

Interview: Faruk Çelik - Turkey's Minister of Labor and Social Security



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The Turkish minister of labour and social security comments on the country's deep commitment to providing for the health of citizens while maintaining sustainability and continuous improvement of services.

How much significance does the Ministry of Labour and Social Security place on healthcare today?

The right to health is an essential part of the right to life, and the Turkish constitution guarantees social security right to all Turkish citizens. According to the constitution of the Republic of Turkey, everyone has the right to social security and the state shall take the necessary measures and establish the organization for the provision of social security. The constitution does not only define social security as a mission or responsibility of the state; it means more than that. For this reason, it is important for us to implement general health insurance for ensuring healthy life of our citizens.

Actually the process of developing the general health insurance practice started in 2003, with the 'Health Transformation Program', which is now used as an example of good-practice in healthcare systems around the world. The main implementer of the program was the Ministry of Health. On the other hand, the Ministry of Labour and Social Security played an essential role in this program. Before the program, the social security system was managed by three main institutions under the mandate of Ministry of Labour and Social Security. The social security services of those who were

working under employment contracts was provided by the Social Insurances Institution (SSK), while civil servants were covered by the Republic of Turkey Pension Fund (Emekli Sandığı), and those who were self-employed were covered by a Fund for the Self-Employed (Bag-Kur) respectively. In addition, there were also some other health insurance programs financed by the Ministry of Finance. With the moving spirit of Health Transformation Program, a significant social security reform program was carried out, under which these separate institutions, which had their own policies for health insurance, were merged and changed into a single stronger institution with an efficient control mechanism.

Today in Turkey, we have a new social security system, which is more compatible with international standards. It offers high quality services, covers the entire population and is financially stronger than before. Now, all of the institutions related to health insurance are under one authority, namely the Social Security Institution (SGK).

The SGK gathers all citizens under a unique health insurance system that is an affiliated institution of Ministry of Labour and Social Security. Turkey's health insurance system covers every citizen regardless of their social and financial situation. Our current goal is to further develop this high standard that we already achieved and to strengthen it, eventually making it even better.

What have been your primary initiatives since your inauguration in 2011?

Actually, it is my second term as the minister of labour and social security: the first was between 2007 and 2009 and in this period we had launched the social security reform. In addition to this, in my second term as the minister, we were able to improve legislation with regard to labour relations and occupational health and safety.

When it comes to health, it's crucial that we cover every citizen because it is also important for future generations. The general health insurance practice was completely implemented in January 2012, although following Social Security Reform in 2008, employees were taken into the new system gradually. Citizens who did not have any health insurance started to benefit from general health insurance in January 2012. For those who do not have any social security insurance, we use an income test for general health insurance to determine the premium rate that they must pay. Furthermore, the state pays the health insurance premium for our citizens who do not have enough income. Today, nearly 98 percent of Turkey's population benefits from general health insurance and has easy access to health services.

What are some of the recent expansions in coverage that the SGK has introduced?

Population and family policies are critical in shaping a country's future. In almost every country of the world, the fertility rate is decreasing and the population is ageing. We are trying to keep women in professional life but at the same time, we are trying to support their attempts to become mothers. Now Turkish women have a right to early retirement by paying their insurance premium for the years that they were not able work while caring for their children. For example, a woman with three children can retire six years early by paying social insurance premium of this period.

It is also important to mention that the SGK now covers some assisted reproduction treatments. Starting in September 2014, the SGK increased the supported number of IVF fertilization treatments from two to three, with 30 and 25 percent reimbursement for the first two trials, and a contribution of 20 percent for the third trial. In addition, IVF treatments are also facilitated for victims of terrorist activities and their dependents.

We have also updated regulations to better address the healthcare needs of military veterans. In this context, veterans and their spouses are no longer required to be referred by a public hospital to private healthcare institutions, and may now go directly to a private hospital and be allowed to receive healthcare without paying any out of pocket expenses.

