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The out-of-pocket health burden in the Czech Republic – Should we care?

Veronika Kočiš Krůtilová *, *Dominika Doubková*

Mendel University in Brno, Faculty of Business and Economics, Brno, Czech Republic

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ABSTRACT

The system of cost sharing has changed several times in the Czech Republic, and it is not out of the question that further changes will take place. High out-of-pocket payments have a considerable impact on patients and the burden on their household budgets. Therefore, we aim to evaluate the impact of out-of-pocket payments on the burden of Czech households from a long term perspective and to determine the most vulnerable groups, taking into account policy changes across the observed period of 2007–2014. We use micro data from the Household Budget Survey conducted by the Czech Statistical Office. The burden and its changes are observed and a burden breakdown for out-of-pocket payment types is made. Special attention is paid to households with members aged 65 or more, and also to households with children. To estimate the burden, regression models are run using the Ordinary Least Square method with robust standard errors. We found that the burden is not equitably distributed among households, but that it tends to decrease with time. Modifications in user fees contributed to this decreasing trend. Even though protective mechanisms from high out-of-pocket payments are applied in the health care system, households with members aged over 65 years faced the highest burden. Another significant predictor of the high burden is household income and the presence of a health problem. Improvement of protection would be justifiable, especially in relation to the income situation of the household.

Introduction

Private health payments, i.e. out-of-pocket payments (OOPP), have given rise to debate for decades in the Czech Republic. This is not surprising as OOPP have implications for all the players in the health care system (health insurance companies, health care providers and patients) and are a very rewarding political topic. In the last decade, the system of OOPP (cost sharing) has changed several times in the Czech Republic [1,2] and it is not impossible that further changes will take place.

Out-of-pocket payments have a relatively small impact on the financing of health care services [3], but new (or increased)

* *Author for correspondence:* Mendel University in Brno, Faculty of Business and Economics, Zemědělská 1, 613 00 Brno, Czech Republic.
E-mail address: veronika.krutilova@mendelu.cz (V. Kočiš Krůtilová).

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expenditure might have a considerable impact on patients and the burden on their household budgets [4,5]. It has been shown that out-of-pocket payments are the most regressive way of paying for health care [6–9]. Various vulnerable groups have been identified to which attention should be paid when the role of OOPP as a financing mechanism is highlighted [7,10]. In an extreme case, OOPP can lead to catastrophic health expenditure [5,11–13], poverty [14,15] and forgoing health care [16–18]. These negative findings support the fact that various forms of cost sharing should be implemented with caution and the impacts should be evaluated on a regular basis [19]. On top of that, a system of protective mechanisms ought to be applied and re-evaluated in order to eliminate negative aspects of such payments for households and their members, especially for those who are ill and objectively consume more health care services.

With regard to what has been mentioned above, we aim to evaluate the impact of out-of-pocket payments on the burden of Czech households in the long term and to determine the most vulnerable groups. We observe the period of 2007–2014. The impact of changes in the system of out-of-pocket payments within the observed period is taken into consideration.

The system of out-of-pocket payments and changes to it

The Czech Republic is one of the countries with statutory public health insurance and extensive health care coverage. Based on the official statistics for the observed period of 2007–2014, the level of public expenditure oscillated between 83–85% of total health expenditure [20]. Private expenditure (practically represented by OOPP) sharply increased in 2008, but the level of private expenditure has had a decreasing trend since 2009. The development of health expenditure is displayed in Table 1.

The main source of public expenditure is statutory health insurance contributions paid by employees, employers, the self-employed, and by the state for those economically inactive within the population (children, students, pensioners, unemployed, etc.). No changes in legally set contributions of employees or employers took place in the observed period. Some adjustments of state payments for economically inactive population were done, however, it is often mentioned that these payments are insufficient and not sustainable in the long term [2].

Private expenditure – OOPP – consists of direct payments and co-payments. Direct payments include over-the-counter (OTC) pharmaceuticals, some health products and medical devices and supplies, health care services at the patient's request (surgery, screening and examinations outside covered schemes, etc.), a number of dental care services, and a very limited number of above standard services (luxury hotel services in hospital or surgery by a senior physician) [2].

Co-payments are paid above a reference price (the price covered by public health insurance). In particular, co-payments are made for prescribed medications, some medical aids and dental care [2]. Additional OOP payments known as 'user fees' were introduced in 2008 (fee per general practitioner, specialist, dentist and home visit, prescription fee, inpatient fee per stay in hospital/spa, and emergency unit visit fee) [21].

Preventive services are free of charge, as well as laboratory and diagnostic examinations, continuing health care (chronically ill children and pregnant women), haemodialysis, services connected to blood donation and transport [2].

Some exemptions from payments are applied but relate only to the user fees. The following vulnerable groups are fully exempt from payment of fees: patients in material need; patients put into foster homes, orphanages, sanatoriums, patients under the system of protective treatment and in retirement homes or other inpatient care centres if they are left with 800 CZK (31 EUR) or less after the payment of appropriate costs for accommodation and food (or those who do not have any income) [21,22]. Material need is specified according to Act no. 111/2006, Coll., on material need [23], as the situation in which an individual (or other individuals in a common household) does not have sufficient income to secure his/her basic life needs and is not able to change this situation on his/her own. An individual (or other individuals in a common household) is entitled to the benefits of material need providing that her/his income is lower than the set level of the living minimum or he/she faces a special situation (natural disaster or threat of social exclusion).

An annual OOPP maximum is applied in the amount of 5000 CZK (192 EUR) per person, and 2500 CZK (96 EUR) for children under the age of 18 and for the elderly aged 65 and more. Only physician visit fees, prescription fees and some co-payments for medications (co-payment for the cheapest medication available on the market with the same active component and means of application) are included in the OOP maximum [21,22].

In the observed period of 2007–2014, the system of OOPP had several changes [21]. In 2007, direct payments and co-payments for drugs and dental services were commonly paid. In 2008, user fees were implemented as a new form of OOPP. Between 2008–2013, outpatient, inpatient and prescription fees were applied. In 2014, the inpatient fee was abolished [24]. The overview of OOPP and changes to them is shown in Table 2.

Table 1 – Development of health expenditure in 2007–2014 [20].

Health expenditure/year	2007	2008	2009	2010	2011	2012	2013	2014
Public expenditure as % of total expenditure	85.2	82.5	83.7	83.8	84.2	84.0	84.3	84.5
Private expenditure as % of total expenditure	14.8	17.5	16.3	16.2	15.8	16.0	15.7	15.5
Total expenditure as % of GDP	6.5	6.8	7.8	7.4	7.5	7.5	7.5	7.4

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