

ECONOMIC INSTRUMENTS IN PUBLIC HEALTH LAW REGULATIONS

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Abstract in original language

Ve všech členských státech EU se potýkáme s deficitem ve financování veřejného zdravotnictví. Proto, aby se našel způsob, jak této situaci efektivně čelit a najít správně řešení, je nezbytně nutné stanovit skupinu faktorů, která primárně tento deficit způsobuje. Někteří odborníci tvrdí, že je to chyba špatně nastavené politiky státu. Ale je tomu skutečně tak? Je to právě stát, jehož orgány, reprezentující veřejnou moc, způsobují tento nedostatek ve veřejném rozpočtu? Nebo je to naopak pacient, který je lhostejný k výši uhrad za poskytovanou léčbu, a tak iracionálně a bezohledně čerpá lékařskou péči? A existují proti tomuto jevu nějaké prostředky? A jaké jsou další možnosti?

Key words in original language

Deficit, financování veřejného zdravotnictví.

Abstract

In all states of EU we are dealing with higher or lower deficit of financing of the public healthcare. We can try to find the possibilities how to improve this situation but first of all we should indicate the reasons that started this burning issue. Some experts on financing of public healthcare blame the state politics. But is it true? Is it the state - the public authorities that causes this lack of funds in the medical field? Or vice-versa is it the patient who doesn't care how expensive the medical care is and uses it irrationally? Are there any instruments against this phenomenon? Let's answer this question.

Key words

Financing, public healthcare, economic instruments.

Introduction:

The health care performance is dependent on the economy, state policy and the health system itself. Without any doubts, in every state the quality of medical services is reflecting the amount of money that is collected, destined for and finally paid for.

Based on the logical and common pattern of responsibility for public health expenditures we can point out four important groups: STATE – its policy, and then INSURANCE COMPANIES, PHYSICIANS AND PATIENTS.

Aim of the study:

The aim of this contribution is to emphasise the role of the patient, which is important not only from the medical point of view but also from the financial one because each patient's behaviour can subsequently influence the amount of financial resources destined for public health care in a significant way.

That is the point that shows how important is to settle special instruments to avoid unreasonable spending of medical care. And it is the state that has the means to appoint and regulate the instruments to reduce the healthcare costs and also to act in order to enforce them.

Last but not least there are physicians and insurance companies that settle for physicians some absurd limits that must be respected.

The main instruments can be classified as positive and negative, or as direct or indirect, fiscal or non financial.

Economic instruments:

Statistically, in the Czech republic exists obvious index of economisation supporting the idea of effectiveness of some instruments. For example it's the last innovation:

1. REGULATORY FEE¹. In future it should be the possibility of
2. SUPPLEMENTARY INSURANCE? COPAYMENTS.

Other also indirect financial instruments:

- Avoiding patient to ask for the same examination two and more specialists from the same field of proficiency at the same time. Or to set up (for this case) the obligation of payment for the second treatment directly to the physician.
- Using of complementary and alternative methods (CAM) in practice via involving these methods in some cases to medical guidelines and if possible to medical standards too.
- And as the most important ones - instruments supporting prevention.

