IMPROVING THE CZECH HEALTH CARE SYSTEM

2018 OECD ECONOMIC SURVEY OF THE CZECH REPUBLIC

http://www.oecd.org/eco/surveys/economic-survey-czech-republic.htm

Prague, November 5th 2018

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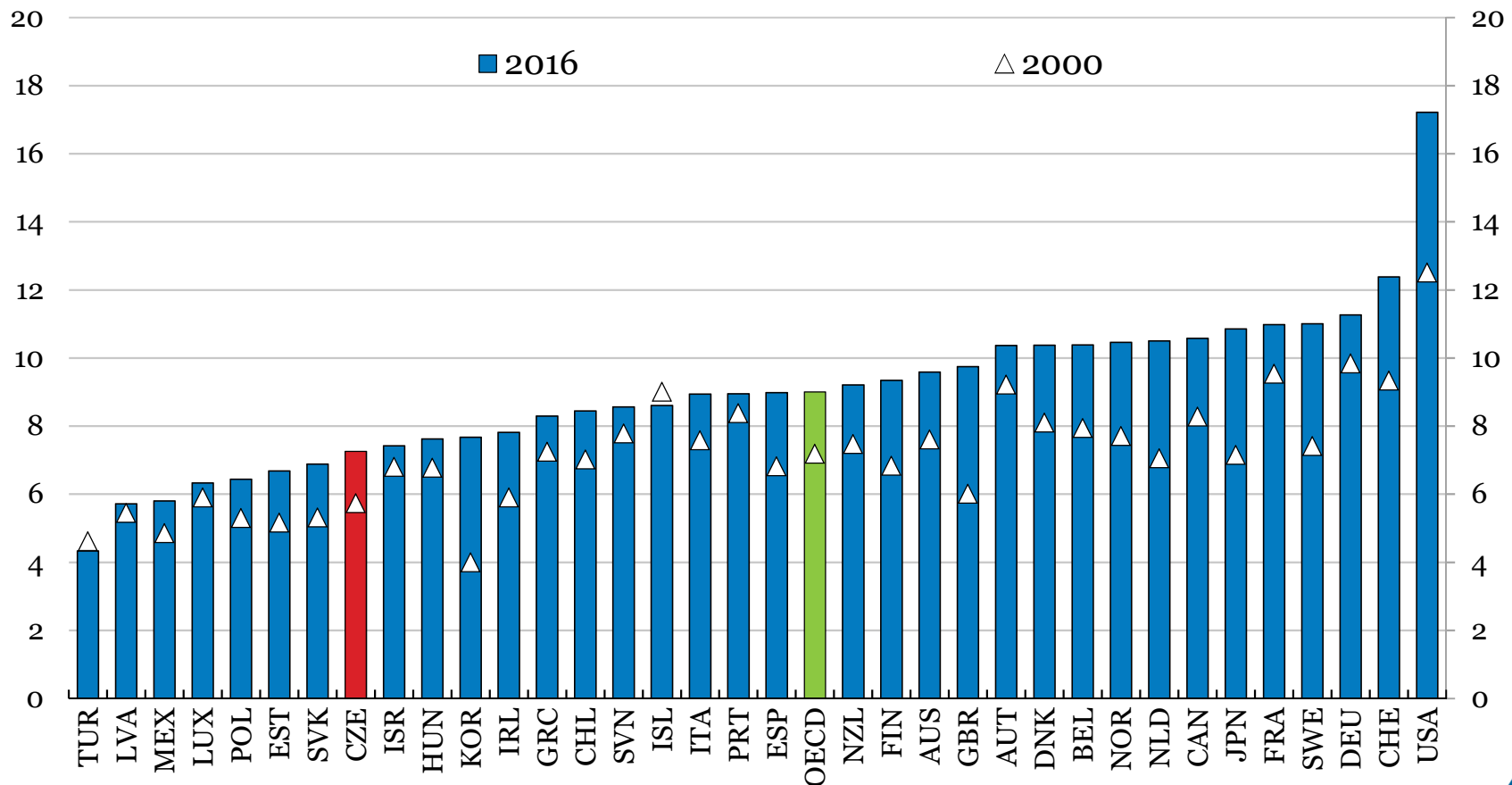
BETTER POLICIES FOR BETTER LIVES

Outline

- Recent trends and challenges ahead
- Improving the health care system
  - Delivery of care
  - Financing of health care
- Promoting healthy lifestyle choices

Total health care expenditure is rising but remains relatively low
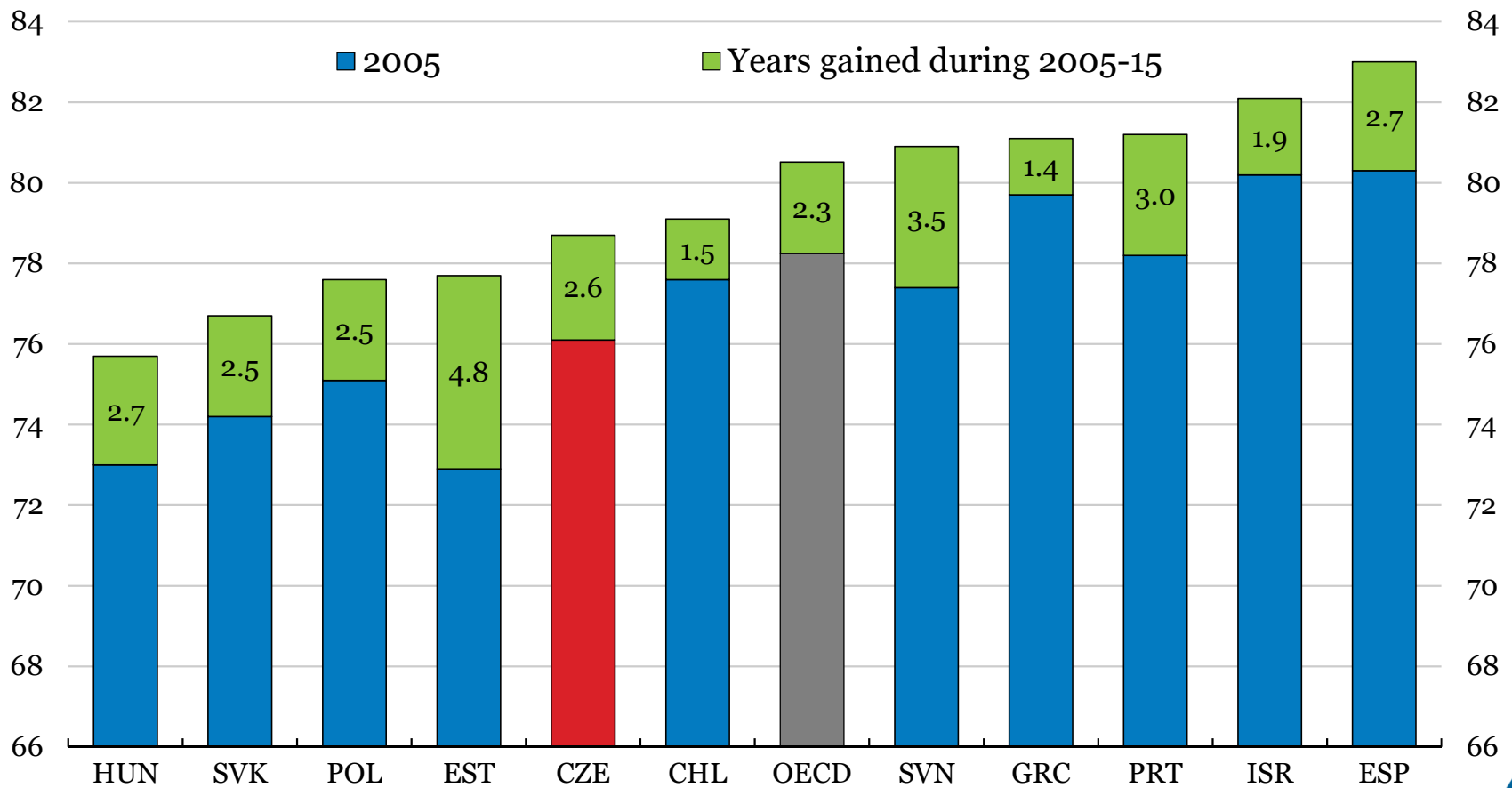
Total health care expenditure, % of GDP

