VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

THE OVERVIEW OF HEALTHCARE NETWORK RESTRUCTURING

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No VRE-1

The overview was carried out by: Eglė Merkininkienė (Head of Department), Jolanta Indriulienė (Team Leader), Kristina Sinkevičiūtė-Kryževičienė, Neringa Mecutaitė, Vytenis Žukas, Nerijus Domskis.

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INTRODUCTION

1. Healthy and able people are a guarantee for the economic growth of the country and sustainable development[1]. The main objective of the healthcare strategy of our country is to achieve better population health, increase life expectancy, and reduce health inequalities[2]. The overall indicators of health and the system of the population are not good and significantly lag behind the EU average (Table 1). The consequences for the health of the Lithuanian population caused by the COVID-19 pandemic in 2020-2021 highlighted the need to strengthen the resilience of the system during crises[3] – in 2020, life expectancy in our country dropped by 17 months (from 76.5 to 75.1 years)[4].

Table 1. Comparison of Lithuanian Healthcare Indicators per 100 000 population with the EU average (2019–2021).

Indicator	Value of Lithuanian Indicator	The EU average
Mortality from ischaemic heart disease (the main cause of death in the country)	464	115
The overall mortality from cancer	280	260
Preventable mortality	293	160
Treatable mortality	186	92
Number of hospital admissions	>500	<300
The overall number of beds in hospitals	635	532

Source – OECD[5] and data of explanatory note of healthcare institutions, amendment and supplementation of Law on Health System.

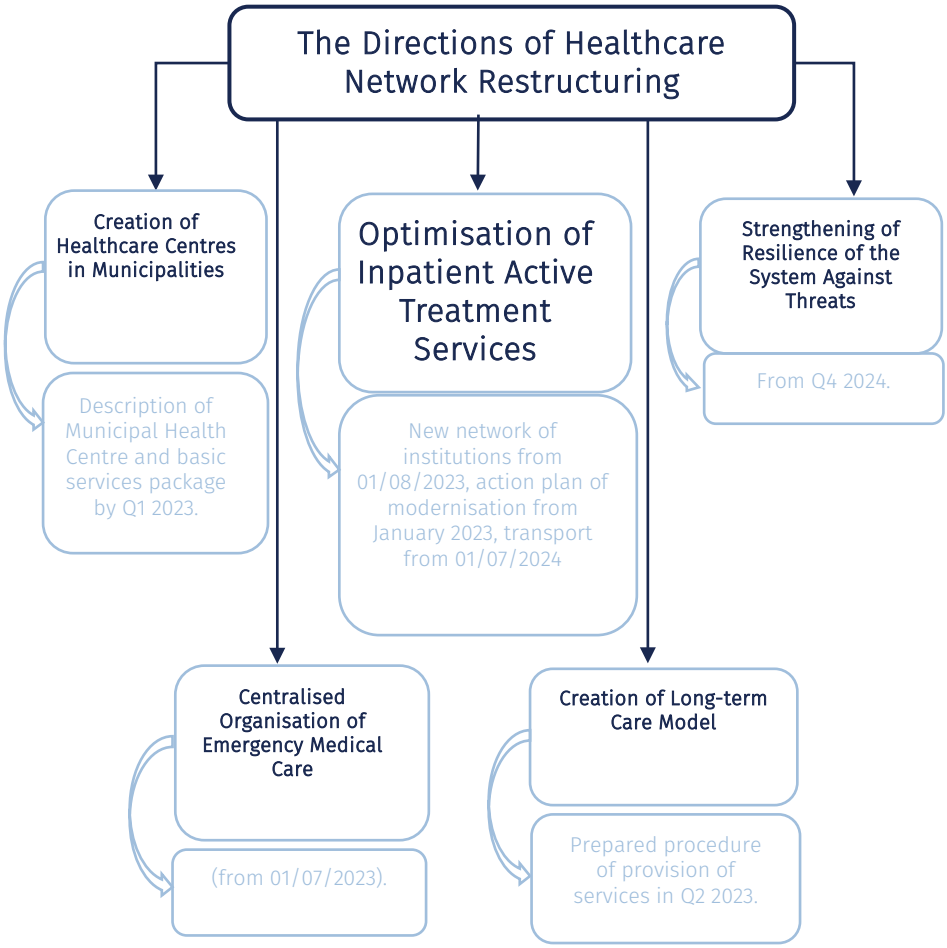
2. According to OECD, longstanding challenges remain, such as low uptake of health promotion measures, uneven distribution of human resources, weak primary care and varying quality in specialist care[6]. Not all providers are adequately equipped to provide high-quality care for conditions that are among the deadliest for the population[7].