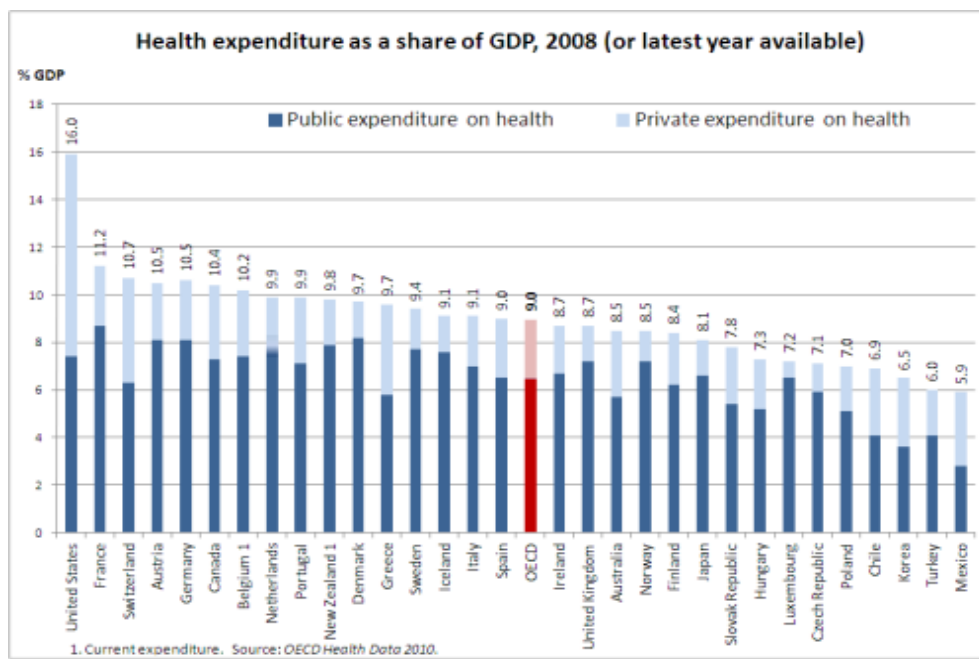
¹ Act. 48/1997 Coll., on public health insurance: §16

Macroeconomic data:

First of all it is necessary to make a brief comparison with other OECD countries where total spending on healthcare is rising faster than economic growth, pushing the average ratio of health spending to GDP from 7.8% in 2000 to 9.0% in 2008 (in the Czech Rep. it's only 7%). Factors pushing health spending up - technological change, population expectations and population ageing - will continue to drive cost higher in the future.

Development of health care system expenditures (bn of CZK)

Year	2003	2004	2005	2006	2007	2008
Expenditures	195	209	219	227	242	259
% GDP	7,6	7,3	7,2	6,9	6,7(6,5)	7,0



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Next chart is a view on czech health care incomes and expenditures. The latest data are from 2008 when we collected more than 267 miliards of czech crowns. The amount of national income has a direct effect on the development of health system, through insurance coverage and public spending, for instance. „Wealthier countries have healthier populations“.

Czech health care incomes (2008)

	TOTAL (CZK)	%
Tax payroll (employee) (4,5%), (employer) (9%), payments to the public health insurance system from the private sector – entrepreneurs x)	161,6 bn x)	60,4%
Transfer to the budget for beneficiaries – children, pensioners, soldiers, prisoners, etc.	47,2 bn	17,7%
Ministry of health dotations, counties and municipal dotations and other government departments dotations	18,5 bn	6,9%
Personal contribution of the patient (partial coverage of prescriptions, regulatory fees, direct fees, etc.)	40,1 bn	15%
Total	267,4 bn	100%

At this point is good to mention the situation of regional budgets that are often insufficient to pay for the local health care expenditures.

Development of insurance paid between 2007-2010 (bn of CZK) ³

Year	Výběr in mld. Kč	%	State in mld. Kč	%	Total	
2007	151,7	76,2	47,5	23,8	199,2	
2008	161,6	77,3	47,3	22,6	208,9	
2009	160,1	76,7	48,7	23,4	208,8	
2010	156,2	74,6	53,1	26,4	209,3	Prediction

In a few last years the status of the patient developed from a subordinate position⁴ with his doctor to a partnership. At this point we would expect that the patient would carry the ball and think as a really responsible citizen – patient. But unfortunately it has also negative aspects because too much democracy lets the patients spend the public health care in an unreasonable way and that is why the state uses some regulatory instruments in order to limit these ways of spending by patient. It is for example the policy of:

1. REGULATORY FEES (RF):

³ Analysis AČMN, P. Fiala, 21.4.2010

⁴ so-called “paternalism”

By approving of Act. 261/2007 Coll., stabilisation of public budgets, we consequently achieved the novelisation of the Act. 48/1997 Coll., on public health insurance – especially its part: §16, which is the important part where the legislator implemented the notion of the regulatory fees that is applicable since the 1st January 2008. This new instrument started one of the important steps towards health care reform and also public finance reform in the Czech republic.

