

AMCHAM HUNGARY



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Common sense

**TAKING HEALTH
CARE FURTHER**





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The Mission of AmCham's Healthcare Committee, the driving force behind this publication

"Health is Wealth" and in this manner this is a critical issue in relation with the competitiveness of Hungary. Our goal is that in the best interest of our member companies, we manage an ongoing working relationship and communication between the medical business community and Hungarian Government / Health Authorities to identify critical issues and to provide recommendations for solutions. We must change their perception of the industry from being a purely profit driven group to a knowledgeable, expert and trusted partner.

Dear Reader,

At all times and worldwide, health care services represent an enormous challenge for governments in power, a challenge that involves the everyday life of people, and this is so in Hungary as well. Health care can be made efficient and sustainable only with long-term programs that are based on consensus and which cover several election cycles. But political parties fighting for political power do usually think short term, since citizens vote on the basis of the situation they had to live through. So although each participant in health care – the doctor, the head of the health service providing institution, the supplier of medicines and technologies, the paying party that is responsible for the budget, and last but not least the patient – sees, feels, and experiences on a daily basis the contradictions in and the struggle of domestic health care and agrees that the situation has become unsustainable. Nevertheless, there seems to be no political will and courage to take the steps that are necessary in order to achieve long-term results.

„WHICH IS THE WAY FORWARD FOR HEALTH CARE?“

By raising this question, the Health Care Committee of the American Chamber of Commerce has set itself the goal to define consensus-based principles on those health care issues that we consider to be the most urgent: that is to create the foundation (pillars) on which decision makers may build that long-term strategy of the sector, which we have been wishing for for a long time.

We organized five forum discussion events and invited 20 key players and experts in Hungarian health care to assist us. The agenda covered the role of the state and its institutions, formulating a strategy based on public health-care trends, financing capabilities, the legal status of doctors and the possibilities of involving private resources.

In this publication, you will find the thoughts which reflect the joint opinion of the discussions – for the compilation of which we are extremely grateful to Ms. Eszter Sinkó – and some supplementary comments of panel members. We have raised pillars on the basis of which it is possible to start to build a more modern and more efficient health care system. I recommend this summary to everyone who wishes and is able to do something for a healthier and more competitive Hungary!



*Mr. Csaba Szokodi
chairman of the Health Care
Committee of the American
Chamber of Commerce*

EXECUTIVE SUMMARY

The view of governments on the significance of health care systems is always changing. Not only because politicians can win or lose elections through their "aid," but also because it has become evident that – through different transmissions – the health

care service systems represent a significantly greater weight in a country's economy than experts assumed previously. Health care, with its attached supplementary services and the multifaceted supplier activities involved, already created a new entity: the health care industry, which through its constantly high-level consumption, can exert an anti-cyclic impact during economic crises.

In our discussion forum series lasting approximately half a year, participants identified the economic consequences of the population's health condition and its repercussions for the health care system. Viewing it as a kind of puzzle, it thus became understandable how these elements (characteristics of lifestyles and way of life, efficiency of the health care system, the health-care condition that is also influenced by these two conditions, and finally the economy itself) strengthen, or in the case of a dysfunctional relationship, weaken each other. The European Union, in recognition of this, places a great emphasis on adopting the principle of "Health in All Policies" and enforces this in the decisions and programs of governments.

According to the opinion of the participants, it is beyond dispute that the state cannot withdraw from determining and ensuring the operational conditions of the health care system, and the dominating role of public expenditures has to be sustained in the interest of efficiency. At the same time, it is proven that the state can't finance all incurring health care expenditures. Therefore, concepts that support savings in popular health care do have a place in development plans that will have to be worked out, in the same way as programs that propagate healthy lifestyles do.

Future governments will have to follow a strategy that is based on public health care trends, taking into consideration the existing human resource restrictions and investing in the improvement of the supply of doctors and nurses. At the same time, they will have to acknowledge that the structure of the health care system and the service processes are built upon each other, which requires essential changes. It is the task of the government in power to define the proper direction. In the course of transformations, the place and role of private health care must also be determined in order to be able to build upon them as reliable elements in the future.

The discussion forums initiated by AmCham showed that professional politicians, experts and workers in the administration are capable of conducting a worthwhile dialogue. With this discussion series, a foundation has been laid.

*Ms. Eszter Sinkó, program manager, Health Care Management
Training Center, Semmelweis University*



I. The role and the limits of state responsibility in health care

TIME: OCTOBER 13, 2009

Members of the panel:

Éva Orosz, Head of the ELTE Health Economics Research Center

István Mikola, former minister of health, vice president of the Health Care Committee of Parliament

Jenő Rácz, former minister of health, general director of the Veszprém Megyei Csolnoky Ferenc Kórház Nonprofit Zrt.

András Szepesi, chief editor of the paper "Kórház" (Hospital)

IMPORTANT CONCLUSIONS

1. Social philosophical approach:

- The basic issues of health care are influenced by basic societal problems and dilemmas. Members of society have not formed their opinion about solidarity, about which services the state should provide in exchange for health care contributions and which services should not be included.
- For this reason a so-called „stowaway behavior” evolved in a part of society where it is seen as the responsibility of the state to provide services, independently of the fact whether people have paid for these or not. In many respects we have been going in the wrong direction and reincorporating solidarity in society will be a slow process.
- Society has to help government by ensuring a cycle that is long enough to carry out required changes.

