4.2 VISION OF HEALTH

The basic idea of the human development concept refers to broadening of opportunities and chances to live a long and healthy life, to become educated, and to enjoy a decent standard of material assets. Health condition improvement as a prerequisite of a longer and fulfilled life thus represents an ultimate goal of the concept. It is based on the interaction between health and other dimensions of life, such as education and standard of living.

What can be done in favor of this goal in a country at a developmental stage such as Slovakia has achieved? It was emphasized in the preceding chapters that health is not a constant value – it is a value that changes over time and space. In countries at a lower level of development health is mainly an issue of inadequate or non-existing choice, whereas in developed countries it is rather an issue of correct of incorrect choice. Despite a number of deficiencies, Slovakia belongs to countries at a level of human development where health is determined by choice rather than by its absence.[122]

There are relatively marked regional differences in health condition. The existence of such disparities confirms that health is the end result of a number of determinants rather than solely a result of public health care, which is virtually the same for all. In addition, other factors are part of the "game," and they may most likely be of more significance than the medical services. This awareness is still absent in Slovakia and/or it is not being sufficiently emphasized. Reliance on public institutions and the weak willingness to assume responsibility for one's own health are deep-rooted features among Slovakia's population.[123] As a matter of fact, it is more costly, overall, to treat diseases than to prevent them by health-promoting behaviors. One of the greatest challenges with respect to the improvement of public health in Slovakia is to become aware of this relationship.

The formulation of steps that have potentially positive effects on health improvement is based on the knowledge of the status quo and of the effects of various determinants and risk factors. There are no simple guides; on the contrary, the comprehensive nature of the measures comes as the basic prerequisite of any positive change. Any successful change requires an optimal mix of changes in the behaviors of individuals, mechanisms, and institutions. The following recommendations suggest the complexity of the issue and the principal components that a change has to combine in itself. Certainly, this is not an exhaustive or unique list, but it offers space for further discussions concerning the widening of opportunities for a healthy and fulfilling life.[124]

4.2.1 "Non-Health Care" Measures

- *Identification of Risk Factors.* The main causes of morbidity and mortality are generally known. Much more attention has to be focused on the study of risk factors that prompt the development of diseases. Identification of key factors requires a flexible utilization of the morbidity and mortality data, which enables a better assessment of the mutual relationships between health determinants, risk factors, and the health condition. Results of sophisticated epidemiological studies will be unavoidable for the formulation of priorities, to acquire information about lifestyles, diets, and health parameters of the various social groups of the population. To be able to assess the relationships in more detail, it would be useful to broaden the analyses to include also the regional level, to introduce and regularly monitor both the existing and the new parameters (e.g., concerning education, lifestyles). Since spontaneous demand for such activities and their outcomes cannot be expected on the part of the private sector, the initial initiative directed towards the identification, research and monitoring of influences harmful to health should come from public and non-governmental institutions.
- *Setting Priorities.* The economic reality determines the potential of the government, as well as that of the non-governmental and private sector, to focus their activities on the various opportunities and methods of health protection. Identification of risks with the strongest effects on human health may represent a good starting point for effective orientation on the measures. Discussions concerning the direction of the public health protection should be preceded by a consensus on the extent to which health promotion and protection are a societal priority, also with the account being taken of the use of public funds. One of the principles of the human development concept is based on the fact that whenever limited public resources are used (it should be understood that there will never be enough

[122] Naturally, the basic determinants also include those which cannot be directly influenced by choice (e.g., genetic conditions).
[123] See chapter 2.1.1.
[124] The reason why suggestions were split into those connected with health in a broader context and such which have direct connection with changes in the health care sector was above all promotion of health perception through not only health services. This does not mean that the issues of health are understood separately; on the contrary, integrated approach rather than partial measures represents a precondition for positive changes.

of them) areas should be considered where investments are able to bring benefits to the largest number of people possible. Naturally, in many cases, individual health factors concern but a specific population group (such as tobacco and smokers), measures directed towards such a group may nevertheless have a significant effect upon the whole population – in particular when combined with other measures (such as nicotine-containing chewing gums and ban on smoking in public spaces). The World Health Organization recommends comparing costs and effects of interventions to identify priorities (see also box 4.1).

