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 in1988

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

- Specifities of healthcare
- Elimination of different accessibility
- Provides stable financial supply
- Eliminate over- or underdimensiong 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

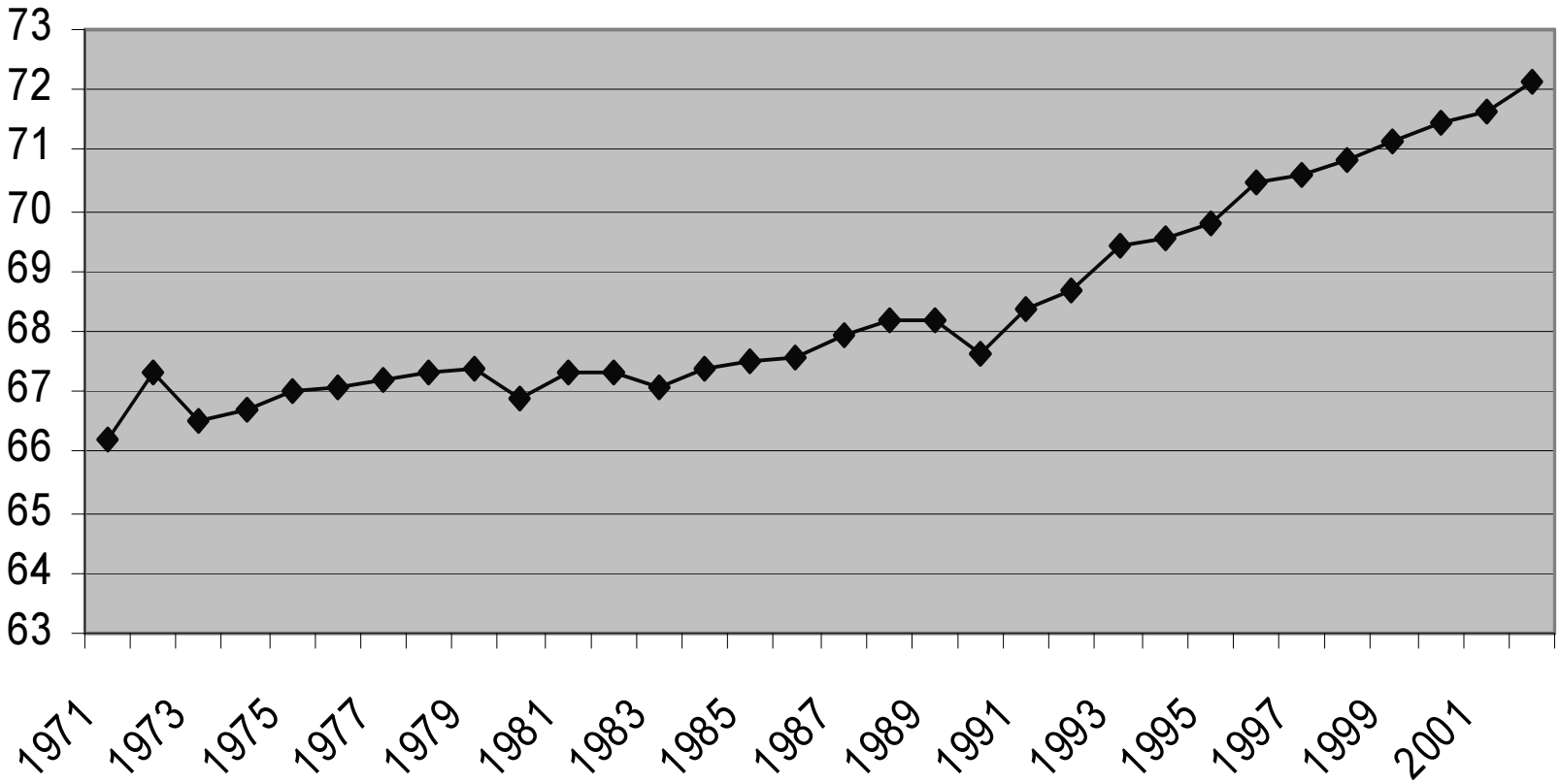
Year	Transplantations					cardiac operations
	heart	kidney	liver	pancreas	lungs	
1991	9	178	2	-	-	1 657
1992	19	190	2	-	-	1 825
1993	34	313	2	2	-	2 471
1994	50	406	11	8	-	3 330
1995	60	389	31	13	-	4 008
1996	75	393	42	19	-	5 043
1997	96	445	49	21	1	5 943
1998	55	366	66	21	8	6 463
1999	64	316	67	24	14	6 868
2000	58	353	61	23	7	7 640
2001	49	330	58	25	10	8 277

