



Health Care Modernization in Central and Eastern Europe

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Outline of Talk

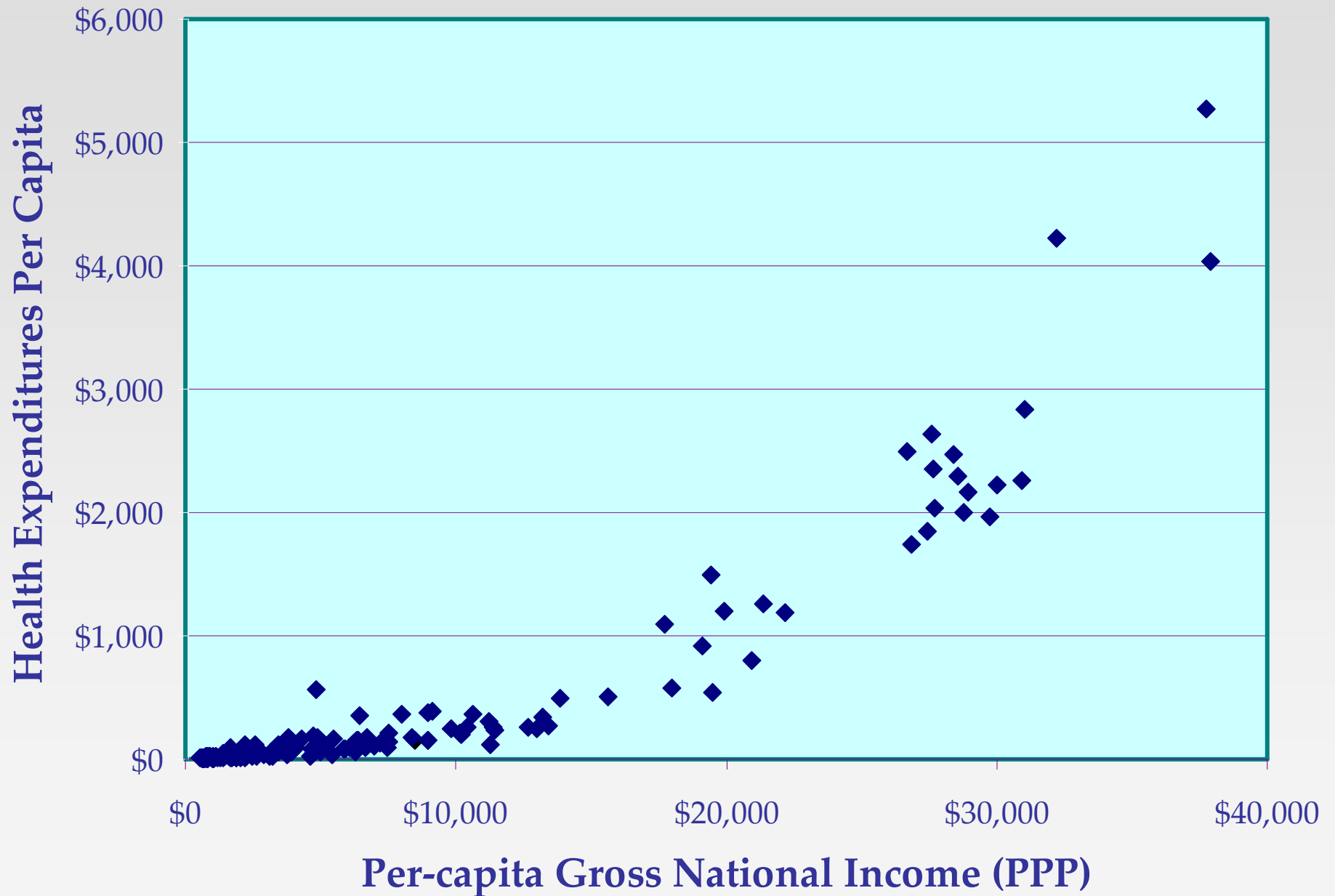
- Health Care Financing and Coverage
 - ✦ Levels of Spending
 - ✦ Social Health Insurance
 - ✦ Defining the Benefits Package
- Out-of-Pocket Payments
- Private Sector Involvement
- Allocating Financial Resources
- Regional Collaboration