3. The Ministry of Health attributes the main causes of high mortality from preventable diseases to the insufficient quality of the healthcare and the inability of the health system to react flexibly to threats and changing demographic trends and describes the network of healthcare institutions operating in the country as dense and surplus[8]. To solve these problems, the Ministry initiated amendments to healthcare institutions and Law on Health System[9], creating preconditions for the network restructuring. It aims to create legal preconditions for the provision of quality and safe healthcare services for all Lithuanian

[1] Lithuanian Health Strategy Program 2014-2025 approved by the Seimas Resolution No XII-964 of 26 June 2014, Chapter I (2)
[2] Ibid., Chapter II
[3] Public Audit Report No VAE-2 of 02/03/2022 "Ensuring of Sustainability of Healthcare in Emergencies", p. 5–11.
[4] Internet access: https://www.oecd-ilibrary.org/migration-health/lithuania-country-health-profile-2021, p. 4, 15, 22., (accessed on 05/12/2022).
[5] Ibid, p. 4–5, 12–13, 97 and 99, accessed on 05/12/2022.
[6] Ibid, p. 3, accessed on 05/12/2022.
[7] Ibid, p. 22, accessed on 05/12/2022.
[8] Explanatory note of draft amendment on the amendment of Articles 2, 10, 11, 15[1], 39 of the Law on Healthcare Institutions No I-1367, Law supplementation of Article 46[1] of the Law and amendment of No I-552 Article 2 and Law supplementation of Article 12[1] of the Law on Health System.
[9] On the amendment of Articles 2, 10, 11, 15[1], 39 of the Law on Healthcare Institutions No I-1367, Law of the Law supplementation of Article 46[1] and the Law of the amendment of No I-552 Article 2 and supplementation of Article 12[1] of the Law on Health system.

residents, regardless of their place of residence, social or economic situation, to make quality services geographically, communicatively, organisationally, and economically accessible, and improve the health of Lithuanian residents in such a way[10]. The restructuring is planned to be carried out in 5 main directions (Figure 1).

Figure 1. The Directions of Healthcare Network **Restructuring**



Source – the National Audit Office according to data provided by the Ministry of Health.

4. By collecting information, related to the progress of the restructuring of the healthcare network, available at the end of 2022, we draw attention to the risks.

[10] Explanatory note of draft amendment on the amendment of Articles 2, 10, 11, 15[1], 39 of the Law on Healthcare Institutions No I-1367, Law supplementation of Article 46[1] of the Law and amendment of No I-552 Article 2 and Law supplementation of Article 12[1] of the Law on Health System.

RESULTS

The implementation of the recommendations of The National Audit Office would have helped to solve service quality problems

5. By identifying the problems in the health system during the audits, The National Audit Office has recommended ensuring a sustainable e-health development[11], improving the allocation, use and pricing of funds for the payment of healthcare services, taking into account the observations of the OECD, evaluate the efficiency of the network of healthcare institutions[12], implement measures to improve the system of raising the qualifications of healthcare specialists and ensure the quality of services (safety, effectiveness, availability)[13]. The implementation of these recommendations is delayed or they are implemented partially. The changes recommended by the National Audit Office regarding the assessment of competence and professional development of healthcare specialists, the assessment of the quality of the activities of healthcare institutions and the services provided, the reasonableness of base prices, payment mechanisms for new services and medical devices, and the improvement of patient flow monitoring processes are planned to be implemented in carrying out the Government's program[14].