2. Financial and balance problems, the extent of public funding:

- In the hope of being able to increase the employment level, the state continuously reduces the level of health care contributions, which has an unfavorable impact on the revenue resources of

the health care system. Thus, the state has to sacrifice ever more resources from central tax revenues.

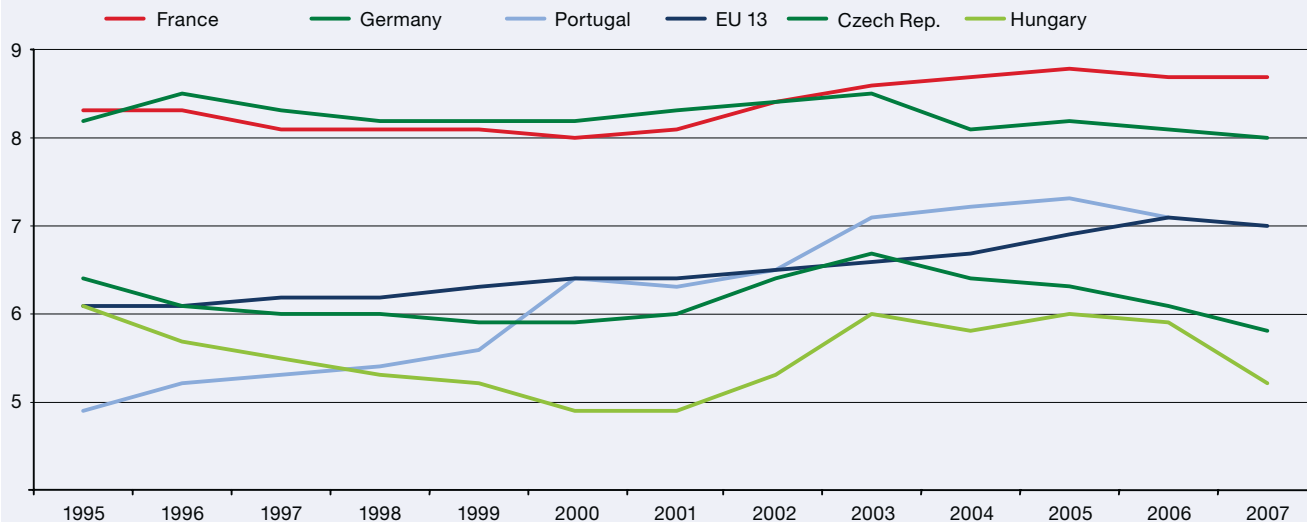
- Due to this, it seems that the (financial) balance between the contributions paid in and the expenditures of the given level of services is broken, and from the aspect of planning, this may lead to worrisome situations in the longer term.
- The ratio between health insurance contributions and pension insurance contributions has already deteriorated, and payments have shifted towards the benefit of the latter.
- Even macroeconomic experts acknowledge that the health care system is underfinanced. With regards to public expenditures for health care, we are in the lower third of the developed countries. While in the case of the EU-15, public expenditures reached a level that was above 7% of the GDP in 2007; this ratio dropped to a value of about 5.2% in Hungary (see diagram 1). This is especially annoying, because between 2003 and 2005 we were still around 6%. Today, we have dropped even below the level of 2007, to 4.9%.

3. The responsibility of the state:

- It is primarily the task of the state to develop a health care

diagram 1.

Health care public expenditure as a percentage of GDP



Source: Orosz Éva, data: OECD, Health Data, 2009

- policy that is based on public health care data and facts, and to implement a public health policy on the basis of societal agreement with appropriate (sufficient) financial means.
- The objective in the medium term is to implement a health care strategy that will determine a long-term path for health care independent of the changing of governments.
 - The provision of health care services is the task of the state, but the state may delegate this task. In such a case, the basic issue is to which player the state will delegate.
 - The establishment of a new, regional health care structure, something that has been mentioned many times, is too foreign and too far from the domestic public administration which is traditionally based on counties. Therefore, this cannot be implemented now, and Hungary will not be able to implement it for a long time.

