

Why did Social and Healthcare Services Reform Fail in Finland?¹

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Since 2005, successive Finnish governments have tried to reform the governance of social and healthcare services by transferring the responsibility for organising these services from municipalities to larger entities. So far, all attempts have failed. This study analyses why this has been the case and how expert knowledge could be used to prevent future failures.

Since 2005, successive Finnish governments have tried to reform the governance of social and healthcare (Finnish abbreviation: SOTE) services by transferring the responsibility for organising these services from municipalities to larger entities (Manssila & Mattson 2019; Valli-Lintu 2017, 2019). On the international level, Finland is an anomaly in how social and healthcare services are funded and organised: nowhere else has such a demanding task as the entire system of service provision been assigned to such economically weak units as the smallest, poorest municipalities (in Finland these administrative units can be rural or urban). All Finnish municipalities have the same constitutional status, regardless of whether they have 94 or 639,226 inhabitants (Sottunga vs. Helsinki, mid-year population 2017). The ageing of the population, particularly the baby boomer generation, highlights the contradiction between the demands on municipalities and the resources available to them, especially in the 2020s. By spring 2019, all successive attempts to reform the governance of SOTE services had failed. A huge amount of preparatory work has been wasted, and a reform that is widely agreed to be necessary has been delayed. The aim of this study is to describe the phases of the attempted reform and to analyse the causes of its failure. A special emphasis is placed on the role of expert knowledge in the preparations for the reform.

The core issue in SOTE reform is the question as to which public entity is re-

1. This paper is based on a presentation at the 9th Nordic Health Promotion Research Conference, Roskilde University, June 2019. I would like to thank two anonymous reviewers as well as Lari Hokkanen, Juhani Lehto and Esa Väliiveronen for their comments. The research has been funded by the Strategic Research Council/312710 Kantola, Anu M.

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sponsible for organising social and healthcare services. This entity is called “the public organiser”. It may provide its own services, offer them in collaboration with other entities or outsource them (to private companies or non-profit organisations). The public organiser may fund SOTE services through collecting taxes and/or government grants.

The research question is why did the SOTE reform fail? A supplementary research question is what role does expert knowledge play in the preparations for the reform? The research material consists of the reports of the working groups preparing the SOTE reform, parliamentary documents and discussions in the media. First, I examine different stages of the preparations from 2005 to 2018. Then, I discuss how evidence-based knowledge could be better used to aid the progress of the SOTE reform, which is on the agenda of the current government led by Sanna Marin (Social Democratic Party).

The Paras Project

The starting point for the SOTE reform is extremely challenging due to distribution of regional power in Finland. In 1869 an imperial declaration by Alexander II, Tsar of Russia, ordered municipalities to cover the costs of epidemics and epizootics themselves. In practice, the declaration shifted the responsibility for healthcare from the state to the municipalities (Mattila 2011, 49). The challenge is that municipalities have similar responsibilities but differing resources, and Finland has been trying to solve this ever since 2005.

In 2005, the first government headed by Matti Vanhanen and his Centre Party launched a development project named Paras (which means “best” in Finnish; Ministry of Finance 2009). The objective of the Paras project was that SOTE services would be organised in collaboration between municipalities with a combined population base of at least 20,000 inhabitants. This number was set as a financial capacity requirement for sustainable service provision. As a result of the project, extremely complicated cooperation and outsourcing arrangements emerged between municipalities including municipal public organisers (87 in 2015), joint municipal public organisers (31) and local government co-management areas operating with a host municipality model (33).² In total, 56 SOTE service organisers were responsible for fewer than 20,000 people (Jonsson 2017).

The first stage of the Paras project was based on a detailed political agreement which guided the implementation of the reform. The loosely formulated Paras Act did not include sanctions or binding provisions for municipalities to reorga-

2. The host municipality model entails an arrangement where a larger (host) municipality organizes services on behalf of a smaller municipality or a group of smaller municipalities.

nise service structures. According to an experienced SOTE public official, Auli Valli-Lintu (2017, 8), “the solutions were not based on comprehensive preparatory work by public officials or a prior examination of various alternatives or an evaluation of interests.”

