weakened the availability of healthcare services. The waiting times for doctor's appointments in primary healthcare have become longer over the past few years, and wellbeing services counties have so far not been able to ease the situation (Figure 6). The shortage of personnel has also been reflected in the provision of non-urgent care in specialised healthcare. The proportion of those who have waited for more than six months has been particularly large in five areas (Figure 7).

The wellbeing services county strategies and service strategies are already partly guiding the development in the counties. However, several programmes and plans implementing the strategies are still in

preparation, which means that the strategies do not yet fully guide the services. The counties have also continued measures that harmonise the services and strengthen their availability and integration.

One of the most common strategic goals of the wellbeing services counties has been to improve the availability of the services with electronic services. The impacts of the measures can already be seen, as more and more people have used the services and been in contact with a health and social services professional through an electronic channel. In addition, electronic channels have expanded the opportunities for self-care and provided care in digital care paths. At the same time, more time has been freed to employees for direct work, and the accessibility of services has improved.

More low-threshold services for children, young people and families

The number of visits to school healthcare has decreased, and children and young people have had more experiences of insufficient services. The small number of low-threshold services has kept the need for corrective services high. The number of clients in child welfare increased by two per cent compared with the previous year. At the same time, the declining social worker resources have increased the employee-specific number of clients over the permitted level in almost all counties. Persons who are competent to work only as substitute social workers work in the counties, accounting for more than 28 per cent of the social workers in the services in spring 2023. The shortage of competent social workers has reduced the ability to keep to the deadlines in child welfare and slowed down access to the services (Figure 8).

The development of services for children, young people and families has focused on services with a low threshold. Several counties have introduced an electronic family centre service, and mental health services have been reinforced with the Cool Kids and IPC methods. The number of different contact channels with a low-threshold has also increased. Service paths for several needs have been developed in a multi-professional and multidisciplinary manner. However, the shortages of personnel have slowed down the development work, which will continue to pose a challenge to ensuring sufficient services even in the future. Counties have increasingly often resorted to purchased services to secure sufficient services and increased the use of temporary agency workers.

Home care will be strengthened

An ageing population together with the shortage of labour force poses a major challenge to organising the services. The majority of the wellbeing services counties have performed relatively well in assessing the service needs, but it has been increasingly difficult to organise services to meet the needs. According to THL's report, with the exception of informal care, the coverage of the key services for older people has declined over the past few years. According to the service organisers, the greatest shortages have been experienced in service housing, while the sufficiency of services has been best in home care. Meeting the staffing ratios laid down in the Act on Supporting the Functional Capacity of the Older Population and on Social and Health Care Services for Older Persons has been difficult and this has reduced the availability of the services.

Personnel shortages have weakened home care services and the number of clients in regular home care services has declined. The counties have aimed to improve the availability of home care and have developed advisory and guidance services. Technologies helping to carry out the work have been introduced in home care and there has been an increase in the number of remote visits. Bringing hospital-at-home and 24-hour services to people's homes has reduced especially the number of visits to emergency clinics.

Communal housing is being introduced as an intermediate form between living at home and service housing with 24-hour care. The counties and municipalities are developing service concepts together with other actors.

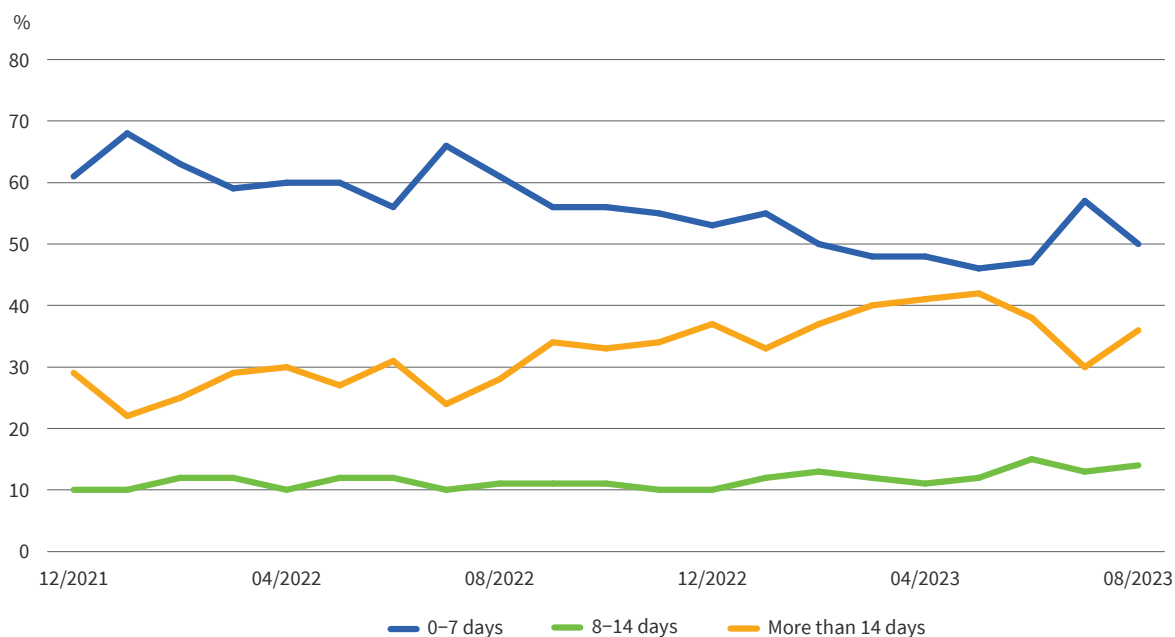
Measures promoting adequacy of personnel