3

Health outcomes have improved

Life expectancy at birth in years, 2015

Legend: ■ 2005   ■ Years gained during 2005-15

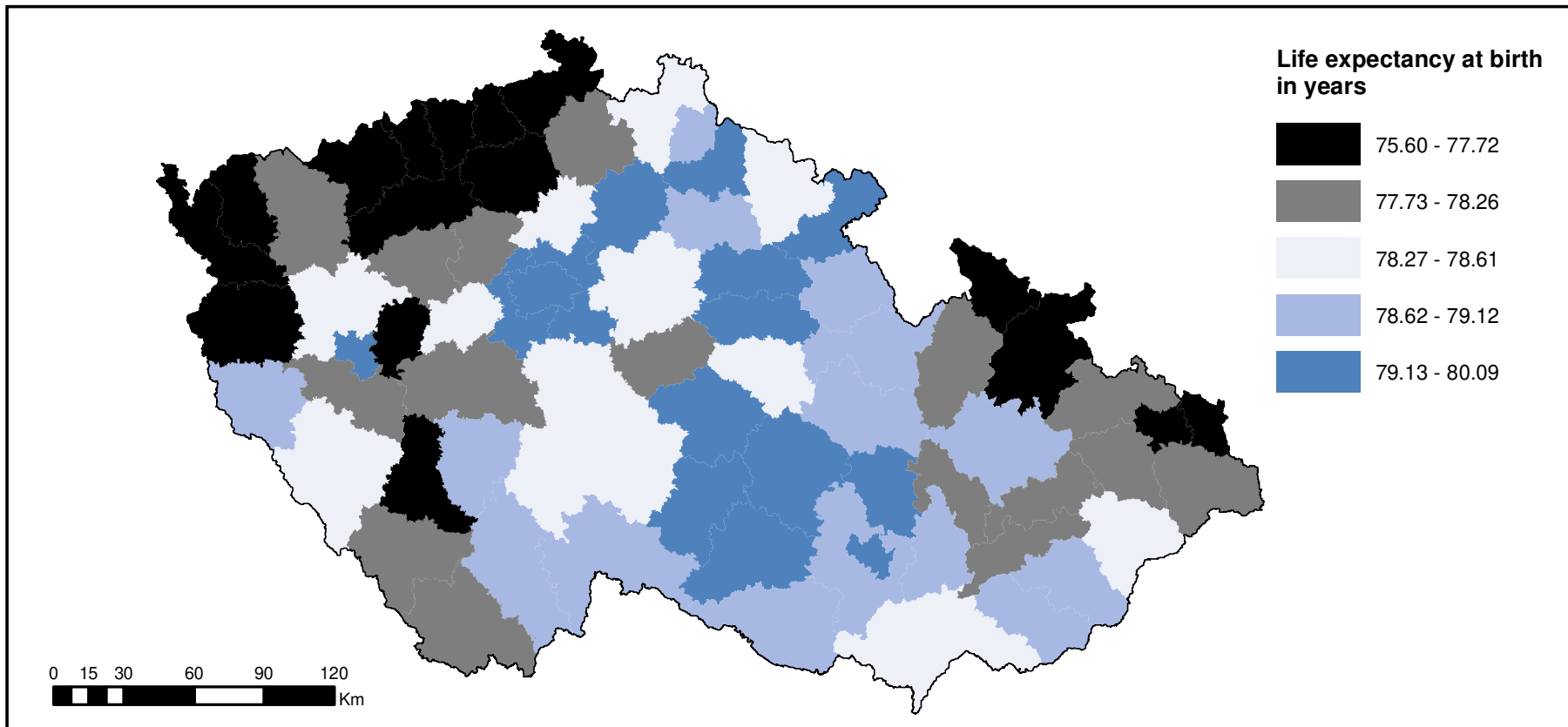| Country	Years gained
HUN	2.7
SVK	2.5
POL	2.5
EST	4.8
CZE	2.6
CHL	1.5
OECD	2.3
SVN	3.5
GRC	1.4
PRT	3.0
ISR	1.9
ESP	2.7

Source: OECD (2018), Health statistics (database).

But health outcomes vary within the Czech Republic
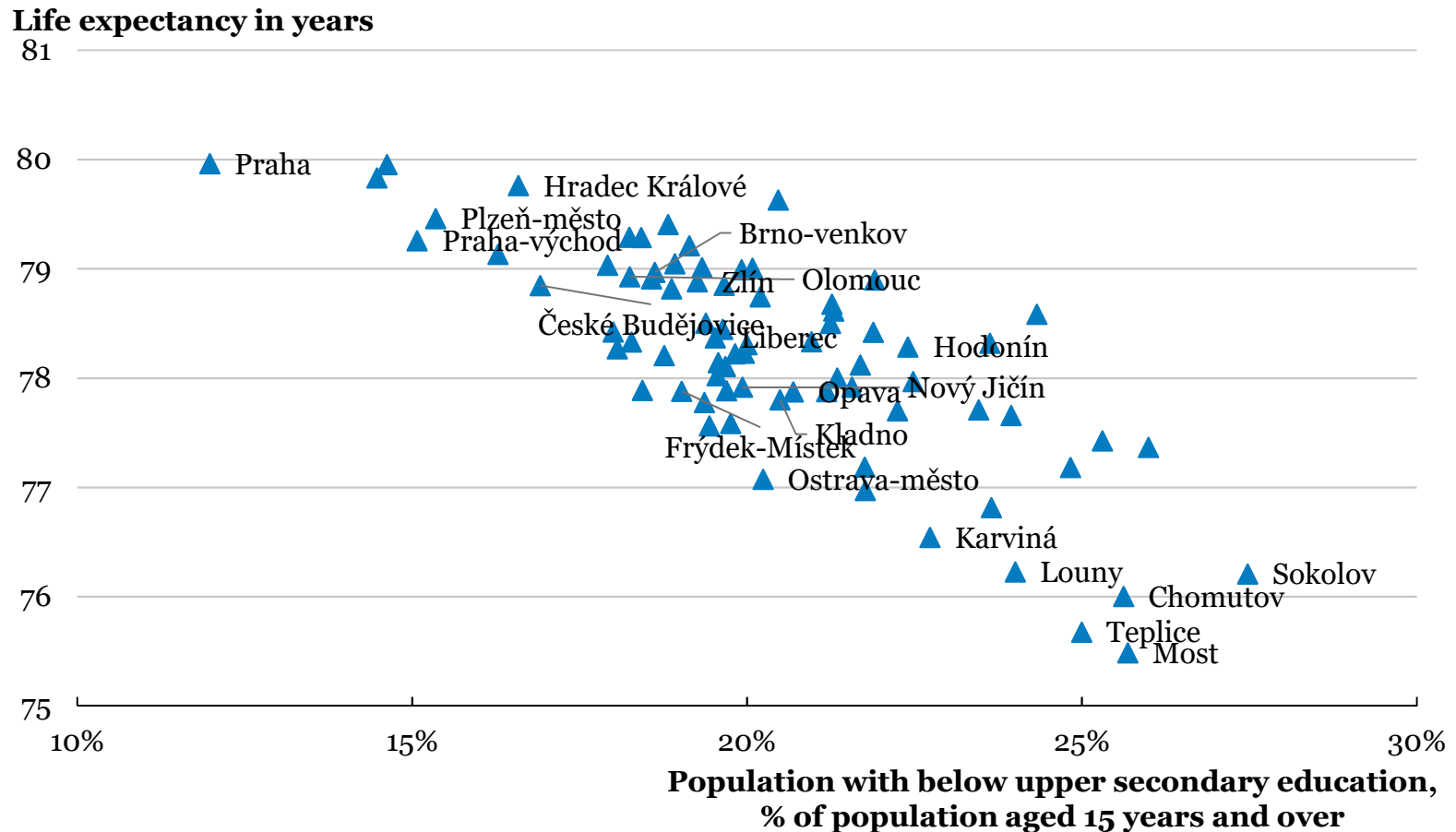
Average life expectancy by administrative district

