Future of health care insurance in Slovenia – past decades and new plans

Regional Conference on Health Insurance

Tanja MATE, MD

6 - 7 July, Sarajevo
content

- Introduction/ few facts
- Health Care Insurance
  - compulsory
  - voluntary
- New proposals
- challenges
- Q&A
Introduction

✓ General information about the health care in Slovenia
✓ Compulsory health insurance in Slovenia:
  - organization and management
  - financing
  - coverage, benefits
  - allocation procedures
Introduction

✓ Co-payment system and voluntary health insurance in Slovenia
✓ Health care financial sources in Slovenia – resume
Facts

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proportion of health care expenses in GDP

1. Public and private expenditures are current expenditures (excluding investments).
2. Health expenditure is for the insured population rather than resident population.

Source: OECD Health Data 2010; Eurostat Statistics Database; WHO National Health Accounts.

http://dx.doi.org/10.1787/888932337376
question

The present contract system is derogatory to our dignity, and the fountain and source of most of our misery. Of that there can be little doubt.

Letter: A little Country GP. Australesian Medical Gazette, September 20, 1901
Health Care in Slovenia

- Long tradition of public health protection in Slovenia - social health insurance from 1889
- Common principles: solidarity & efficiency
- Qualitative and accessible health care network
- Public Health Care – focal point of the system
- Health care performances comparable to those in EU
- Constant financial pressures and developmental challenges
Health Care in Slovenia

Health Care System as it operates today was formally introduced in 1992 - as part of comprehensive health care reform which enabled:

- changes in the health care financing:
  - reintroduction of compulsory health insurance
  - introduction of voluntary health insurance

- changes in the delivery of health care services:
  - gradual process of the privatization

- changes in organization, new roles in the system:
  - chambers, partnership negotiation and contracting process
Funding Network In Slovenia

Funds Management

Contributions

HIIS

Premiums

Insurance Companies

Compulsory Institutions

Public Institutions

Public Connections

Concessionaires

Private Network

Direct Payment

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Compulsory Health Insurance (CHI) in Slovenia:

- CHI covers entire population (100%)
- CHI follows basic principles of social model of health protection: universal coverage, solidarity, equity, special attention to vulnerable groups
- Health Insurance Institute of Slovenia (HIIS) is the single provider of CHI
- In the capacity of the HIIS founder, the State has retained some main levers to steer and control operation, such as involvement in the determination of the contribution rate, of the scope of rights and financial plans and confirmation of elected general manager
- specific (self) management of HIIS
- key processes of CHI:
  - financing, mobilization of resources
  - coverage, system of benefits
  - allocation procedures, relations to HC providers
HIIS – organization and management

- Health Insurance Institute of Slovenia (HIIS) was formally constituted in 1992 as the sole provider of CHI.
- HIIS organization: direction in Ljubljana, 10 regional offices and 45 branch offices.
- Human Resources: in 2010 910 employed persons; more than half (52,6%) with HSE and higher educational degree, 19,8% of the employees with university degree and 10,9% with postgraduate educational degree, all with basic computer literacy.
- HIIS Information System is developed and maintained by the Information Centre in Ljubljana and departments of regional units.
Network of HIIS units

Number of population (2009):
2,032,362
Number of insured persons (2009):
2,058,370
HIIS – financing (1)

✓ funds are collected as proportional contributions
✓ obligors for contributions:
  - active population: employers (6.56% + 0.53% = 7.09%) and employees (6.36%) contribution rate: total rate for active population: 13.45% of gross wages
  - pensioners: rate of their gross pension (5.65%)
  - self-employed (including farmers): fixed proportion of their income
  - socially weaker groups: fixed contributions paid by state or local budgets
✓ collection of contributions on contractual basis by Tax office
✓ health insurance card system has improved financial discipline
## HIIS – financing (2)

