Interview with Fatih Acar, President of the Institution and the Administrative Board, Social Security Institution (SGK)

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Tags: Social Security Institution (SGK)

Mr Acar, could you present to our readers the Institution’s historical development and its role today in the Turkish pharmaceutical and healthcare sector?

Before Social Security Reform was initiated, there used to be three separate social security schemes in the system. Social Insurance Institution (SSK) for blue and white collar workers in the public and private sector, Government Employees Retirement Fund (ES) and the Social Insurance Agency of Merchants, Craftsmen and the Self-Employed (Bag-Kur). These schemes provided both pension and health insurance. Besides, health care spending of the active civil servants was financed from the general budget.

On the other hand the Green Card-scheme, directly funded by the state budget, was introduced in 1992 with the aim to cover health expenditure of those not covered by any other social security scheme and who do not have sufficient resources to meet health care needs.

Regarding the benefit packages, regulations, access to health care and the quality of services, there used to be a diversification across different schemes, which bring inequalities.

As an example, when you assigned as a civil servant, you start to benefit from health services as soon as you start your job. However, if you are worker in order to be eligible, you need to fulfil 90

days of insurance period which is 120 if you have dependants. Furthermore, for the self employees, this period lasts for 240 days. As it is seen, it was not possible to keep sustainability of the insurance system in the long run due to the lack of unity of norms and standards.

On those days, our citizens suffered from long waiting lists and queues for drawing their pensions. They had to wait for a couple of weeks to get their health cards and had to travel from villages to city centres just for getting their prescribed medicines.

For all these reasons, in order to establish a sustainable social security system in which the budget balance is preserved, the passive-active ratio is maintained from the point of actuarial balance and citizens are prevented from facing the risks and losing their standards, we introduced the social security reform.

SSI was established by the SSI Law No.5502 entered in to force upon published in the official gazette dated 20.05.2006. The above mentioned different schemes were assembled under the same roof by this law. At the same time, institution’s operations are carried out by the participation of the whole its staff and it utilizes the energy of its personnel and that of the institution for the purpose of providing a more qualified service to Turkish citizens.

Moreover, the aim of the Social Insurance and Universal Health Insurance Law numbered 5510 that entered into force on 1 October 2008 is to provide the individuals with social insurance and universal health insurance; to determine individuals who will take benefit from such insurances and the rights to be granted, to lay down conditions for benefitting from such rights and the methods of financing and coverage.

Universal Health Insurance as introduced to our social security system reassures today and the future of the beneficiaries. This law provides access to the health services for the children under the age of 18. Turkish Universal Health Insurance System covers all citizens living within the country through equality and fair. By taking essential steps for struggling with informal employment and unemployment, it is provided that insurers, self employed benefit from the short term insurance branches.

Again, with this arrangement, by ending each different application between employees, the access to the health care service has been made easier, waiting period has been shortened. In addition to this voluntarily insured, the ‘heimatlos’ and refugees, nationals residing in Turkey and not insured in their own country have also been covered with the new system. The citizens with low income have been given the opportunity also to benefit from the system through the health care premiums covered by the state; it is provided that citizens get equal service as part of the principle of social

state.

Through the developments on health policies, a new system for the reimbursement of the pharmaceuticals in a wider range was established. The old purchasing system depending on the real costs of the pharmaceuticals altered with the reference pricing system through a regulation put into effect in 2004. On the new system, reference price of the original product is determined according to the lowest ex- factory price among 5 EU reference countries. The implementation of the new reference pricing system opened a new era through the savings to the public budget, improving the access to the medicines and the transparency of pricing.

On the other hand, at this period, the hardship of the accessing drugs does no longer exist. Our health expenditure reached to 45.1 billion TRY in 2011 from 16.8 billion TRY in 2004. Of course, this is a situation to be expected as the new system enables citizens with access to health services and medicines more easily. At this point, the sustainability of the system is born to be a new issue; this is a new subject on our agenda. Comparing 2011 and 2004, it’s clear that, total expenditures on pharmaceuticals increased from 7.8 billion to 15.8 billion TRY. From another point of view, this means in nominal 100% increase, which in real it is 45%.