How is the SGK working to update and reform pharmaceutical reimbursement and pricing practices?

To ensure that our citizens do not face any restrictions while getting health care services, we have signed a protocol with Turkish Pharmacists' Association (TEB). This protocol, which was signed with Turkish Pharmacists' Association on 1st February 2012, allows our citizens to get service from these private pharmacies represented by the TEB. This protocol will expire in July 2015, so at present negotiations are under way to update and extend it, and revision studies are being carried out.

In terms of reimbursement, we are following international developments in the healthcare industry and update our reimbursement lists according to our country's needs. Recently, we specified 15 equivalent medicine groups (high blood pressure, diabetes, antibiotics, and ulcers, among others) and for these groups we abolished the 10 per cent equivalent limit and are now using the single base price practice. We also recently completed studies on how we can bring palliative care into insurance coverage, and now palliative care at facilities approved by the Ministry of Health is reimbursed by the SGK.

In terms of best practices, encouraging rational drug use is a key priority for the Ministry and the SGK, and as such we will continue to support awareness raising initiatives on rational drug use and training programs. On another note, Turkey is also facing some challenges due to the absence of a

standard classification framework for medical supplies. This has made it difficult to record all of the medical supplies used, introducing some uncertainty to our assessment of medical costs, although the SGK does not finance supplies that are not recorded. In addition, as the SGK has updated many definitions for medical equipment, more items that were formerly seen as supplies are now covered; the institution has been refunding costs for supplies that now fit the definition of equipment.

What steps are being taken to improve access to innovative treatments in Turkey today?

In Turkey, access to innovative medicines has been gaining importance in recent times; the population is getting older, the disease burden is changing, and development in medical technologies and personal treatments have increased.

Today, we are still applying the classical system in access to innovative treatments, but we have started a new era in which we will implement an alternative payment system to make access easier and to provide financial sustainability. With this alternative system, access to innovative medicines will be easier and faster, and we will be using the budget more efficiently. Thanks to that, some special negotiations will be done between the SGK and the pharmaceutical industry with the aim of overcoming the problems imposed by the international benchmark pricing system, so that we can provide price flexibility to the products that have export potential.

How would you assess the current reference pricing and registration systems?

In Turkey, there are three kinds of medicine price. The first is the reference price, which is also called the external reference price. We have been applying reference pricing since 2004. We decide on the cost of a medicine by taking five countries as reference (France, Portugal, Spain, Greece and Italy). For original medicines, 100 per cent of the lowest price is taken and for generic drugs 60 per cent of the average reference price is taken.

The other pricing system is the resale price that is formed by adding the VAT and the profit margin of pharmacists.

Eventually, the price for public is calculated by reducing the discount amount designated by the state from the actual price in the market.

In Turkey, we compare the prices of medicines that have the same API and quality standards, but recently, in some medicine groups we have started to apply therapeutic equivalence system. Also,

since December 2011, the equivalence band has been 10 per cent but in September 2014, this was abolished and in these groups, we passed to the lowest price implementation.

We are also doing studies about updating equivalent groups by taking into consideration rational medicine use. Our target is preserving public health and using medicine budget rationally and efficiently.

What are the current trends in social security spending?

The share allocated from the government budget for social security and for health expenses is increasing every year. In 2015, we are planning to collect a TRY 149.5 million (USD 55.93 million) from insurance premiums and we will spend TRY 150 million (USD 56.12 million) on retired people for their pensions. Social Security Institution's spending for health expenses in this year is expected to be TRY 57 million (USD 21.32 million). When all of the spending and income are calculated, in 2015 we will have TRY 205 billion (USD 76.69 billion) in revenues and TRY 223 billion (USD 83.42 billion) in expenses. The difference is TRY 18 billion (USD 6.73 billion) and this deficit will be covered by the Treasury.