Box 4.1
Recommendations of the World Health Organization

The authors of the World Health Report (WHO, 2002) state that focusing on prevention means focusing on risk factors of health. WHO invites to lay stronger emphasis on identification of problems, formulation of priorities and improved access to information about health risks. Connected to this is strengthening of the research of risk factors, defining key risks, formulation of strategies and measures to prevent such risks, with account being taken of their cost-efficiency. The management and reduction of the major risk factors – tobacco, alcohol, high cholesterol levels, high blood pressure and obesity – and thus also of diseases they cause, will have a positive effect upon reduction of premature mortality and extension of healthy life expectancy. Such measures have undoubtedly effects on the economy of the country and equality of chances, and support sustainable development. (Source*: World Health Report 2002. Reducing Risks, Promoting Healthy Life. WHO, 2002)*

- *Prevention of Risk Factors.* Prevention of harmful effects to health is associated with changes in attitudes and habits, i.e., in behaviors in the broadest sense. According to domestic and international analyses, the fight against smoking and changes in dietary habits remain among the primary prevention priorities. Independent experts agree that inadequate quantities of fresh fruits and vegetables, diary products, fish are consumed by Slovakia's population as part of the structure of their diet, whereas excessive amounts of animal fats, sugar and alcoholic products are consumed.[125] Opportunities to influence changes in dietary habits reside in a combination of health education, enlightenment, advertisement, as well as restrictive measures, such as raising the excise taxes on selected types of foods. Smoking and tobacco consumption is not only associated with deep-rooted traditions but also with a strong industrial sector and interest groups. In many countries, legislative measures that restrict or prohibit smoking in public spaces and buildings, so-called negative advertisement, and above all high excise taxes on tobacco products have proven as successful interventions. Some countries have completely banned advertising of tobacco products. With respect to smoking prevention, the function of education and enlightenment (family, school, media, etc.) appears to be unsatisfactory. Healthy regimens include additional interventions such as fighting excessive alcohol consumption, drug addiction, and other dependencies, improvement of personal hygiene, physical activities, protection against excessive sun radiation, etc. The financial responsibilities of those who behave in ways that result in health distortions, thus increasing the costs of health care, but being tolerated by the society, will have to be enhanced. The risk of unprotected sex, which still remains the major reason for the pandemic of AIDS, should not be underestimated as well. The presently low rates of the infection in the country may not be sustainable, in particular because of the expected free movement of persons within the enlarged European Union, as well as in the view of the recent explosion of HIV/AIDS in the Ukraine and Russia.

  Preventive measures may build on numerous existing programs and projects directed towards health protection (such as the WHO projects Health Promoting Schools, Healthy Towns, Healthy Workplaces, CINDI, MONICA, Global AIDS Prevention Program).

- *Increased Availability of Information to the Public.* Tightly connected with prevention is the understanding of the effects of risk factors. People need more intelligible information concerning the pros and cons of behaviors that have direct impact upon their health, morbidity, and mortality. Such information should reflect recent knowledge of science and research, as well as experiences from successful and failed measures – and should be adequately communicated to all age and social groups. Information includes a wide range of activities, including health education, counseling, community programs, research projects, advertisement and promotion, etc.
- *Development of Health Determinants.* This concerns a package of measures termed health determinants.[126] The explicit objective of a majority of them is not improved health; they nevertheless account for a significant portion of the resulting health condition of an individual. Investments into health which the determinants bring in – be it a direct or indirect effects – represent in turn a stimulus for the development of these areas (improved health condition of the population has a positive effect upon, e.g., economic growth and reduction of poverty). Areas such as economic development, education, labor market, social system, poverty reduction and social inclusion, environment, housing, genetics, the public health system are all among the priorities with

[125] The ambition of this publication is not to defend a certain method or content of nutrition. The opinions on the structure of the diet shown frequently appear in professional discussions on dietary habits.
[126] See also chapter 3.2 Determinants of health.

respect to health. Positive developments in several of the areas mentioned in Slovakia are dependent upon inevitable reform steps (in particular, the pension system, the social system and the public health system).