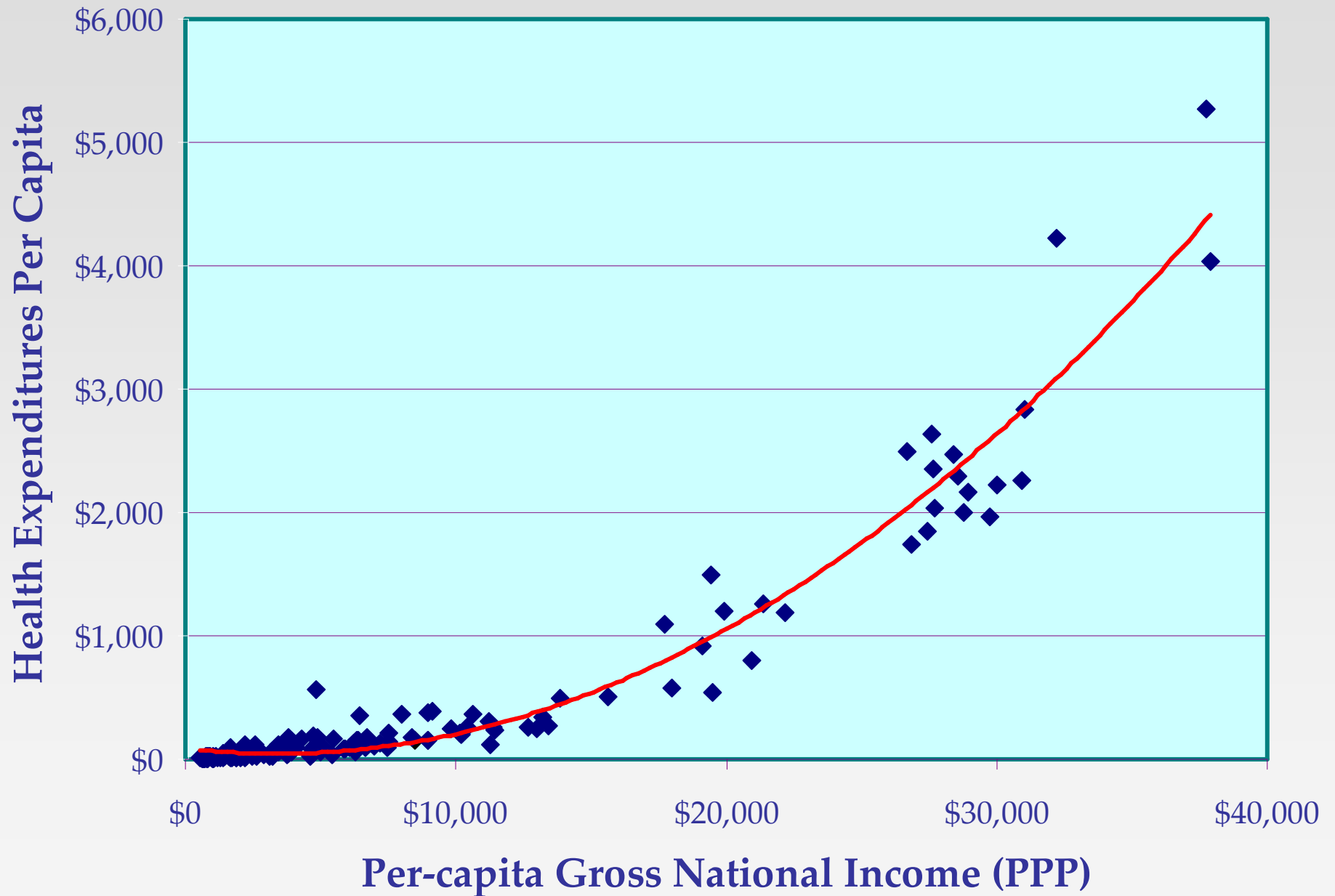
Health Care Financing and Coverage



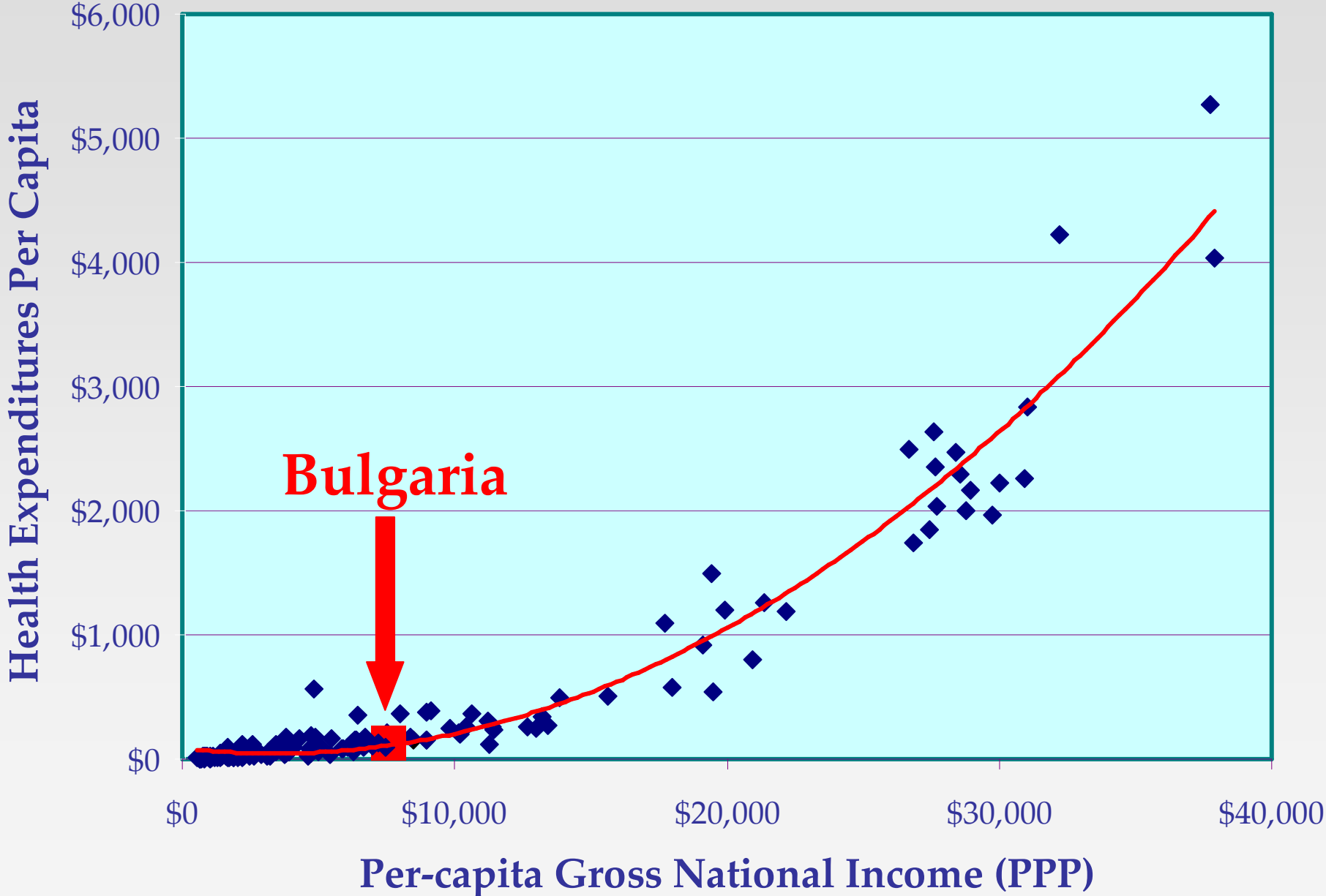
Per-capita Health Expenditures by Income, 2003