Financial sources of HIIS (2009, in millions of euro):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions of employers/employees</td>
<td>1,768,0</td>
<td>(78.1%)</td>
</tr>
<tr>
<td>Contributions for pensioners</td>
<td>343,0</td>
<td>(15.2%)</td>
</tr>
<tr>
<td>Contributions of farmers</td>
<td>5,7</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>Others</td>
<td>110,5</td>
<td>(4.9%)</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td><strong>2,227,2</strong></td>
<td><strong>(98.5%)</strong></td>
</tr>
<tr>
<td>Other income</td>
<td>35,8</td>
<td>(1.5%)</td>
</tr>
<tr>
<td><strong>ALL INCOME</strong></td>
<td><strong>2,263,0</strong></td>
<td><strong>(100%)</strong></td>
</tr>
</tbody>
</table>
HIIS – coverage, benefits (1)

- CHI covers entire population (app. 2 million inhabitants)
- Two large fields of benefits:
  - health services
  - cash benefits
- Free choice of doctors & providers
HIIS – coverage, benefits (2)

✓ Comprehensive health services benefits:
  - benefits comparable to those in EU
  - law on health care and health insurance – sub laws and special legal regulation
  - co-payments/coinsurance/costs-sharing in the system: voluntary health insurance for co-payments

✓ Cash benefits: allowances for absence from work, travel expenses, death and funeral allowances
HIIS – allocation procedures (1)

✓ different procedures for different expenditures
✓ main question: how to contain expenditures within available resources?
✓ negotiations and contracting process (for health care services/programmes: representing cca 71,0 % of all total HIIS expenditure in 2009)
✓ drugs, medical aids, cross border health and other programs (cca 17,4 % of total HIIS exp. in 2009).
✓ programs of cash benefits (cca 9,1 % of total HIIS exp. in 2009)
✓ costs of the HIIS’s professional service (cca 2,1 % of total HIIS exp. in 2009)
HIIS expenditures

Total HIIS expenditures in 2009 (in millions of euro):

- **Health services expenditure:** 1,667,5 (71,3%)
  - PHC 519,7 (22,2%)
  - secondary/tertiary care 1,126,5 (48,2%)
  - other 20,3 (0.9 %)
- **Other health care expenditure:** 408,1 (17,4%)
  - drugs and med. aids 386,6 (16,5%)
  - other 21,5 (0,9%)
- **Cash benefits expenditures:** 213,0 (9,1%)
- **HIIS expenditures** 49,9 (2,1%)
- **Other, reserves** 0,09 (0,0%)

**2,338,5 (100%)**
eCommunication with health care providers

- In 1998-2000, the Institute introduced the **electronic health insurance card**.
  - The card is owned by every insured person and enables fast and efficient identification, contains information on health insurance and provides information for charging of medical services.

益处：引入该卡显著改善了整个系统中的数据记录 — 对保险公司以及医疗保健服务提供商而言。
eCommunication with health care providers

• In 2007-2010 the Institute introduced **new generation of health insurance cards** and the **on-line system** for direct exchange of data among health care providers, the Institute and all three insurance companies that offer voluntary health insurances.

✓ In the new system, the card functions only as the key of the insured person to access the data.
On-line system

ENTRY POINT
- User’s register
- Access control
- Routing requests

Secure Communication over Internet

HOSPITALS
Healthcare application

HEALTHCARE CENTRES
Healthcare application

PHARMACIES
Pharmacy application

GENERAL PRACTITIONERS
Healthcare application

OTHER PROVIDERS
Healthcare application

BACK-END SYSTEM
Health Insurance Institute of Slovenia
- Compulsory health insurance database
- Access log

BACK-END SYSTEMS
Voluntary Health Insurance Companies
- Voluntary health insurance database
- Access log

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On-line system

✓ System provides access to the following data:
  – person (name, address, etc.),
  – compulsory and voluntary health insurances (type, status, etc.),
  – selected doctors,
  – prescribed medications,
  – prescribed and dispensed medical technical aids,
  – statement of a person on post mortal donation of organs and tissues for transplantation, and
  – other information.

✓ And provides instant recording of data to the central system
  – e.g. recording of issued medications in pharmacies.