4.2.2 Health Care Reform

Challenges of the Health Sector Reform

The success of the health sector reform is conditional upon factors, which may also be referred to as the driving force or reform challenges. In terms of the Slovak health sector, challenges connected with the expectations by the people, costs of health care, and the ability of individuals and the society to pay for the latter appear as the key ones. To be able to successfully manage the reform, adequate responses to the aforementioned challenges will have to be sought (see Table 4.1).

Table 4.1
Major Challenges of the Reform

Challenges	Responses
Growing expectations	Reduction of expectations
Increasing costs	Improved efficiency
Limited ability to pay	Mobilization of resources

***Source**: Pažitný – Zajac (2002).*

From the economic point of view, health care is a luxury asset; the demand grows more rapidly than revenues. Economic growth in several countries raises the pressure upon the provision for the functioning of health systems. The growing expectations not only influence the demand for health care but also its structure. Naturally, patients request the best health care, the most recent technologies, and the most recent drugs possible. Such expectations have a special influence in a climate in which the standard of health care is inadequate with respect to the relatively high tax and payroll burden and the high degree of redistribution of resources, and where reform steps are missing over many years. This influence is further reinforced by the fact that people attribute an importance to medical care beyond its real influence on their health condition.

The increasing costs of the health sector are influenced by growing expectations as well as by factors connected with demographic development (population aging), changes in the structure of diseases (increasing proportions of epidemic, chronic and civilization diseases), as well as by the introduction of new technologies.

The ability to cover the increasing costs of the health sector is limited on the part of both the public and the private sector. This ability to pay decreases in an environment of unsustainable deficit financing of the system. International financial institutions make assistance to governments in the restructuring of health systems conditional upon stopping the growth of debt and upon control of government spending. Private sector entities are naturally reluctant to pay higher taxes and contributions to health care. When it comes to the citizen, the issue concerns the discrepancy between the growing expectations and the willingness to participate in the growing costs by direct payments or higher taxes (see also box 3.10).

Chapter 3.3 pointed out the main reasons and consequences of the health sector crisis in Slovakia. The majority of what has been said is notoriously known; other aspects have appeared in recent years. The text below contains, in a concise form, the draft reform of the health sector[127], which the new Minister of Health also relies upon[128]. The draft presents the opinions of the authors on the solutions to problems in the health sector in Slovakia. This is not a binding document, which would be reflected in the legislation of the country. Specific reform measures may thus partly differ from the suggestions. The authors of the suggestions take a significant part in the drafting and the implementation of the reform.

The draft reform is based on the respect of three critical relations:

1. Strengthening the relationship between what the citizens contribute to the system and what they receive in return;
2. Strengthening the motivation of providers by remunerating the service, and by remunerating better service higher than worse service;
3. Reinforcing the responsibility of every entity within the system to individually assume their risks.

[127] Pažitný, P. – Zajac, R.: Strategy of the Health Sector Reform – A Real Reform for the Citizen. MESA 10, Bratislava (2001).
[128] Rudolf Zajac, Minister of Health of the SR (since October 2002).

Defining the Statutory Entitlement to a Defined Standard

The critical element of health care system reform is a clear definition of the scope of uninsurable risks. The uninsurable risks mean the basic benefit package (BBP), to which each citizen of the SR shall be entitled and which shall be covered from public funds, according to the solidarity principle. The rest will be other services, which shall be subject to fees, additional charges, and voluntary insurance.

- *Change in the Rules of Medical Treatment.* The Rules of Medical Treatment are the most discussed cause of the crisis in health care. The reform envisages the division of the Rules of Medical Treatment into services within the basic benefit package (also referred to as the so-called uninsurable risk) and services within various packages of voluntary services. The basic package shall include those diagnoses and the related preventive, diagnostic and treatment activities, which shall be fully covered for the patient from statutory insurance. The package shall include:
  1. All preventive activities, such as vaccinations, mandatory preventive examinations and screening methods leading to prevention or early diagnostics of serious illnesses;
  2. All diagnostic activities leading to a proper diagnostics of illnesses listed in the BBP category;
  3. All treatment for the set diagnoses.