4. The role of politics:

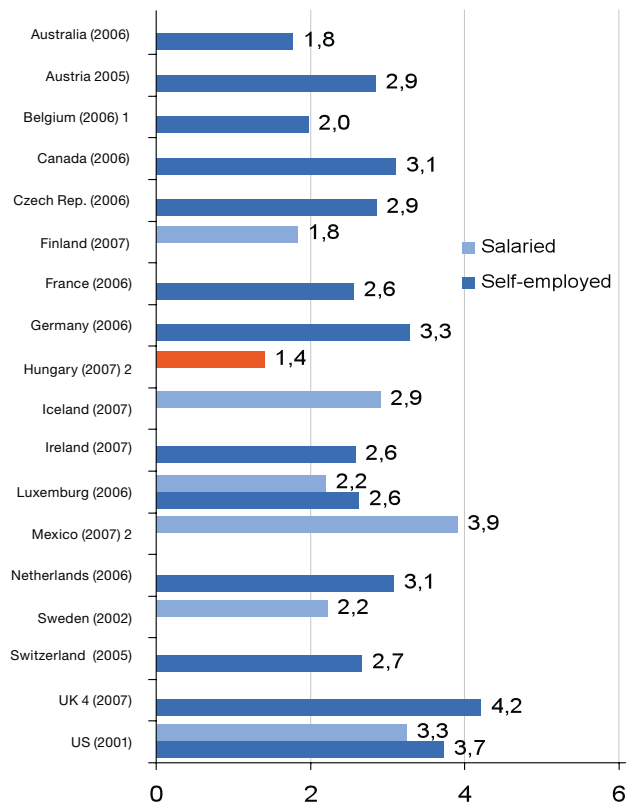
- In order to plan changes, politicians have to try and prepare profound, in-depth health care analyses based on facts. The present OEP (National Health Insurance Fund) data are only suitable for this purpose to a limited extent.
- Decision makers have to change their approach, and no longer manage health care as consumers, but as a value-producing sector of the economy.
- David Byrne, European Commissioner for Health and Consumer Protection (2004): „They do too often consider health care expenditures only as short-term costs, and not as long-term investments. They only just started to realize that health care expenditures represent the basic driving force of economic growth.”

5. The responsibility of government:

- Today, health care has fallen so much apart that simultaneously with forming a concept for the long term, there is also a need for immediate crisis management.
- In crisis situations the issue of the necessity of stricter central management is raised (although centralization does not solve everything and it carries risks).
- Government has to put a program on the table that will guarantee the recuperation of investments; otherwise, it has to be

diagram 2.

General practioners income as a ratio of the average wage



Source: Éva Orosz, data: OECD, Health Data, 2009

accepted that capital that is ready to invest in health care will leave our country.

- The present situation is also critical from the standpoint of human resources, and without planning and organization, the situation will become unsustainable. The income of specialist doctors in Hungary is 1,5 times the average, while in a number of Western countries it is 4-5 times, but even in the Czech Republic it is 3 times. (See diagram 2)

ADDITIONAL COMMENTS



István Mikola:

“In order to change the negative public health trends and to be able to operate a professional health care service system, strengthening the responsibility and the role of the state is necessary.”



Éva Orosz:

“I fully agree with the Canadian Member of Parliament, Ms. Carolyn Bennett, who during one of the sessions of the US senate committee in 2009 said: ‘I think the dispute is about what should be the role of government in your life. ...The real question is simple: should a person go bankrupt, because his/her child has leukemia? Is it fair that a family that is genetically more prone to tumorous diseases should spend the larger part of its income on health care services?’”



Jenő Rácz:

“Providing health care services for the population is the task of the state. From among the tasks, establishing the legal conditions and ensuring the public resources needed for operation – to the extent that can be economically afforded – cannot be delegated. Revaluing tasks that are included in the Local Government Act covering the operation of the health care service system cannot be postponed.”



András Szepesi:

“In practice we see that the more the state wishes to withdraw from financing and operating health care (or from managing this market with supplementing interventions), the more it is forced to intervene on social grounds (US–Medicare), or it has to face social disaster (Poland, Hungary).”

2. A health policy strategy based on public health trends

TIME: DECEMBER 8, 2009

Members of the panel:

Róza Ádány, Dean of the Faculty of Public Health at the University of Debrecen

István Mikola, former minister of health, vice president of the Health Committee of Parliament

Zoltán Vokó, associate professor at ELTE University

András Szepesi, chief editor of the paper “Kórház” (Hospital)

IMPORTANT CONCLUSIONS

1. Our initial thoughts:

- a. Improving the health condition of the Hungarian population (which is well reflected by the extremely high ratio of disabled pensioners, the extent of early mortality, the lagging behind of healthy life expectancy compared to the EU average) is of strategic significance from the point of view of ensuring the future of our country and its economic competitiveness.
- b. The life expectancy in Hungary in the case of women is 5.5 years less and in the case of men 8 years less than the average of the EU-15.
- c. According to the European Union, governments should – when preparing their programs – make efforts to implement the principle of „Health in All Policies” on a governmental level. In the spirit of this, all governmental decisions have to reflect that they consider the preservation of the health of the population a societal, an economic and a social value.
- d. In the management of financial and economic crises, the health care/social governmental activities play an outstanding role.
- e. „Health care” is not the same as „public health.” Health care service is a service that is needed by the patients from time to time; contrary to this, public health activity is something that

is needed by everybody on a continuous basis. Coordinating this latter activity is clearly the task of the state.

- f. In certain cases, a well-defined public health strategy produces results only in the long term. In Finland, the positive trends appeared after 25 years.
- g. The unfavorable life expectancy of the population and its bad health condition generates not only societal conflicts, but also raises grave economic issues in the course of everyday life.
- h. According to international comparison in regards to mortality caused by preventable reasons, Hungary is in the leading position. This is partially due to the behavior of the population that is unfavorable from the aspect of health preservation and partially due to the inadequate operation of our health care service system (see diagrams 3 and 4, page 12).