Now, SSI has a system that procures service to nearly 74 million people and works for 365 days in a year by giving provision on a day to 2.500.000 people. Turkey is the most expanded healthcare provider country in Europe. In this context, these services are supplied through nearly 950 Ministry of Health (MoH) hospitals, 1750 private hospitals and 86 university hospitals with more than 25.000 pharmacies. We make some citizens’ treatments abroad which cannot be made in our country.

In 2007, the Turkish social security system went through a major transformation, based on centralizing the control of different social security funds (SSK, Emekli Sandigi and Bag-Kur) in a single institution – SGK or SSI. What would you say are the main drawbacks and liabilities of this new system?

The main component of the social security reform is the establishment of a universal health insurance system for the whole population aiming to offer an equal, easily accessible and qualified health service.

At first, I want to mention why we needed Social Security Reform. One of the most significant variables determining whether the existing social security systems are sustainable or not in the long run from a financial point of view is the distribution of population in terms of age groups. Currently, Turkey has a young population structure. However, the projections for the future put forth that the population will rapidly be aging. The rapid aging of the population will result in a

decrease in the revenues of the social security system and on the other hand an increase in the expenses of the system. Secondly, issues related with the financing and lastly the non-existence of norm unity between social security rights and obligations are the reasons of making the reform.

As to mention objectives of UHI System, it extends the coverage to include the whole population and expands the spectrum of health-care services payable. It enhances the quality standards of health-care services, ensures the effective use of resources. UHI System procures equality of treatment, free choice of health-care service provider. By the system, guaranteed access is provided. Also high quality, affordability, reliance and security are offered by our institution.

SSI is not a health-care service provider but financier. It procures health-care services from MoH hospitals, university hospitals and private health-care service providers including independent pharmacies by contracting with them. For this purpose, it promulgates ‘Health Enforcement Notification’ in order to declare the procedures and principles of health-care delivery annually. The prices of health-care services are determined by Health-care Services Pricing Commission which consists of seven members, one member of each representing the Ministry of Labour and Social Security, Ministry of Finance, Ministry of Health, Ministry of Development, Under-secretariat of Treasury, and two members representing the SSI.

Besides, amending the rules such as the ratios of monthly pension assignments, qualification for retirement, number of premium payment days required for retirement and revalorization coefficient without altering the basic structure of the retirement system constitutes the main parameters of the reform. According to the arrangement brought in by the Law No. 5510 retirement age will be determined as 58-60 for the individuals who have started to work when the Law entered into force and the retirement age will be raised to 65 in stages for the persons to get retired by the year 2036.

What have been your main initiatives you have taken since your appointment as President of the SSI and Administrative Board in 2011?

The reform process has not been completed yet. We need a couple of years more. At the moment, 80- 90% of what will be done, has been finished. Though, important issues are on the way out. During the reform process, essential steps were taken such as eliminating bureaucracy, establishing technical infrastructure, setting laws and regulations. As I look at the reform process as a whole, I see that it has been managed very well and very outstanding services have been provided.

We have achieved many projects about health services and pharmaceuticals. As an example, approximately 9,5 million Green Card Holders are now under the coverage of Universal Health Insurance since 01.01.2012. So that, almost 100% of our population is covered.

Beyond these, some study about agreement revision were carried out with Private Health Service Providers. By the considering the shortcomings of 2009 and 2011 agreements, we signed the agreement which were prepared by a technical team of 40 people in 28.12.2011.We aimed to provide a certain level of health services, which is simple and clear, to reduce the bureaucracy and to ensure continuity.