Life expectancy at birth in years
- 75.60 - 77.72
- 77.73 - 78.26
- 78.27 - 78.61
- 78.62 - 79.12
- 79.13 - 80.09

Source: OECD (2017) Health at a Glance.

…which can be explained to some degree by socio-economic characteristics

Average life expectancy by educational attainment in districts

Life expectancy in years

Data points labelled: Praha, Hradec Králové, Plzeň-město, Praha-východ, Brno-venkov, Zlín, Olomouc, České Budějovice, Liberec, Hodonín, Opava, Nový Jičín, Kladno, Frýdek-Místek, Ostrava-město, Karviná, Louny, Sokolov, Chomutov, Teplice, Most

X-axis: 10%, 15%, 20%, 25%, 30%

Population with below upper secondary education, % of population aged 15 years and over
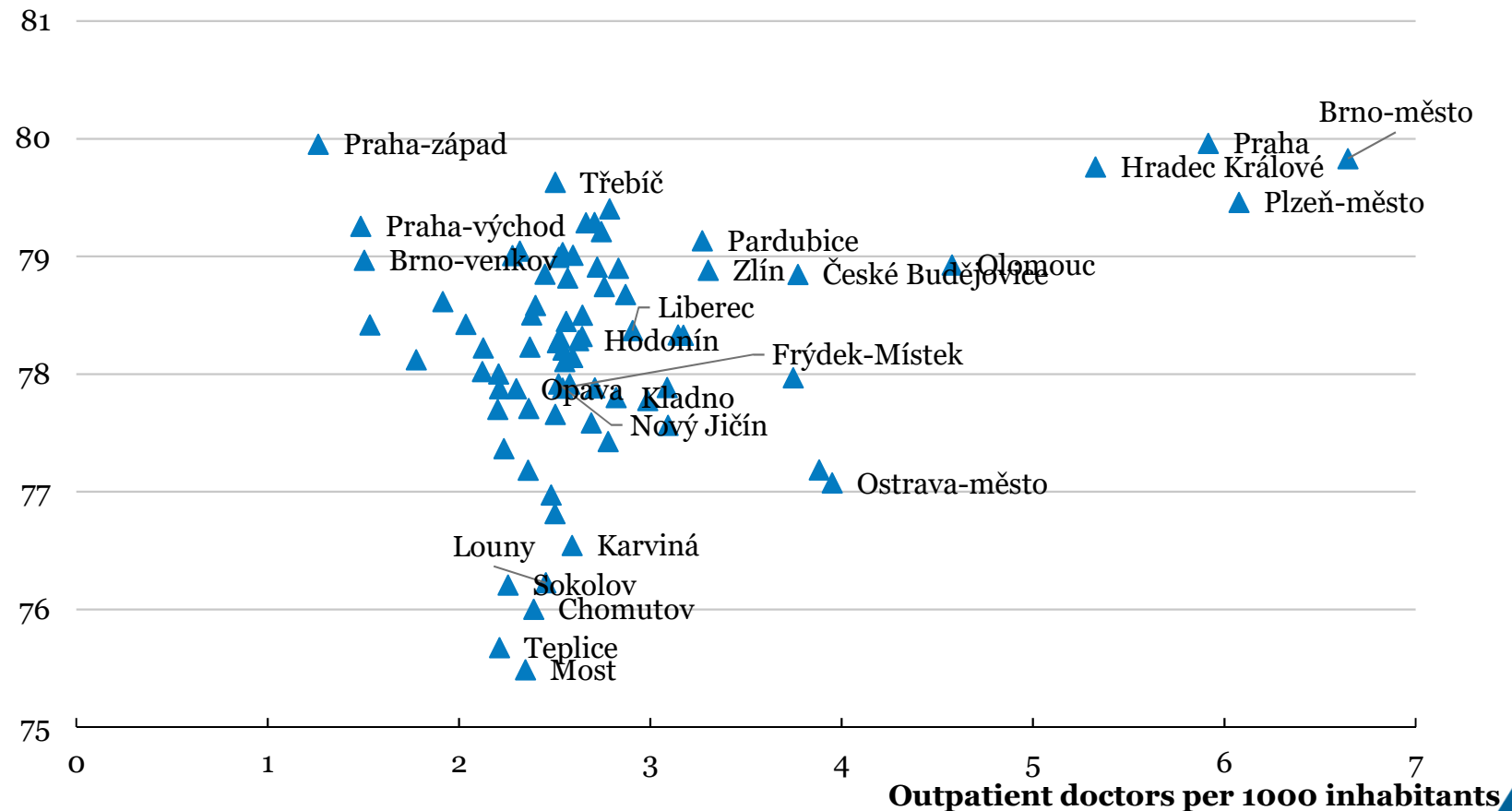
Note: Districts with more than 150000 population are labelled, as well as top 5 and bottom 5 wrt to life expectancy.
Source: OECD Health Statistics 2017; Regional information based on data from Czech Statistical Office.

Average life expectancy by density of outpatient doctors

Life expectancy in years

Note: Districts with more than 150000 population are labelled, as well as top 5 and bottom 5 wrt to life expectancy.
Source: OECD Health Statistics 2017; Regional information based on data from Czech Statistical Office.