2. Limits of enforcing a health policy based on public-health trends:

- a. Politics often superseded the strategies that were based on factual data and too often changed the priorities, so that public health demands did not appear in the measures introduced.
- b. One of the greatest problems is the fact that for the time being, there is no systematic monitoring of the health condition in Hungary. Monitoring has to be started in the near future

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even if it cannot be started in a well-established way. And if possible, it should be started in a manner that corresponds to the international standards.

- c. The lack of professional analyses further deepens the already grave problems existing in this area. Tendencies and time series data have to be monitored in order to provide better foundations for government decisions.
- d. The financing data of OEP are inappropriate for establishing the public health trends, because these data are not morbidity data, and they only register doctor-patient meetings.
- e. The mortality data (KSH – Central Statistical Office) are more or less certain data, although it is known that they include classification errors, which could be avoided with some attention and a more disciplined filling out of data sheets.

3. Purposes of the public-health trends based health policy strategy:

- a. By setting priorities and allocating resources on the basis of these priorities, the equal-opportunity related differences existing within the country should be reduced.
- b. There are EU resources available for developing health care; however, we are utilizing these resources today in a manner that is far from the optimum. If we would have a strategy that is based on public health indices, then these resources could be utilized far better.

4. In the interest of achieving the purposes:

- a. It is the obligation of the government of each country, thus also of the Hungarian government, to prepare and implement decisions in a health-oriented way when defining its strategy.
- b. The public health program defining the strategic objectives has to be broken down into annual action plans. For the implementation of these plans coordination and an executive structure is needed; an essential element of this should be cooperation between the ministries, which does not exist today.
- c. Professional/scientific guidance is needed for improving the efficiency of coordination, because politics is capable of introducing measures that are contrary to the factual data and demand.
- d. It would be worthwhile to think over whether it is justified or not to set up a Public Health Institute, which could coordinate the expected activities (with operation principles that are similar to those of the State Audit Office of Hungary). This institution would have an inter-sector position, it would be independent of the Ministry of Health, and it could be interpolated in Parliament. It would have authority with respect to local governments as well, and it would play a „general teaching” role towards the public.
- e. The reform of public health cannot be envisioned without the reform of primary health care services. This is the place where the towers of prevention have to be built up, which unfortunately do not exist today. International example: in the USA, Medicare finances a three-level prevention program within the primary health care services.
- f. Within primary health care services „teams” consisting of experts have to be set up: doctor+prevention expert+psychologist.
- g. Medical practices should not be financed with „card money” (flat rate per head), but they should be financed on the basis of performance (quality) indices. However, purely performance based financing is not good either, because it generates unjustified surplus activity.



ADDITIONAL COMMENTS



Róza Ádány:

“The unfavorable mortality and morbidity indices are accompanied by large regional and societal differences. The setting up and operation of a health monitoring system that will ensure national coverage cannot be postponed. Based on the analyses of this monitoring system, it would be possible to plan and implement targeted public health interventions.”



István Mikola:

“The capacity and the preventive services of mandatory general health insurance have to be adjusted to the public health situation of the region.”



András Szepesi:

“Modern health care, that has a history of about 150 years, was and is unable to follow the stormy changes, neither with regards to financial resources, nor with regards to appropriate institutions and sufficient human resources. Priorities have to be set, the service providing organizations and the training and education of experts have to be modernized in order not to let the health care service of the population turn into chaos.”



Zoltán Vokó:

“There are significant opportunities in strengthening the preventive activities of the health care service system. The domestic structure of primary health care service theoretically allows the family doctor to carry on risk management. Similar to an investment consultant, who manages the investments and financial risks of his clients, the family doctor, due to his or her position held in the health care service system, could manage the health risks.”

3. Is it possible to finance health care within the present framework?

TIME: JANUARY 12, 2010

Members of the panel:

Tamás Székely, minister of health

Péter Heim, economist, leader of Atticus Investments Zrt.

József Kiss, former OEP general manager, consultant of TEVA Magyarország Zrt.

András Szepesi, chief editor of the paper "Kórház" (Hospital)

SIGNIFICANT CONCLUSIONS

1. Current situation of health care resources and expenditures:

- The health care contribution was reduced from 15% to 8% within three years, while the pension contribution increased by 8%. This made it obvious that the health care system cannot be sustained purely from health care contributions, and the contribution of the state is indispensable. The extent of payments from the central budget, based on the number of persons insured by the health care system, was Ft 313.6 billion in 2009. But in 2010, the plan is already close to twice the figure of the previous year, that is the figure to substitute the health care contributions that dropped out became Ft 611.8 billion (See table 1, page 12).
- OEP expenditure (without pharmaceuticals and medical aid devices) had to endure a continuous depreciation during the past years due to less resources that could be used for health care, since it was unable to move permanently upwards from the Ft 714 billion in 2006 (see table 1). In 2010, the budget that may be used for financing the health care service providers could reach the level of 2008 (Ft 757 billion) only because the service providers themselves lobbied for additional resources last autumn. (The original governmental plan was Ft 719 billion).
- Although hospitals this year received the promised additional

amounts (Ft 39.5, and Ft 6 billion), these amounts were spent on debt settlements, since the outstanding debts and debt portfolios of the hospitals were high. It must be feared that without additional resources a grave situation may evolve again within some months.