  The voluntary services package shall include expediting of planned surgery, additional fee for a more expensive drug than the one included in the basic package, additional fee for higher quality board and accommodation and services at sick-bed, cosmetic surgery, contraceptives and abortions, voluntary prevention, and other.

  It is assumed that the regions shall have the right to modify its legislation with some stipulations of the Rules of Medical Treatment, mainly through "betterment" for their citizens or in such cases where the local situation shows the need of a more flexible approach to the national legal standard.
- *Prevention.* This is an important part of funding services, while the thesis "prevention is always cheaper than cure" applies to its maximum extent. The method of funding prevention has to be redesigned and it needs to be defined, which part and what scope of prevention shall be included in the basic package. In general, we can divide prevention into three components:
  1. Primary prevention – the effort to prevent the occurrence of a disease;
  2. Secondary prevention – the effort to early detect the occurring disease;
  3. Tertiary prevention – treatment and rehabilitation, reducing the suffering.

  Primary prevention has long been identified with vaccination. In fact, it should contain at least vaccination, state health supervision, and promotion of health. A list of mandatory and recommended vaccinations shall be drafted, and the vaccination provided by the primary ambulatory care on the basis of inviting clients. Mandatory vaccinations shall be covered within the basic benefit package. The current scheme of state health institutes should be transformed to a new system of public health institutes, supplemented by a Health Promotion Fund, which would cover activities of state health care policy and the National Health Promotion Program. This systemic change is expected to introduce higher flexibility, transparency, and competitiveness into state participation in preventive measures.

  Secondary prevention is already a full component of the treatment-prevention process. Its most important component should be screening. A list of screening examinations according to age and sex will be a part of the basic package, and these examinations shall be fully covered by the purchasers (e.g., health insurance companies).
- *Urgent Medical Service (UMS).* In case of need of urgent medical service, such as accidents, injuries, sudden life threatening conditions, urgent medical service has to be ensured within the provision of health services. In general, it can be concluded that this service is actually a function of time and quality of the service provided. It is necessary to get the patient as soon as possible and provide the best quality of service. This is a typical uninsurable risk, which is fully covered within the basic benefit package. The organization and funding of UMS has to take account of particularities such as diverse organization of providers on the Slovak territory, diverse structure of the terrain, priority of time over regional set-up (as the patient has to be transported as fast as possible and as close as possible), and cooperation with other branches, such as fire department, police, mountain rescue, water rescue has to be ensured. The service must operate on a "stand by" principle. It should be organized as an independent provider, who will be financed centrally from a special fund, with respect to the said particularities.

Financing of Health Care

Financing corresponds with all processes and institutions by which the funds to cover all activities related to the provision of health care are ensured. This includes taxes, contributions into health insurance funds, commercial insurance or direct payments and fees from patients.

The main aim with respect to financing health care is to ensure an appropriate financial protection to each citizen, meaning that when an individual needs and requests health care, he/she would not have to incur disastrous financial costs. The setup of the system will have to allow socially weaker groups that are not contributing to the creation of funds to benefit. At the same time, the system should not be discouraging due to a high level of redistribution. This means to strengthen the relation between contributions and benefits. From the point of view of mobilizing funds, it is therefore critical to define how many funds from which social groups shall be collected and for what use. This is possible only if the system of financing will be:

1. Stable in the long run in terms of stipulating the "rules of the game" for the collection of funds, which the State adjust frequently to its own possibilities;
2. Independent from the State in financial terms, mainly from the taxation system (currently it is a mix of redistribution and social insurance);
3. Adjusted to attract private funds.