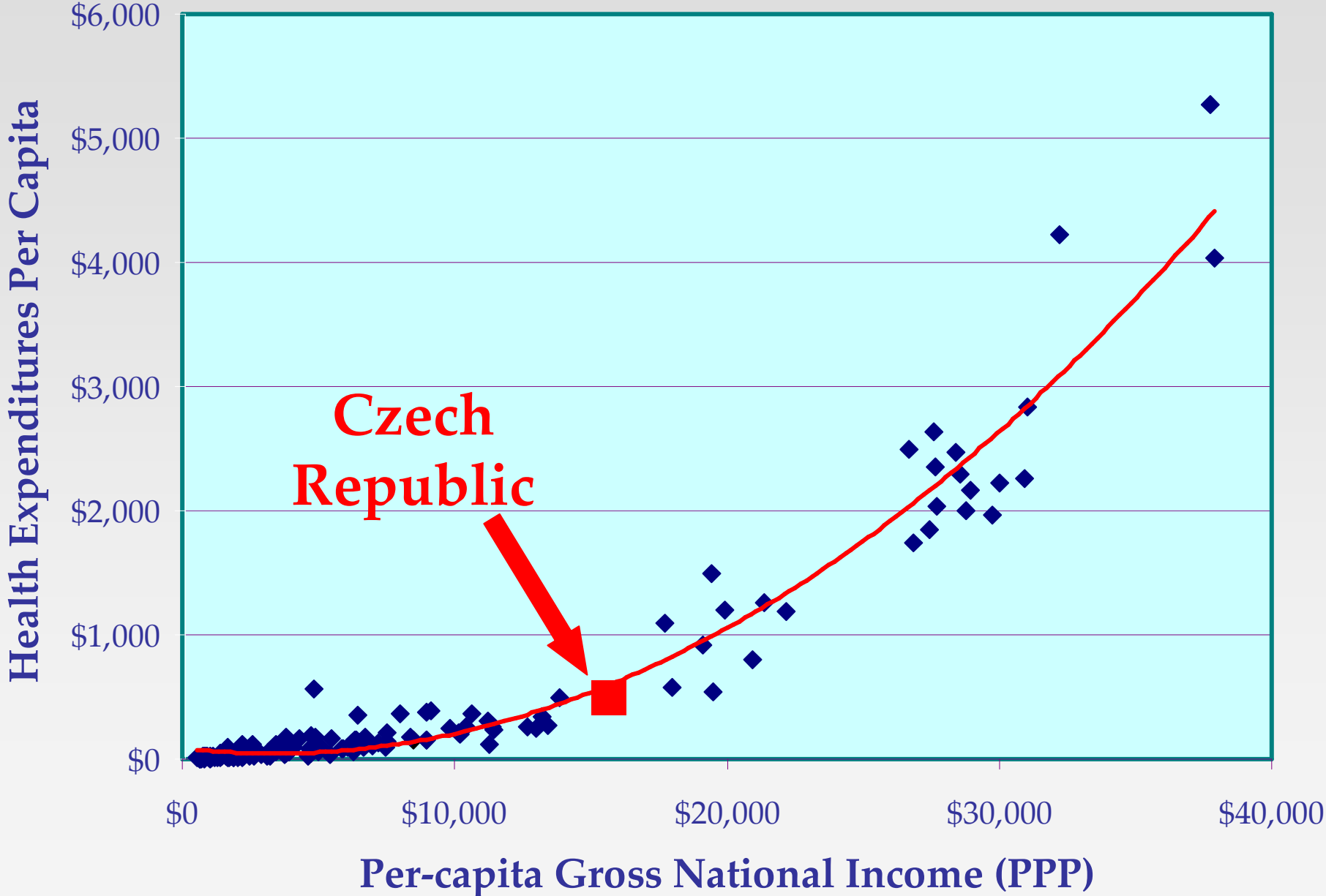
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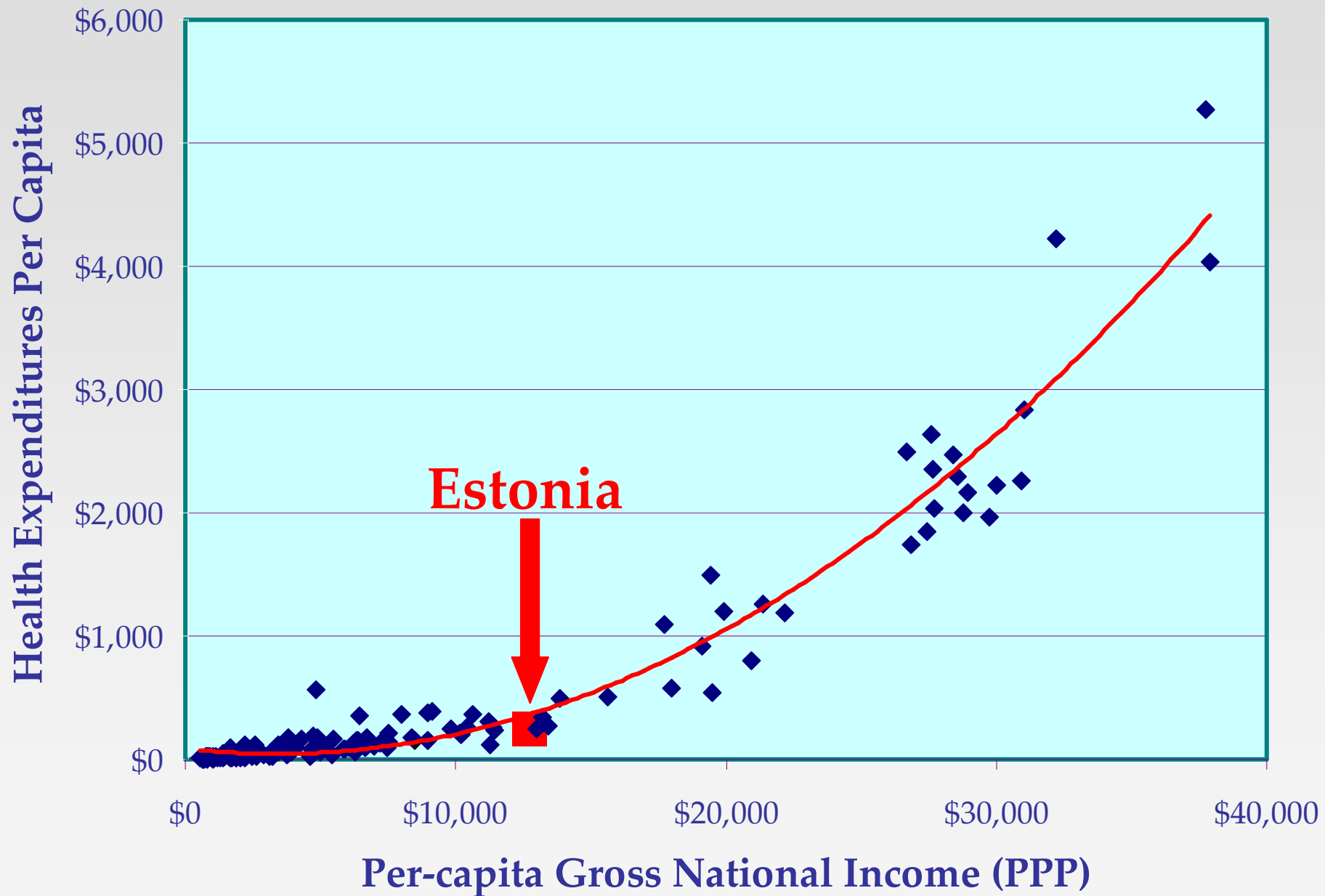
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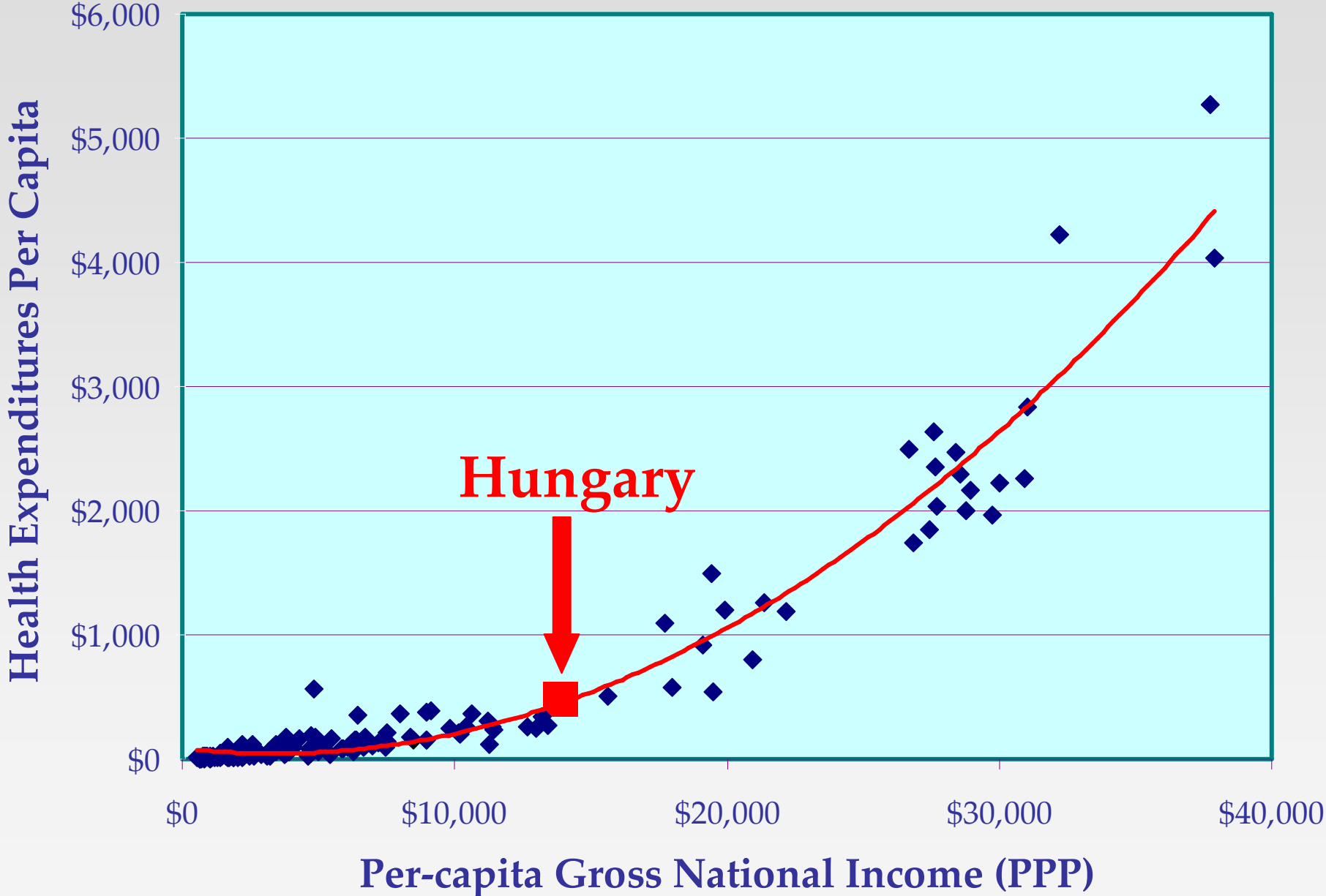
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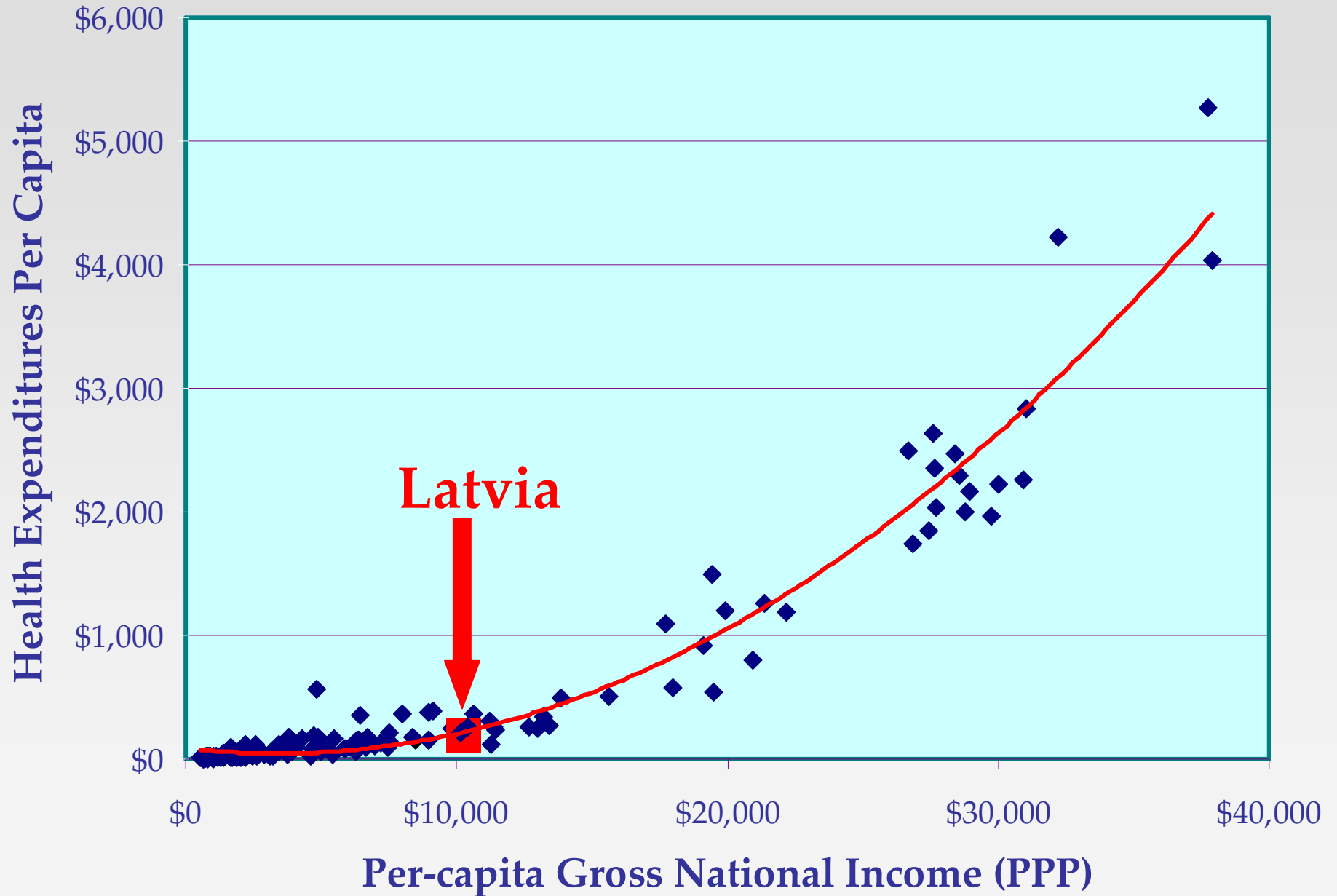
