



Health Care Reform



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Czech healthcare system before 1989

- Established after the Second World War (Semaschkov)
 - Centralised and hierarchic
 - Budgetary financed
 - State monopoly in providing, financing and managing the health care services
 - Private practice prohibited
 - Ineffective
 - Undemocratic
 - ...
- worsened population's state of health



Capacity of the past HCS

- Relatively high
 - 1110,8 beds per 100 000 popul. (1989)
 - 272,14 physicians per 100 000 popul.
 - Current situation at <http://data.euro.who.int/hfadb/>
- Seemingly not high enough
 - Excessive demand
 - Waiting list
 - Corruption
- Relatively low cost – 4,8% of GDP in 1988



Problems

- Low level of remuneration of health workers, especially qualified nurses and physicians
- Obsolete medical and non-medical equipment
- Almost critical lack of some drugs
- Corruption



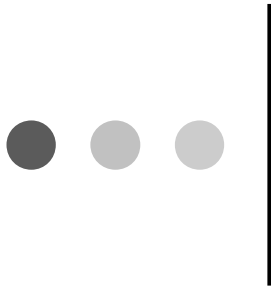
Health status

- Good at the beginning (10th among 27 European countries between 1960-1964)
- But then significantly lower than other European nation at that time (27th place in 1980)
 - Czechs sicker and died sooner than nationals of other countries ☹
 - Chronic and deep crisis of health status and Health Care System in Czech republic



Need of reforms – general

- The expenditures on healthcare outpacing economical growth
- Demographical factors
- Technological boom
- Solutions (?): co-payments, private insurance, government regulations, economic incentives, standards, clinical recommendations ...



Government or market? - general

Market

- Individual responsibility
- Desirable competition
- Private insurance
- Elimination of moral hazard
- Increasing effectiveness
- BUT adverse choice, cream skimming, inequality

Government

- Specificities of healthcare
- Elimination of different accessibility
- Provides stable financial supply
- Eliminate over- or underdimensioning of some services
- BUT under regulations INFORMAL market



Transformation (1989-1991)

- General goal: flexible Health Care System which guarantees a balance among professional, economic and human aspects
- More democratic and liberal system which allows:
 - providing services of better quality
 - better control of resources



General Reform Principals I.

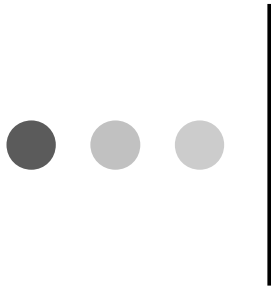
- Democratization, humanization and provision of health services of better quality
- Decentralization, privatization, competition
- State guarantees equal access to „adequate“ levels of services for every one
- Plurality in financing but an obligatory Health Insurance System since 1991



General Reform Principals

II.

- Free choice of provider
- No more state monopoly in providing, financing and managing the health care services
- Plurality within the health service— the prevailing form of health care service should remain the public health service, but there will also : regions, municipalities, church and private sector ...
- Increased responsibility for own health
- An income for physicians and/or the health service facility should depend on their performance in terms of quality and quantity



Healthcare reform steps – plural Health Insurance System (1993)

- The biggest insurance company (VZP) established in 1993 with special rights and duties
- Other smaller IC have been founded at the aim of establishing a concurrence among payers (up 27)
- IC bankrupted, merged ... 9 IC nowadays
- Insurance premium paid by employees, employers and the government – its amount is based on a gross income



Healthcare reform steps – reimbursement

- Fee-for-service applied to all kinds of services
- A massive increase in services produced was an immediate reaction
- Deficit development was started ... ☹️



Some outcomes

- the volume of provided care increased significantly
- dtto for the amount of hi-tech equipment
- the quality of care rose too (?!)
- a rapid increase in the life expectancy could be observed between 1990 and 2001 (male 67.63 in 1990 \Rightarrow 72.14 in 2001).