Zdroj: Institut klinické a experimentální medicíny

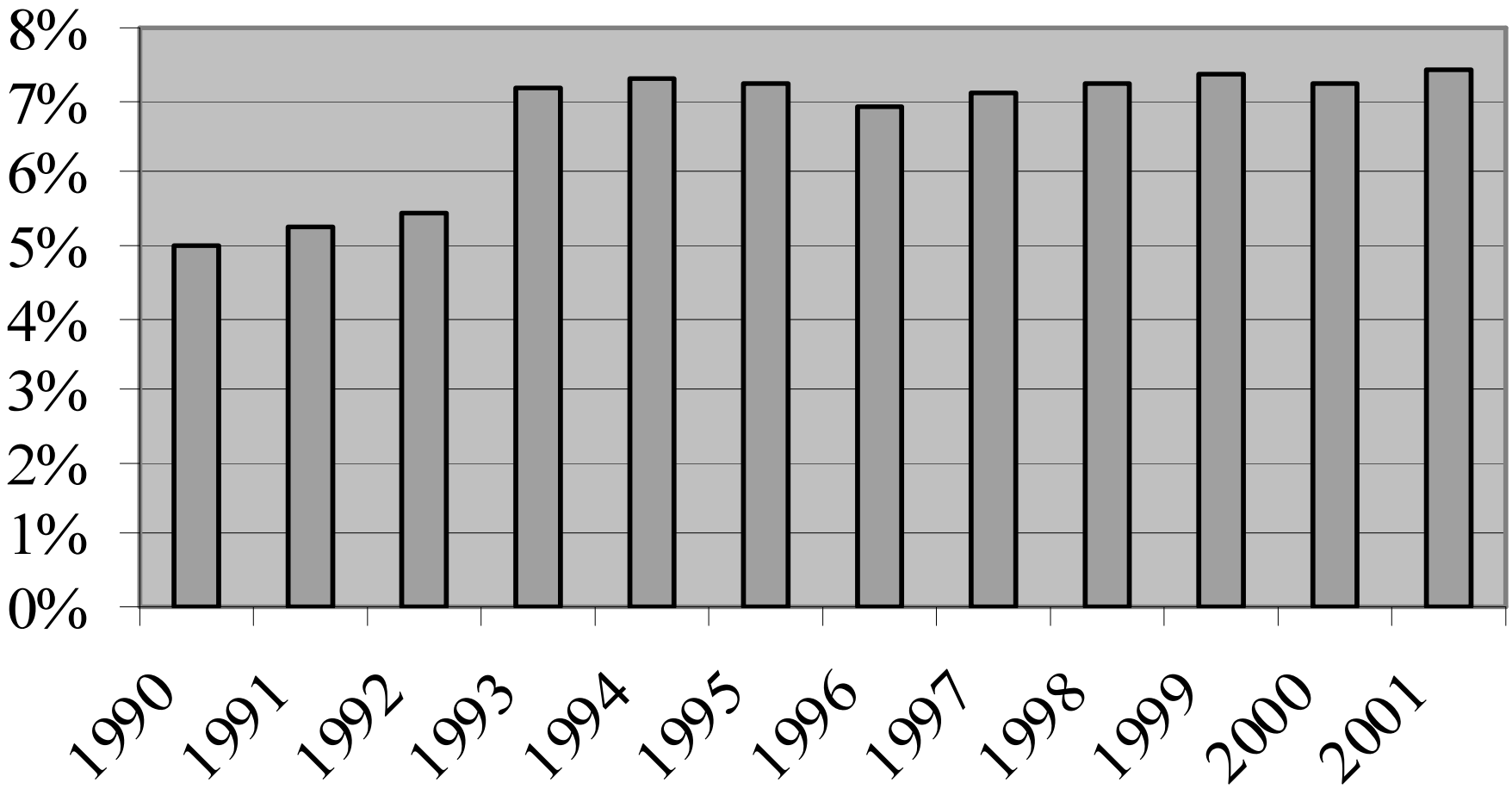
Medical equipment

Year / Equipment	1992	1993	1994	1995	1996	2001
CT	48	59	64	69	73	117
Mammograph	44	56	68	87	106	125
Lithotriptor	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



