

Turkey's Unheard Voices | 

## Healthcare Policy Reforms

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## **Introduction**

Turkey currently implements a universal healthcare system, providing free healthcare to all citizens through the Sosyal Güvenlik Kurumu (SGK) mandatory health insurance program. The healthcare system in Turkey ensures that every citizen to access quality healthcare services through their monthly mandatory insurance contributions. The system is funded through both state contributions and individual insurance contributions that are regulated by the SGK. Turkey transitioned into universal healthcare in 2003, becoming one of first countries to do so despite financial handicaps. The transition process wasn't linear: Turkey faced numerous drawbacks and completely restructuring healthcare expenditure was a significant change to undertake. This research paper analyzes the universal healthcare system in Turkey, discussing both effectiveness of healthcare reforms for increasing accessibility and quality of healthcare while also highlighting the discrepancies between certain policies introduced in the early 2000s.

## **Turkey Before The Healthcare Reform**

The Turkish healthcare system has undergone various changes and reforms in the past 20 years. These reforms have permitted the country to completely restructure health expenditure and increase the quality of healthcare services provided by both public and private hospitals across the nation. The primary objective of these reforms were to implement a universal healthcare system, meaning that everyone could receive free healthcare services in public hospitals.

Before 2003, the Turkish healthcare system was highly fragmented. Public hospitals didn't offer adequate healthcare services, there were long waiting lines, and the price of basic healthcare treatments were very high. Both the accessibility and quality of healthcare services rapidly deteriorated. The Ministry of Health didn't have as much regulatory control over private and university hospitals, which resulted in a huge gap between the services provided in public and private hospitals. These problems drafted Turkish policy makers to focus on two primary areas: socialization and centralization in healthcare. The Ministry of Health aimed to provide equal healthcare services to all citizens and to ensure hospital chains across the nation to be connected, so that the quality of services could be overseen and regulated.

## **The Health Transformation Program**

In 2003, the government introduced the Health Transformation Program (HTP). The program was implemented in support of the World Bank and various other international entities. The HTP completely altered the way the healthcare sector was structured and financed – essentially creating an entirely new healthcare system in Turkey. The main purpose of the HTP was to provide universal healthcare, meaning that every citizen has the right to access quality healthcare free of cost. The HTP posited that the public hospital system in Turkey would be financed through a mandatory health insurance, paid by through a tax surge on employees. Each employee is required to contribute 12% of their salary to this health insurance, which is managed by the SGK. The total contribution is capped at 150,000 TL per month; if an employee's salary exceeds this amount, they pay a fixed sum of 30,000 TL. This system ensures that contributions are proportionate to salaries. Following the implementation of HTP, the financing of the healthcare system saw drastic changes. By contributing to the mandatory health insurance, employees reduced the healthcare system's reliance solely on state funding. This enabled the government to allocate more resources towards enhancing the quality of care in hospitals nationwide. In the last 20 years, over 150 new hospitals have opened, increasing the number of beds available to 225,864. Overall, in the last 20 years, the Turkish healthcare system has seen an immense capacity growth along with an increase in treatment quality as well. Although Turkey is exemplary in the way it structures the healthcare system, challenges still persist. Many public hospitals, particularly those in rural areas, need infrastructural improvements, and the number of available beds remains below the global average. Furthermore, there is a huge gap between the resources in hospitals in rural and urban areas. Most rural hospitals don't offer all of the services required to treat all kinds of patients, which obliges citizens to travel to other cities to receive the treatment they need. It is undeniable that public hospitals, especially located in rural areas, need more infrastructure and healthcare equipment to be able to offer high quality medical services.

### **State Funding**

In 2012, Turkey only allocated 5.1% of its GDP towards healthcare, compared to the OECD average healthcare expenditure which stood at 8.9%. This has both positive and negative implications. First of all, it is an indicator that the mandatory health insurance system is able to suffice without much state funding. However, considering the challenges that still persist, this might also suggest that the government should increase its efforts and contributions to the healthcare system.