The population is ageing

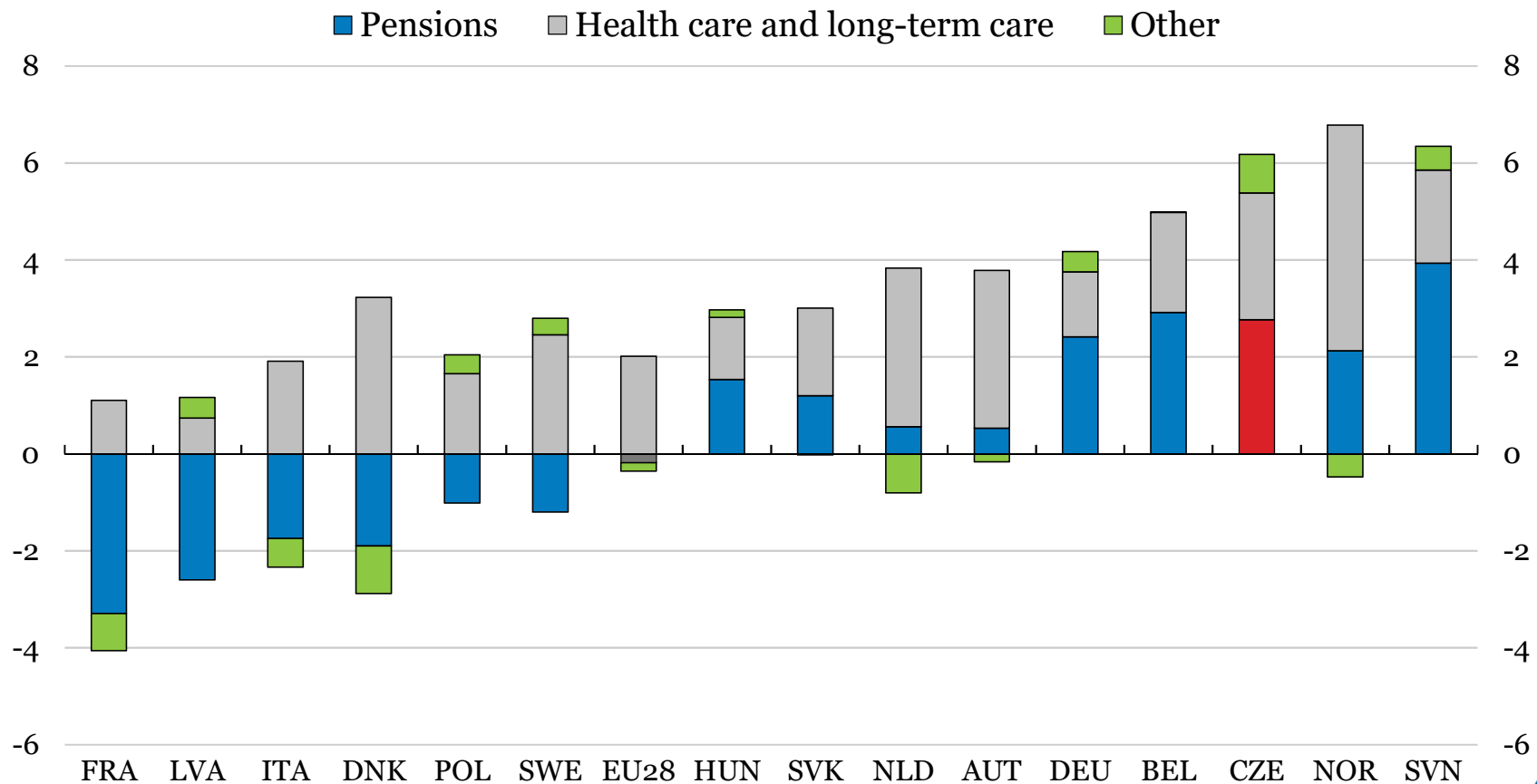**Percentage of population aged 65 years and over**
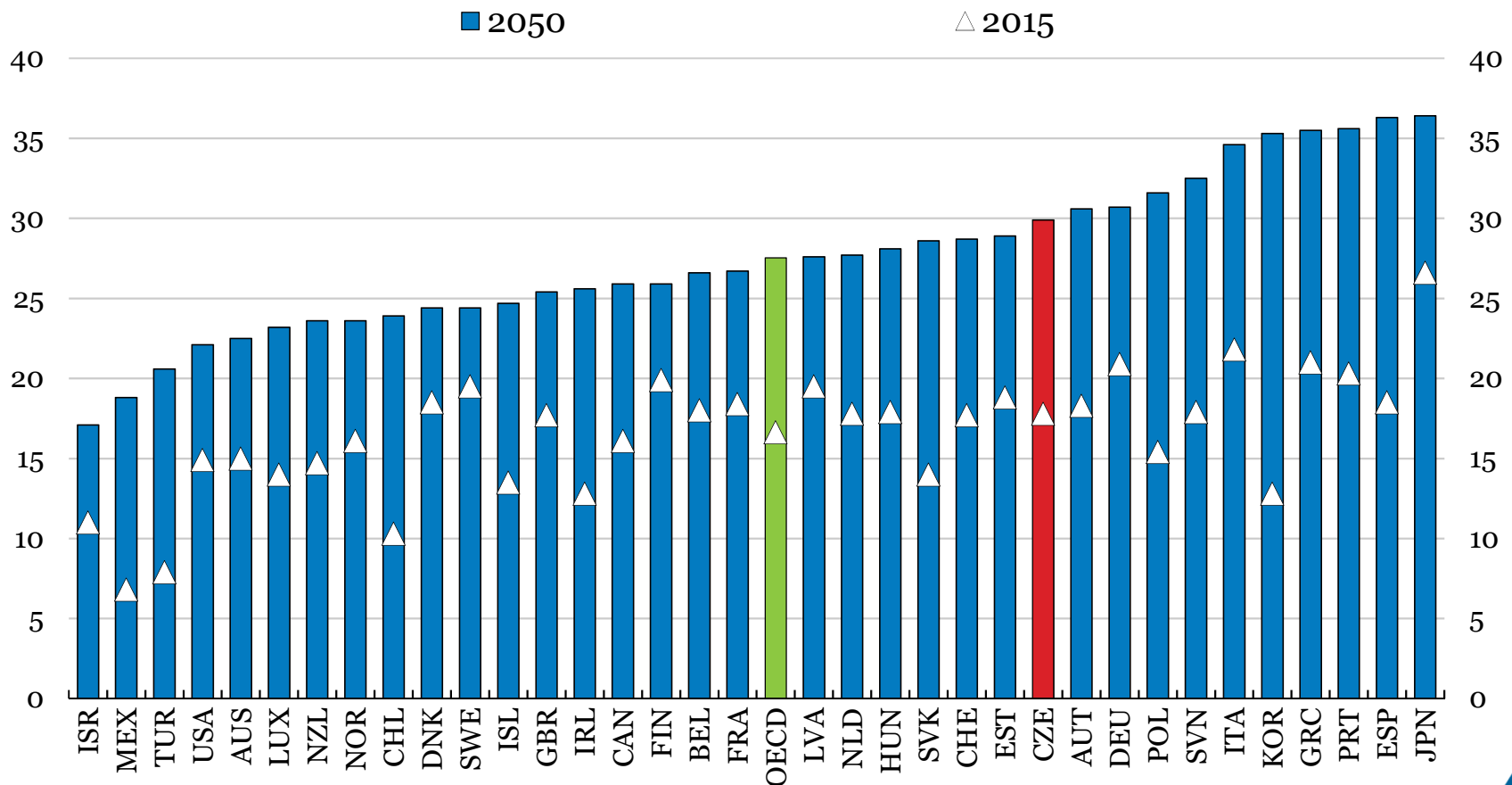
Source: OECD (2017), Health at a Glance 2017: OECD Indicators.