We did a similar protocol with the Turkish Pharmacists Association. We signed Drug Acquisition Protocol with the Turkish Pharmacists Association which will be valid until July 1,2015. With this protocol which sets of new regulations, we tried to eliminate of pharmacists' hardships. In this context, we enhanced nearly 20.000 pharmacies' discount rate.

In addition, we achieved an important project about Data matrix–Barcode Application in drugs. We substantiated amendments and regulations about drug safety, protection against counterfeit medicines and scraps and providing information for the control of the sector. In cooperation with MoH, we revised our reimbursement system introducing approval of the Data matrix information instead of Barcode Application.

Moreover, with a new regulation in 2011 on Law No. 6111, as of this date, without looking date of occurrence of traffic accidents and whether the victim of an accident has General Health Insurance or not, charges about service which will be given by university hospitals and other public and private health institution have been covered by SSI.

Furthermore, we maintained the coordination between our provinces and head organization. We completed our provinces organizations' structure for simplifying our citizen life.

We made a lot of study about eliminating the bureaucracy and increasing e-government application. One of them is the elimination of health record application so that, pensioners can apply health care services with only their ID card. Hence, the pensioners have the chance to benefit from the services on with their ID's. Furthermore for the insured, after the activation procedure, being done on-line, insured people and their dependants can apply to the health care organizations with only their ID card.

We established 'Yurt-Danış' application for our citizens who lives in abroad. If they want to learn something about their social security position, they can call 444 3201. Now we answer average

4500-5000 questions in a month.

On the other hand old people over 85 and disabled people have been given the opportunity to receive their pension at home. Approximately 30.000 citizens older than 85 years old of age and persons with the degree of disability of 70% and above, upon making a request, have been paid their pensions at home as of the payment period of September 2008 and its scope coverage has been expanded for to all old and disabled citizens depending on their requests.

Furthermore, central and provincial data processing infrastructure has been strengthened. A significant step has been taken for the formation of technological infrastructure through procuring approximately 25.000 computers and 15.000 printers needed by the central and provincial organizations. We made a lot of effort for making stronger IT infrastructure. We started single document application for our provinces and head organization. So, each process regarding our citizens can be completed in a short time.

In addition to these, we employed 80 IT expert to transform old structure to new Java application and new 146 projects which will be started. Every citizen is important for us, we focus to solve all their problems, and our aim is to enable them to reach us whenever and wherever they want. So, we opened 360 Social Security Centre through Turkey. Additionally, we will open 100 in near future.

On the other hand, informal sector is a big problem to struggle with. To deal with this, new measures have been taken and after 2008 we registered 1.100.000 people and 80.000 work place. We establish ALO 170 for our citizens to get more information and report their complains about their working conditions.

Would you like to compare the Turkish public health budget with its European counterparts?

Turkey, classified as middle income country by World Bank, is among the countries which spent below the OECD average on health. However in recent years total health expenditures and its share in GDP changed significantly.

From the aspect of development, the quality of services you provide to your citizens is as much as important as how much you spent on health. In the recent years this is the new topic on our agenda. Till then comparisons are based on basic indicators such as GDP ratios.

To evaluate the effect of the reform we should discuss the ratios pre and after; Regarding the last figures there is a big difference between years of 2000 and 2007. However we are also aware of the fact that our share is still far below the OECD average. On the other hand health expenditure

per capita in OECD countries in 2009 is $3223, whereas in our country it is $902. At this point, the share of the population over 65 years old should also be considered in order to evaluate the health expenditures. According to Eurostat figures, the ratio is 7% for Turkey, whereas it is above 15% in most of the European countries.

Looking at the composition of financing, as the mix of the sources has many implications for health systems, particularly in terms of access, equity, efficiency and financial sustainability, we can say that our financing system mainly depends on public like most OECD countries.

As you know on one hand, public shares of the total health expenditure provide a tool to evaluate how active the governments are in the financing of basic public health care services, protecting the poor and facilitating risk pooling. On the other hand, private expenditures, specifically out-of-pocket payments, are also as important as they are the key measures of the potential inequities in health care financing.

