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## Original research article

# Health financing and regulatory fees in the Czech Republic



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## ABSTRACT

The authors describe the method of payment for health care in the Czech Republic. Special attention is paid to the public health insurance system and its basic principles. The regulatory fees, which were introduced in the Czech Republic on 01/01/2008 are described in detail. Not only their economic function has been emphasized, but also other aspects of the reform, especially the protective limit, whose introduction ensures the availability of care for the chronically ill and socially disadvantaged patients. The authors follow the evolution of the price of all regulatory fees paid by all of the insured individuals of health insurance companies in the Czech Republic for the period 2008–2012 and the development of the amounts by which the protective limit was exceeded. A comparison of patients' participation was carried out in selected European Union countries, where the system has been in place for many years, together with other protective mechanisms in order to provide health care for patients in need.

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## Introduction

Most countries in the world usually have three long-term goals in the field of health policy. They pertain to ensuring the widest possible access to medical care without the regard to the patient's income, providing high quality health care and long-term maintenance of financial stability of the entire health care financing system. The main challenge is

achieving all of these goals together. Most health systems require patients – to contribute a certain amounts to the cost of health care. However, deciding on the acceptable amount of payment and what exceptions and limitations should be applied is very difficult and it is always a political process [1]. High coinsurance can guarantee the patient better health care and better reimbursement to physicians. But it can also be the cause of a greater financial burden of the payers [2].

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Political aspects, combined with economic factors, are essential for the health care system. Politics determines the authority of the executives who negotiate the results, while the economy determines what resources are available and how they are distributed [3].

The Czech Republic is also looking for ways to reform health care and keep it accessible for all population groups at the same time.

### Current stage

Health care in the Czech Republic is primarily funded from public resources, which include in particular public health funds, state funds and local budget funds – of the counties and municipalities. The public health insurance finances approximately 77% of health spending, state funds and local budgets include around 7% and the rest (about 16%) of the finance getting into the health care are private sources. The Czech Republic in total expends around 8% of the gross domestic product on health care [4].

The development of the total cost of health care in the Czech Republic for the period 2005–2012 is summarized in Table 1.

Public health insurance is, therefore, a critical component in the financing of health care in the Czech Republic. It is mandatory for all individuals with a permanent residence in the Czech Republic and for all foreigners working for an employer based in the Czech Republic [6]. In the Czech Republic there is no so-called “family insurance” when dependents are insured from the insurance of another member of the family, for example by the breadwinner, but each person is insured separately.

Currently, there are seven health insurance companies operating on the market of health insurance. The largest of these is the General Health Insurance Company of the Czech Republic, which insures approximately 60% of the population of the Czech Republic. The remainder of the individuals insured are insured at employee health insurance companies. The health insurance companies redistribute among themselves the incomes from the premiums. All insurance premiums (100%) are redistributed according to the age, gender and expense of the insured.

The Czech Republic is also facing a shortage of funds in the health sector. Health care costs are growing, whether because of new diagnostically friendly and efficient, but expensive treatments, or because of the high demand for health care. The insured in the Czech Republic are actually accustomed to the fact that health care is almost free, often unaware of what their

examinations and treatment cost. This can lead to more frequent visits to the doctor. The incomes of the health insurance companies are of course also affected by the economic recession, which, especially in recent years, results in a slower growing rate than expenditures.

### Regulatory fees

Effective from 01/01/2008 due to the amendment to Act No. 48/1997 Coll., on public health insurance, regulatory fees in health care were introduced in the Czech Republic. The reason was to control the costs of health insurance, and to motivate patients to visit their physicians only in truly warranted cases. Finally, the goal was to reduce the exponentially increasing cost of drugs covered by health insurance, and also to increase the income of medical facilities from sources outside public health insurance.

Legislation regulating charges implemented by § 16a et seq provisions of Act No. 48/1997 Coll. has undergone certain developmental changes and has often become a topic of political debate and competition.

From 01/01/2008, the insured or their legal representative, in connection with the provision of *covered care*, is obliged to pay a regulatory fee to the *medical facility* that provided medical care.

There are basically three types of regulatory fees, including the following:

- A A *Regulatory fee of CZK 30* is paid in ambulatory care, for a visit during which a clinical examination was performed (which is an examination that meets the content of a comprehensive, targeted, monitoring or consulting examination and is stated by the list of health care services with point values). The same regulatory fee is paid in the pharmacy. The legislation imposed to pay CZK 30 until 31/12/2011 for each prescribed medicament fully or partially covered by the public health insurance, regardless of the number of packages (i.e. how many types of drugs were prescribed or the same number of regulatory fees which were paid). It was one of the least popular regulatory fees. Effective 01/01/2012, the amendment to Act No. 48/1997 Coll. changed this fee so that it is paid only once for one prescription, regardless of the number of types or number of packages of drugs.
- B A *Regulatory fee of CZK 100* for each day in which the following was provided:
  - institutional care
  - comprehensive spa treatment

**Table 1 – Total expenditure on health care in the Czech Republic (in million CZK).**

Period	2005	2006	2007	2008	2009	2010	2011	2012
Health insurance	170,093	174,200	183,713	197,280	217,658	222,500	225,545	230,371
State and local budgets	21,363	22,828	22,851	21,493	26,034	20,781	16,863	15,647
Private sources	27,418	29,783	35,370	45,801	47,954	45,754	46,376	46,719
Total expenditure	218,774	226,811	226,934	264,574	291,646	289,035	288,784	292,737

Sources: [4,5].

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