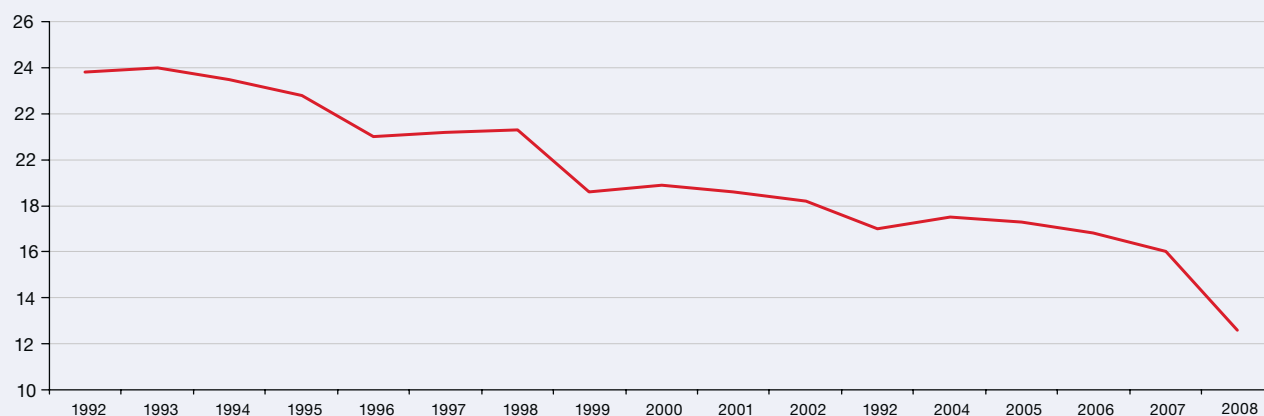
- On the pharmaceutical market the price-volume contract will be mandatory, deviation from the financed price with more than 30% will mean automatic delisting in the future.

2. Our initial assumptions:

- There is one word that is the most characteristic of the financing of health care today: uncertainty.
- Although on the basis of past experiences it seems that the decrease of health care contributions is not accompanied by the expansion of employment, it can nevertheless be expected that additional efforts will be made by governments to reduce health care contributions.
- Improving employment does certainly require tax reduction as well, but this is not sufficient for achieving an improvement. (The Hungarian employment level is 55.4%, the EU average is 64.8%.) For this reason all signs indicate the need to create a new governmental strategy in this area, and only then it would be possible to stabilize expenditures that may be spent on health care – together with identifying resources.

diagram 7.

Equivalent value of health-contribution revenues of the Health Insurance Fund, % of earnings



Source: Sinkó Eszter, data: ESKI, 2009.

- d. Politicians do not even undertake to define what services are due in exchange for the contributions that are paid in. The existence of these definitions is indispensable, among others for the appearance of complementary insurances.
- e. A big mistake of the past four years was to take financial resources out of the health care sector. Today the GDP-proportional health care expenditure is critically low, we are lagging behind, not only compared to the EU average, but also compared to the Visegrád countries (-2% in regards to state expenditures, see diagram 5, which is based on the corrected National Bank of Hungary research data).
- f. On the basis of the OECD data, the complete GDP proportional health care spending was 7.4% in 2007 in Hungary (the EU average was 8.9%), and the health care expenditure per capita, measured at purchase power parity, was 1,388 USD (the EU average was 3,000 USD, see diagram 6).
- g. In Hungary, the interest payment burden represents 5% of the GDP (the EU average is 2.5%).

3. Tasks that are important from the aspect of the resource generating capability of the system:

- a. The state insurance system is the cheapest, therefore we have to stay on this „path.” This was already proven in respect of pensioners. The state pension insurance organization manages ten times as many pension accounts than the private pension funds from less money (Ft 24 billion compared to Ft 27 billion).
- b. The insurance coverage improved significantly in recent years, but even today, according to data estimates, there are 200,000–250,000 inhabitants without legal insurance coverage.
- c. In view of the decreasing health care contribution revenues, it is expected that the revenues of the Health Insurance Fund will have to be increased from central tax revenues (see diagram 7).
- d. Instead of reducing the health care budget, savings should have been or should be achieved by reducing state bureaucracy, the liquidation of corruption, setting limits to the funding of public transport, and the transformation of the pension system.
- e. Some ratios of certain tax types (e.g. the excise taxes) have to be spent on health care in a directly allocated form.
- f. In the interest of placing the distribution of the resources on more scientific grounds we recommend the establishment of a „National Strategic Office.” It would be the task of this office to determine those national priorities on which the government should spend money. Within this frame, those health care goals and priorities should be marked out, on which money should be spent from available resources.

4. Important tasks from the standpoint of system efficiency:

- a. Health Observatories have to be established and operated for the purpose of improving the foundations of the decisions – as Forum 2 had already mentioned. The task of these observatories would be the operation of the health monitoring system.
- b. One of the reasons for the operation problems of today is that the health care service organization/patient management function is missing from the system. It has to be decided as soon as possible to which organization this function should be delegated.
- c. The establishment of a so-called „key ministry” should be considered. Establishing a structure of this type, under the direction/coordination of a strong politician and of the experts of the individual areas would bring health care into a more advantageous position.