Ageing-related spending will increase

Change in gross public expenditure between 2016 and 2070, percentage points of GDP

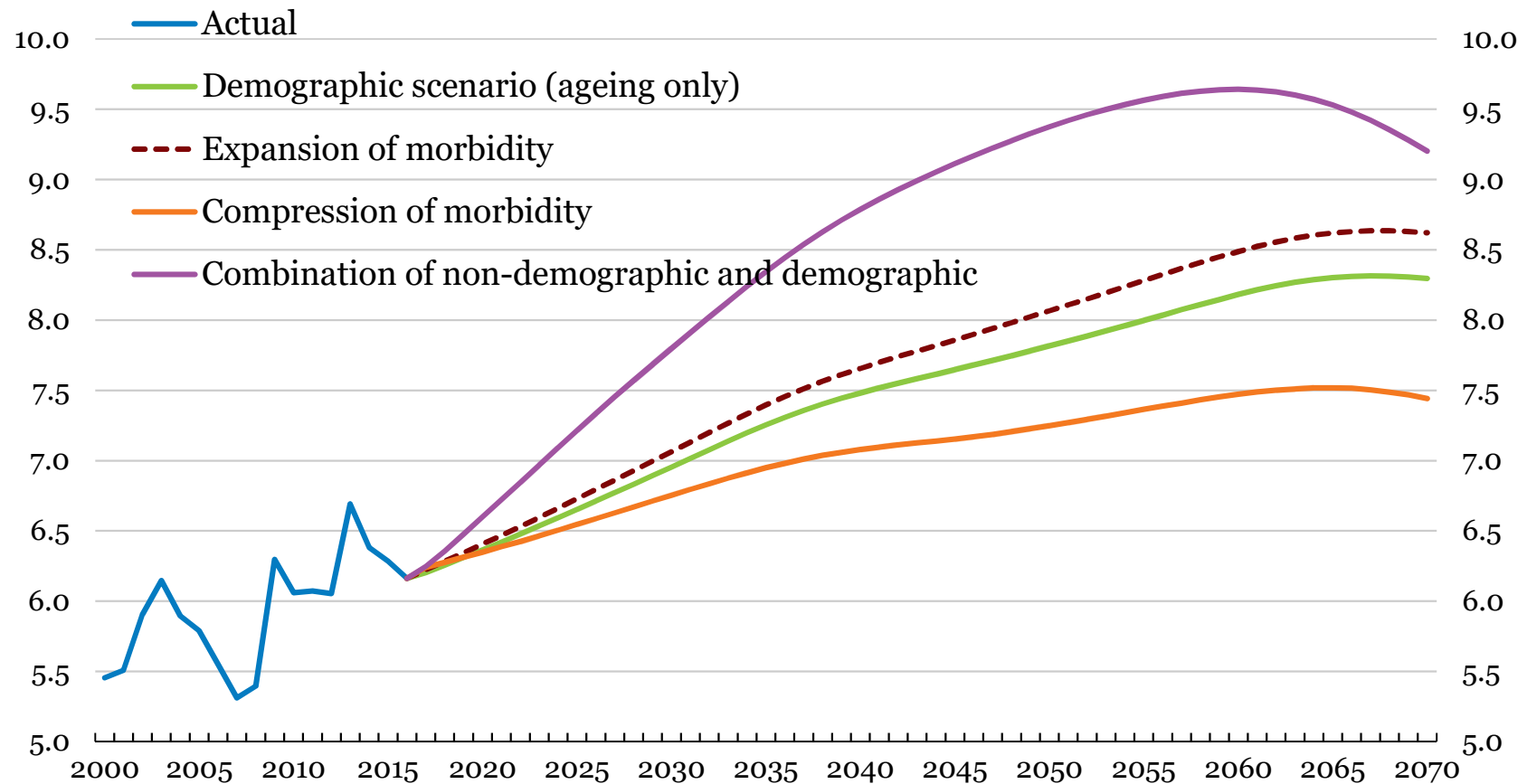■ Pensions   ■ Health care and long-term care   ■ Other

Source: European Commission (2018), "The 2018 Ageing Report: Economic and Budgetary Projections for the EU Member States (2016-2070)". Based on the reference scenario.

Health spending will be subject to non-demographic and demographic factors

Drivers of health care expenditure, % of GDP

Note: The projections do not anticipate future policy change. Health care expenditure includes long-term health care. Non-demographic factors include e.g. technological and institutional improvements.
Source: Calculations based on data from OECD (2017), System of Health Accounts (database) and European Commission (2018), Population projections from the Ageing Working Group by Eurostat.

Where we stand now

- Health outcomes have been constantly improving over the last 2 decades

- Health outcomes are correlated with socio-economic background

- Ageing will put financial pressure on the system in the coming decades

- An ageing workforce will threaten the supply of health care

➢ There is a need to identify how to improve the efficiency of the system while ensuring access to quality health care
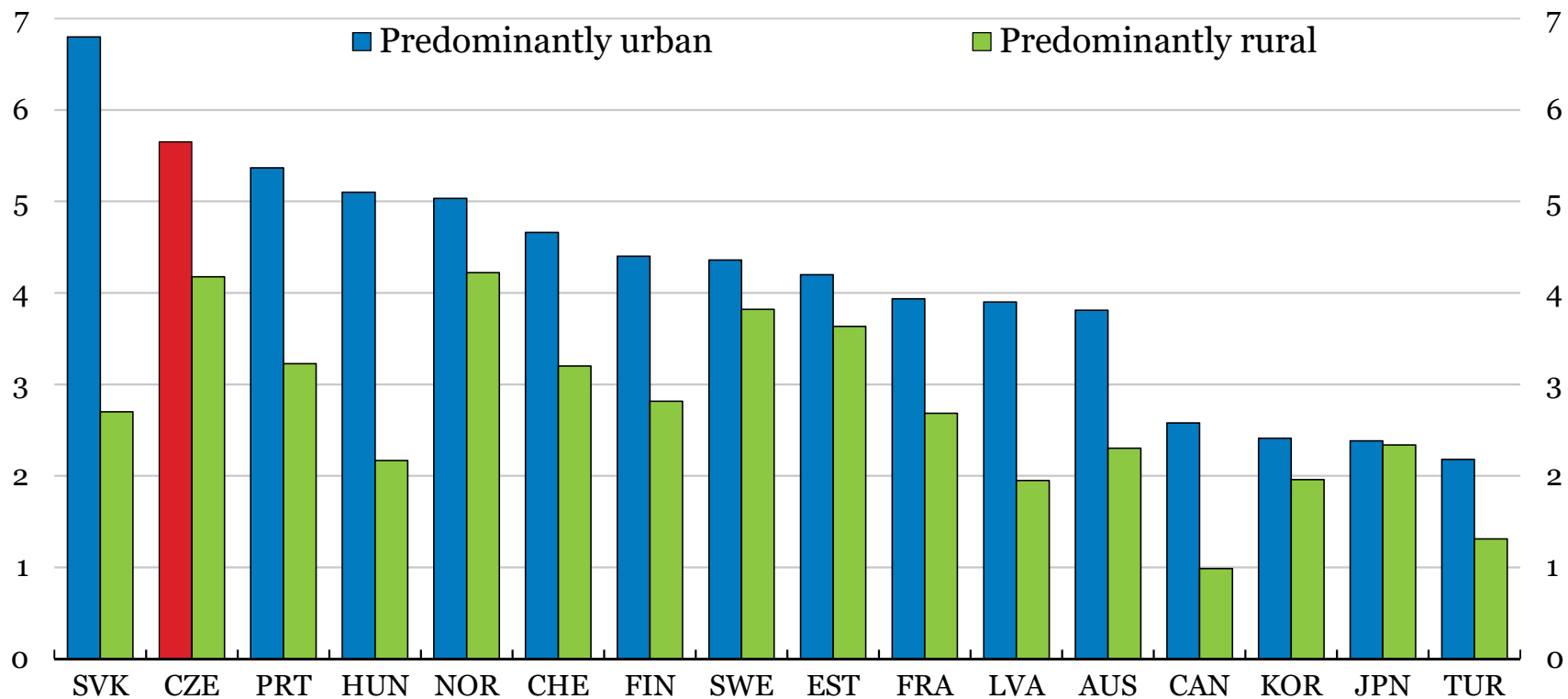
IMPROVING THE DELIVERY OF HEALTH CARE

