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ASSOCIAZIONE EUROPEA DEI MEDICI OSPEDALIERI
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Health Care Reform in Slovakia and the Reality

Basic Features

1. Public Opinion
2. Objectives, presentation, reality
3. Legislation
4. Economic aspects
5. Actual situation

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1. PUBLIC OPINION

Survey of the public opinion conducted by Polis agency (August 2004) before the reform-related legislation was passed:

"Do you agree with the reform of the healthcare system as proposed by Minister Zajac?"

Agree		24.6%
Don't agree	57.8%	
Don't know	17.6%	

Survey of the public opinion conducted by MVK agency (September 2004) immediately before the reform-related legislation was passed:

"Do you agree or not with the reform of the healthcare system as proposed by Minister Zajac?"

Agree	13.4%
Don't agree	69.6%
Unable to judge	17.0%

Survey of public opinion conducted by IVO (December 2005) one year after the reform-related legislation was passed:

"How do you assess the healthcare reform?"

Don't agree, it needs fundamental changes	74%	
In principle agree but it needs adjusting		19%
It is good, no need to alter	2%	
Unable to respond	5%	

<u>3/4 of the Slovaks have rejected the healthcare reform.</u>

The fact that the healthcare reform represents a true problem was signalled also by the protest rally held by healthcare providers with the support of the public on 10 September 2005. (Note: It was the biggest rally by healthcare professionals since the fall of the regime in 1989).

It is not hard to recognize the reason behind such a situation. The truth is that the people have come to understand that:

- it is one thing "**what is presented**",
- a second thing is "**what the new legislation brings when applied in real-life situations**",
- a third thing is what "**the economic impact**" on people is,
- a fourth thing is "**what the actual situation in everyday life**" is like.

And there is a significant difference between the way it is "presented" and the "reality". Now people already know it. This explains the outcome of the public opinion survey. Foreign observers are mostly informed about "what is presented" and have almost no knowledge of "what the actual situation in everyday life" is.

When analyzing the reforms in Slovakia one cannot evaluate them en bloc. While the tax reform is in general assessed by experts as successful, the healthcare reform is the opposite of it. Presently, even the politicians admit it, and not only those from the opposition parties. The President of the Slovak Republic gave a negative opinion on the reform as well.

Reforms can not be made just for the sake of reforms. They shall be made for the people. Accordingly, the public opinion on reforms can not be underestimated.

2. OBJECTIVES - PRESENTATION - REALITY

From the outset (2001), those responsible for the reform declared three strategic objectives: A, B and C, as follows:

A. To disconnect the financing of the healthcare system from the State Budget - **a strategic objective of the reform.**

The State has given up its inefficient role of insurer (*Vice-Chairman of the Government and Minister of Finance of the Slovak Republic I. Mikloš: Book of Reforms, September 2005*) – **incorrect information**

In reality, the State has remained a payer for 60% of inhabitants; the insurance premium paid by the State covers only one-third of the actual costs of healthcare services provided to these citizens.

The healthcare system has not been detached from the State Budget meaning that **this strategic objective has not been fulfilled.**

B. To narrow the scope of the offered healthcare services – **a strategic objective of the reform**

The healthcare-related services have been broken down into two groups:

- a. the so called basic package of healthcare services (BS) - 6,400 priority diagnoses
- b. 3,300 diagnoses carrying deductibles of 5 to 100% (*Vice-Chairman of the Government and Minister of Finance I. Mikloš in his Book of Reforms, September 2005*) – **false information.**

In reality, the scope of the delivered healthcare services has not been narrowed - **this strategic objective has not been fulfilled.**

C. Eliminate the debts and ensure financial equilibrium – **a strategic objective of the reform**

The debt elimination will be realized and finalized in 2005. In the years 2005-2006 equilibrium of revenues and expenditures will be established (*Vice-Chairman of the Government and Minister of Finance of the Slovak Republic I. Mikloš in his Book of Reforms, September 2005*) - **not precise information.**

Complete debt elimination was not achieved despite more than 20 thousand million SKK had been allocated to the system. The Healthcare system continues to incur debt and is not in equilibrium – **this strategic objective has been fulfilled partially.**

The initial strategic objectives of the reform of the healthcare system have not been fulfilled and the reformers do not acknowledge the reality.

3. LEGISLATION

The current legislation diverges indeed from the originally declared objectives and, meanwhile, has gone beyond the framework of the Programme Declaration of the Government of the Slovak Republic. Some members of the parliament have filed four propositions with the Constitutional Court of the Slovak Republic due to the discrepancy between the reform laws and the Constitution of the Slovak Republic. Besides, within the period of one year passed since the adoption of the reform laws, four waves of changes and amendments of the health related laws have been passed (in December 2004, June 2005, September 2005, December 2005, and the Ministry is preparing additional interventions into the reform laws).

The healthcare-related legislation has problems related to its implementation (in many cases proving to be altogether unworkable in real life situations). It has considerably increased the burden of bureaucracy and decreased the transparency of the system. The obscurities in the wordings give rise to different interpretations which bring about conflict situations as an everyday matter.

The reform legislation has not been managed capably.

4. ECONOMIC ASPECTS

The amount of the government expenditures related to healthcare (as a percentage of GDP) in the European countries does not decrease but has rather a slightly increasing trend. The development in Slovakia has the opposite trend. The Government has, in a programmed manner, been decreasing the share of the public spendings on health care (as a percentage of GDP) on the total budgeted public expenditures. The growth index of the total expenditures on healthcare in absolute amounts is lower than the GDP growth index in absolute amounts. In an attempt to at least stabilize the amount of the total healthcare expenditures in terms of % of GDP, the Government is further determined to adopt measures to increase the private spendings (payments by individuals). Such macroeconomic and healthcare policy along with its fundamentally restrictive contents turns out to be a deviation. Such a model can not function for a long period and can not be economically and socially sustainable (See Table 1).