- *Role of the State.* The draft reform envisages the role of the State in the funding of health care to be significantly restricted in future. Through redirecting the current financial flows (directed from the State Budget to the Ministry of Health and the health insurance fund), one of the significant corruption points shall be eliminated and the transparency of financing substantially enhanced. In particular, the State shall be relieved of the obligation to pay for the economically inactive insured persons, the capital expenditures will be abolished and the budget of the Ministry of Health shall be significantly restricted. At the same time, the State shall be relieved of its obligation to pay to the National Labor Office for the registered unemployed. Thus, the State will lose control over changing the rules of the game "on the way". The entire system of financing shall become autonomous, while the State shall fulfill these basic functions:
  1. It shall stipulate in the Rules of Medical Treatment the principles of solidarity by stipulating the contents of the basic entitlement;
  2. It shall stipulate the percentage of contributions for mandatory health insurance;
  3. It shall take over the function of financial reinsurance in case of extraordinary events;
  4. It may on precisely defined conditions for a defined period of time intervene in case of failure of the system in the region (institute of temporary mandatory administration);
  5. It shall pay insurance dues only for its employees, just like any other entity.
- *Reduction in the Rules of Medical Treatment.* When reducing the current scope of the Rules of Medical Treatment, two necessary conditions should be considered; the total volume of funds for health care shall not be increased while focus should be primarily on changes in the structure of financial flows, and, secondly, the tax burden and insurance contributions shall not increase.
- *Introduction of Financial Involvement of Patients with Appropriate Protection of Vulnerable Groups.* The main effect of the introduction of symbolic payments shall be the reduction of demand and awareness that health care is not free of charge. Payments will include payment for hospital diet, payment for accommodation in hospital, payment per prescription of drug, extra fee for transport service, and others.

  Payments shall relate to services provided within the basic benefit package. It is, therefore, possible that there will be situations where the patient (e.g., in material distress) will not be able to pay for these services. The system will have to include targeted assistance to those who are in real need of it. The extent of this type of solidarity shall be subject to ongoing discussion. Activities of charity organizations and foundations shall supplement this scheme.
- *Pluralism and Competition of Purchasers of Health Care Services.* Sound competition is an inevitable precondition of an efficient provision of services. The current pluralistic system of health insurance funds should be transformed into a pluralistic system of purchasers of health care services. Three areas influencing the competition of purchasers appear as decisive:

Box 4.2
Distribution of Financial Risk

There are basically two different health insurance systems applied throughout the world. The first is based on net health risk and is applied e.g. in the USA. The premium amount is set individually according to the health condition, age and other factors of health. This system faces two main problems: risk selection and adverse selection. Such a setup results in high efficiency and quality, however, with 20 percent of the population being not insured. Solidarity is rather low.

The second system, which is being applied also in Europe, is based on the level of the wage. Instead of the health risk, premium amount is set by the wage (with both lower and upper limit). This system is typically less efficient, with a high degree of solidarity, which leads often to the problem of moral hazard.

Since financial protection is one of the main aspects of health care reform in Slovakia, the system will remain based on the wage level.

1. *Collection of Funds.* The collection of funds will be decentralized, which means that every purchaser of services shall collect insurance contributions from citizens and business entities independently. The term written premium shall be introduced.
2. *Redistribution of Funds.* This means a more efficient redistribution mechanism and the even distribution of public funds to the regions. In order to meet this precondition the following approach shall be applied:

- the redistribution of funds will be based on the volume of written premium;
- the internal structure of the purchaser can consist of one headquarters responsible for the collection of funds and regional branches responsible for the allocation of funds;
- the redistribution mechanism within the SR (according to the risk index) among various central purchasers of services shall set off the differences between individual age (risk) groups within the SR (in case of a purchaser operating only in one region, then redistribution within the region);
- the central purchaser shall allocate to its regional branches – regional purchasers, funds according to the structure of clients (insured persons) in the region, depending on the risk index;
- the regional purchaser shall purchase services from providers for his clients on the territory of the entire Slovak Republic without limitations.