Number of transplantation

Number of transplantations
and cardiac operations

Year	heart	Transplantations				cardiac operations	
		kidney	liver	pancreas	lungs		
1991	9	178	2	-	-	1 657	
1992	19	190	2	-	-	1 825	
1993	34	313	2		2	2 471	
1994	50	406	11		8	3 330	
1995	60	389	31		13	4 008	
1996	75	393	42		19	5 043	
1997	96	445	49		21	5 943	
1998	55	366	66		21	6 463	
1999	64	316	67		24	6 868	
2000	58	353	61		23	7 640	
2001	49	330	58		25	8 277	

Zdroj: Institut klinické a experimentální medicíny



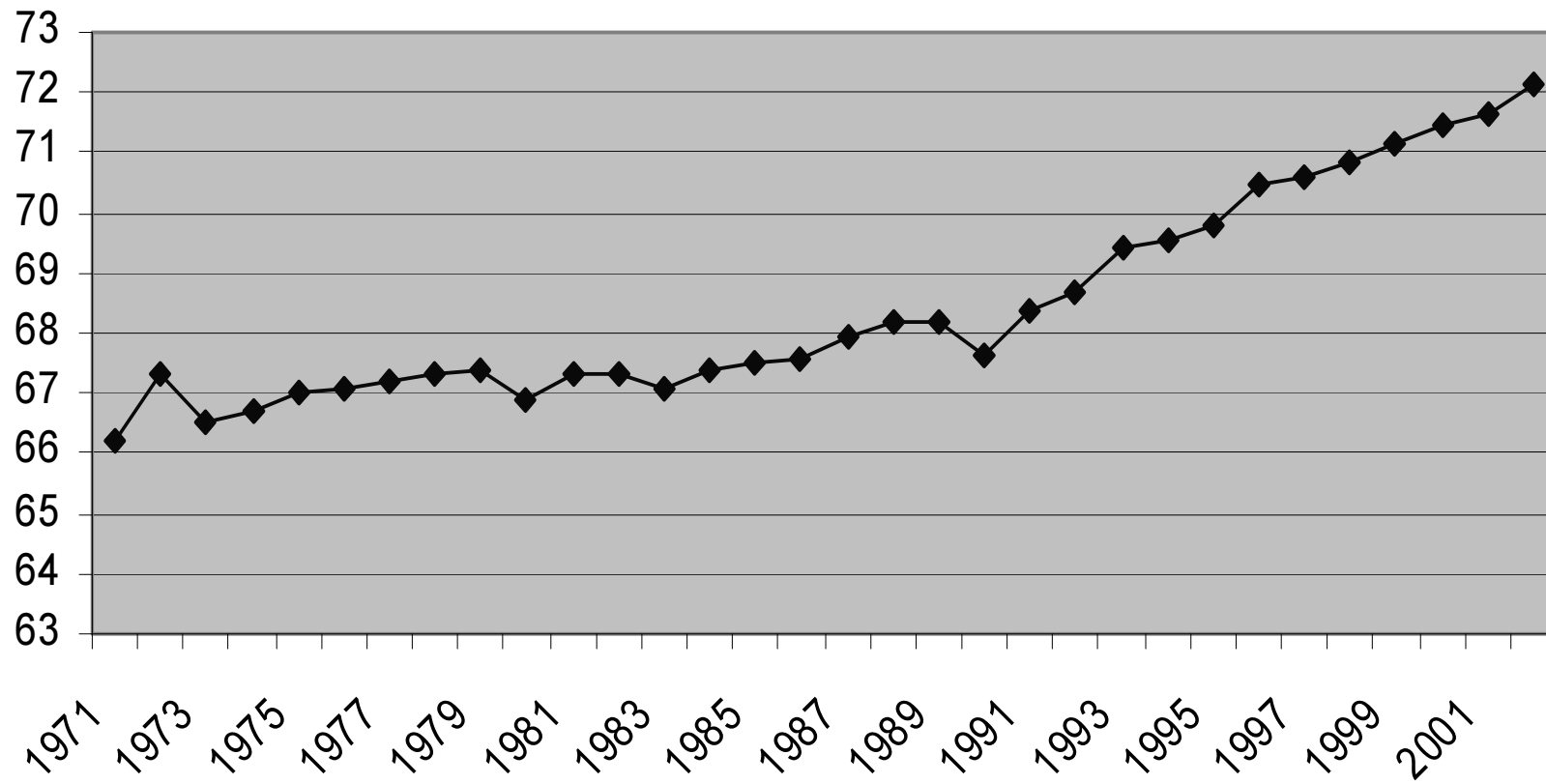
Medical equipment

Year	1992	1993	1994	1995	1996	2001
Equipment						
CT	48	59	64	69	73	117
Mammograph	44	56	68	87	106	125
Lithotripter	11	22	25	25	29	30
MRI	4	6	7	10	11	19
Lasers	86	111	156	515	1,02	1,4
Lung ventilators	843	988	980	983	1,188	1,683