The newly formed SSI has generated more prescriptions and offered a greater access to drugs to the population, which has eventually increased its drug consumption and visits to doctors. How challenging is it for the institute to find the right balance between ensuring the overall well being of the Turkish population and controlling the healthcare budget?

While the Universal Health Insurance System extends of the coverage to include the whole population and expands the spectrum of health-care services payable, at the same time it enhances the quality standards of the health-care services and ensures the effective use of resources as well.

SSI procures health-care services from MoH hospitals, university hospitals and private health-care service providers including independent pharmacies by contracting with them. In this period several measures have been taken in order to control the health care budget at any field of health system.

Since January 2009, our institution and the MoH has concluded a Global Budget Agreement concerning the total health care services supplied from MoH Hospitals. This budget based on a lump sum payment depending on the previous years’ visit volumes, health investments and other indicators.

In addition, the pharmaceutical sector in 2009 have undertaken to abide a global budget agreement starting from 2010.

In order to declare the procedures and principles of healthcare services that will be created by the health insurance system, our institution promulgates the Health Care Implementation Notification in which fixed rates of the medical services are published in the annexes.

Looking at the new regulation about the additional fees, foundation university of health care providers and the private health care service providers can charge higher prices than the fixed amounts established by the SSI. These additional fees can vary between 30% and 90% and are usually determined depending on the category of the hospital. This additional cost charged by the private health care provider is directly paid by the beneficiary. Public health care service providers apply the rates that are determined by the Health Care Pricing Commission. Following medical services are exempted from additional fees from the patients: the health services offered due to emergencies(except some examinations), intensive care services, burn therapy services, cancer treatment (radiotherapy, chemotherapy, radio isotope therapy), the health services neonate, organ, tissue and stem cell transplants, health care for surgical procedures for congenital anomalies, dialysis treatments, cardiovascular surgical procedures.

In principle, patients pay a co-payment for the health care services and for the medicines that are covered by the health insurance. As for medical services and treatment, exact amounts in TRY are established for the co-payments of the patients. For medicines, the co-payments are expressed as a percentage of the established price. Law No 5510 determines minimum and maximum ceilings for the co-payments for medical devices and medicines as 10% and 20% of the established price. For medical devices an additional maximum ceiling for the co-payments is determined at 75% of the minimum wage. Our institution has, based on the law, fixed the percentages of the co-payments for medicines within the range set by the law.

As mentioned before, SSI determined the co-payments for the purchase of prescribed medicines by establishing percentages: insured pay 20% of the costs of the medicines as established by the Commission, whereas pensioners pay 10%.

In addition to this for every prescription in new regulation:
– for medicines which are provided up to the 3 boxes/items (including 3 boxes/items) 3 TRY
– each box/item of medicine to addition 3 boxes/items, 1 TRY is charged.

The Health Care Implementation Notification defines in addition also a list of medication that is exempted from the co-payments, like medicines used for diagnosis, medication for inpatient care and medicines for chronic diseases when they are prescribed with a medical report.

Furthermore, some crucial changes has also been made about the reimbursement policy of drugs. Looking at the pay band for equivalent drug group, respectively, the range of the band changed from 22% to 15% and finally 10%, published in the Official Gazette, to be effective as of 17.11.2011.

Also, another regulation was put into effect on the same date, being applied to the base discount rate of original drugs which has generic, respectively increased from 11% to 20.5% and finally 28% (11% base discount + 17% additional discount) and equalized with the generics. In addition to these, the discount rate of the original drugs has been increased from 23% to 32.5% and finally increased to 41% (11% base discount + 30% additional discount). Thus, this policy resulted in a very significant savings in drugs.

Lastly, the discount rates for 20-year defined drugs having a wholesalers- price above 6.79 TL is 40% (11% base discount + 29% additional discount) until reference pricing is applied, afterwards the discount rate will be 28% (11% base discount + 17% additional discount).