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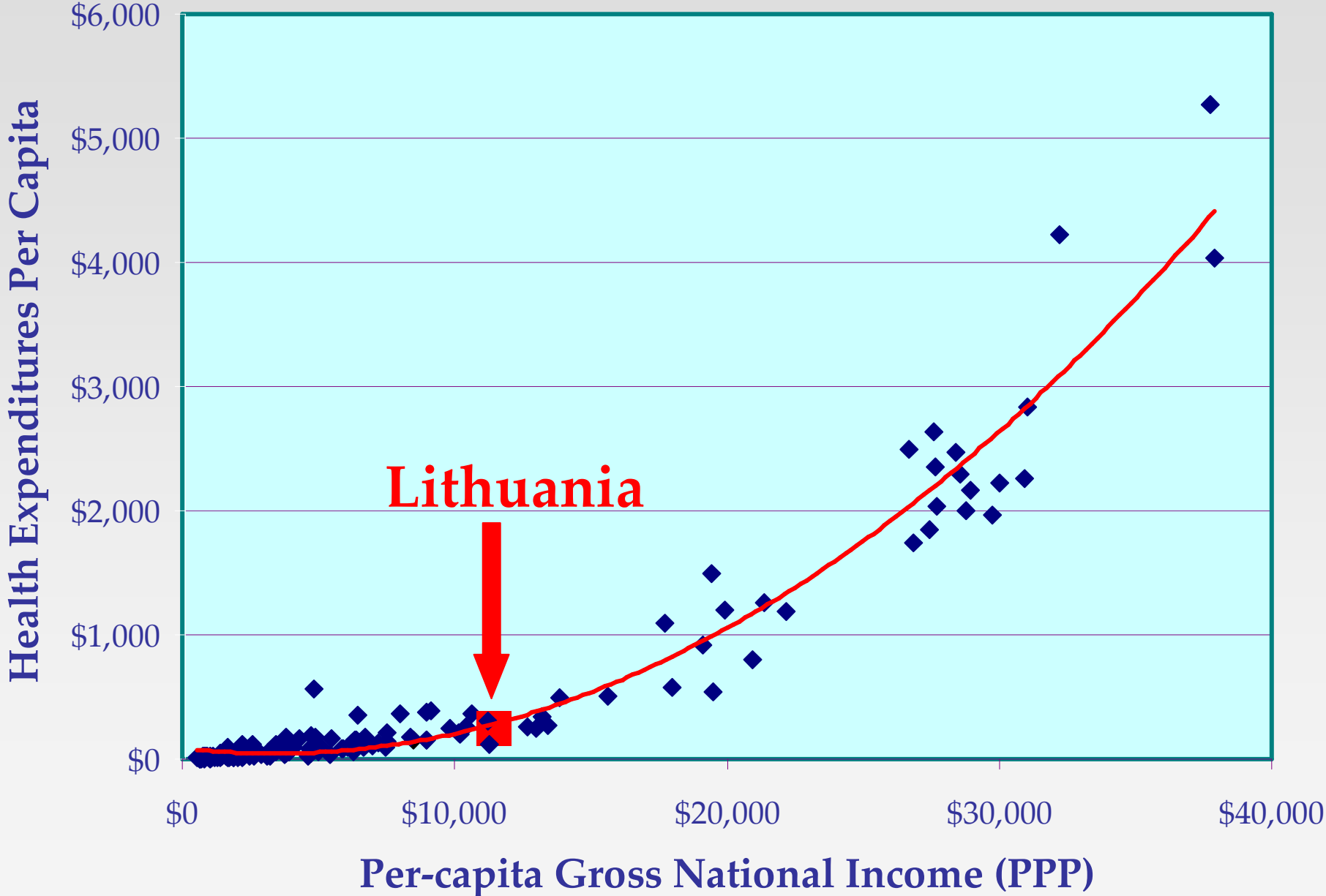
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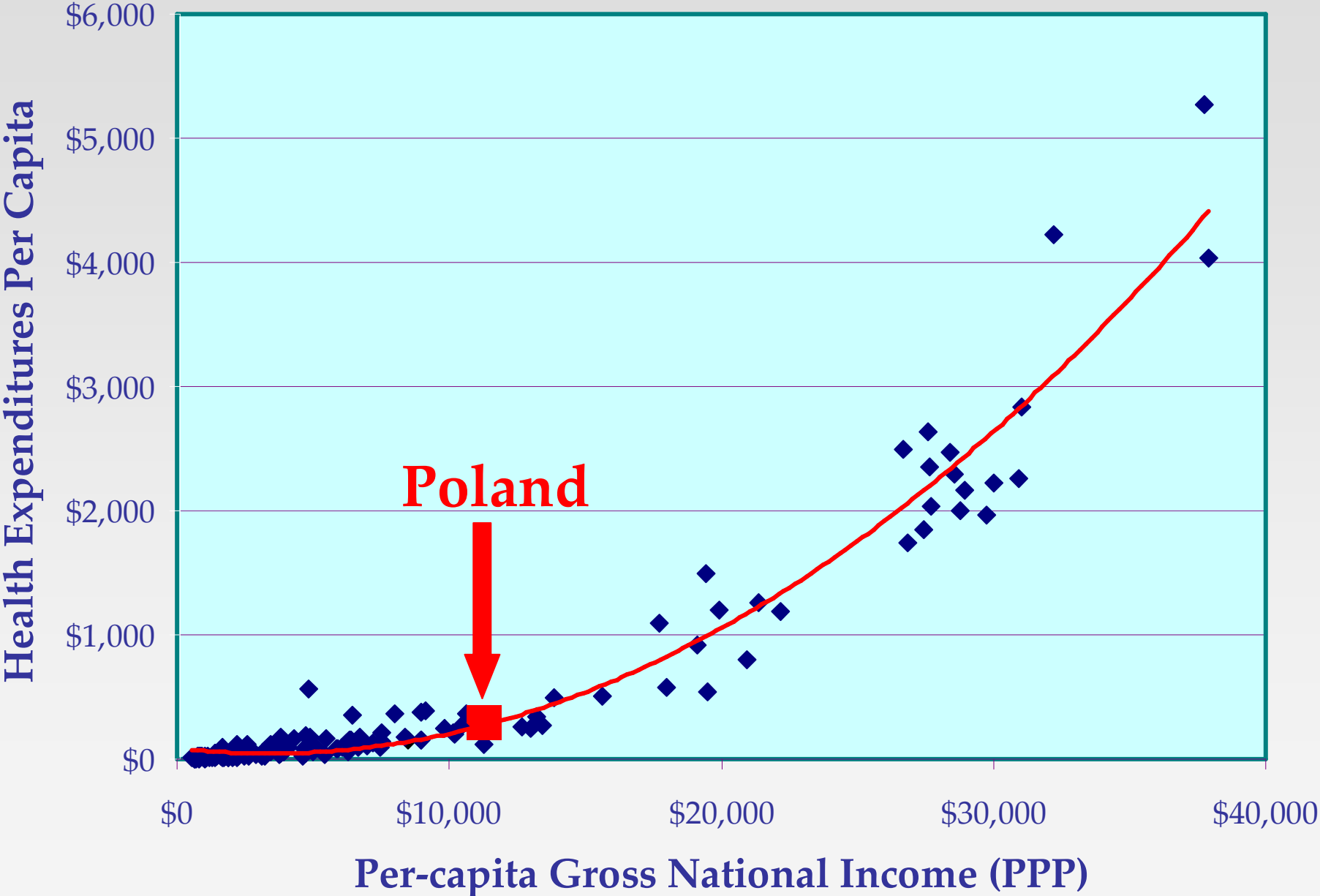
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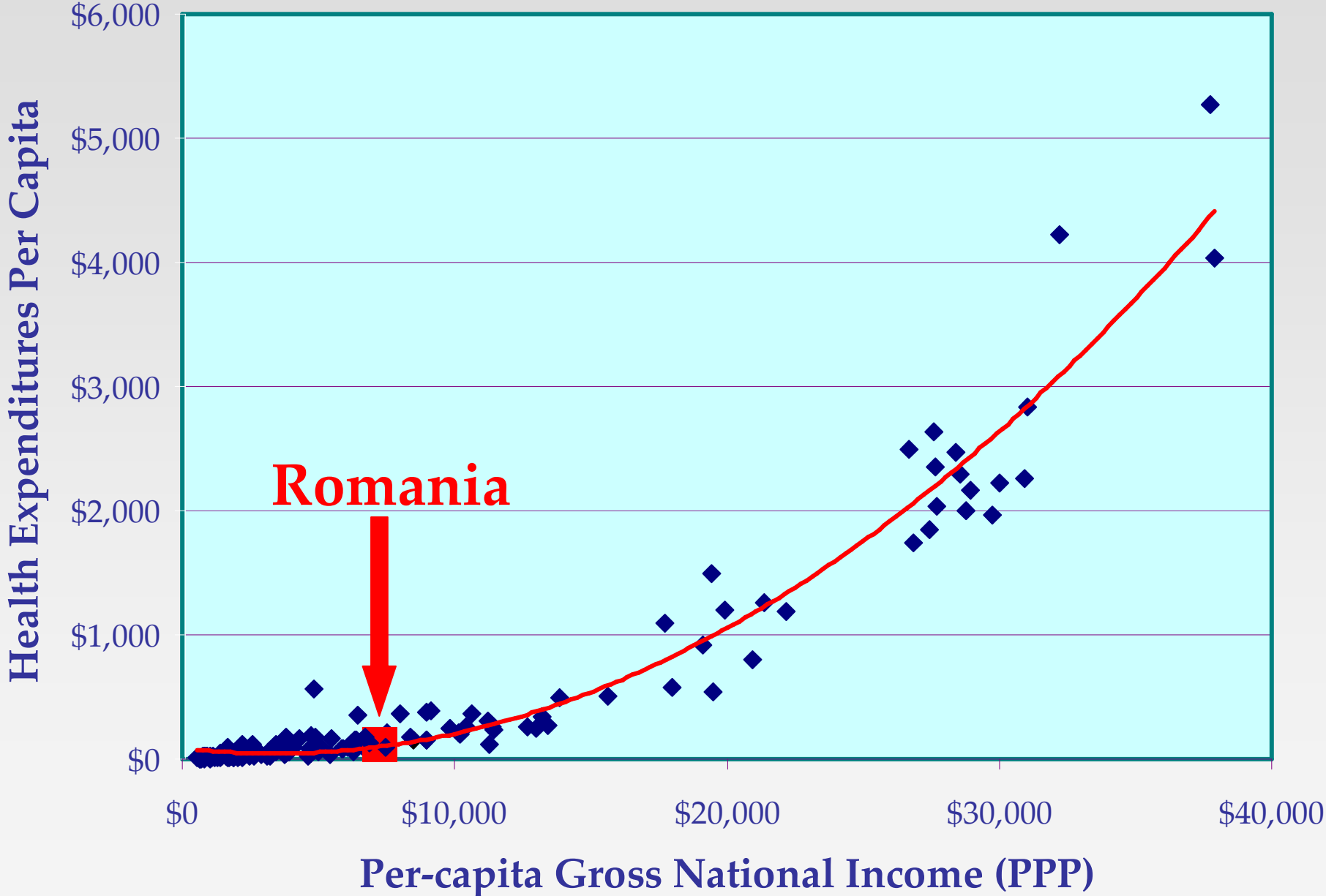