In the report specified in section 29 of the Act on Organising Healthcare and Social Welfare Services, the capacities for securing the availability of competent personnel were assessed to be the weakest at the national level. On the other hand, it was estimated that equitable availability of services would be reached almost fully by 2025.

Some of the counties had not yet completed the drawing up of their personnel strategy or programme. Improving change management at different levels of the organisation and change management as a broad-based aim in improving the organisational culture are strongly visible in the already completed strategic policies. The aim is to move from a hierarchical management model to coaching leadership and community-led leadership, which, if successful, will increase the well-being and commitment of personnel. Opportunities for career advancement are also offered to personnel.

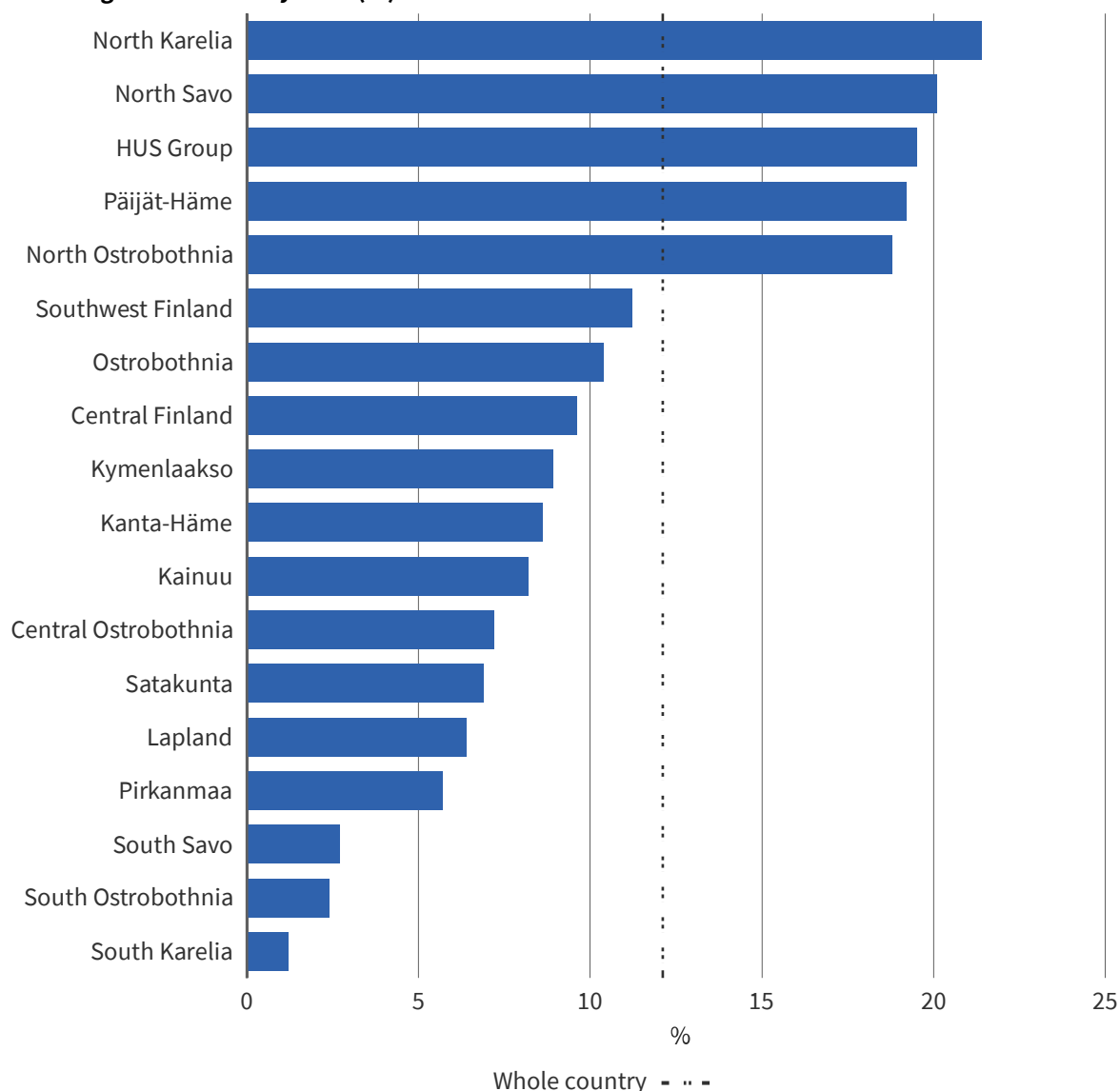
Efforts are also made to ensure the availability and sufficiency of personnel by taking measures, the impacts of which can already be seen in the short term. Reports on the division of work are under way, and some counties have already increased the number of support personnel. Back-up personnel is being employed or their current number is increased. Different financial incentives and practices that promote well-being at work are in use. The programmes currently being implemented to reform the finances and the operation also include policies related to the service structure and the service network. These policies are necessary for a sufficient personnel resource.