Table 1

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GDP thousand million SKK	746	845	886	967	1065	1160	1293	1430	1531	1648	1768
Public funds into healthcare thousand million SKK	47.40	48.90	50.70	55.60	60.80	63.30	67.00	73.50	78.30	83.20	87.50
Payments by individuals thousand million SKK	4.10	5.40	5.90	6.30	7.00	10.50	16.00	e. 18.00			
Public funds as % of GDP	6.35	5.79	5.72	5.75	5.71	5.46	5.41	5.14	5.11	5.05	4.95
Public funds and payments by individuals as % of GDP	6.90	6.43	6.39	6.40	6.37	6.36	6.42				

Source: MF SR

Explanation: e = estimate

Based on OECD sources, among all the EU countries, the Slovak Republic spends the least percentage amount of GDP on healthcare - See Table 2.

As regards the per capita annual spendings on health care (in terms of the purchasing power parity expressed in US\$), Slovakia is on the last but one place with 777 US\$ in 2003 (the V4 countries: Poland 677 US\$; Hungary 1 115 US\$; Czech Republic 1 298 US\$) - See Table 3.

Slovakia spends on healthcare the lowest % of GDP among the EU countries, i.e. 5.9% in 2003.

**Total expenditures on healthcare
as a % of the Gross Domestic
Product (OECD methodology)**

Table 2

Year	2003
Germany	11.1
Switzerland	11.5
Iceland	10.5
Norway	10.3
France	10.1
Greece	9.9
The Netherlands	9.8
Belgium	9.6
Portugal	9.6
Sweden	9.2
Denmark	9.0
Italy	8.4
Hungary	7.8
Austria	7.7
Spain	7.7
Great Britain	7.7
Czech Republic	7.5
Finland	7.4
Ireland	7.3
Luxemburg	6.1
Poland	6.0
Slovakia	5.9

Source: OECD Health Data, June 2005

**Total per capita per year spendings
on healthcare**

Expressed in US\$ in PPP

Table 3

Year	2003
Norway	3807
Sweden	3781
Luxemburg	3190
Iceland	3115
Germany	2996
The Netherlands	2976
France	2903
Belgium	2827
Denmark	2763
Sweden	2594
Ireland	2386
Austria	2280
Italy	2258
Great Britain	2231
Finland	2118
Greece	2011
Spain	1835
Portugal	1797
Czech Republic	1298
Hungary	1115
Slovakia	777
Poland	677

Source: OECD Health Data, June 2005

It is true that the amount of the funds flowing into the healthcare system increase in absolute terms (mainly thanks to the increased premium payments made by the insureds). The augmentation of the total fund has increasingly been due to the growing share of the direct contributions by citizens which grew from 7 thousand million SKK in 2002 to 16 thousand million SKK in 2004 (a 128% increase) and the growth trend continues.

It is true likewise that the rate of the debt increase has diminished. Debt could not, however, be eliminated (by the end of 2004 the debt amounted to 20 thousand million SKK while over 20.1 thousand million SKK had been provided via Veritel', a. s. (state agency) for decreasing the total debt.

The Ministry makes efforts to strike equilibrium between revenues and expenditures; nevertheless, this often has an excessively high impact on the people - both the patients and the providers of healthcare services.

In general, the transparency of managing the public funds within the Ministry has deteriorated. The system of the compulsory/public health insurance has a budget of 75 thousand million SKK for 2006. Five health insurers will be handling these public funds. Under the law, all of them had to become joint-stock companies. The public has no possibility to examine the insurance plans of three of these companies. In the EU countries which employ a compulsory public health insurance system it is unheard of that the public funds of compulsory health insurance are managed only by joint-stock companies. Also AIM (Association Internationale de la Mutualité) denounces the implementation of such a system. It is also unacceptable that the public has no access to their budgets and/or insurance plans.

Neither the year 2005 brought any improvements in the macroeconomic indicators of the health system.

5. ACTUAL SITUATION

People (patients, insureds) **“pay more and get less”**:

- a. they participate by higher amounts
 - for the services related to the delivery of health care and for covering the deductible
 - for increased health insurance premiums
 - for above-standard services,
- b. the accessibility of health care has decreases (e.g. due to the introduction of waiting lists)
- c. the quality of the delivered services has deteriorated (e.g. due to the outflow of healthcare professionals to other countries an acute deficit in specialists in certain specializations has arisen).

The providers of health care **“get less and have to give more”**:

- a. In real terms they get less money from the health insurance companies for their services (they do not get paid for approximately 20% of their formally recognized performance),
- b. The new legislation has significantly increased the administrative burden of healthcare providing units,
- c. They are constantly confronted with the contentious implementation of the new legislation in real life situations,
- d. An increasing number has been leaving Slovakia for a work opportunity abroad because of the low wages and the unsteadiness of the professional career: 63 physicians in 2003, 363 physicians in 2004, 323 physicians in 2005 (Slovakia has 18 000 physicians),
- e. The physician-patient relationship has considerably worsened (mainly as a result of the frequently changing legislation,
- f. All the university hospitals and large general hospitals under the competence of the Ministry of Health of SR have to become joint-stock companies by virtue of law.

People pay more and get less; healthcare providers get less and have to deliver more.

Dr. Eduard Kováč is currently the Secretary General of the Slovak Medical Chamber. In the years 1999 – 2002 he was Managing Director of the General Health Insurance Company. In the years 1994 -1999 held the position of the Managing Director of the Health Insurance Company of the Ministry of Interior of SR and was the President of the Association of Health Insurers of Slovakia. In the years 1976 – 1993 worked as a surgeon - orthopaedist.