Service Structure Working Group

From 2011 to 2015, the governments of both Jyrki Katainen and Alexander Stubb (both from National Coalition Party) tried to solve the central problem of organising and funding SOTE services through stronger (i.e. larger) municipalities, SOTE regions and catchment areas for highly specialised medical care. The reform was led by group of ministers who gave directions for the service structure working group³ with the aim to restructure SOTE services “to correspond to future needs, considering especially the population’s service needs, the sustainability of public finances and the municipal structure of the future” (Ministry of Social Affairs and Health, MSAH 2012a, 2012b). The 28 members of the group represented a wide range of different stakeholders including municipalities, hospital districts, and top-level bureaucrats.

The almost unanimous view of the SOTE experts in the service structure working group was that organising better services would require a population base of at least 200,000 (Pekurinen et al. 2011). The figure was repeatedly cited in various contexts – partly, perhaps, because the population base of healthcare districts is approximately 200,000 inhabitants, and because organising around-the-clock hospital emergency care would require a population base of that size.

However, in the Katainen government programme, SOTE reform was coupled with a municipality reform. The government’s objective was to merge small rural municipalities to create administrative units of at least 20,000 inhabitants, and at the same time merge smaller municipalities with the cities that they surround and are dependent on. The plan was to compress over 300 municipalities into 70 large ones.

The SOTE experts in the service structure working group aspired to a SOTE reform that was independent of municipality reform. They deemed the figure of 20,000 inhabitants unsustainably low. This expert view found itself on a collision course with the governing parties’ political strategy to create larger municipalities and reduce the power of the major opposition party, the Centre Party, which traditionally dominated decision-making in smaller municipalities.

Despite disagreements the preparations for the SOTE reform continued with the creation of the Organisation Act working group (MSAH 2013). The Orga-

3. The author was a member of this working group, the Organization Act working group and SOTE expert group. The author acted also as an expert for the Constitutional Law Committee.

nisation Act working group completed its legislative proposal, but the proposal did not gain political approval. The Social Democrats had denounced the attempt to force small municipalities into mergers. The suggested model was also very complicated and would have led to major difficulties in specialised care (Valli-Lintu 2017, 19).

In the spring of 2014, the deadlock made all parties decide to try a five-district model together, an initiative proposed by the then leader of the opposition, Juha Sipilä of the Centre Party. The five-district model built around university hospital districts was prepared in a parliamentary steering group. The steering group was supported by a group of experts, which this time included SOTE experts mainly from the academic sphere. However, in parliamentary preparatory work, the influence of academic experts remained limited.

In Finland, there is no constitutional court. Instead the Constitutional Law Committee (CLC) in the parliament issues statements on bills sent to it for consideration and on the constitutionality of other matters and their bearing on international human rights instruments. In practice, no law can be passed before comments given by the CLC have been taken into account. The CLC rejected first the proposal of the parliamentary steering group and then the new proposal that the parliamentary Social Affairs and Health Committee had drafted in just two weeks. The CLC voiced the opinion that the proposal would have infringed upon municipal autonomy, which is guaranteed by the Constitution. According to Valli-Lintu's (2017, 27) evaluation, politicians were again stubbornly pushing the model and paying scant attention to warning signals from top-level bureaucrats.

County Model

The Sipilä government, which began its work in the summer of 2015, immediately set up a three-person working group of rapporteurs to draft a proposal for the number of SOTE service organisers. The group was chaired by the Auditor General of the National Audit Office of Finland, its second member was a Deputy Mayor and the third member a professor. That very August, the group proposed that the suitable number of SOTE service organisers was 9–12 (MSAH 2015). Also, a working group of public officials proposed a 12-area model at the beginning of November 2015 (Public officials' report 2015). Surprisingly, the prime minister's Centre Party did not agree with the proposal. Risking a governmental crisis, it stubbornly pushed through a model with 18 counties aligning with the existing regional structure, the expansion of which had been Centre Party's long-term political goal.