The density of doctors is high

Physicians - urban versus rural
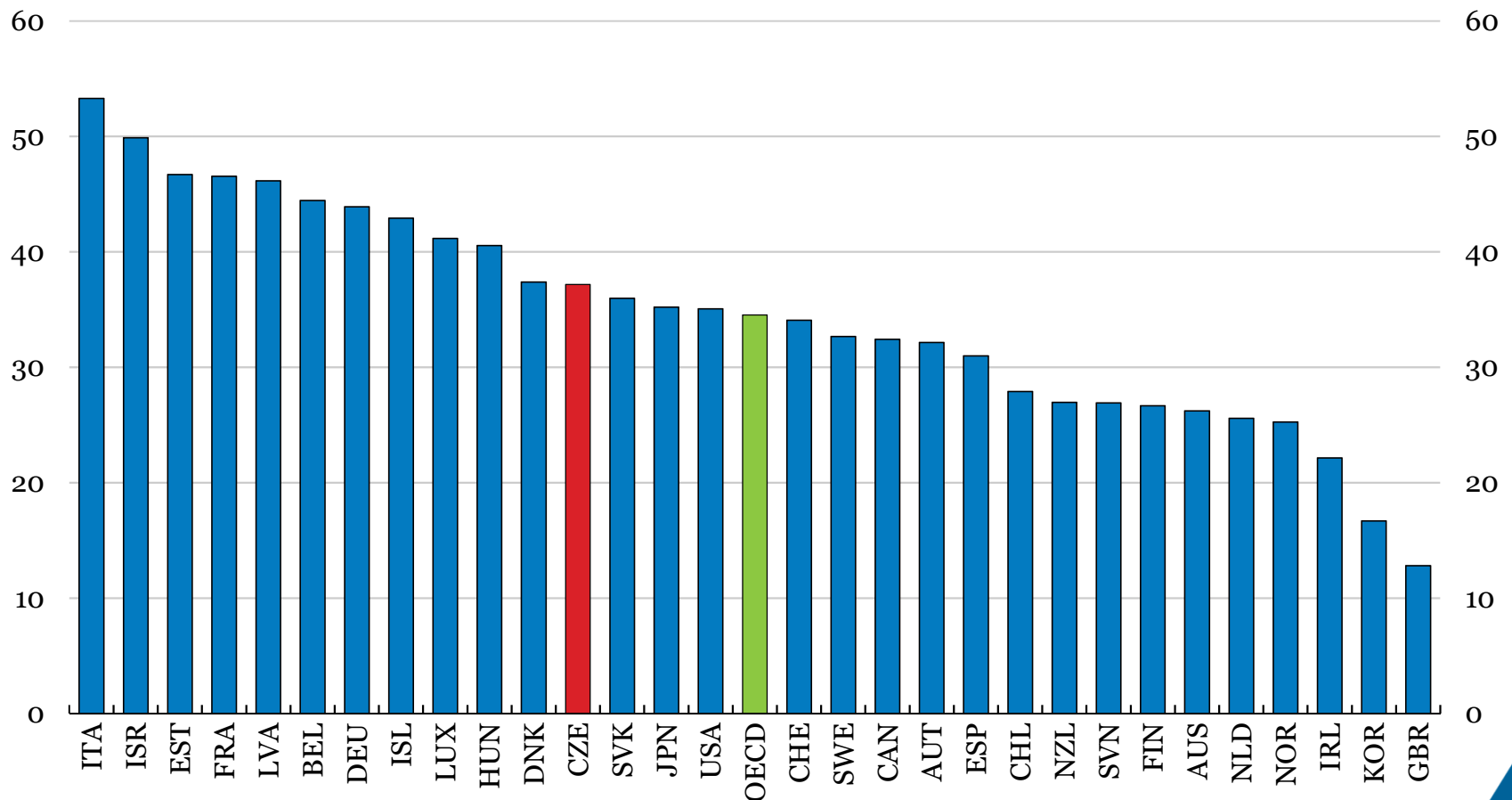**Density per 1 000 inhabitants, 2015 or nearest yea**

But the ageing of doctors is threatening the supply of medical care

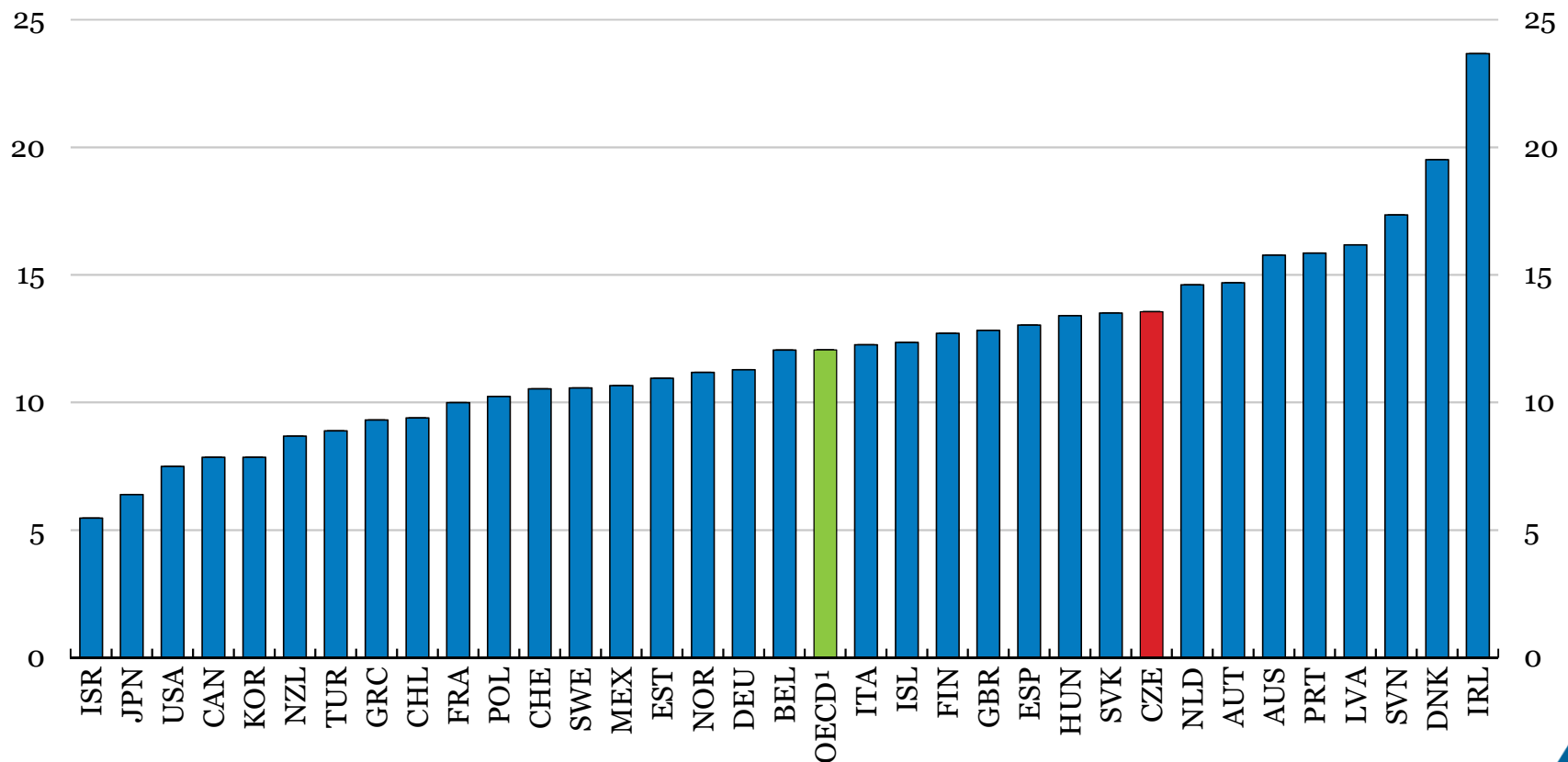**Percentage of doctors aged 55 years and over in 2015 (or nearest year)**