6. The recommendation on improving the quality indicators of services provided by healthcare institutions is particularly important for the smooth implementation of the network restructuring, but its execution is delayed. By Q4 2024, while implementing the project financed by the EC, there are plans to create a Complex healthcare service quality assessment model (indicator scoreboard), to prepare lists of monitored indicators, their calculation methodology, standardized assessment guidelines and to limit values for each activity area.

   The restructuring of the healthcare network, new requirements for the layout of the network of institutions and the quality of services, and the development of a model of service provision based on cooperation between institutions started without implementing the proposed changes regarding the quality of services, accessibility, and payment withdrawal. The Ministry indicated that the directions of the restructuring were chosen based on the results of analyses, carried out by the Ministry and the National Health Insurance Fund, of the activities of healthcare institutions and the scope of services provided, as well as the results of surveys of municipalities and healthcare experts[15].

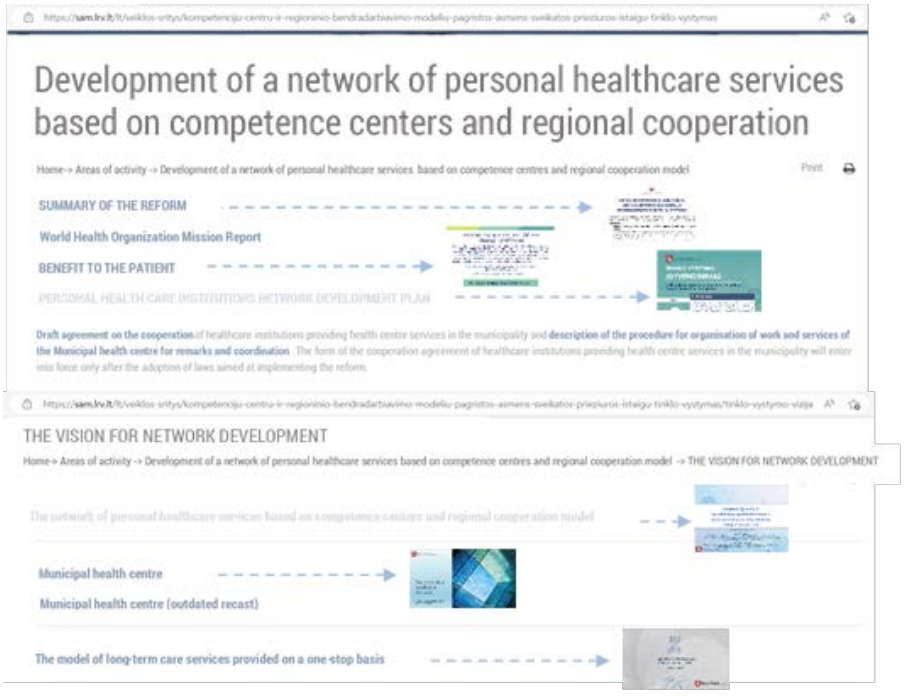
[11] Public audit reports: 26/04/2017 No VA-2017-P-900-3-12 "Development of an Electronic Health System" and 16/11/2018 No VA-2018-10-1-10 "Availability of Personal Healthcare Services and Orientation to the Patient".
[12] Assessment of Compulsory Health Insurance Fund sets of consolidated financial and budget execution reports, and of the legality of the management, use and disposal of its funds and property. Public audit reports: 01/10/2020 No FAE-5; 30/09/2019 No FA-7; 01/10/2018 No FA-2018-P-6-3-7-1; 28/09/2018 public audit report No VA-2018-P-9-3-9 "Quality of Personal Healthcare Services: Safety and Effectiveness".
[13] Public audit reports: 28/09/2018 No VA-2018-P-9-3-9 "Quality of Personal Healthcare Services: Safety and Effectiveness" and 16/11/2018 No VA-2018-10-1-10 "Availability of Personal Healthcare Services and Orientation to the Patient".
[14] Approved by the Seimas Resolution No XIV-72 of 11 December 2020.
[15] Ministry Letter No GD-199 of 25/01/2023.