Health Care Expenditures



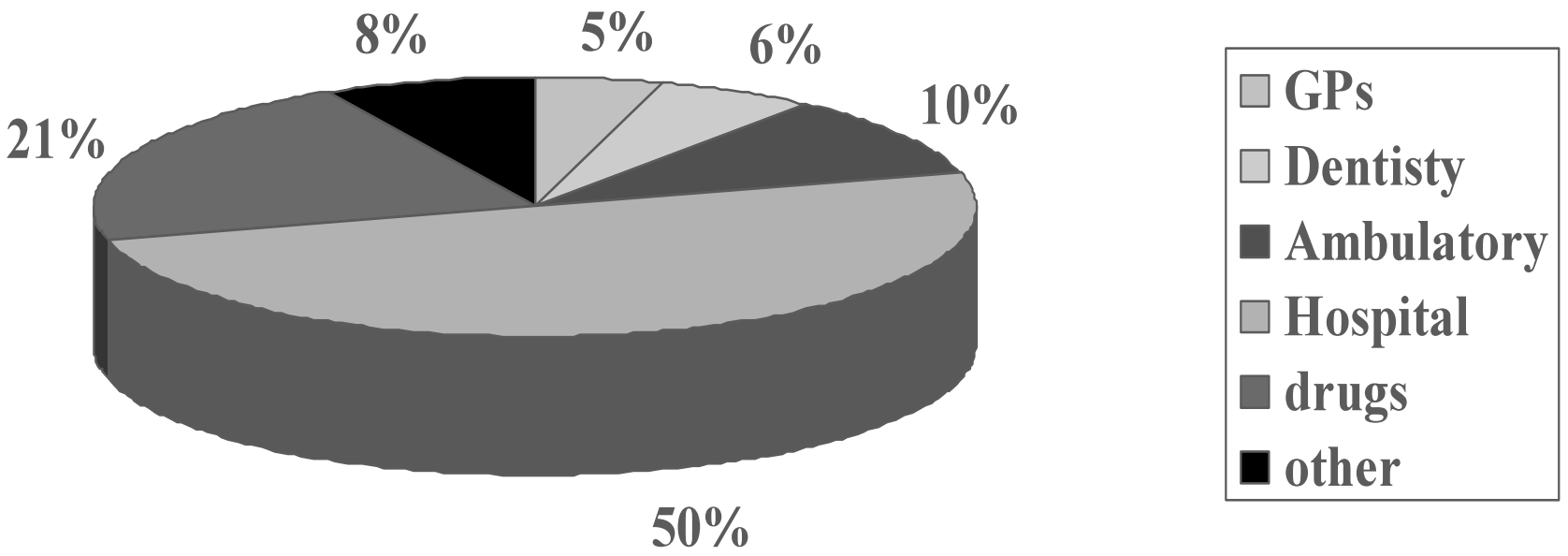
Current situation

- 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



Major issues I.

- Drug expenditures escalalation – 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 ambulantory specialst
  - Administrative complication

Major issues II.

- Serious probems with/in hospitals :
  - 5O% of total health expenditures
  - Debt 9 billion CZK (2002)
- Huge number of hopitals (difficult to optimize the hospital network because of employees, public…)
- Hospitals transfered 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.

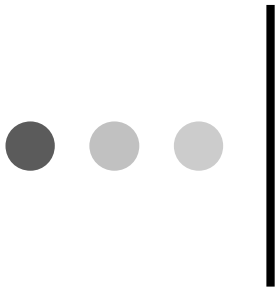
Social-democratic concept:

- 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 ☺