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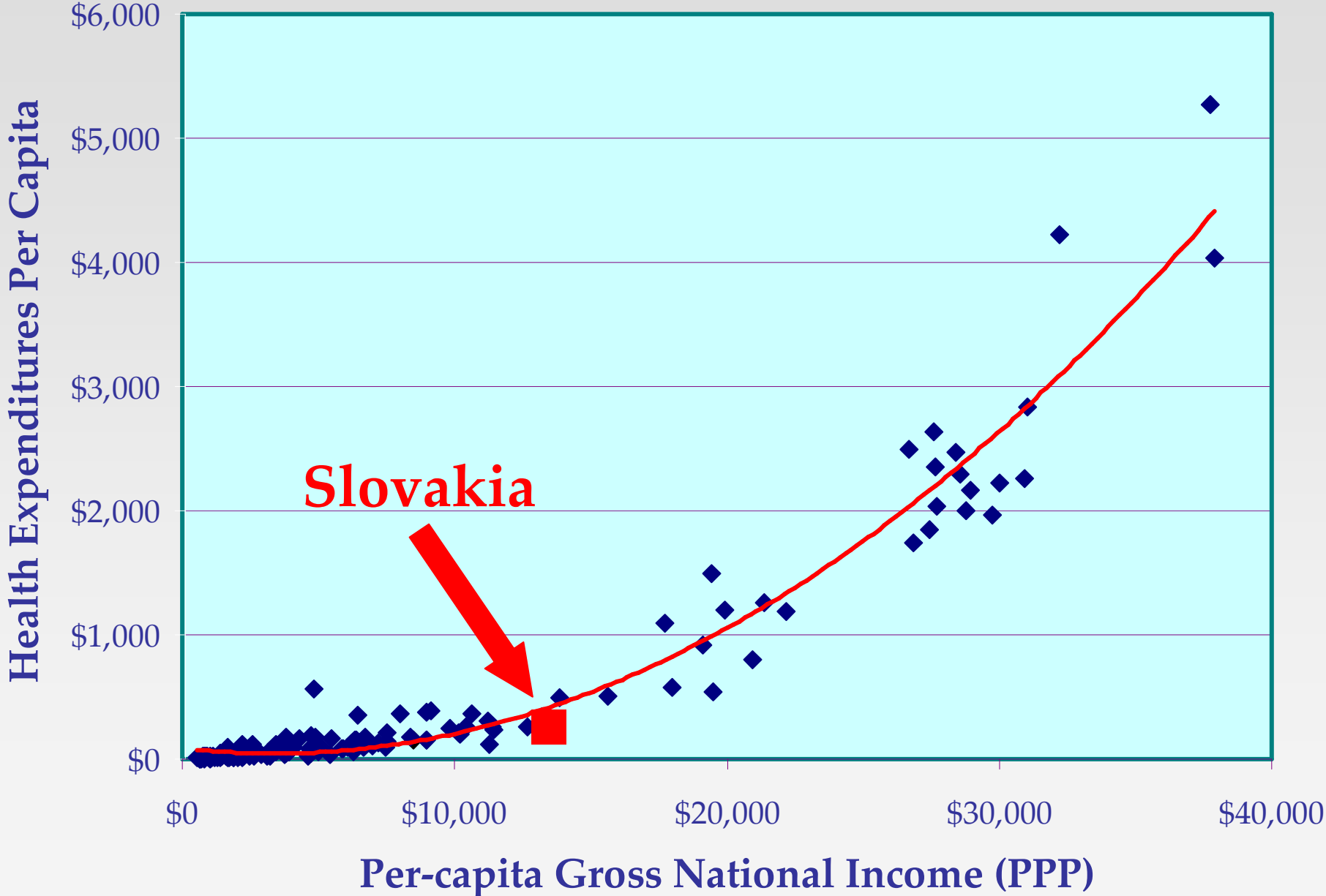
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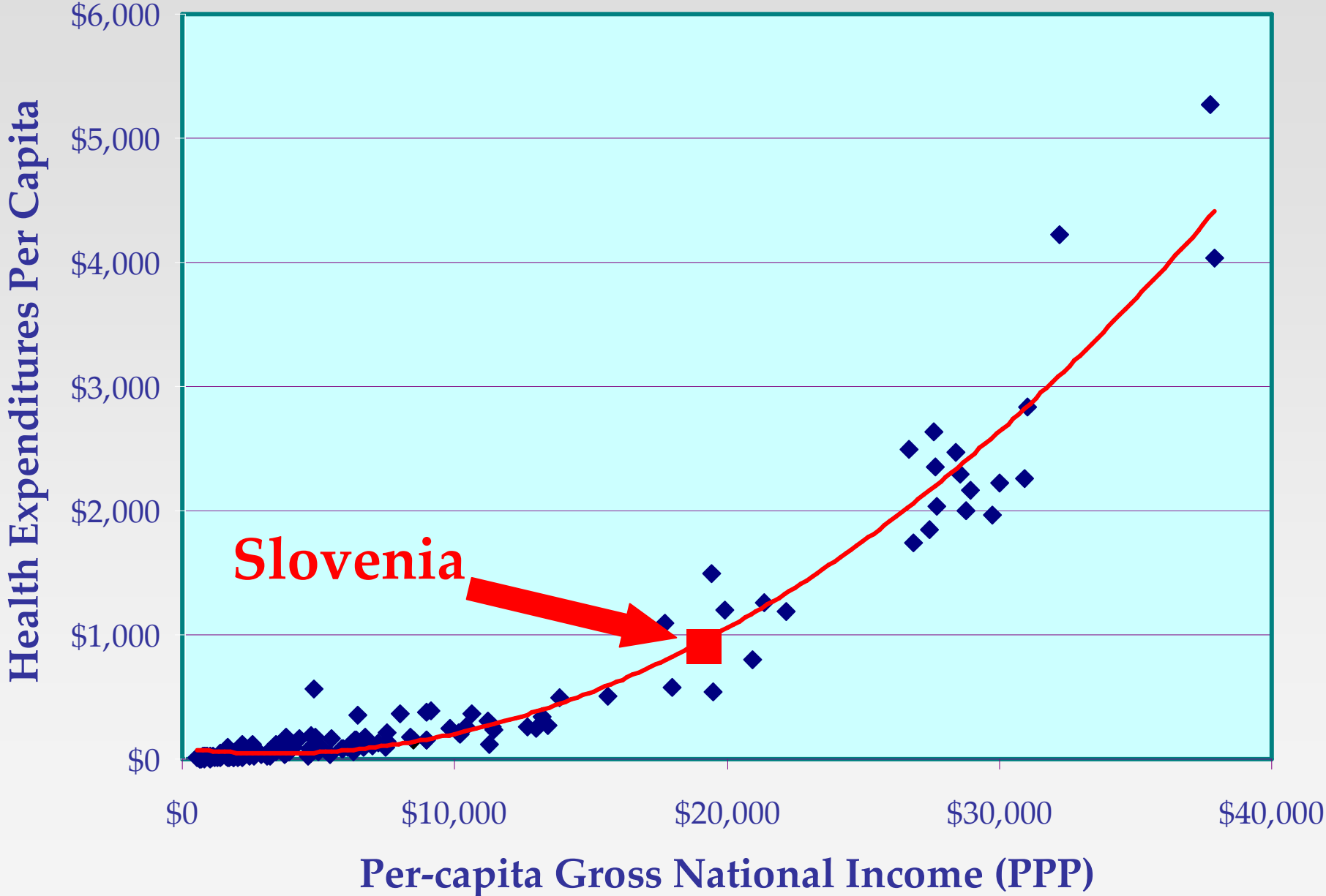
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Health Care Financing and Coverage