An approved plan and communication strategy would have increased the confidence of healthcare system participants in the restructuring

7. Since 2003, the Government of the country consistently takes action to improve the quality, accessibility and safety of healthcare services, taking into account the needs of the population to optimise the scope and structure of the services provided, use the resources of the national health system (financial, human and infrastructure) efficiently and rationally. All stages of restructuring or optimisation of the health system[16] were planned for an average of 3 years, the objectives, tasks, directions, and indicators of the restructuring s were determined in the documents[17]. In June 2022, the adoption of amendments to the healthcare institutions and LNHS laws created the prerequisites[18] for another (5th) restructuring of the network of healthcare institutions. It is projected that it will be completed by 2030 and, compared to the previous ones, will cover most of the areas of the health system.

8. Unlike during the previous reforms, a structured document regulating the directions of the restructuring, the main actions, their deadlines, indicators, etc., was not prepared. Information about the beginning of restructuring (directions, healthcare services planned to be provided, indicators) is given and clarified in the slides provided on the Ministry's website[19] (Figure 2).

Figure 2. Sample slides on healthcare restructuring provided by the Ministry



[16] 1st stage took place in 2003–2005; 2nd in 2006–2008; 3rd in 2009–2012; 4th in 2015–2017.
[17] Restructuring strategy of Healthcare Institutions, approved by the Resolution No 335 of the Government of 02/12/2003, The III stage program for the restructuring of Healthcare Institutions and services, approved by the Resolution No 1654 of the Government of 07/12/2009, The plan of the fourth stage of the development of the health system and the consolidation of the hospital network, approved by the Resolution No 1290 of the Government of 09/12/2015.
[18] Laws on the amendment of the Article 2 and addition to the Article 12-1 and 51-1 of the Law on Health System No I-552 and the amendment of the Article 2, 10, 11, 15-1, 39 and addition to the Article 46-1 of the Law on Healthcare Institutions No I-1367 passed by the Seimas on 30/06/2022.
[19] Internet access: https://sam.lrv.lt/lt/veiklos-sritys/kompetenciju-centru-ir-regioninio-bendradarbiavimo-modeliu-pagristos-asmens-sveikatos-prieziuros-istaigu-tinklo-vystymas.

Source – National Audit Office according to the information published on the website of the Ministry of Health

9. Properly prepared and reasoned proposals of organisations operating in the field of healthcare are important for the implementation of the restructuring of the healthcare network; therefore, their inclusion and adequate information about the planned directions of the reorganising, specific measures and deadlines for their implementation, expected results and etc., is necessary. The Ministry of Health indicates[20] that meetings were organized with all municipalities and interested parties to discuss the implementation of the healthcare reform, the planned restructuring was presented in more than 80 meetings with interested institutions, and all relevant questions were answered. Draft laws were presented to the public at conferences organised in Vilnius, Kaunas, Klaipėda, Šiauliai, and Panevėžys. However, the collected information shows that communication created a feeling of uncertainty for the participants of the health system, there was a lack of opportunities for them to present their arguments regarding the planned restructuring.

Assessment of the restructuring process carried out by the participants of the health system

In the certificate of coordination of the draft law on amendments to the laws of healthcare institutions and the Health System, the Lithuanian Hospital Association (Lith. *Lietuvos ligoninių asociacija*) stated that during the coordination of the amendments, the members understood certain provisions differently and assessed them diversely; the assessment of the submitted draft laws is also impeded by the fact that their provisions differ from the municipalities and the principles of the implementation of restructuring presented to the representatives of healthcare institutions in Lithuanian regional meetings[21].

The representative of the Association of Lithuanian Municipalities stated[22] that "there is chaos, the restructuring processes are happening inconsistently, there is no restructuring plan and a lack of legal certainty". The representative of the Association of Lithuanian Regional Hospitals also confirms that everything is being done on the principle of the slide presentation, therefore it is not clear what the final result will be[23].