In this manner, it will be ensured that within the solidarity in financing of BBP there will be the same amount of funds available for each citizen with the same risk index in the entire SR. This will eliminate the current negative effect of capital transfers from the State Budget related to the non-standard operation of health insurance funds, which caused a significantly uneven and often discriminatory regional redistribution of funds.

3. *Use of Funds.* The pluralism of purchasers is meaningful only if there is real competition among them. Competition can be achieved only if the purchasers will bear financial responsibility and risk.

Box 4.3
Proposal of a Funding System

A precondition for the introduction of this system is that each citizen of the SR had a personal account. The proposal rests on a two-pillar system of funding health care services. The first, mandatory pillar of the new funding system should be the so-called public funds of the citizens (health insurance). These funds will cover the costs of providing the legal entitlement to all citizens, which is guaranteed by the Constitution in the system of mandatory health insurance and they shall be available to the purchasers of services.

The second pillar will be the so-called private funds from the citizens. The citizens will decide to pay extra beyond the framework of the basic statutory entitlement through commercial health insurance companies, providing voluntary health insurance or through direct legal payments to the providers. The border between mandatory and voluntary health insurance will be given by the amount of the statutory entitlement to the defined standard.

- *Reinsurance.* When defining the tasks of the State, the function of reinsurance was mentioned. This would be a quasi insurance of purchasers in case of covering extreme costs related to the outbreak of certain disasters or epidemics, which would significantly, and, in short term, affect a substantial part of the client portfolio of the purchaser without his fault.
- *Private Funds.* Private funds play an important role in the system we propose. Without them it is impossible to ensure efficiency and quality. Attracting private funds is possible in several ways:
  1. Developing a functional system of voluntary health insurance, where independent purchasers of services will be allowed to operate;
  2. Granting tax relief to entities providing funds or donations to charity organizations;
  3. Introducing financial involvement of patients.

Payment Mechanisms and the Distribution of Risk

Payment mechanisms include all processes and institutions through which individual providers of health care are remunerated. The payment mechanisms create important incentives, to which the providers react sensitively. A critical element of an economically viable system of providing health care services is an appropriate system of payment, based on the incentive factors ensuring sound competition.

A first precondition of developing such a system is the guarantee that the profits from such better remuneration can be kept; on the other hand, the risk of loss has to be borne by themselves. The second precondition is the guarantee that higher performance and service quality ensure the provider a better remuneration and vice versa. This is a very strong motivating element that would lead to a significant increase in efficiency.

- *Distribution of Financial Risk in the Funding of Health Services.* The proposal is based on the introduction of the institute of a purchaser with an active purchasing policy and on the transfer of a part of the risk to the provider. The success of the purchaser depends on several factors:

1. The possibility of free choice of the health care provider (setting prices, quantities, and qualities) for their clients;
2. Transparent relations with the insured or the State ("how much will I receive and for what");
3. Clear assumption of financial risk (profit and loss);
4. Equal opportunities with other purchasers (applies mainly to the emerging purchasers).

The current health insurance funds do not by far resemble active purchasers of health care services. Given the various possibilities that are usual in the world, (purchaser is e.g., ministry, state insurance fund, local self-administration, regional insurance company, or even provider), an optimal option for Slovakia would be the transformation of the purchasers from the current health insurance funds, to be joined by new ones later. The purchasers will have to observe principles such as solidarity in the portfolio of insured, pressure on providers of services, ensuring solvency and control over the finances.