As a result of all these applications, although the numbers of application to health care service providers has increased over the years, the decrease in the average cost of per prescription; 7.4% in 2011 compared to the year 2010, and 11.09% in the first four-month period of 2012 compared to same period of 2011 can be considered as a positive reflection of the policies.

When we look at the results of the repercussions of these policies to citizens, are faced with a positive view. While, the levelof satisfaction for health care services was 39% in 2003 according to surveys, it has been approaching 80% at the last period.

What have been the main improvements operated over the last years to increase the efficiency of the institution?

Since 2007 our institution introduced important implementations in the field of health and IT, such as:

MEDULA: The electronic data provided via three basic web services are included in our Institution’s data processing records by providing the integration of the health service providers into Hospital Information Management System. MEDULA, specifically the software and operation of the system was designed completely with our institutons’ sources.

MEDULA, briefly, an integrated system between SSI and contracted health-care service providers, enables health-care service providers to inquire provision, record data related to health-care services provided to universal health insurance holders and dependants and send invoice details

electronically.

The most important change in the new version of the MEDULA-V3 system that was activated on 1 April 2010 is the on-line management of the set of rules included in Health Implementing Notification. In this way, there is no need to wait until the end of a month to make a reliable assessment on the information during the process. More specifically, the most important innovations include making numerical and historical controls, on-line inquiry and transaction, making day-by-day controls over provision actions by adding the branch, as well as preventing the examination of a patient that is still hospitalized in another health care foundation at the same time.

With the application of the MEDULA system, reliable recording primarily the identification of the patient, the code of foundation, doctor records and the payment data is desired. By adapting the set of rules included in the Health Implementation Notification during the process, it was aimed to eliminate simple figure errors, mistakes and misappropriation and to put the payment bills into operation after proper arrangements are made.

The purpose of the MEDULA information system is to record and monitor healthcare payments and to provide statistical information needed for the health insurance policies. The MEDULA system aims at creating an integrated and sustainable system covering all health institutions in Turkey. The MEDULA System is established to record electronic payments in the health system between the providers and the insurer.

Private health care institutions have started to use the MEDULA by 15 June 2007, when the Health Implementing Notification (SUT) came into effect. Public health institutions started to use the system since 1 September 2007. The MEDULA Optician has been activeted since 2008 and the MEDULA Pharmacy and the MEDULA Medical Devices has been activeted since 2010. Since then all health institutions send their claims for reimbursement through this electronic environment.

E-report: In the previous term after the approval of the head physician, the medicine reports which are organized in the paper environment would be valid. Then, the approved report would be presented to the pharmacist and then the pharmacist would save the report into the MEDULA Pharmacy. This situation in the implementation was to allow for the organizing the fake report and with the corruptions in the medicine. To prevent this, the medicine reports organized by health care providers has been saved in to the MEDULA and then sent to SSI since 1 November 2010.

With the practice of E-report, the responsibility for the validity and accuracy of the report had been given to the physician organizing the report and the head physician approving the report.

Moreover, the bureaucratic preventions and reptapism about the organizing the report had been eliminated and the work load of the pharmacies hade been reduced to the great extent.

E-prescription: With the practice of the E-prescription, the prescriptions will be organized in the electronic environment not in the paper environment and then the prescriptions will be questioned over the MEDULA by pharmacists. So, the irregularities made over the prescriptions will be reduced to the great extent.

Pilot applications have started in provinces respectively, in Eskisehir on April 26th, Konya on May 2nd, Istanbul on June 8th and on June 13th all over the country. The implementation of e-prescription will be put into practice in all family practitioners and secondary and tertiary health care providers which send invoices through the system to the Institution as of 01/07/2012.