The representatives of the Movement of Lithuania's Medics (Lith. *Lietuvos medikų sąjūdis*) claim that the interested parties were not included in the planning of the reform, the preparation of essential guidelines and normative documents, the discussion of the expected impact and other related processes, no answers are provided to the questions raised[24]. Therefore, the representatives of the movement filled a complaint to the auditor of the Seimas on 25/08/2022, which was recognised as reasonable, because the Ministry factually answered the inquiry of the movement submitted to the latter dated 25/11/2021 on 12/07/2022 (after the adoption of amendments to the laws implementing the reform in the Seimas) and did not answer all given questions[25]. The Movement of Lithuania's Medics points out that due to these actions of the Ministry, it did not have the opportunity to submit properly prepared and reasoned proposals on the content of the draft legislation implementing the reform[26].

10. The Ministry indicated[27] that it sought to agree with the social partners on the goals and main principles of the network restructuring and did not receive remarks or suggestions,

[20] Coordination certificate, available at: https://lrv.lt/uploads/main/meetings/docs/2464063imp_51c8ca69e8bc6e10c504fad5a7f1658b.docx, accessed 17/10/2022.
[21] Coordination certificate, available at: https://lrv.lt/uploads/main/meetings/docs/2464063imp_51c8ca69e8bc6e10c504fad5a7f1658b.docx, accessed 17/10/2022.
[22] Telephone conversation with the Association of Local Authorities in Lithuania (ALAL) health advisor on 19/10/2022.
[23] Protocol of the meeting with the representative of the Association of Hospitals of Lithuanian Districts on 26/10/2022
[24] Protocol of the meeting with the representatives of The Movement of Lithuania's Medics on 26/10/2022.
[25] Seimas auditor's certificate No 4D-2022/1-1014 dated 10/11/2022, internet access: https://www.lrski.lt/seimo-kontrolieriu-pazymos/, accessed 05/12/2022.
[26] Protocol of the meeting with the representatives of The Movement of Lithuania's Medics on 26/10/2022.
[27] Letter No GD-199 of the Ministry of 25/01/2023.

that they were inappropriate or unacceptable. The restructuring is a complex and complicated change that will involve a number of healthcare institutions and their employees, therefore according to the Ministry, it is natural that organisations representing medical facilities which are likely to have the most planned changes, tend to oppose and disapprove of the reform.

11. By renewing the Healthcare Quality and Efficiency Improvement Development Programme, the Ministry prepared and on 09/12/2022 published the project of the document, in which all the directions, related to the restructuring, list of target indicators, deadlines of implementation, and participating institutions are presented[28]. On 23/12/2022, the Ministry renewed this project once again[29] and approved it on 24/12/2022[30], and foresaw preparing a communication strategy of reform in 2023. According to the auditors' assessment, before starting the communication about the planned restructuring, a restructuring document (plan), indicating the scope, directions, deadlines, target results of the restructuring, that was prepared and published, would have contributed to a better understanding and confidence in the planned changes of all interested parties, as, according to the participants of Health systems, there was a lot of unanswered questions.

12. The Ministry indicates [31] that it never set out an objective to prepare a detailed restructuring plan for the healthcare institutions Network of the whole country. Municipal administrations, which (acquainted with the results of the assessment of the activities of institutions performed by the Ministry and the National Health Insurance Fund and taking into account the objectives of the restructuring of the institutions) would independently make the necessary decisions to solve the accumulated problems of the quality and accessibility of healthcare services to the population of the country, are seeking to be involved as actively as possible into the restructuring.

The selected network development in concluding cooperating agreements may not ensure better accessibility of services

13. One of the directions of the restructuring of the network is to create health centres responsible for providing the necessary healthcare services in the territory of the municipality. It is foreseen that not only a legal entity may be a centre, but also the model for the provision of personal healthcare services, where the provision (accessibility) of services on the basis of cooperation agreements is ensured by more than one healthcare institution (individual legal entities, including private individuals) connected to a network of institutions[32].