✓ >20,000 users at all Slovenian healthcare providers of public healthcare network.
✓ >10^6 transactions per day.
eServices

- eOrdering EU health insurance card by phone and Internet.
- eRegistration of insured persons on Internet.
- eInquiries to health insurance database for public institutions (court, police, …) by Internet.

✓ Benefits: Reduction of costs for partners and ZZZS.
Voluntary Health Insurance (VHI) in Slovenia

- VHI in Slovenia is based on the idea of cost-sharing, co-payment and coinsurance in the system
- The Law 1992: direct co-payments or voluntary health insurance for risks of co-payments in the system
- Single premiums for different insurance policies and age

<table>
<thead>
<tr>
<th>COMPULSORY HEALTH INSURANCE</th>
<th>VOLUNTARY HEALTH INSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solidarity</td>
<td>Mutuality?</td>
</tr>
<tr>
<td></td>
<td>Commercial insurance?</td>
</tr>
</tbody>
</table>
Voluntary Health Insurance (VHI) in Slovenia

✓ In complementary VHI schemes appr. 1.4 million insures are included (out of 2 mio of population)

✓ Three competitive insurers:
  - VZAJEMNA (mutual insurance comp.)
  - Adriatic d.d. (for profit insurance comp.)
  - Triglav zdravstvena zavarovalnica (for profit insurance comp.)

✓ Offering also other types of VHI:
  - substitutive (coverage of those without compulsory health insurance)
  - supplementary/additional (higher or extra standard of services)
  - parallel (coverage of services not included in CHI)
Public/private sources for health care in Slovenia

Total health care expenditures according to OECD methodology in Slovenia 2009:

1. Public sources (total: cca 2.350,0 mio euro): 72,5 % (6,55% BDP)
   - state and local budgets (cca 149,7 mio euro): 4,6 % (0,41% BDP)
   - HIIS/CHI (cca 2.125,6 mio evro): 65,6 % (5,93% BDP)
   - LTC (cca 74,7 mio euro): 2,3 % (0,21% BDP)

2. Private sources (total: cca 891,3 mio euro): 27,5 % (2,48 % BDP)
   - voluntary health insurance (cca 420,9 mio euro): 13,0 % (1,17 % BDP)
   - direct payments (382,9 mio euro): 11,8 % (1,07 %BDP)
   - companies (87,5 mio euro): 2,7 % (0,24 % BDP)

TOTAL (cca 3.241,3 mio EURO): 100 % (9,04 %BDP)

Per capita: cca = 1.352 EURO (963 public, 389 private)
(cca 3/4 public, 1/4 private resources)
## Total health expenditures, 2004 and 2010

<table>
<thead>
<tr>
<th></th>
<th>mio EUR</th>
<th>Structure</th>
<th>% of GDP</th>
<th>Growth rate 2004-2010</th>
<th>Average annual growth rate 2004-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2010</td>
<td>2004</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Health expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public</td>
<td>2.274,2</td>
<td>3.242,1</td>
<td>100,0</td>
<td>100,0</td>
<td>8,4</td>
</tr>
<tr>
<td>state</td>
<td>1.665,8</td>
<td>2.292,9</td>
<td>73,2</td>
<td>70,7</td>
<td>6,2</td>
</tr>
<tr>
<td>Local budget</td>
<td>101,1</td>
<td>90,9</td>
<td>4,4</td>
<td>2,8</td>
<td>0,37</td>
</tr>
<tr>
<td>HIIS</td>
<td>14,3</td>
<td>27,5</td>
<td>0,6</td>
<td>0,8</td>
<td>0,05</td>
</tr>
<tr>
<td>private</td>
<td>1.494,0</td>
<td>2.096,1</td>
<td>65,7</td>
<td>64,7</td>
<td>5,52</td>
</tr>
<tr>
<td>VHI</td>
<td>608,4</td>
<td>949,2</td>
<td>26,8</td>
<td>29,3</td>
<td>2,25</td>
</tr>
<tr>
<td>Family budget</td>
<td>288,9</td>
<td>432,2</td>
<td>12,7</td>
<td>13,3</td>
<td>1,07</td>
</tr>
<tr>
<td></td>
<td>266,6</td>
<td>419,6</td>
<td>11,7</td>
<td>12,9</td>
<td>1,0</td>
</tr>
</tbody>
</table>

