

SPECIAL STATE GRANTS FOR HEALTH RESEARCH

This audit concerns the functioning of the system of special state grants for health research. The system, which was established in 1956, is designed to provide state funds to compensate costs incurred as a result of health research at the university level. According to the Act on Specialized Medical Care, hospital districts running a university hospital as well as local authorities, joint municipal boards and state mental hospitals running a health care unit and other health care units mentioned in a separate Decree are entitled to this type of compensation. The Ministry of Social Affairs and Health is responsible for directing the system. The 2005 state budget allocated 40,747,000 euros for health research.

The system of special state grants for health research has been evaluated by numerous working groups and rapporteurs. Evaluations have noted shortcomings in directing and monitoring the use of compensation. Information obtained to develop the system has not been utilized in decision-making regarding the system, however.

The main question in the audit was whether the system of special state grants for health research functions according to the purpose stipulated in the Act on Specialized Medical Care. With regard to directing the system the audit sought to determine how the measures taken by the Ministry of Social Affairs and Health have influenced the achievement of the objectives set for the system and how effectiveness has been evaluated.

In the opinion of the State Audit Office, the basics of the system do not need to be questioned. The audit nevertheless indicated that the system still lacks a guiding strategy that is understood by all parties as well as objectives set for activities. The preconditions for the proper working of the system are also weakened by the fact that there are two interpretations concerning the purpose of special state grants,

which are applied in parallel. In practice the authorities responsible for compensation and recipients of compensation interpret the system both as a means of compensating the costs incurred as a result of health research and as research funding the use of which should not be directed. The lack of direction has apparently led to a situation in which recipients largely use compensation in whatever way they want. Compensation is not always used in the manner stipulated by regulations, and this is reflected particularly in the scarcity of research concerning the health service system.

The level of special state grants has stimulated considerable debate in recent years. Recipients of compensation as well as working groups studying the matter have repeatedly observed that the volume of research has grown sharply in the past ten years while the publication point price on which compensation is based has fallen.

To ensure an optimal level of compensation the responsible ministry should regularly study health research costs. In practice this has not happened. In addition to a working group on special state grants that submitted its report in 1995, the National Research and Development Centre for Welfare and Health evaluated research costs incurred by hospitals in 1996 and 2004. The Ministry of Social Affairs and Health has not considered it necessary to define what kind of costs can be compensated with special state grants.

The audit indicated that a key problem regarding the level of compensation is whether the costs incurred as a result of health research should be taken as given for all parties. The volume of research and objectives are not set out in the national health policy, for example. In other words the quantity and quality of research that is compensated and the level of compensation are not in a clearly defined and justified relation to each other. It is impossible on the basis of the audit observations or any official information to deduce how the Ministry of Social Affairs and Health's information concerning the development of the costs incurred as a result of health research influences decision-making regarding special state grants.

The system's transparency and functioning are also weakened by shortcomings in the monitoring of the use of

compensation by the Ministry of Social Affairs and Health. On the basis of observations, the Ministry of Social Affairs and Health still does not have comparable information concerning special state grants for health research that would allow the systematic and reliable evaluation of the effectiveness of activities. Evaluating effectiveness has mainly been left up to working groups studying the development of the system.

In the opinion of the State Audit Office, the system should be directed in a more goal-oriented and systematic manner. The authority responsible for directing activities should also be required to monitor the use of compensation more systematically and precisely. On the basis of the audit the State Audit Office has made several recommendations to the Ministry of Social Affairs and Health concerning how to develop the system.