[28] Description project of Healthcare Quality and Efficiency Improvement Development Programme 2022-2030 progress measure No 11-002-02-11-01 "To Improve the Quality and Accessibility of Healthcare Services". Internet access: https://sam.lrv.lt/lt/administracine-informacija/planavimo-dokumentai/pletros-programu-rengimas/sveikatos-prieziuros-kokybes-ir-efektyvumo-didinimo-pletros-programa, accessed 14/12/2022.
[29] Ibid., accessed on 29/12/2022.
[30] Recast of Healthcare Quality and Efficiency Improvement Development Programme 2022-2030 progress measure No 11-002-02-11-01 "To Improve the Quality and Accessibility of Healthcare Services" approved by the order No V-1956 of the Minister of Health of 23/12/2022.
[31] Letter No GD-199 of 25/01/2023.
[32] Draft description of the procedure for organising the work and services of the Municipal Health Centre. Internet access: https://sam.lrv.lt/lt/veiklos-sritys/kompetenciju-centru-ir-regioninio-bendradarbiavimo-modeliu-pagristos-asmens-sveikatos-prieziuros-istaigu-tinklo-vystymas, accessed on 19/12/2022.

14. During the investigation[33], performed by the Competition Council in December 2022, it was assessed whether healthcare services financed by the Compulsory Health Insurance Fund could be regarded as an economic activity. If the investigation concluded that these services could be regarded as an economic activity to a certain extent, the rules of the Law on Competition, including prohibitions on restrictions of competition on entities of public administration, agreements between economic operators restricting competition, would apply to cooperation between healthcare institutions[34].

15. Having assessed the form of the cooperation agreement[35], the Competition Council stated that if the object of the cooperation agreement were to be an economic activity, a risk would arise that the agreement would acquire the characteristics of an agreement restricting competition[36]. Agreements between competing economic operators on the scope, quality, conditions of provision of services, sharing of information, as a result of which they may no longer compete in quality of services and/or will no longer provide certain services, are considered to be self-restrictive of competition and may lead to market sharing according to customers/territories[37].

Points of the sample cooperation agreement, on which agreements between healthcare institutions may have characteristics restricting competition

Foreseen coordination of the provision of personal healthcare in cooperation with each other (1); coordinated patient flow management and/or service provision arrangements (4.3); a tool for transferability of information and feedback between the parties to the contract (4.5); authorisation of the use of healthcare professionals from another institution for the provision of services (4.6); setting up a coordination working group of representatives of the bodies to coordinate the provision of services (4.7); organisation of joint consultations on the provision of services (4.8); publication of the set of activity performance indicators of institutions providing services (4.9); exchange of good practice in the provision of services (4.11).

16. The planned changes in the network of healthcare institutions in the municipalities' territories and investments (infrastructures, equipment, human resources) necessary for them also included healthcare institutions providing services under cooperation agreements. The Competition Council is yet to assess the influence of these agreements on the competition. Therefore, the Ministry should assess the potential risk and call for proposals for investments only when having the Council's conclusion on the impact of the award of contracts on the restriction of competition. If cooperation agreements are considered to be restrictive of competition, a risk may arise that the funds allocated to the restructuring of the network will be used inappropriately.

17. The Ministry indicated[38] that the cooperation agreement is not intended to limit the scope of the services provided by the institution; a draft description of the procedure for the organisation of healthcare services attributable to the Health Centre has been prepared, which also includes a cooperation agreement in its scope, and it is planned to submit it to the institutions concerned for coordination, including the Competition Council; in order to

[33] Letter of Competition Council submitted via email on 21/11/2022.
[34] Law on Competition Articles 4 and 5 respectively.
[35] The Competition Council assessed the sample form of cooperation agreement for healthcare institutions providing the services of a health centre in the municipality, which was published on the Ministry of Finance's website and included in the draft procedure for organising the work and services of health centres for remarks and coordination.
[36] According to the Article 5 of Law on Competition.
[37] Letter of Competition Council submitted via email on 21/11/2022.
[38] Letter No GD-199 of 25/01/2023.

manage potential risks, planned investments in health centre infrastructure will not start before the necessary legislation has been adopted.