The ratio of medical graduates is above OECD average

**Medical graduates per 100 000 population in 2015 (or nearest year)**

Note: In Denmark, the number refers to new doctors receiving an authorisation to practice, which may result in an over-estimation if these include foreign-trained doctors.; 1. OECD 34 unweighted average.
Source: OECD (2017), Health at a Glance 2017.

But not all graduates remain in the Czech Republic

**Percentage of total number of doctors in 2015 (or nearest year)**
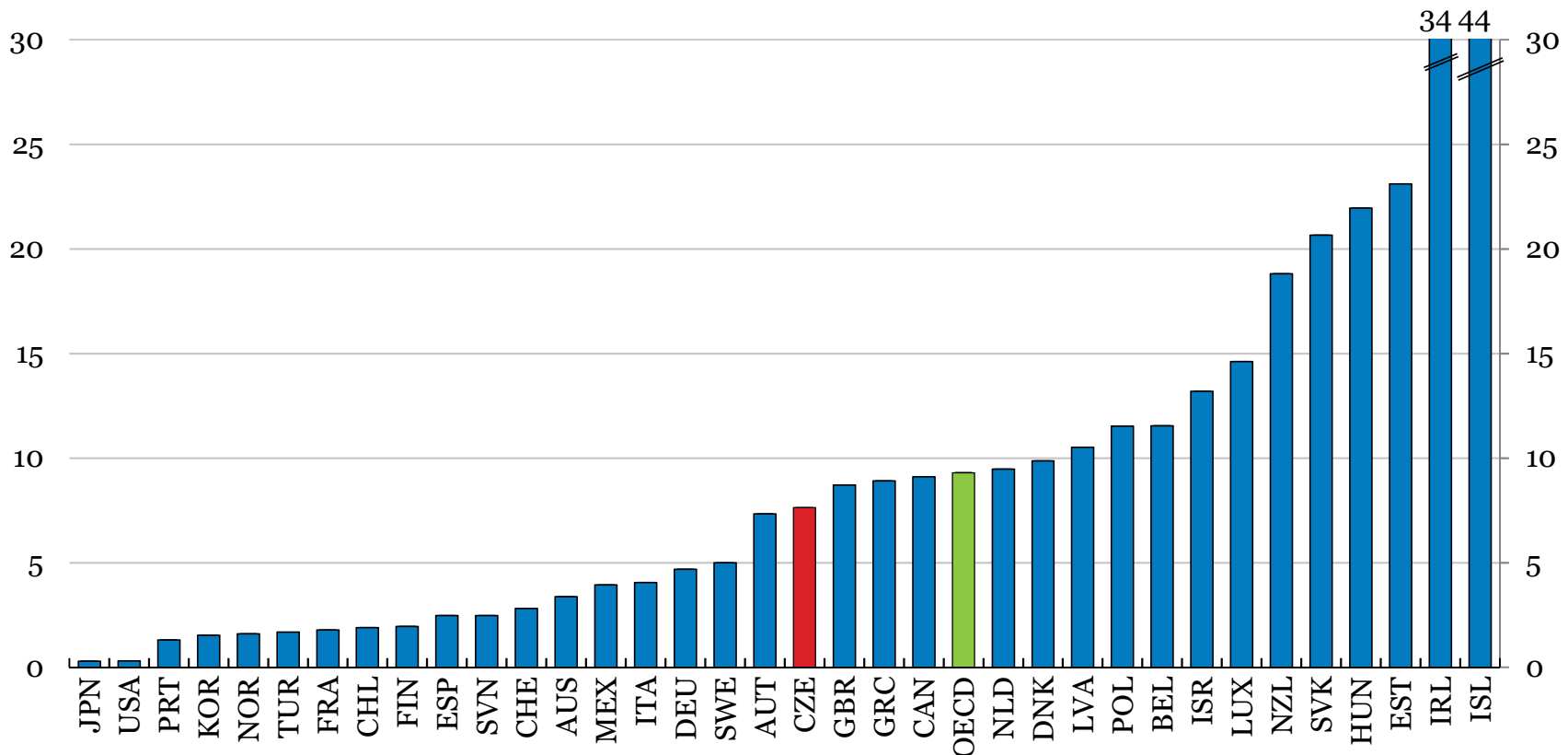
Note: Share of doctors trained in the country, but working abroad. 2014 for Denmark, Japan, Sweden and the United States. Data for OECD is the unweighted average of available country data.
Source: OECD (2017), OECD Health Statistics (database), Eurostat and UZIS (Institute of Health Information and Statistics of the Czech Republic).