The coalition partner NCP managed to obtain a modification which concer-

ned the NCP's long-term political goal of introducing options for private SOTE providers under publicly funded schemes. Representatives of the parties in government could give no social or healthcare policy related justifications for why after the governmental crisis in November 2015, they decided to give SOTE services to 18 counties specifically and to implement "freedom of choice" at the first stage of the reform. In the government policy accord, freedom of choice had been the third stage of the reform. The decision came across as a political quid pro quo deal in which expertise was unimportant. The Centre Party wanted to use their power to obtain a regional government model that suited them, and in which they could expect to gain a strong position. The NCP wanted to improve the position of private SOTE providers in relation to public ones.

Freedom of Choice in the Constitutional Law Committee

At the beginning of 2016, the Ministry of Social Affairs and Health (MSAH) set up a group of experts (SOTE expert group), which consisted predominantly of academic experts. The purpose of the group was to support and to provide their expertise and views to the working groups preparing the SOTE reform. The SOTE expert group was critical of the freedom of choice model pushed by the government. The reform package would not only completely change the governance structure of SOTE services but also introduce a completely new model of service provision where public and private providers would freely compete on equal terms.

The criticism by the MSAH group of experts had no effect on the drafting of the Act on Freedom of Choice. The government took this legislative proposal to parliament, where it was first sent to the CLC. The CLC has no special expertise in the fields of healthcare and social services, so it exceptionally invited SOTE experts to be consulted. The experts criticised the proposal as so incomplete as to potentially create a systemic risk and endanger the adequate level of SOTE services guaranteed by the Constitution. According to Valli-Lintu (2017, 36), the opinions given to the CLC by SOTE experts who had been ignored in the legislative drafting were vital: "In committee hearings, the role of SOTE experts in describing risks was crucial, and the proposal fell first and foremost on the basis of their opinions."

Freedom of Choice Returns to the Constitutional Law Committee

After the CLC had issued its opinion, the government decided to draft a brand new legislative proposal on freedom of choice. Responsibility for drafting was given to public officials at the MSAH. The new proposal was to focus only on those problems that required modifications according to the CLC. Public of-

ficials did as they were told, and by early autumn 2017 they had rapidly prepared a proposal. The government decided to change the proposal by significantly extending the use of SOTE service vouchers to specialised medical care. The idea, supported by the NCP, was to use services vouchers as a back door for expanding the market of private social and healthcare services.

In November 2017, MSAH requested that members of the group of experts provide a written evaluation of the draft legislative proposal for the Act on Freedom of Choice. The majority of the group decided to draft a critical joint opinion (Lehtonen et al. 2018). In December 2017, the government decided to give up the idea of vouchers for specialised medical care services.

On 13 April 2018, the CLC consulted seven SOTE experts, of whom six were professors from the group of experts. Again, the CLC wrote a critical opinion of the legislative proposal on freedom of choice, partly relying on these experts. As a result, the debate on the Act on Freedom of Choice was delayed, and the government decided again to postpone the implementation of the SOTE reform by a year. This was not enough. During autumn 2018 and early spring 2019 the preparations for the entire reform ground to a halt because of problems with the Act on Freedom of Choice (Valli-Lintu 2019, 11, 40-41). As a result, the debate on the Act was first delayed and then stopped altogether when the Sipilä government submitted its request for resignation on 8 March 2019.

Suggested Solution: Scientific Method and Communities of Practice

The above narrative demonstrates how resistance towards more comprehensive administrative reforms as regards the number and size of municipalities constituted a barrier to change. The fact that some of the experts involved were also stakeholders added complexity to the process. In a political process such as SOTE reform there is a variety of opinions representing diverging preferences. To improve the quality of decision-making, governments gave more weight to knowledge-based decision-making. For example, the Sipilä government programme aimed to strengthen “knowledge-based management and implementation reaching across administrative branches” (Sipilä 2015, 27). On that account the progress of SOTE reform can be examined through the theoretical perspective of “methods of fixing belief” described by the American philosopher Charles S. Peirce (1838–1914), who is known as the father of pragmatism. In his article “The Fixation of Belief” (1877), Pierce defined four methods of acquiring knowledge or drawing inferences. In the *method of tenacity*, previously acquired beliefs are maintained regardless of evidence and criticism. In the *method of authority*, beliefs are justified with the opinion of some authority without questioning whether it is deserved. In the *a priori method*, a belief is justified if it

seems intuitively obvious. The *scientific method* is founded on objectivity, publicity and a self-correcting mechanism.