A lack of health professionals can become a challenge for a smooth restructuring

18. To ensure access to healthcare services, the number of healthcare professionals must be adequate first and the need for them must be planned and predicted[39]. The Government Strategic Analysis Centre (STRATA) projects[40] that the shortage of general care nurses (3 163), family doctors (428) and internal medicine physicians (420) will be the highest in 2030, but these projections are made without taking into account planned changes in the healthcare network. According to the representative[41] of the Lithuanian Districts Hospital Association (Lith. *Lietuvos rajonų ligoninių asociacija*), there is a shortage of specialists in the districts (e.g. neurologists), and it is only possible to attract them from other healthcare institutions. Healthcare specialists (who provide secondary outpatient services) are reluctant to go to small district hospitals because the limited range of services provided and the lack of the ability to provide complex services will lead to an insufficient amount of activity for them, loss of qualifications acquired during studies, residency.

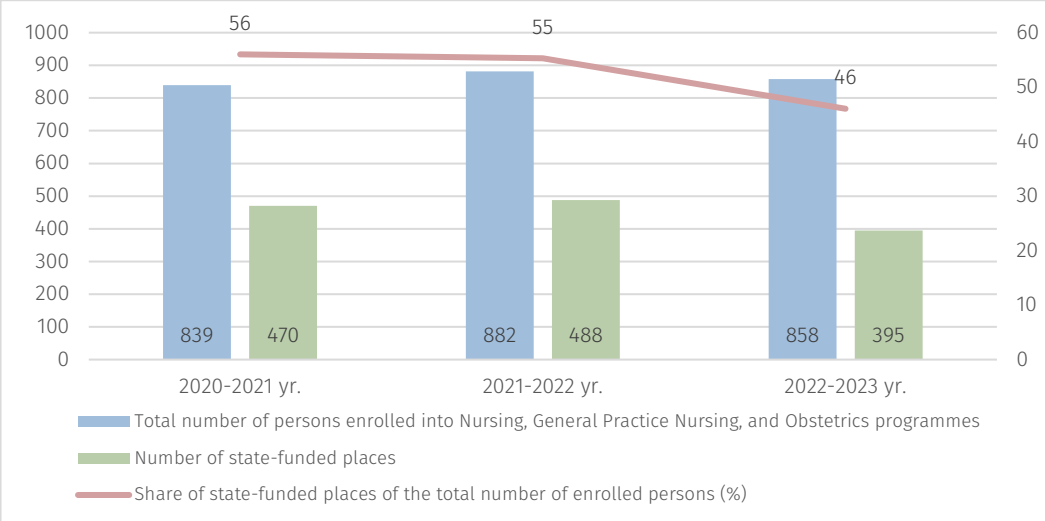
19. The Ministry of Health indicated[42] that STRATA plans to update the study on forecasting the need for health professionals and to include new study directions and programmes (public health, nutrition, medical technologies, rehabilitation, pharmaceuticals, etc.); forecasts of the needs of healthcare professionals, not only at national but also at the regional level, will be prepared, as they are necessary for the restructuring of the network of healthcare institutions to focus on 5 regions; assumptions for the restructuring of the network of healthcare institutions have been included; the impact of the COVID-19 pandemic on the number and need of healthcare professionals has been assessed.

20. Nurses are among the most lacking healthcare professionals. OECD stresses that in 2019, the total number of doctors (4.6 doctors per 1 000 residents) in Lithuania was the fifth highest in the EU (the EU average – 3.9 doctors). As the number of doctors continues to rise, the number of nurses has not increased so rapidly, with 1.7 nurses per doctor in 2019; this is the lowest ratio since 2000. Despite the need for nurses, the number of graduates who have completed nursing studies has decreased since the first decade of the 20th century: in the 2000-2009 period, the yearly average was 626 nurses, and 554 in 2010–2019[43]. OECD indicates that the objective of the National Health Strategy 2014-2025 to restore the 2:1 ratio of the number of nurses and doctors by 2020 has not been achieved due to the decreasing number of nurses[44]. The Ministry plans to achieve this ratio of nurses (including obstetrics) by 2025, and by 2030, there should be 2.5 nurses per doctor[45].