- *Basic Rules of the Payment Mechanisms.* Finances have to be considered one of the critical tools to achieve efficiency of the services provided on condition of applying the general economic rules that will be favorable for the patient. The principal factors necessary to achieve efficiency in the provision of health care service include:
  1. The statutory entitlement shall be clearly defined for the defined standards (basic benefit package). From the point of view of the purchaser then the legal standard is the lowest possible price at which he shall agree to the provision of service on the providers' market, and it shall be applicable to all contractual providers of the given purchaser. This does not mean that the provider must not surpass this price, but he shall cover it from his own funds.
  2. The providers shall cover the agreed services to each other, i.e., the supplier-customer relation shall apply.
  3. All providers will be equally subject without any exception to the law of the SR, applied in the business sector, such as the Commercial Code, the Civil Code, the Bankruptcy and Settlement Act, the Labor Code, the Accounting Act, tax legislation, etc.
  4. Providers shall be autonomous and independent of the state sector of management and equal opportunities for all entities, as guaranteed by the Constitution, shall be respected.
  5. The profit generated by the providers shall be subject to tax according to the same rules as apply in the business sector. Tax exemptions shall be possible only on condition of investing profits into the scope of business – i.e., the provision of health care services and for a limited period when using the profits to repay debt from previous periods.
- *Remuneration of Providers and Payments for Services Provided.* A change in the entire system of the payment mechanisms lies in the respect of the principle that the activity has to be measurable and that better service has to be paid better. Forms of payments for the individual segments of the provider network shall be related to their efficiency and performance, and at the same time take into account their specific conditions.
- *Profit as the Main Motivation Function.* Providers even today behave in a way allowing profit generation, however the profit appears in another form. It is mainly the generation of personal profit, through personal rent or informal payments. Similarly, the providers reduce their cost in an undesirable way, by not providing services, which is reasoned to be consequence of the lack of funds.
- *Contractual Relations Between the Purchasers and Providers.* The purchasers will conclude contracts with their clients – the citizens on precisely defined conditions, and, at the same time, they shall conclude contracts with the providers.

Organization of Health Care

Providers mean all the participants in the process of providing health services. They can be divided into two basic groups:

a) Outpatient care (outpatient treatment, or day sanatoria);
b) Inpatient care (facilities of all kinds).

It is clear at first sight that this very broad division will not be sufficient, because there is an entire complex of participants in the system of providing health services, who are somehow involved (referring mainly to the public pharmacies, suppliers of drugs, special medical materials for health care facilities, suppliers of energies, food, etc.).

- *Equal Autonomy, Equal Responsibility and Equal Opportunities for the Providers.* Providers of health care have to be autonomous just like other business entities, and they have to act at their own responsibility and risk. This condition is prevented by the heritage of socialism, mainly the high involvement of the State in the ownership structures and management. Equal rights and obligations

of providers mean that all entities shall have the same conditions and same chances. The draft reform rests on the following steps:

1. *Deetatization of Property*. This will be performed by transferring all current state-owned property used to provide services to the ownership of self-governing regions.
2. *Transfers of Competencies and Development of an Elastic Network*. The regions have to have the right to establish their own facilities. The regional services shall be co-developed by regional purchasers of services based on efficient availability. The region shall be responsible for the provision of health services to the extent to which it retains the ownership of the providers. There will definitely be differences in the structure of the network throughout the regions.

- *Legal Capacity of Individual Entities.* One of the first preconditions of a change in health care – shift from hierarchical structures to a contractual system – is a clear definition of the competencies of the providers. The term competency includes the rights and obligations of individual segments in the network. In order to achieve the desired state, it is necessary to:
  a) make providers independent – provide exactly the same extent of autonomy as is offered to other business entities;
  b) make the purchasers of services independent;
  c) allow the citizen a real free choice of doctor, facility and purchaser.

  The autonomy of providers, clearly defined rights and obligations, the elimination of various protection mechanisms – these are the means to force the provider to assume that part of the risk which is related to his activity.
- *Reduction of Inpatient Facilities.* The Slovak Republic has a surplus of beds and entire facilities. In order to achieve efficiency, it will be necessary to downsize entire units. The only criterion of the required optimization of the number and size of facilities has to be the economy. Regional purchasers and the region as the first owner of all formerly state-owned facilities on its territory will become an important component able to manage this task. The region shall have the responsibility for respecting legal standards applicable on the entire territory of the Slovak Republic.

Regulation, Powers and Responsibilities of the Individual Entities Involved

Responsibilities and competencies are one of the most powerful instruments available to the State in its efforts to influence and control the behavior of financial intermediaries and to set the rules of the game for providers.

According to the draft reform, solvency and cash flows (including redistribution) of purchasers will be checked by the Financial Market Office. This authority will be financed from the mandated fees of purchasers.