Figure 6. Waiting times for non-urgent doctor’s appointments in outpatient care in primary healthcare 2021–2023



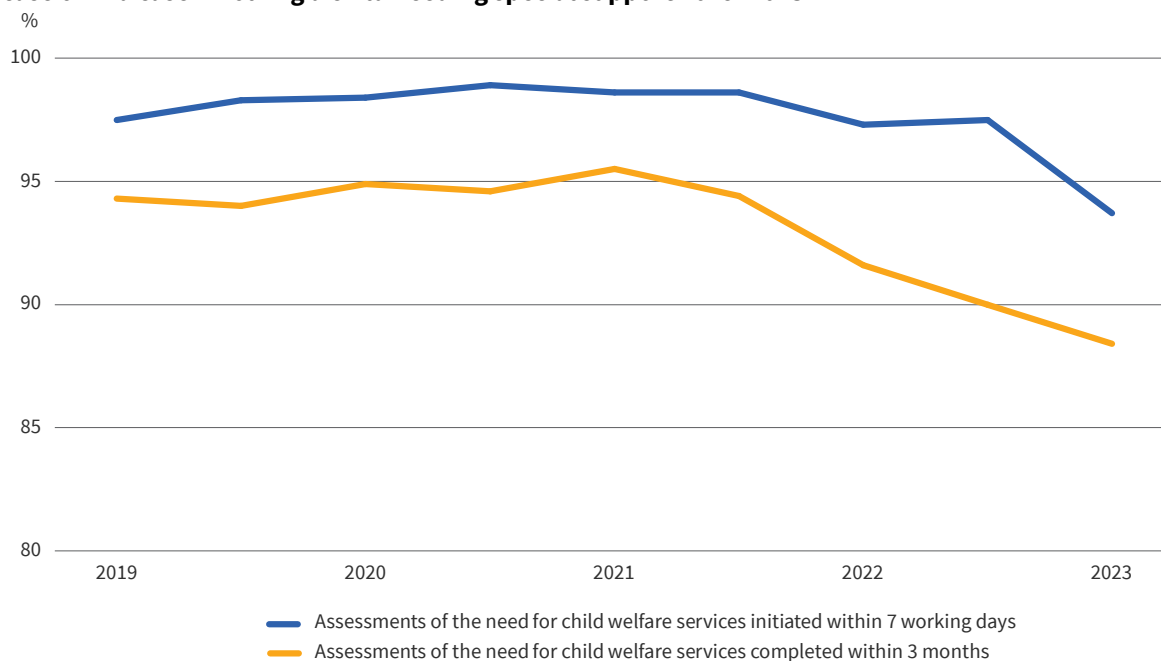
▲ The figure shows the proportions of those who waited for a non-urgent doctor's appointment in outpatient care in primary healthcare of the wellbeing services counties for 0–7 days, 8–14 days and more than 14 days within the period December 2021–August 2023. The information is based on the information in THL’s Register of Primary Health Care Visits. The information is updated on THL’s website once a month.

Figure 7. Persons who waited for non-urgent specialised healthcare for more than six months by wellbeing services county 2023 (%)



▲ The figure shows the proportion of those who waited for non-urgent specialised healthcare for more than six months in the wellbeing services counties and in the area of the HUS Group within the period January–July 2023. The information is based on the THL’s data on access to specialised healthcare (Erikoissairaanhoidon hoitoonpääsy). The information is updated on THL’s website once a month.