[39] Public audit report No VA-2018-10-1-10 of 16/11/2018 "The Accessibility of Healthcare Services and the Orientation Towards the Patient", p. 18.
[40] Internet access: Projection of Healthcare Specialists – STRATA, accessed 25/11/2022.
[41] Protocol of meeting of 26/10/2022.
[42] Email received on 02/12/2022
[43] Lithuania 2021, Country Health Profile, p. 10.
[44] Lithuania 2021, Country Health Profile, p. 10.
[45] Description tab of monitoring indicator "Number per one doctor". Internet access: https://sam.lrv.lt/lt/administracine-informacija/planavimo-dokumentai/pletros-programu-rengimas/sveikatos-prieziuros-kokybes-ir-efektyvumo-didinimo-pletros-programa, accessed 14/12/2022.

21. When comparing[46] the number of persons enrolled in the nursing programme in 2020-2022, a decrease in the number of students entering their studies is visible, and the number of publicly funded places is decreasing (Figure 3).

Figure 3. Number of students enrolled in the nursing programme and state-funded places in 2020-2022



Source – The National Audit Office based on the statistics of the Ministry of Education, Science and Sport (based on LAMA BPO[47] data).

22. According to the Ministry[48], the shortage of nursing specialists should not be significantly altered by the creation (introduction) of a long-term care model. The current shortage of professionals involved in the nursing process corresponds to the current estimate of + 10 %, as the estimated shortage will respond to the regulated loads and more specialists will be necessary to reduce the workload of nurses and nurse assistants. The Ministry plans[49] to regulate the recommended loads of nurses as mandatory, but other participants of the system believe that their need is greater.

Opinion of the representatives of the Movement of Lithuania's medics on the need for nurses in the context of the implemented restructuring.

> For the proper implementation of the restructuring, the number of nurses should be 8-9 times higher than we have today, to reduce the number of inpatient services as it is planned, a significant increase in the number of nurses at the outpatient level is required. The number of advanced practice nurses must be increased, loads of nurses must be analysed and the legislation regulating them must be formed. The order on recommended workloads for nurses, adopted in 2012, is currently in force, but in practice, the workloads in any healthcare institution are not in line with the recommendations. In some cases the situation is even critical, e.g., in palliative care homes, there are 65 people per nurse per night[50].

23. According to the auditors, the shortage of health professionals may pose a challenge to the smooth implementation of the restructuring. With legislation on the network of Impatient Treatment Institutions, health centres guaranteeing basic healthcare services in municipal territories in place by 30 April 2023 and coming into force on 1 August 2023, there may not be enough time to ensure that they have a proper number of healthcare specialists.

[46] Internet access: Statistics | Ministry of Education, Science and Sport (lrv.lt), accessed 05/12/2022.
[47] LAMA BPO – Association of Lithuanian Higher Education Institutions for Centralised Admissions.
[48] Information provided by the Ministry of Health via email on 02/12/2022.
[49] Information provided by the Ministry of Health via email on 02/12/2022.
[50] Protocol of meeting with representatives of Movement of Lithuania's Medics on 21 October 2022.

Understanding the role of nurses in the implementation of the reform, the National Audit Office plans to start a performance audit on the assurance of healthcare (nursing) professionals' needs in 2023.

24. The Ministry[51] indicated that the uneven distribution of healthcare professionals in the country, inappropriate planning of the needs of professionals and other problems are known and measures addressing them are foreseen.

Principal Auditor-Audit Team Leader at the Performance Audit Department 4	Jolanta Indriulienė
Head of the Performance Audit Department 4	Eglė Merkininkienė

[51] Letter No GD-199 of 25/01/2023.

2023