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Delež zasebnih sredstev in sredstev PZZ v vseh izdatkih za zdravstvo, 2008-2010

Indeks rasti 2010/2008:
- javni izdatki: 102,2
- zasebni izdatki: 108,5
- izdatki za PZZ: 112,3
average annual growth rate of health expenses 1998-2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey (1998-2007)</td>
<td>8.8</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>8.5</td>
</tr>
<tr>
<td>Ireland</td>
<td>7.8</td>
</tr>
<tr>
<td>Estonia (1999-2007)</td>
<td>7.4</td>
</tr>
<tr>
<td>Poland</td>
<td>6.1</td>
</tr>
<tr>
<td>Greece (1998-2007)</td>
<td>5.4</td>
</tr>
<tr>
<td>Luxembourg (1998-2006)</td>
<td>5.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4.9</td>
</tr>
<tr>
<td>Slovenia</td>
<td>4.8</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>4.7</td>
</tr>
<tr>
<td>Belgium</td>
<td>4.6</td>
</tr>
<tr>
<td>EU</td>
<td>4.6</td>
</tr>
<tr>
<td>Spain</td>
<td>4.4</td>
</tr>
<tr>
<td>Finland</td>
<td>4.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>4.1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.1</td>
</tr>
<tr>
<td>Portugal (1998-2006)</td>
<td>3.9</td>
</tr>
<tr>
<td>Sweden</td>
<td>3.9</td>
</tr>
<tr>
<td>Denmark (1998-2007)</td>
<td>3.4</td>
</tr>
<tr>
<td>Iceland</td>
<td>2.7</td>
</tr>
<tr>
<td>Austria</td>
<td>2.4</td>
</tr>
<tr>
<td>Italy</td>
<td>2.4</td>
</tr>
<tr>
<td>France</td>
<td>2.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.9</td>
</tr>
<tr>
<td>Germany</td>
<td>1.8</td>
</tr>
<tr>
<td>Norway</td>
<td>0.8</td>
</tr>
</tbody>
</table>

1. Current health expenditure (excluding investment).

Source: OECD Health Data 2010; Eurostat Statistics Database.
Proportion of out of pocket expenses

<table>
<thead>
<tr>
<th>Country</th>
<th>Out-of-pocket</th>
<th>Private health insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td>56.9</td>
<td>41.0</td>
</tr>
<tr>
<td>Bulgaria (2007)</td>
<td>27.3</td>
<td>39.9</td>
</tr>
<tr>
<td>Switzerland</td>
<td>27.0</td>
<td>39.2</td>
</tr>
<tr>
<td>Latvia (2007)</td>
<td>26.9</td>
<td>39.2</td>
</tr>
<tr>
<td>Lithuania</td>
<td>26.0</td>
<td>39.2</td>
</tr>
<tr>
<td>Portugal (2006)</td>
<td>26.0</td>
<td>39.2</td>
</tr>
<tr>
<td>Belgium¹</td>
<td>26.0</td>
<td>39.2</td>
</tr>
<tr>
<td>Spain</td>
<td>26.3</td>
<td>39.2</td>
</tr>
<tr>
<td>Hungary</td>
<td>26.0</td>
<td>39.2</td>
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<tr>
<td>Slovak Republic</td>
<td>25.7</td>
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<tr>
<td>Slovenia</td>
<td>25.2</td>
<td>39.2</td>
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<tr>
<td>EU</td>
<td>23.5</td>
<td>23.0</td>
</tr>
<tr>
<td>Poland</td>
<td>22.5</td>
<td>23.0</td>
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<tr>
<td>Germany</td>
<td>22.3</td>
<td>23.0</td>
</tr>
<tr>
<td>Ireland</td>
<td>21.8</td>
<td>22.3</td>
</tr>
<tr>
<td>Turkey (2007)</td>
<td>21.5</td>
<td>22.3</td>
</tr>
<tr>
<td>Finland</td>
<td>21.5</td>
<td>22.3</td>
</tr>
<tr>
<td>France</td>
<td>20.6</td>
<td>22.3</td>
</tr>
<tr>
<td>Italy</td>
<td>20.5</td>
<td>22.3</td>
</tr>
<tr>
<td>Estonia</td>
<td>20.0</td>
<td>22.3</td>
</tr>
<tr>
<td>Austria</td>
<td>19.6</td>
<td>22.3</td>
</tr>
<tr>
<td>Romania</td>
<td>17.7</td>
<td>22.3</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>15.9</td>
<td>22.3</td>
</tr>
<tr>
<td>Sweden</td>
<td>15.8</td>
<td>22.3</td>
</tr>
<tr>
<td>Denmark (2007)</td>
<td>15.4</td>
<td>22.3</td>
</tr>
<tr>
<td>Iceland</td>
<td>15.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Norway</td>
<td>15.1</td>
<td>22.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>12.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Netherlands¹</td>
<td>12.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Luxembourg (2006)</td>
<td>8.2</td>
<td>22.3</td>
</tr>
</tbody>
</table>