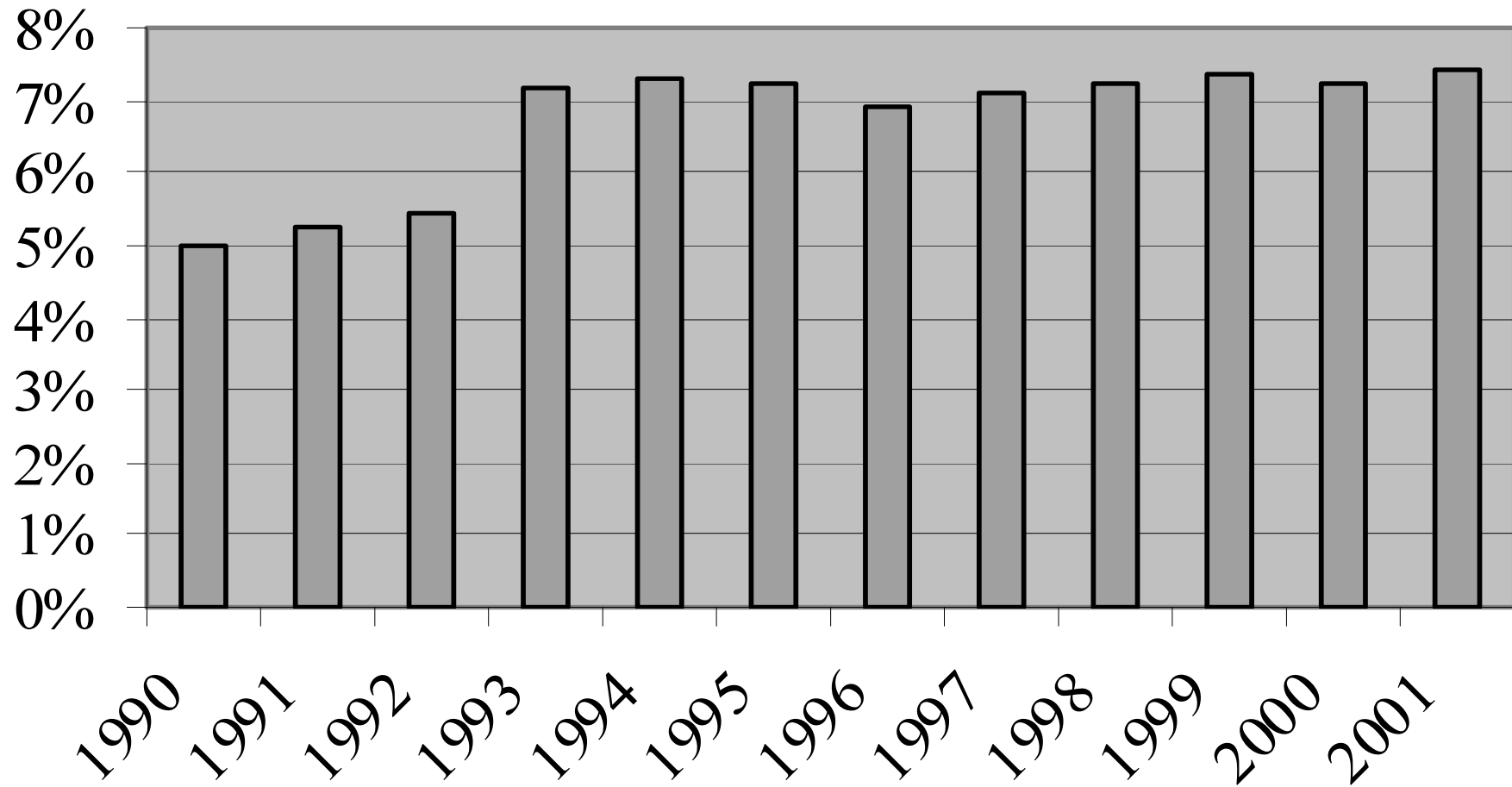


Life expectancy

Life expectancy at birth, in years, males



Health Care Expenditures





Current situation

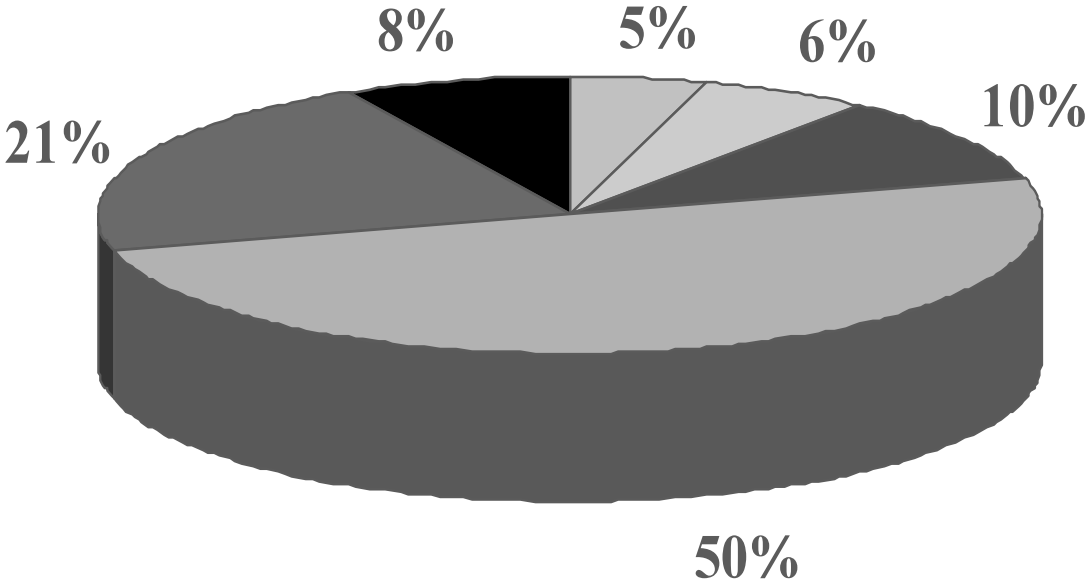
- Relatively high level of healthcare expenditure (7,4 % of GDP)
- Relatively high level of insurance premium paid by employees (13,5%)
- Reform efforts have lasted for more than 15 years, system remains in crisis
- 1995-2005: a lot of strategic policy materials, most of them just on a paper
- 13 Ministers between 1990-2005
- Absence of a vision, clear strategies
- Need to redefine the range of guaranteed care (compulsory and optional health insurance)
- Optimize the network of providers



Reimbursement methods

- GPs - capitation plus limited services extra
- Ambulatory specialists - fee-for-service with time limitation
- Hospitals - mostly lump sum payment following their output in the previous year, (originally was introduced as an temporary and provisional tool to save critical financial imbalance...)

Cost structure



- GPs
- Dentistry
- Ambulatory
- Hospital
- drugs
- other



Major issues I.

- Drug expenditures escalation – increase from 1990 to 2001: 130% measured in daily doses per 1 000 inhabitants and 711% in consumption per inhabitants in CZK)
- Physicians' complains
 - Salary in public hospitals
 - Heavy income regulation for ambulatory specialist
 - Administrative complication