In 2008, total health costs were TRY 25.40 billion (USD 9.5 billion). In 2014, the nominal increase was 115 per cent and the real increase was 39 per cent, so the total expense in that year was TRY 54.60 billion (USD 20.43 billion). We predict that by the end of 2015, this amount will be TRY 57 billion (USD 21.32 billion).

How sustainable are current levels of spending?

Social security expenses in Turkey have been on the rise, driven by the increasing age of our population, the lengthening life span of Turkish citizens, and their improved access to medical services, medicines and medical devices. These expenditures are putting pressure on the country's current budget deficit, and some steps must be taken to ensure the sustainability of the system. In the 10th National Development Plan of Turkey, our goal is to produce 20 per cent of medical devices and medical equipment and 60 per cent of pharmaceuticals in Turkey. We believe that this goal will be reached by some incentives, and we support these incentive studies.

Most of the population benefits from general health insurance, which aims to provide equal, easily accessible and high-quality healthcare services. The protocol that we signed with private hospitals and pharmacies, opticians, and university research hospitals provides our citizens with access to more than 30,000 healthcare units that are present for public service. Apart from these facilities, citizens receive treatment from public hospitals. Expenses for healthcare services are covered by

the SGK, except for healthcare services and orthodontic dental treatments for aesthetic purposes, and services that are not permitted or licensed by the Ministry of Health, such as traditional and alternative treatments.

During the development of this reform process and its implementation, public healthcare expenditures have risen rapidly, as expectedly. This was mainly due to the fact that access to healthcare services was made much easier, reimbursed expenses increased and the quality of the services improved. Even though these expenses have risen significantly, we have never considered introducing any restrictions or limitations. We are of the opinion that the general health insurance is a national policy, and should not be affected by the elections. We have one of the best social security services in the world and we are always trying to make it better, and we will strive to do this without any hesitation regardless of political events and changes.

Which spending categories are growing most rapidly?

When we take a look at the period between 2009 and 2014, we see that the SGK's spending increased gradually. The biggest quantity was recorded for treatment, followed by medicine costs. When we analyze the situation before 2006, we see that the medicine expense was greater than treatment expense.

In addition to that, in the last five year period (2009-2014), when we analyze the ratio of health spending to the GDP, treatment share increased from 1.6 per cent to 2.1 per cent, and medicine share decreased from 1.4 per cent to 0.99 per cent.

In this period, in some branches we have more spending than before: emergency medicine, internal diseases, gynecology and obstetrics, pediatrics, orthopedics and traumatology. Also, private health organizations are making more and more investments every year as a result of the development we made in the health services.

How are standard of healthcare system being improved at present?

With the social security reform we created a new health service system that covers the entire population in an equal, accessible, fair, and high quality way. The SGK's next goal will be developing its own standard and featuring health services that we will support financially.

To realize this goal, we are always focusing on new projects. One of these projects is called 'Sharing of Medical Examination and Pre-Approval'. Pre-approval is the decision of reimbursement for the health services defined by the SGK, and sharing of medical examination is the project of designing, setting up a substructure and managing for storing the results of repeated CT, MRI and

angiographs, and then sharing them with patients who need them.

This project in question is being developed to provide patient safety, to prevent abuses, to control repeating or unnecessary examinations, to make reductions in the SGK's spending, to use resources efficiently and sustainably and to supply a treatment in accordance with scientific data.

We are also giving importance to 'National Registration System' in health insurance. When we take a look at statistics related to health, the health services given should be to-date and based on scientific evidence. We are also trying to register all of the medical equipment to control whether a patient is being treated in a correct way or not and to survey service quality.

And also, we are planning to create alternative models, to improve actual models, and enhance quality and provide sustainable development and support to the health insurance system. Because of the increase in health expenditure and a limited budget, the SGK sometimes cannot pay for medicine, treatment or medical equipment required. In order to save citizens from paying for their health, we are trying to raise awareness among people on the importance of the use of supplementary private health insurance. In that way, our goal is to satisfy our citizens from our services and to afford increasing health expenditure.

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