ADDITIONAL COMMENTS



Péter Heim:

“In Hungary, as a consequence of the wrong economic policy approach of the past decades, annually around Ft 250 billion resource is missing from health care. In 2007, we spent GDP-proportionally an amount of around 7% on health care expenditures, however the state spent on health care only 5%. This is the only area in which Hungary spends little from among the large service benefit systems.”



András Szepesi:

Naturally, the financial situation of a given country determines how much can be spent on health care from public moneys; the same consideration limits private resources as well. Providing as efficient a service as possible from the available resources is today already not only a professional and ethical demand, but also the political obligation of modern states.”



Tamás Székely:

“Government considers it important that financing should provide foreseeable conditions for health care institutions. For this reason, between October 2009 and January 2010, institutions received an additional Ft 50 billion in funding in addition to their regularly reported performance. In regards to wage supplements, we will also fully meet the agreement that was signed with the trade unions. The workers that are employed by budget organizations and who work in public service will get wage supplements.”

- d. The weight of impoverished societal groups burdens health care. The situation requires urgent treatment, since the health condition indices of these groups are worse than those of the average population.

5. Why is health care still operated on the basis of the principle of „what is left,” why do politicians consistently undervalue health care, what is the reason why we are where we are?

- a. Government is not aware of the fact that health care is a value-generating sector, a sector that is able to significantly influence the strength of the economy.
- b. This is the reason why the interest enforcement capability of health care is weak.
- c. The number of expert analyzers is not sufficient either, therefore, there are no authentic data-based analyses available.
- d. Many people do still pay health care contribution based on a minimal wage only. According to estimates, this may mean a Ft 1,000 billion revenue loss for the health care system.
- e. Additional phrases:
 - personal lobbies and interests,
 - the attitude of a general public good does not exist, health care is over-politicized,
 - there is no political will for bringing the necessary difficult decisions,
 - there is no concentrated and organized health care lobby,
 - health care would need a long-term concept. However, politicians are thinking in short-term election cycles.

4. The legal status of self-employed doctors

TIME: FEBRUARY 9, 2010

Members of the panel:

Mihály Kökény, former minister of health, president of the Health Care Committee of Parliament

István Mikola, former minister of health, vice president of the Health Care Committee of Parliament

János Gerle, vice president of MOK (Hungarian Medical Chamber)

Gyula Pulay, former health care public administration secretary of state, general director of the Research Institute of the State Audit Office of Hungary

András Szepesi, chief editor of the paper “Kórház” (Hospital)

SIGNIFICANT CONCLUSIONS

1. Initial statements:

- a. It is a must to deal with the legal status of the doctors, because each doctor represents an important economic factor of the health care system: the doctor allocates the health care services, and through this he/she generates expenditures. The doctor is a money-distributing and may even be a money-saving factor.
- b. The doctor – as an independent entity – has been a medical person of self-employment for centuries.
- c. For doctors, self-employment is a form of existence; it is a certain kind of attitude. Its existence demands a new legal environment, certain elements of which do already exist now. But all in all, medical treatment based on intellectual self-employment today just „hangs in the air”.
- d. Self-employment in the area of medical treatment is not identical to private medical treatment. While in the first case professional

knowledge is sold at a defined fee under conditions where the institution provides the infrastructure (in Hungarian literally called “intellectual self-employment”), the latter one means a complex entrepreneurial activity that takes care of infrastructure and means of operation as well.

- e. According to the opinion of the panel in respect of the employment of the doctors public employment has become obsolete.
- f. The activity of the doctor of intellectual self-employment is judged and his or her fee is established by the market (patients). This is done even today, however unfortunately in a distorted and non-transparent manner, through the system of „gratitude payments”. The billions that are paid today as „gratitude payments” should be and could be converted, legalized, and used as coverage for the surplus costs of the fee system.

2. Experiences concerning the application of fees:

- a. Ensuring the economic background of individual remuneration



requires a serious preparatory work. An alarming example is the fact that in the Czech Republic, after the system transformation in connection with the comprehensive introduction of the fee system, the complete annual budget flowed out from the fund within half a year.

b. With respect to defining fee items, we are lagging behind 100 years compared to European systems. The individual fee system would assist in making resources available and improving their level of exploitation.