- What is the “right” level of spending on health care?
- Can be measured as absolute amounts spent per capita or as a percentage of GDP.

Health Care Financing and Coverage (cont.)

- Overall levels of spending on health care in the ten countries fall well below levels in the fifteen pre-2004 members of the European Union.
- Health expenditures are likely to increase in the near future:
 - ✦ Increased demand for health services;
 - ✦ Ageing health care infrastructure;
 - ✦ Pressures to increase salaries.

Social Health Insurance

- All countries in the region have SHI – funded through employment-related premiums, with additional funds from general revenues to cover the unemployed.
- Benefits are generally defined only in broad terms.



Out-of-Pocket Payments



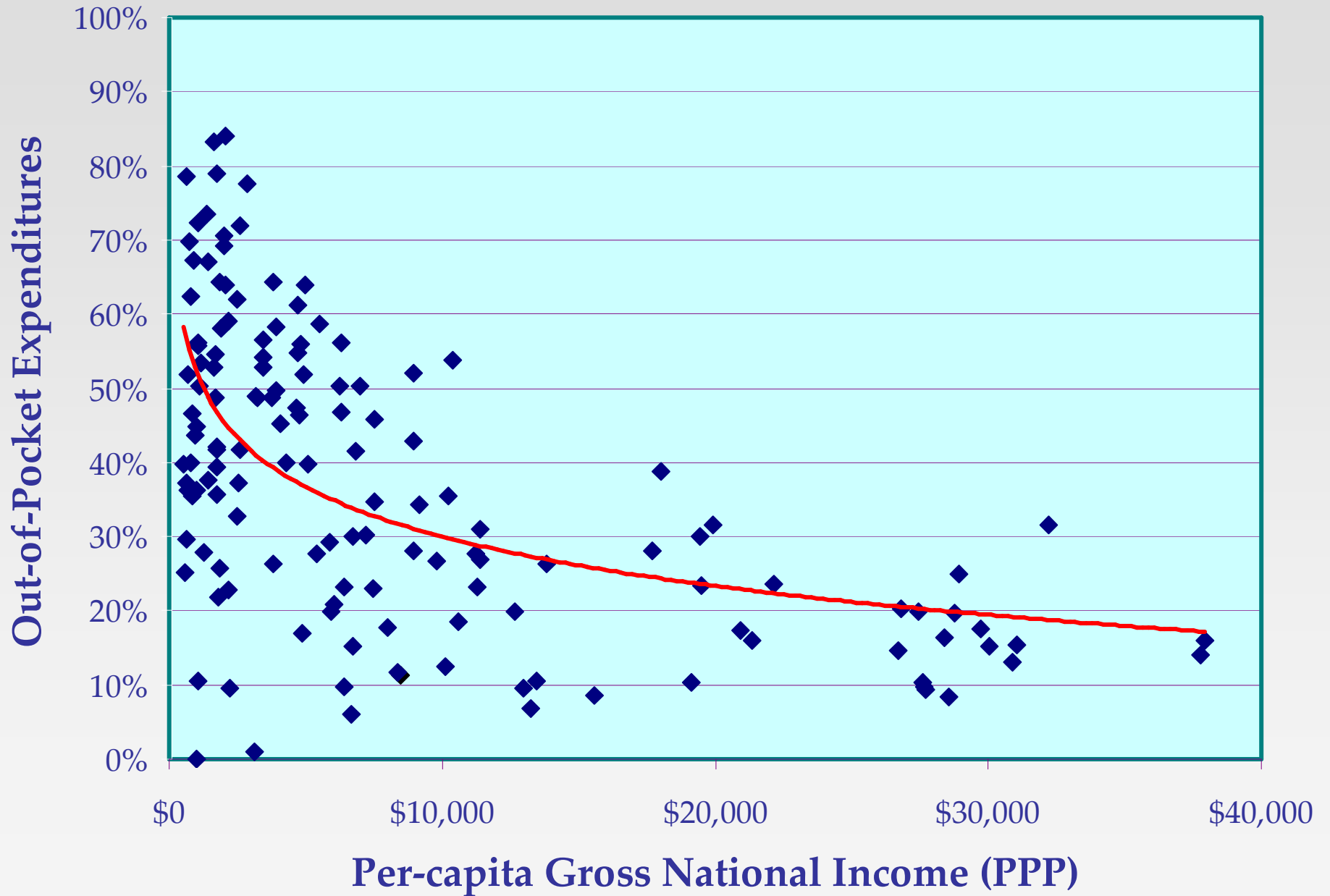
Access to Care

- Access to care even for those who are covered by social health insurance is a problem, made worse by dependence on out-of-pocket payments.
- In particular, access to care for the poor and for those living in rural areas is a region-wide problem.