Getting Epicrisis Reports in Electronical Environment: Hospitals used to organize the epicrisis reports including the information of the operations and treatments applied to the in-patient patients manually. These epicrisis reports with minimum 4 papers (could be more than 100 papers in long hospital stay) were being sent to the SSI joint of the prescriptions by hospitals and then after the examination these reports were being put the archives.

The epicrisis reports has been taken over the MEDULA Hospital System since 01 October 2010. After this implementation, the information of the in-patient care, all examinations, laboratory tests and analysis, hospital treatment and medical operations, prescribed medicines, blood tests, medical appliances by hospitals are sent to the SSI in electronic environment.

Physician Databank: The supervision and auditing of the physician’s information is started to be done as online with the integration of MEDULA System and MoH Doctor Database. With the help of this integration, physicians can not send service record unless it is their expert branch.

Since 01 March 2010 this system has been working effectively as it is announced that if a doctor, in secondary and third step health care services, is not registered through the system then the prescriptions both for pharmaceuticals and medical devices will not be reimbursed by our institution.
Today, there has been 120.000 doctors registered into the MEDULA System.

Biometric Identity Verification System: After the cancellation of health card in 2008 and the application of the medical visit form for civil servants in 2010, citizens started to get health care services only with ID number. This situation had caused misuses; such as issued invoices for the un-used services.

With the aim of the providing the health services to be served as citizenship focused and high toned over the secure infrastructure in electronically environment and preventing the irregularities to identify the citizenship’s identity correctly with conventional methods, the SSI plans carrying out the project to verify the identities of the beneficiary of the health care applying to the family practitioners or health care providers with the verification systems such as palmistry and vein track.

The most important advantage of this implementation is to ensure the person who benefits from health services is eligible through his/her vein track.

The test stage have been completed, so the Biometric Identity Verification System will be started to practice in all private and university hospitals all over the country in July 2012.

Dental Provision: Our beneficiaries who want to receive dental provision used to apply to Provincial Directorate of Social Security to get the relevant document, with the new implementation dental provision is inquired by the health care providers where the service is provided. Pilot studies completed in the province of Antalya, and it has been implemented since 01.03.2011 throughout the country.

Thanks to doing the dental provision procedures through on-line over the MEDULA by the health care providers, the inconvenience of insured persons has been eliminated.

Over 85% of the total pharmaceutical consumption is being paid by the SSI. What is your assessment of the benefits of this model to the population and its sustainability?

In the last years, our citizens’ access to health care services and especially to the medicines had increased to the great extent with the reform of health and social security. During this period, we had implemented some decisions with taking the opinion of the sector’ representatives for the purpose of maintaining the budgetary displacing. As public management, we don’t desire to continue controlling the drug expenditures with public discount increase and reduces in price. We intend to create a stronger and more sustainable industry. I think, this is very significant for the future of the sector.

Looking at the last ten years, we can say that the spectrum of the social security has been enlarged and SSI became an institution serving 74 million citizens. As we all know, the number of the hospitals and doctors have increased significantly in the last 10 years, with this it is seen that the number of visits also increased. The increase of the drug expenditures is continuing and it is predicted that the market of the drugs in Turkey will expand more.

In the next term, we will take into consideration the growth in medium-term financial plan and we will also act in a manner that gives required share to the sector due to the growth.

Also stated in the reports of IMS, one of the biggest monitoring company for the drug sale, we predict that Turkey’s drug market will enlarge more rapidly between 2010-2015 compared to the other countries of the world and the average of the growth will be 8,1% in five-years period. Recently, the drug sector grows 2-4% in all the world, while it enlarged more in Turkey. We express that this growth slowed down slightly after global budget agreement in 2009.

If we look at the proportion of public drug expenditures to the GDP, we can say that though there was not great increase in GDP, the drug expenditures increased in great proportion. The increase was 1,41% in 2004, 1,34% in 2005, 1,33% in 2006, 1,32% in 2007, 1,36% in 2008 and 1,69% in 2009. This drastic increase was resulted in global budget period. Looking at these statistics, it is clear

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