Source: OECD Health Data 2010; Eurostat Statistics Database.
Statlink http://dx.doi.org/10.1787/888932337566
Future plans – New proposals

Need for further modernization and reform of health care and health insurance system due to:

✓ Old trends
  - Demographic and socioeconomic changes
  - Constant technology and organization changes
  - New expensive drugs
  - Demanding clients
  - Enormous pressures on costs

✓ New challenges
  - Financial crisis and economic recession
MEIN GOTT! OVDJE U SLOVENIEN JE TAKO SUPER STANDARD DA ČAK I KLOŠARI IMAJU LAPTOP!
3 scenarios as proposed by MoH

✓ Abolition of voluntary health insurance, basket of health rights remains as it is, raise of contribution rate for 2.4% points
✓ Abolition of voluntary health insurance, redefinition of basket of health rights – exclusion of unnecessary rights, raise of contribution rate for 2% points
✓ Abolition of voluntary health insurance, extensive redefinition of health rights, raise of contribution rate for less than 2% points
Proposals of the Ministry of Health

- **Varianta 1**
  - OZZ (2.310 mio)
  - DPZZ (370 mio)
  - OZZ (2.725 mio) (2.310 + 370 + 45)
  - PS: +2.4%
  - doh: - 85 mio €

- **Varianta 2**
  - OZZ (2.310 mio)
  - DPZZ (370 mio)
  - OZZ (2.680 mio) (2.310 + 370)
  - PS: +2.0%
  - doh: - 70 mio €

- **Varianta 3**
  - OZZ (2.310 mio)
  - DPZZ (370 mio)
  - OZZ (2.600 mio) (2.310 + 290)
  - PS: +1.65%
  - doh: - 58 mio €
Possible changes

Present:
- 74% Public resources (HIIS, state budget, local communities)
- 14% VHI
- 12% Out of pocket payments

Proposal:
- 88% Public resources (HIIS, state budget, local communities)
- 12% Out of pocket payments

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vision...
possible changes?

- **Danes**
  - IZDATKI IZ ŽEPA (14%)
  - DPZZ (14%)
  - OZZ (72%)

- **Ukinitve doplačevanja**
  - IZDATKI IZ ŽEPA (14%)
  - OZZ (86%)

- **Jutri**
  - IZDATKI IZ ŽEPA
  - OZZ
Conclusions

✓ After 20 years we have to reconsider and renovate our health care system
✓ There is an urgent need for modernization
✓ No cosmetic changes needed – time for real changes
✓ Crisis is good time for opportunities / changes?
✓ BUT – is there political need/will?
✓ We all now that something needs to be done – better now than ....
Development challenges:
✓ bureaucracy / management
✓ public / private interest
✓ solidarity / competitiveness
✓ ethics / money
✓ regulation / autonomy
✓ needs / possibilities
✓ savings / growth and development
✓ Public health / treatment of diseases
Q/A

If you think you have all the answers, you probably don’t.

Thank you.

Questions?

Ideas?

tanja.mate@yahoo.com