3. Tasks to be done in the interest of establishing the conditions of intellectual self-employment in the area of medical treatment:

a. The present-level law regulations do not provide an appropriate legal framework for establishing the required conditions. Therefore, establishing the relevant new legal provisions is the primary task of the next government. The execution-related regulations should not be forgotten either.

b. The conditions for self-employed doctors carrying on group practices should also be established. The key to stepping forward is to establish a system of legal and financial conditions through which self-employed medical treatment can be incorporated into the complex system of hospital care (e.g. responsibility, instruction rights, cooperation with the employees of the hospital).

c. In hospital care, doctors start working as public employees, and then they can become intellectual self-employed specialists.

d. In the ideal case, intellectual self-employment would mean a significant step forward in the area of specific individual specialized medical work, in outpatient service.

e. If this occupation form would be available in the coming period, then MOK should by all means participate in establishing fees.

f. When establishing fees, attention has to be paid that it should not result in unfairness, in an unbalance of accessibility, in the propagation of services that cannot be afforded by the average population. Naturally, this requires the modernization of the patient insurance system and the organization and management of the institutional and inter-institutional patient service.

g. With the aid of intellectual self-employment and strict sanctions that would be introduced simultaneously, it would be possible to liquidate the institution of „gratitude payments.” This would require significant communication work as well, since unfortunately gratitude payments represent a bad habit that has infiltrated into society, the existence of which does not depend only on the participants of health care.

h. At present, OEP primarily finances the institution, the place where the service is provided, and not the activity of the doctor. This does not facilitate the possibility of quickly establishing the conditions of intellectual self-employment. For this reason, the insurance-providing entity (OEP) should in the future not sign a contract with the service-providing institute, but with the doctor.

i. A simple taxation, bookkeeping, and insurance environment has to be established for the doctor. The system to be established has to remove the burden from the shoulders of the doctor, in order to allow the doctor to focus on his/her main tasks, that is, treating patients.

j. Similarly to the Hartmann-type German concept, the independent and appropriate interest representation of the intellectual self-employed doctors has to be established.

ADDITIONAL COMMENTS



János Gerle:

“A part of the doctor society, e.g. the highly qualified specialist doctors, would have a demand for the creation of such a legal status, replacing the public employee labor relationship. The doctors would be able to exercise their profession freely and more successfully in the interest of the patients as well, without institutional restrictions, hierarchic restrictions, administrative obstacles, and this solution would better serve the principle of quality performance also.”



Mihály Kökény:

“Employing health care staff as public employees has already become obsolete: the rigid career system and supplementary payments are against the appreciation of performance. The law allows undertaking work in the framework of self-employment since 2003. It is an other question that the fees have not been determined even since then.”



István Mikola:

“Extending the legal status of the intellectual self-employed doctor will result in the improvement of the quality of patient service.”



Gyula Pulay:

“Self-employment can be only one of the possible forms of employing the doctors even in the future. The entrepreneur (private doctor) legal relationship will survive in those areas, where the service has a relatively low asset demand and the majority of the doctors in the hospitals will remain public employees. Agreeing with the above, self-employment-based medical treatment has an optimal opportunity in the area of outpatient health care service, and in the area of inpatient specialized health care service. An optimal opportunity is available in respect of the professions that demand specific expertise.”



András Szepesi:

“Self-employment is the ideal method of the operation of doctors and other health care workers with diplomas. This requires a well-to-do society and well-organized health care. It is worthwhile to experiment with it, because it increases the value of professional knowledge and it allows the mobility of the experts.”

k. The self-employed doctor has legal relationships with the insurance-providing organization and the hospital. The contract has to be established along strict conditions. The system has to be launched and it has to be formed and refined in the course of its operation, because „waiting for a perfect legislation” would cause further damages.

l. Simultaneously, certain specific professional tasks have to be organized separately and efficiently, e.g. emergency/accident services, nursing.

5. The possibilities of involving private resources and of sector neutral funding

TIME: MARCH 2, 2010

Members of the panel:

Mihály Kökény, former minister of health, president of the Health Care Committee of Parliament

Jenő Rácz, former minister of health, general director of the Veszprém Megyei Csolnoky Ferenc Kórház Nonprofit Zrt.

Csaba Dózsa, expert, former deputy minister

Péter Pál Varga, general director of the National Spinal Treatment Center

Péter Grossmann, executive of Medicover

József Dézsy, president of the Austrian Health Care Association

Péter Váradi, executive of the AXA Health Fund

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SIGNIFICANT CONCLUSIONS

1. Initial statements:

- a. The state cannot withdraw from determining the operational conditions of the health care system and from ensuring the conditions, since the dominating level of public expenditures has to be maintained for the purpose of macro-level efficiency and fairness.
- b. There are innumerable possibilities available within the health care systems for involving private resources, but it has to be taken into consideration „what is good” for private capital and which is the natural medium in which the „consequences” of its presence are favorable from the aspect of patient care.
- c. In regards to the public financier role, it was concluded on the basis of international experiences, that health care public service cannot be funded by private insurance companies, since in their case there is a contra-interest.
- d. In regards to establishing the private health care services, it is an essential requirement that the publicly financed „core health insurance package” has to be defined. Subsequently, with significant expert work, it is possible to develop that long-term concept which may establish the harmony of the coexistence of the private and the state systems.

- e. International experiences: in Austria out of 340 hospitals, there are 38 private institutions, and 1.4 million Austrian citizens (17%) have private health insurance. The system does not allow for an insurance company to operate a hospital.
- f. In France, 70% of surgical interventions are executed in private hospitals.