### **Other policies implemented throughout 2003 - 2024**

#### **Public-private partnership (PPP):**

In 2012, Turkey began implementing a new policy referred to as the public-private partnership (PPP). The Turkish healthcare PPP program is a partnership between a

government agency, the Ministry of Health, and private sector enterprises that are interested in funding capital healthcare projects. This partnership enabled new healthcare investments to be funded through a combination of private and government incentives, rather than solely relying on state funds, which essentially allowed private firms to enter the healthcare sector in the country. The PPP's primary objective was to build 40 hospitals and to deliver up to 40,000 additional public hospital beds, with an estimated capital cost of €12 billion. Through the PPP, private sector firms were able to invest in the aforementioned healthcare facilities, which increased financial support for public hospitals, the number of private hospitals, and the focus on specialized services. While allowing the private sector to participate reduces centralization, and the impact has been notably positive, leading to improvements in both the capacity and quality of services in public and private hospitals nationwide.

### **Performance-Based Payment System (PBF):**

Following the implementation of the healthcare transformation program, the new tax surge provided the government with an expanded budget. Reports from early 2003 through 2007 emphasize the importance of allocating resources adeptly to ensure that the government can achieve maximum efficiency by delivering high-quality services with minimal expenditure. Turkey achieves this through a strategic approach called the Performance-Based Payment System (PBF). This system allocates funds to healthcare providers based on the quality of services they deliver, giving them considerable autonomy in the use of these funds. The PBF is appealing to organizations as it motivates them to perform better and channels resources directly to the frontlines. Health facilities require a degree of autonomy to make effective decisions. Previously, the government had more control over the determining where funds would be allocated as they were determining the budget, however, this resulted in government officials making decisions related to healthcare instead of health administrators. This is known, throughout the world and across disciplines, to reduce the quality of care. Therefore, through the PBF, health administrators have been granted more autonomy over decisions related to the healthcare budget.

### **Private Hospitals and Insurance:**

Turkey has adopted universal healthcare, which means that everyone can receive free healthcare services in public hospitals. However, although the Turkish public health network is built upon strong foundations, the disproportional increase between demand and funding has caused a reduction in the quality of healthcare services offered in public hospitals, especially in the last decade. It is harder to get appointments in public hospitals, there are often longer waiting hours and some public hospitals aren't equipped with the necessary equipment and doctors to perform certain procedures. In this case, some citizens may prefer getting treated at private hospitals. Private hospitals tend to be more expensive, however, they offer more specialized services and are equipped with more comprehensive facilities. Treatments in private hospitals are often paid for through private health insurances.

## **Overall Analysis of New Policies & Recommendations**

Overall, there are visible improvements in the healthcare system. In 2012, healthcare access for the Turkish population reached 98 percent. Life Satisfaction Survey, which is periodically conducted by Turkish Statistical Institute (TURKSTAT), reported a growing increase in the proportion of overall satisfaction with health services among Turkish citizens from 39.5% in 2003, just before the beginning of the HTP, to 73.04% in 2010. Various health indicators such as Infant mortality rates and life expectancy offer promising statistics. Infant mortality rates have halved, from 26 to 12 per 1,000 births, and life expectancy grew to 74 years, which is on par with the global standard. Most achievements were a direct result of broader patient-centered health sector reforms undertaken during the initial phase of the HTP, through which Turkey addressed the first concern of healthcare systems across the world: accessibility. The second, and more complex step is quality improvement. In order to fuel quality improvement in healthcare, the government must invest in - or attract private entities to fund - more specialized services for public hospitals, increase funding for research, and strengthen the primary care system. Well targeted incentives and mandates could be implemented to bridge these gaps. It is crucial to consider the opinions of healthcare administrators when designing these policies, as they have firsthand experience with the system.

Finally, Turkey is exemplary in the way health expenditure has been structured. For similar economies, which cannot subsidize healthcare for all, Turkey proves the feasibility of covering the poor through tax resources, in a context where the non-poor are covered through contributory schemes. With progressive contributions from those who can pay, the healthcare system can be self sustainable, offering free services to every citizen. Lastly, the Turkish healthcare system demonstrates the feasibility and impact of standardizing benefits across the population, bringing in greater equity and increasing citizen satisfaction.