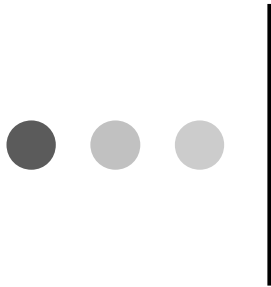
Major issues II.

- Serious problems with/in hospitals :
 - 50% of total health expenditures
 - Debt 9 billion CZK (2002)
- Huge number of hospitals (difficult to optimize the hospital network because of employees, public...)
- Hospitals transferred from state level to regions – with debt (serious problems)



Economic results of hospitals 2003 (in million CZK)

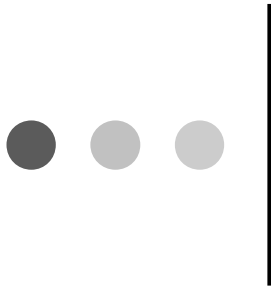
Hospital	Number	Costs	Revenues	Economic results
Public hospitals	19	36 639	35 395	- 1 244
Regional	79	32 343	31 366	- 977
Municipal	27	5 079	4 873	- 206
Private	52	4 705	4 696	- 9
Total	177	78 766	76 330	- 2 436
Army hospitals	4	2 391	2 382	- 9
TOTAL	181	81 157	78 712	- 2 445



Alternative approaches to reform I.

Social-democratic concept:

- Healthcare as a public service
- No co-payments
- No private hospitals (no transformation to incorporated companies)
- Financial stabilisation of public health insurance
- Improved execution of public administration in: health insurance, regulation and control of the financial management of hospitals



Alternative approaches to reform II.

Liberal concept:

- Market-based system
- Competition among providers and payers
- State responsible for legal framework and regulation of the market
- Increased freedom and responsibility of patients
- Individual accounts of health insurance



THE END 😊