The difficulties of the SOTE reform may be explained by the predominance of the method of tenacity at the expense of scientific method and the method of authority. At various stages, politicians have stubbornly pursued policies that have contradicted the views of public officials and academic experts. The Paras project was based first and foremost on the method of tenacity, which prevailed over a method based on authority gained through practical experience. The same was repeated during the Katainen and Stubb governments.

Nevertheless, the method of authority has also created problems. In the spring of 2018, experts who represented scientific authority disagreed on whether the modified legislative proposal on the Act on Freedom of Choice was constitutional or not. At the same time, the rigid theoretical interpretations given by constitutional law experts were undermining the prerequisites for implementing the reform (Valli-Lintu 2019, 47).

Scientific method rarely played a role in justifying SOTE beliefs: only rarely have the working group reports and legislative proposals related to SOTE reform referenced peer-reviewed studies. Another problem was that the opinions of SOTE experts were not made public and exposed to scientific criticism.⁴

A further barrier to using scientific method was the fact that experts were not selected with respect for academic autonomy but rather based on the power of the party in government to appoint them. Politically motivated public officials played a key role in the preparations and nearly all external experts were also stakeholders. In other words, the planned changes would have influenced the activities of the employers of the experts in question, or of the organisations they represented.

The scientific method has its limitations. Science does not provide an unambiguous answer to the key issues of complicated policy such as the SOTE reform. It is, for example, unclear whether publicly funded services should also be publicly provided. Internationally, there is very little research on the actual impact of services (especially social services) on health and welfare outcomes. Furthermore, results obtained in one country cannot necessarily be directly applied to another. For example, most studies on competition in the healthcare market have been conducted in the United States (Pitkänen & Pekola 2016), where the system is very different from the Finnish one.

Furthermore, we may ask if the scientific method is even capable of creating cumulative knowledge and, based on this, a commonly shared view of SOTE

4. The exception is the previously mentioned opinion by the group of experts, which was published in *Sosiaalilääketieteellinen aikakauslehti* (Lehtonen et al., 2018). The opinions given to parliamentary committees were published only after the respective committee had finished its report.

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reform. The aims of disciplines within the field of health and social care differ. For example, health economists study incentives to achieve as much health as possible as efficiently as possible in a world of limited resources. According to the global definition social work “promotes social change and development, social cohesion, and the empowerment and liberation of people” (IFSW 2020).

Justifying beliefs with scientific knowledge is not the prerogative of researchers, and scientific knowledge cannot necessarily be applied to a complicated phenomenon such as the SOTE reform without practical experience. The concept of “communities of practice” refers to groups in which expertise is defined by shared goals, practices and language (Wenger, 1998). Communities of practice create expertise through social construction. The group develops methods of thinking and operating through which it can define and acquire expertise in a specific field that may be wider than a profession. A community of practice does not, however, require the use of the scientific method. This perspective does not necessarily resolve diverging political preferences, but it can be used to create cumulative knowledge and, based on this, a commonly shared view of the SOTE reform.

Members of a community of practice share a topic of interest and work together to acquire knowledge of the subject in question. Methods can include sharing knowledge in groups, which allows group members to learn from one another. If the desired knowledge is peer-reviewed research, the community can be interpreted to be using the scientific method. Their perspective may, however, be wider, and contain not only academic research knowledge, but also practical or tacit knowledge. Long-term, goal-oriented collaboration between academic and other SOTE experts in the spirit of a community of practice could strengthen the knowledge-based management and implementation of SOTE reform.

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