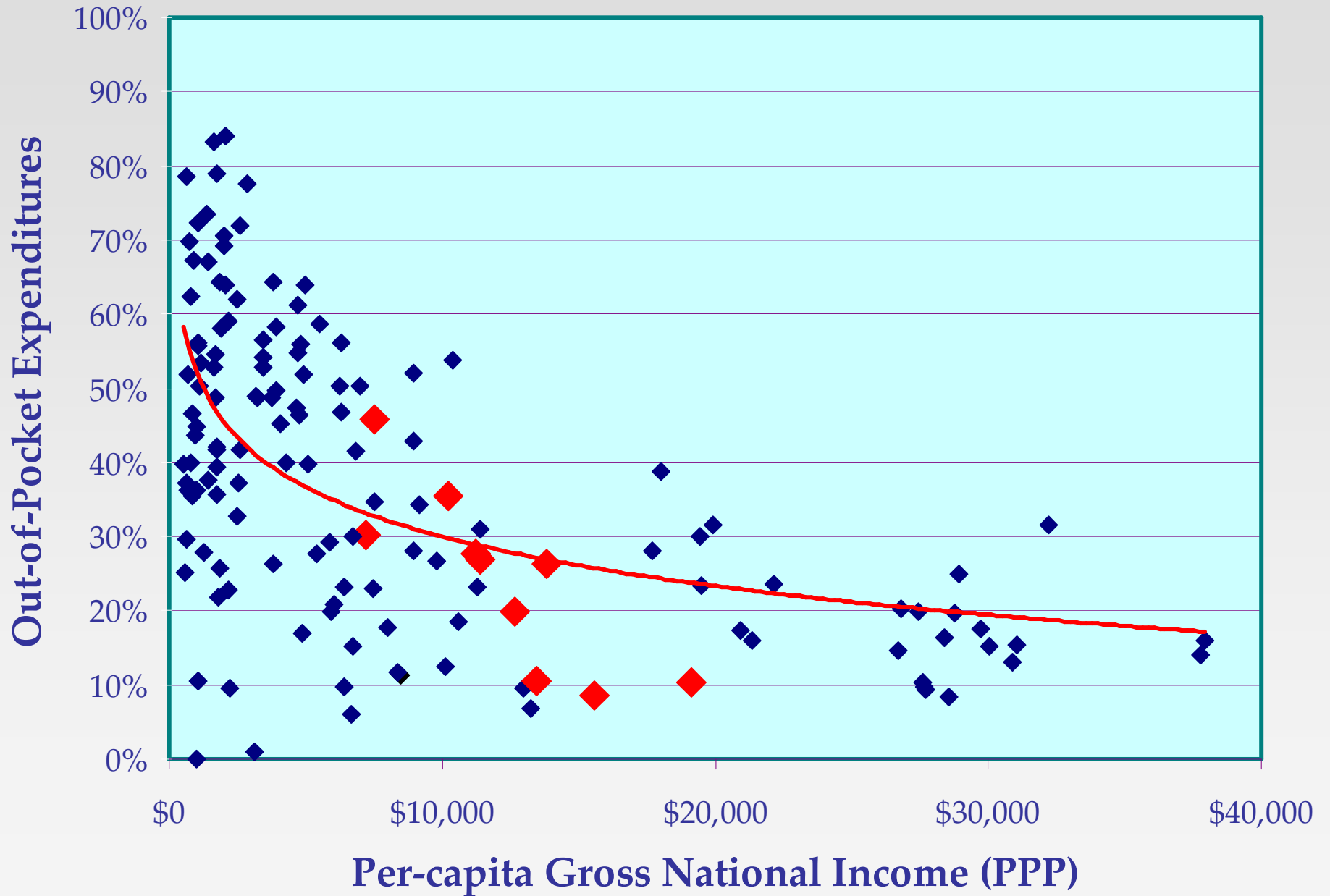
Out-of-Pocket Payments

- The part of health financing paid out-of-pocket has increased.
- As a source of financing, copayments should have an important but limited role.
- Informal payments have distorting effects on health care demand and provision, and may decrease access for the poor.

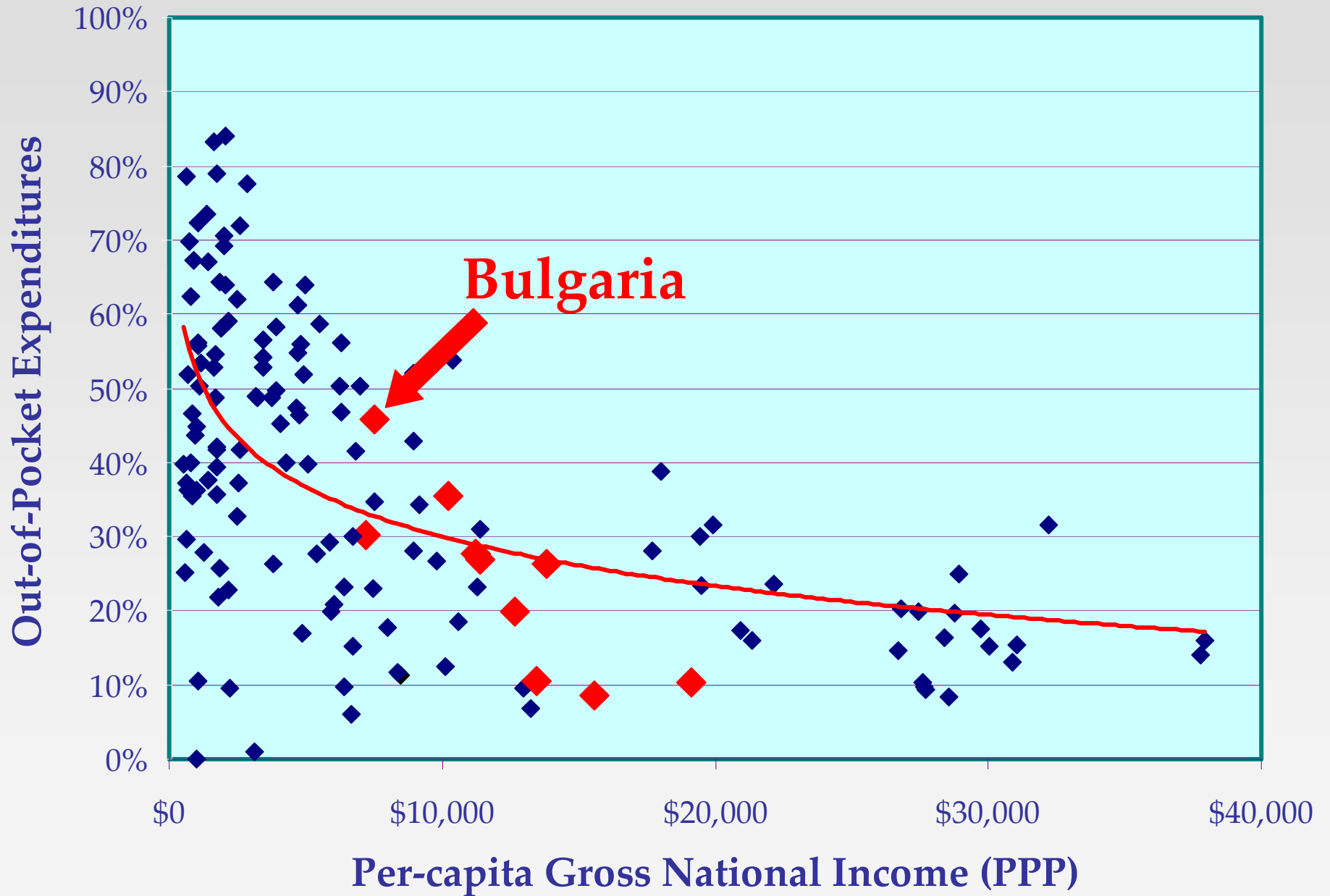
Out-of-Pocket as % of all Health Expenditures, 2003