The Office of Supervisory over Health Care will carry out ex-lege medical control of providers. The owners will check how the respective providers manage assets. The purchasers will check the legitimacy and delivery of services requested by patients. The Supervisory Office will also monitor human health (hygiene and epidemiological conditions, etc.).

Box 4.4
Health Care in the Program Declaration of the Government (November 2002)

With respect to social policy, the government promises to undertake an extensive and principal reform of the pension system, health care sector, and partially also of the education sector.

The main aims of the health sector reform include introduction of contractual relationship between health care facilities and health insurance funds, shifting the focus from inpatient treatment to outpatient care, one-day surgery, introduction of voluntary health insurance, change in the categorization of medicines, stopping the growth of indebtedness commencing 2004.

Table 4.2
The Roles and Competencies of the Individual Entities Involved

Entity	Role and Competencies
State	- Legislation - Methodology - Introduction of a control/audit system - Accession processes and accession funds - Provision for the establishment of grant agencies - Payments on behalf of its employees - Reinsurance of purchaser against "vis major" and the competencies of "forced receivership" under pre-defined circumstances
Regional state administration / Regional authorities	- Responsibility for the ownership of state-owned providers as part of the transfer of assets from the State to regions - Contribution to the set-up of a regional network - Financing of regional health development programs as above-the-standard service offered to its citizens
Purchasers	- Collection of revenues from economically active population within the scope of financial solidarity - Allocation of funds on the principles of solidarity and risk indexes - Placement of financial pressure on the network of providers - Making contracts with citizens and providers - Price negotiation - Contribution to and involvement in the preparation of payment and remuneration mechanisms - Specification and clarification of redistribution on the principle of risk indices
Providers	- Provision of health services - Price negotiation and pricing
Professional organizations	- Legislation drafting in co-operation with the central government and regional authorities - Regulation of the profession, mainly through obligatory registration and control of service delivery - Review of basic training programs - Preparation of programs for further education - Monitoring of the compliance with the training programs - Involvement in and presence at tests - Involvement in price negotiations with the purchasers of services - Representation on scientific boards and accreditation committees

***Source**: Pažitný – Zajac (2001).*

Reform for the Citizen

Health care systems must serve citizens. The citizen – patient is the real customer of a health care system and the only real source of finances for providers, purchasers as well as state administration. The crucial overlapping principle of the submitted draft reform is the shift of responsibility from the State to all three areas of the healthcare system (patients, providers, purchasers). The priority role of the State is not to provide health services to citizens, as it is the case at present, but to guarantee statutory rights and their enforcement.

The essential long-term objective is to establish a health care system that would guarantee the provision of essential health care to every citizen not as the ultimate objective, but as a prerequisite of a meaningful and free choice. Health is a necessary prerequisite for a good-quality life.

The system, at the same time, establishes elements that raise individual's own responsibility. Thus, citizens get the option of free choice along with the responsibility for their choice. Increasing personal responsibility, the relationships between the means contributed and the benefits, of generation of resources rather than of their redistribution – all these constitute the necessary features of reforms, which Slovakia will have to manage within the shortest time possible to bring its social protection system to correspond better to the economic, social, and demographic reality. The social dimension of some of the measures cannot be overlooked; in combination with the reform steps in other areas (social support and assistance, labor market, pension system), they may enhance the worsening of the social situation in a portion of the population and the inability of those portions to adjust to the changes.[129] The actual

[129] This mainly concerns the vulnerable population groups including the poor (although this term has not yet been specified in the legislation of Slovakia), children, the homeless, lonely people, people with congenital health conditions, etc.

form of solidarity with those who will be dependent on some kind of assistance from the public or non-governmental sector has not yet been clearly defined. Several suggested measures may require corrections and adjustments to external conditions during their implementation (in particular to economic and social, less political conditions). The ongoing discussions on health care sector reform must not ignore this aspect. Vulnerable groups of the population are more likely to suffer from health disturbances and experience poor access to health services.