Figure 8. Realisation of the processing times of service needs assessments initiated as a child welfare case or in a case involving a child needing special support 2019–2023



▲ The figure shows the proportions of service need assessments initiated in child welfare within seven working days as a child welfare case or in a case involving a child needing special support and the proportions of service needs assessments in child welfare that have been completed within the statutory time of three months 2019–2023. THL collects the information twice a calendar year from service organisers.

Methods and quality statement

Assessment knowledge base

The national expert assessment drawn up by the Finnish Institute for Health and Welfare (THL) compiles the situation picture for the whole country mainly on the basis of the regional expert assessments. The quantitative knowledge base of the expert assessment is based on the cost-effectiveness indicators in social welfare and healthcare (KUVA) consisting of approximately 500 indicators. The KUVA indicators are aimed at ensuring the consistency of the data used by the Ministry of Social Affairs and Health in carrying out its guidance and by THL in its expert assessment as well as ensuring the preconditions for creating a joint situation picture. The quantitative knowledge base of the assessment is strengthened by also using applicable parts of THL's database reports, some of which are updated on a monthly basis.

The regional levels of indicators utilised in the national assessment are the wellbeing services counties and the whole country. The indicator data for the whole country also include the corresponding data for Åland. In accordance with the Act on Organising Healthcare and Social Welfare Services, county-specific assessments in turn focus on the wellbeing services counties, the City of Helsinki and the HUS Group. Where applicable, the indicator data for the whole country are also compared with international data. The indicators defined for monitoring the national goals of healthcare and social welfare for the period 2023–2026 have also been included in the knowledge base of the assessment.

In addition, the source material for the expert assessment includes the reports drawn up by the wellbeing services counties on the state of healthcare and social welfare and the finances as well as other document data especially on the strategies, financial documents and the implementation and change programmes of the wellbeing services counties, the City of Helsinki and the HUS group. The reports by the National Supervisory Authority for Welfare and Health Valvira and the regional state administrative agencies on the equitability of healthcare and social welfare in the counties and the calculations, statistics and reports of other national authorities are part of the knowledge base of the assessment. In addition, an important source of information in the county-specific assessments are the assessment interviews conducted with the representatives of the wellbeing services counties.

Openness, availability and quality of the knowledge base

The KUVA indicators and the rest of the knowledge base are openly available for examination. The KUVA indicator data used in the assessment are available in the Sotekuva online service (sotekuva.fi) at the national level (incl. Åland), by wellbeing services county and by municipality. The other indicator data used in addition to the set of indicators are available in the Statistics and Indicator Bank Sotkanet (sotkanet.fi) and in [THL's database reporting](#). Other statistical data and the information on the qualitative documentation used in the assessment can be found in the source list. Valvira's and the regional state administrative agencies' observation reports have been published on the respective agencies' websites. In addition, the preliminary data (KEVA) of the retirement forecast for the public sector 3/2023, which were not available at the time of writing the report but were delivered to THL for assessment have been used in the National Expert Assessment. The discussions with the county representatives are not public.

The goals of THL's provision of indicators required in the assessment are up-to-dateness and quality. Deficiencies in quality are monitored with indicator-specific additional information. Indicators with known

significant quality deficiencies have not been used in the assessment. As a rule, the KUVA indicators are updated annually. In May 2023, 88 per cent of the indicators in the KUVA indicator set had been updated with new data for the healthcare and social welfare assessment organised by the wellbeing services counties. In September, when the National Expert Assessment was drawn up, 95 per cent of the data of the indicators had been updated. The timeliness of the production of the KUVA indicators has improved during the monitoring periods that began in 2018.

The 2021 reform of the collection of financial data affects the preconditions for assessing the finances also in the expert assessments published in autumn 2023. The indicators and the statistical cubes in the statistics on public finances in healthcare and social welfare for the year 2022, utilised in the assessment, are based on service category-specific data that municipalities and joint municipal authorities have reported in the State Treasury's information service between 1 May and 16 August 2023. The financial data published on 21 August 2023 are available on THL's [website](#) (in Finnish).

Changes in the service classifications of the financial statistics and unspecified service categories affect the comparability of the data between the counties and between the years 2021 and 2022. This has been taken into account in the KUVA indicators used in the assessment by making the level of examining the data less specific, in other words by forming sum indicators to correspond to old task categories, as applicable. In addition, several deviating items have been entered to the financial year 2022 of municipalities and joint municipal authorities, which affects the comparability of the data. Among other things, these include covering the deficit of joint municipal authorities and returning the surplus and the capital gains recorded for the sales of shares and municipalities' healthcare and social welfare properties. In this respect, the figures deviate from the knowledge base used in the financial statements. The quality of the data is described in more detail in the [quality statement](#) (in Finnish) of the statistics.

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