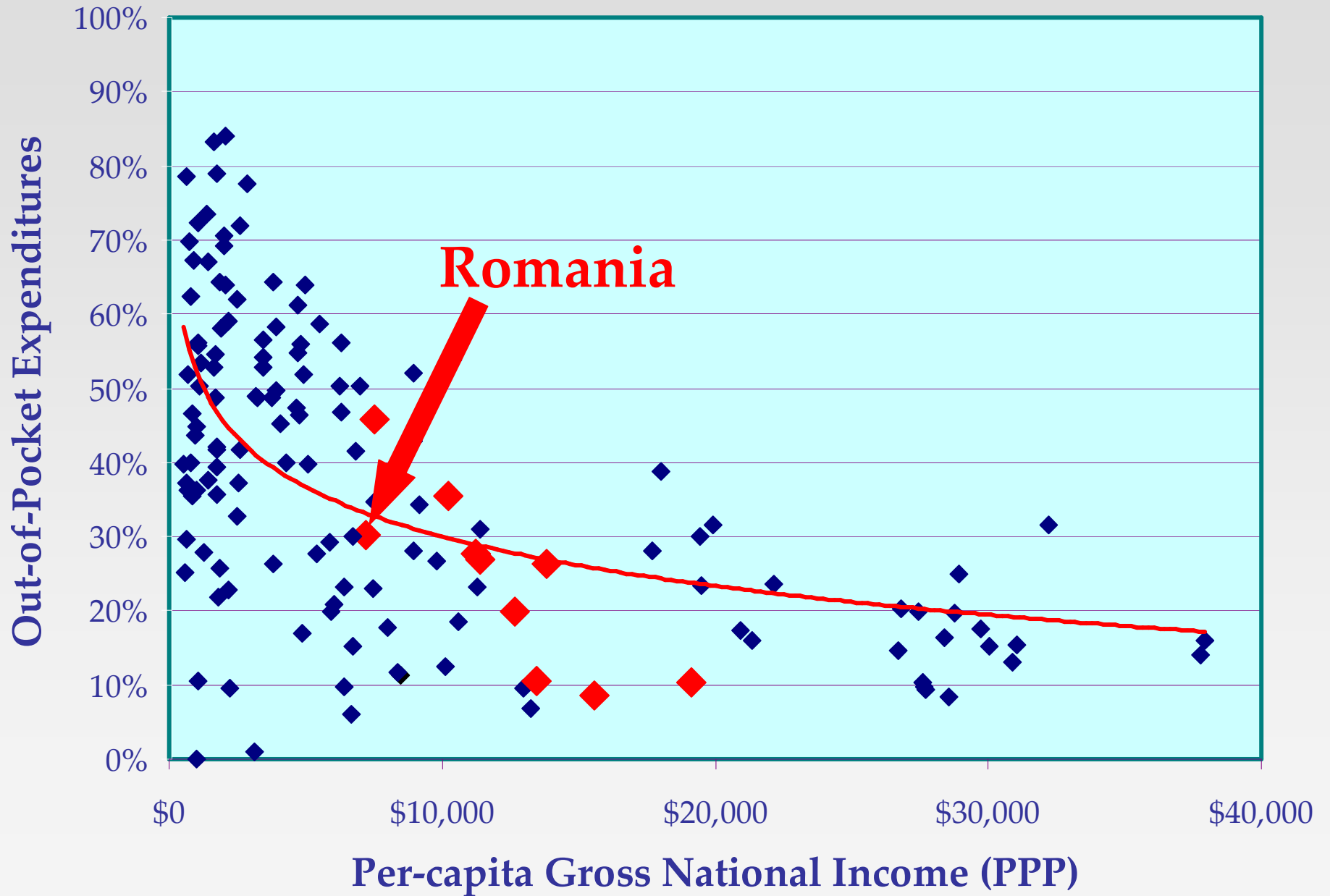
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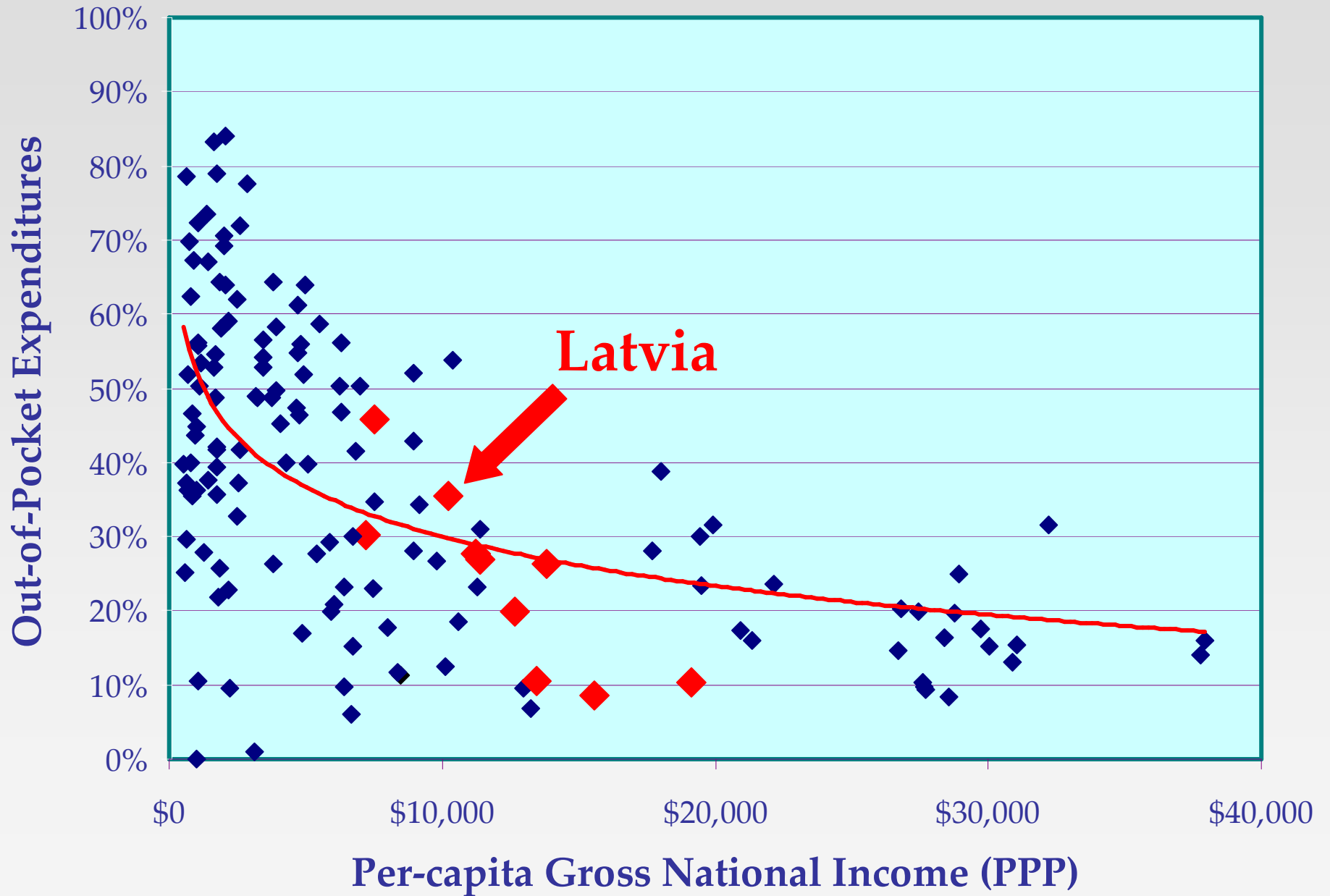
Out-of-Pocket as % of all Health Expenditures, 2003



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Out-of-Pocket as % of all Health Expenditures, 2003



Out of Pocket – % of Health Spending

Countries	Out-of-Pocket
Bulgaria	46%
Czech Republic	9%
Estonia	21%
Hungary	26%
Latvia	32%
Lithuania	23%
Poland	28%
Romania	30%
Slovak Republic	11%
Slovenia	10%

Source: World
Development
Indicators

Out-of-Pocket Payments (cont.)

- In countries with no formal copayments, high levels of informal payments, and provider salaries lagging behind those of other professions, health systems should:
 - ✦ *Raise salaries* to decrease the legitimate financial concerns of providers; and
 - ✦ *Introduce formal copayments* to be retained for use by health care institutions.

Out-of-Pocket Payments (cont.)

- Copayments should support access to primary care and specialist care with referral.
- There should be exemptions for low-income patients and those with specified chronic conditions.



Private Sector Involvement



Private Sector Involvement

- The private sector has an important role to play in health financing and delivery.
- There is significant variation across the region in the role of the private sector in the delivery of health care.
- There is trend toward private ownership for primary care practices and – increasingly – outpatient specialist practices.

Private Insurance – % of Health Expend.

Countries	Private Insurance
Bulgaria	0.9%
Czech Republic	0.0%
Estonia	1.0%
Hungary	3.5%
Latvia	0.3%
Lithuania	5.4%
Poland	0.0%
Romania	0.0%
Slovak Republic	0.0%
Slovenia	11.6%

Source: World
Development
Indicators



Allocating Financial Resources



Investments in the Health Sector

- Undertake comprehensive *needs assessments* of capacity, costs, and projected health needs – to enable improved health sector planning.
- Investment decisions should compare costs to impacts – measured in terms of the population-based burden of disease.
- Investments into *information technology* to better enable this type of analysis.

The Role of Technology

- Technology is expected to remain an important driver of health-care spending.
- Medical devices currently account for less than 5% of health expenditures in these countries, but represent the fastest rate of growth.

Pharmaceuticals

- The share of pharmaceutical expenditures in total health expenditures is expected to continue to increase.
- In general, to control expenditures there should be an increased focus on prescription volume control, and an emphasis on the most efficacious medications.
- Where appropriate, standard public protocols for reference price determination should be adopted.

Regional Collaboration

- Health sector policy analysis.
- Collaboration for monitoring and approving pharmaceuticals and medical devices.
- Working with private insurance.



End