2. Current situation in Hungary:

- a. 30-32% of the health care expenses are financed from private resources. This is high even compared to the European Union average (see diagram 8, page 13). The problem is caused by the fact that this resource is introduced into the system, not in a structured manner, but as individual payments. Close to half of this amount is represented by the medicine refunding fees, but „gratitude payments” that cannot be exactly established, and which are estimated to be around Ft 60-80 billion, is also listed under this category.
- b. Several referenda took place in recent years concerning the subjects of privatizing health care and copayment. The result of these referenda has and will have a significant impact on involving private capital in health care.
- c. In Hungary, the role of business supplementary health insurance is at present marginal. The main reason is the fact that the core package is undefined, the private health care service system is poorly developed, and state health care is penetrated and destructed by the „gratitude payment” system. Due to these characteristics, in the past, the insurance companies were unable to offer competitive packages.
- d. The ratio of structured private expenditures is less than 1% in Hungary, which is below the EU average.
- e. One of the greatest problems for private capital to participate in providing services is the complete lack of predictability.
- f. Today, the quality of health care services is already significantly endangered by the fact that in Hungary, no new medical technology adaptation took place in the past three years.
- g. Under the Hungarian financing relations of today, it is not possible to operate health care private ventures in a sustainable manner, and the capital invested will not be recuperated.



h. There are positive examples: on the basis of the data of today, the domestic private dentist practices produce a revenue of Ft 50 billion, while the wellness sector produces a revenue of Ft 15 billion for the country.

3. Tasks awaiting us:

- a. Health is a value, the society has to be convinced about the importance of preserving it. If this will be done, then the people will be ready to bring sacrifices, even in the form of supplementary private insurances.
- b. It has been unambiguously proven that the state cannot finance all the health care expenditure incurring even in the future. For this reason, the health purpose savings of the population have to be supported.
- c. In this spirit, the system of supplementary insurances has to be strengthened. It is necessary to encourage multipurpose pre-savings.
- d. Better migration possibilities between the private system and the publicly financed system have to be established for citizens. Today, those who select the private system cannot utilize even partially their paid-in social security contribution to finance this.
- e. It would be important to ensure sector neutrality in a comprehensive manner in those cases, where the private service providers have been accepted. Today, in the case of certain operational forms

- (company forms), discrimination can be experienced in the case of the awarding of certain resources. This has to be changed.
- f. It is worthwhile to examine and analyze the experiences of private dentistry services more deeply, since it may be assumed that in this area, experiences have been accumulated that could be used in the course of transforming the complete health care system and the involvement of private capital.
 - g. The capital type of privatization and operational type of privatization have to be distinguished. While the first one means a purely financing investment, the second one is an „existence type” of investment, where the investor ensures his/her own living with his/her professional knowledge. The role of existence-ensuring enterprises should be increased, because they go hand-in-hand with the improvement of the quality of health care services.
 - h. An unavoidable method of reducing the health care costs is the setting up of hospital treatment prevention health care systems in a more efficient manner. The first line of this has to be the family doctor, however the „polyclinics” do also belong here (specialized medical clinics, one day surgeries, etc.). Germany is rebuilding this structure now, which operated well in the German Democratic Republic.
 - i. Setting up the quality assurance standards and having them observed are also necessary for controlling and efficiently utilizing the health care costs.

ADDITIONAL COMMENTS



Csaba Dózsa:

“Paying 30–32% from the pocket is unfair and it generates an income dependent situation within Hungarian society. All political forces have to work in the interest of increasing the ratio of public financing and try to encourage pre-saving and the use of insurance-based solutions.”



Mihály Kökény:

“The main problem is not the fact that out of Ft 100 health care expenditures we finance Ft 30 from private resources, from direct population contributions. The main problem is that within private expenditures, the ratio of pre-saving and supplementary insurance arrangements is negligible.”



Péter Grossmann:

“Since the resources that will be available for funding health care will be always finite, it is practical to direct our attention to the ways in which it is possible to involve alternative financing resources. The problem is that the current legislation not only does not encourage the inflow of these resources, but it does explicitly discourage it.”



Péter Váradi:

“In Hungary the ratio of health care private expenditures is high and it continues to increase. It is dangerous that the ratio of organized health care private expenditures (insurances, pre-saving products) is very low in European context. The health funds have gone through a dynamic development in the recent years, but even so, they do cover only one-tenth of the private expenditures.”



Jenő Rácz:

“Private investments are in an uncertain situation in the area of health care as a result of governmental decisions that negatively discriminate the operation of entrepreneurs, and because the continuously narrowing and unpredictable financing makes it impossible to plan for the future. The service-providing side of the health care system would already now become incapable of operation, if the service providers that are based on private investments would fall out from the system.”



József Dézsy:

“The structure of health care has to be changed in a manner that the issue should be not only saving, but efficiency should be also kept in mind (the accurate and reliable execution of the medical treatment work), and in connection with the final result we should fully inform the patient about what and why is happening with him/her.”



Péter Pál Varga:

“One of the most important areas to involve private capital is the creation of small health care enterprises (family doctors, specialized medical practices, physiotherapy enterprises, and services that reinforce territorial health care services). It would be possible to establish lots of flourishing health care existence enterprises with the support of local economic policy (tax subsidy) and regional development (facilitated access to development credits), customized to the public health demands.”