The regulation⁵ stipulates that the use of health care services by defined groups of patients requires them to pay a specific fee (from 1-3 EUR) whose major significance is to regulate the abuse of health services.⁶ This affected the number of visits to:

1. clinical examinations (1EUR)
2. hospital admissions (2 EUR/day)
3. emergency medical ward (3 EUR)
4. acquisition of prescription of drugs (1EUR/item)

In 2 first years (2008-2009) was collected more than 11,5 bn. CZK:

REGULATION FEES	2008 bn. CZK	2009 bn. CZK
TOTAL	5 848 550	5 740 723
clinical examinations (physician)	1 892 884	1 639 965
hospital admissions	1 244 616	1 252 625
emergency	191 524	202 637
prescription (1 item)	2 519 526	2 645 496

Financial effect of implementation of RF in 2008

	2008 (%)
Examination – physicians - specialists	- 15,3
Examination – specialists in the ward blocks	- 19,2
Emergency	- 36,1
Number of items on the prescription	- 30,7
Number of prescriptions	- 28,1

⁵ Act. 48/1997 Coll., on public health insurance: §16

⁶ For more info:

http://www.upol.cz/fileadmin/user_upload/FZV/download/SVOC/mikeskova.pdf

The impact on number of clinical examinations and especially prescriptions of drugs is enormous. Thanks to this amount of money the hospitals can use new technologies and buy important devices.

Total financial impact of RF in 2008:

RF TYPE	RF collected amount of MONEY (mil.) CZK	RF estimated SAVINGS (mil.) CZK
Ambulatory services - out-patient check-up and treatments	1 801	1 250 (saved 4,15 mil. clinical examinations)
Prescriptions	2 437	3 630 (prevention of 9% of usual growth)
Emergency	107	(saved: less than 400 000 seeings)
Sick-beds services	679	165 (saved: less than 205 000 days of nursing)
TOTAL	5 024	5 045

2. PATIENTS' COST-SHARING:

Year	In bn. Kč	Growth in %
2004	24,4	---
2005	27,4	12,5%
2006	29,8	8,8%
2007	35,4	18,8%
2008	40,1	13,3%

This year the amount of cost-sharing expenditures in the Czech Rep. reaches 16%, which is still under average of many other states in the EU. For better system functioning of our public health care sector is necessary to promote this economic instrument but we must insure that the patients with health insurance⁷ are not burdened with excessive out-of-pocket costs. But it's a question of the state policy that decide what limit and explanation for that "cost sharing" should be. The idea of this instrument is especially

⁷ That is a case of every citizen in the Czech Republic.

psychological: “the participation”. The (potential) patient (consumer) feels the responsibility at the moment when he/she sharing the costs via:

1. copayments (a flat amount that the consumer must pay per service/item)
2. coinsurance (a percentage of the charge that the consumer must pay)
3. other direct out-of-pocket money

or

Indirect cost sharing that are typically not included into the group of “cost-sharing”.

Generally, cost sharing is designed to reduce utilization of unnecessary health care services and increase the cost-consciousness of consumers. The true is that it may discourage people from using necessary health care but we must take into account that it can be inequitable for the very sick people – especially those who suffer from chronic diseases and those who are low income.

CONCLUSION:

The situation in the Czech republic, if we take into account the situation of economic crisis and the political changes is very good. And the predictions are also quite positive. The important thing is to make other steps towards the final version of the Czech health reform with implementation of new not only economic instruments, thinking of new possibilities and changing our mind and especially regulations concerning: prevention, possible complementary and alternative methods and avoid the inequalities in access to health care.

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