The number of nursing graduates is low

Per 100 000 inhabitants in 2015 (or nearest year)
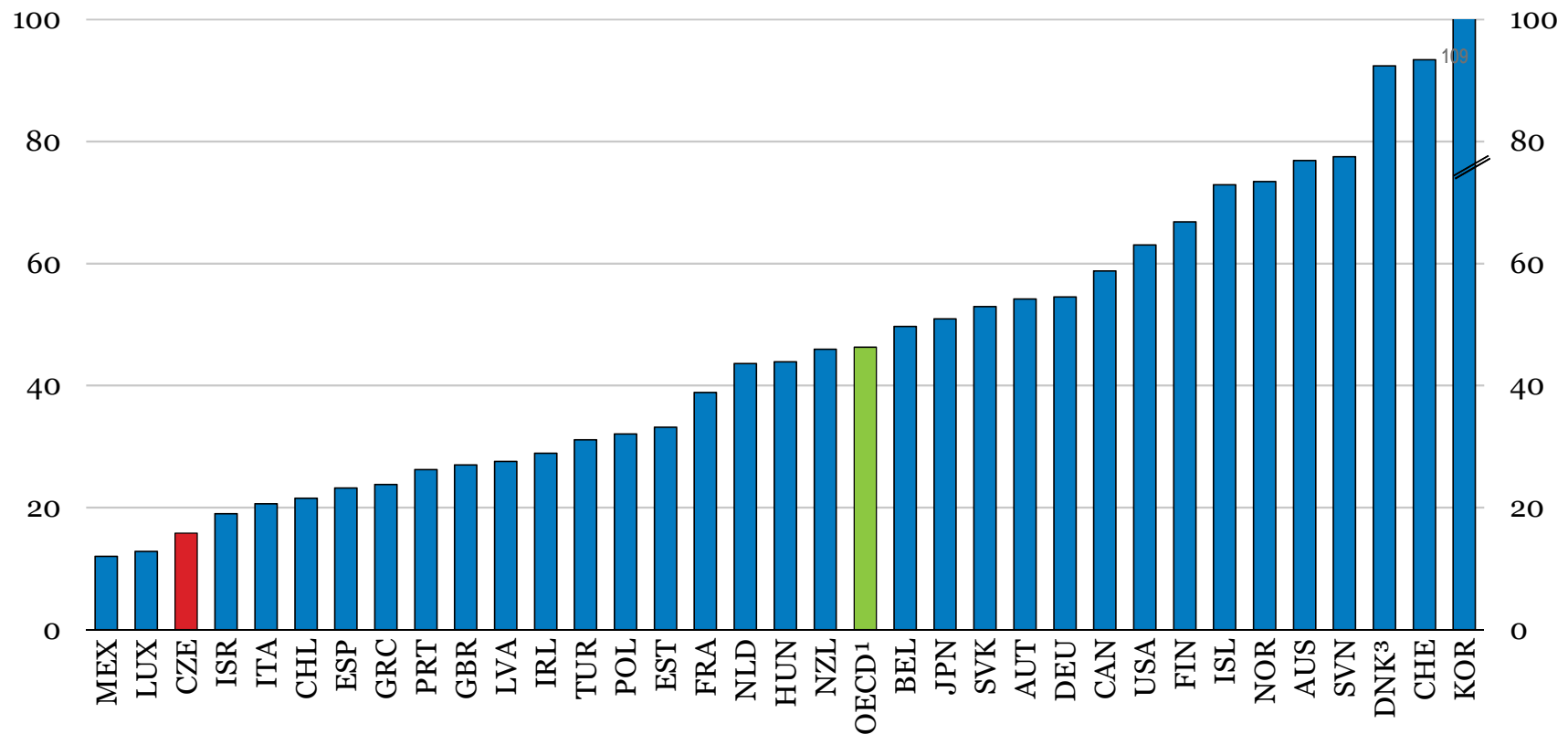
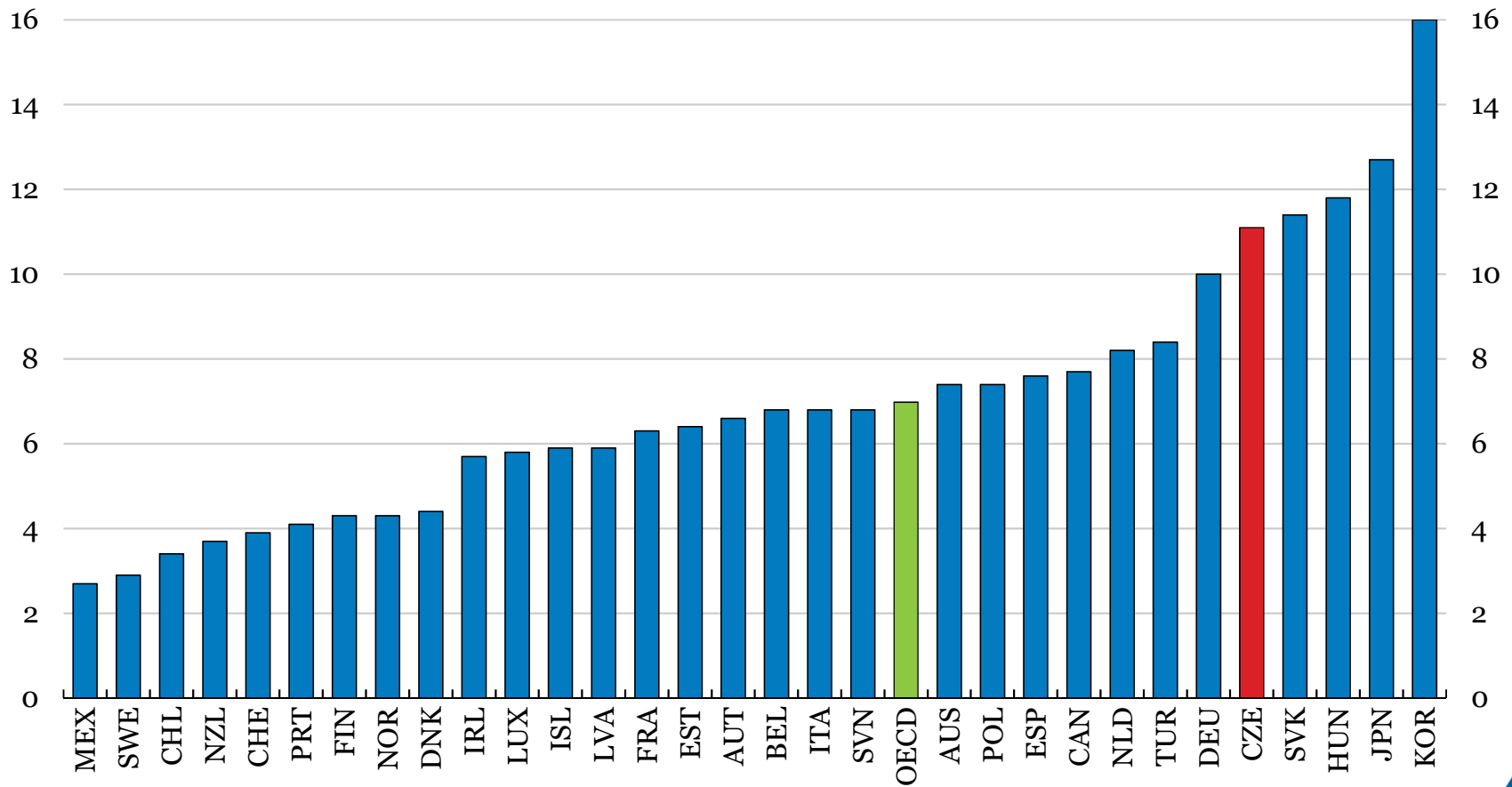*Source*: OECD (2017), Health at a Glance 2017.

Recommendations to increase the supply of medical and nursing staff

- Increase the capacity of medical faculties and the number of students through scholarships and ensure the sustainable financing of universities.

- Improve the education and career opportunities for medical staff and nursing by offering more autonomy and responsibilities along the career.

- Evaluate and increase if necessary the subsidy and reimbursement bonus plan designed to incentivise doctors to settle to remote areas.

The number of doctor consultations is high

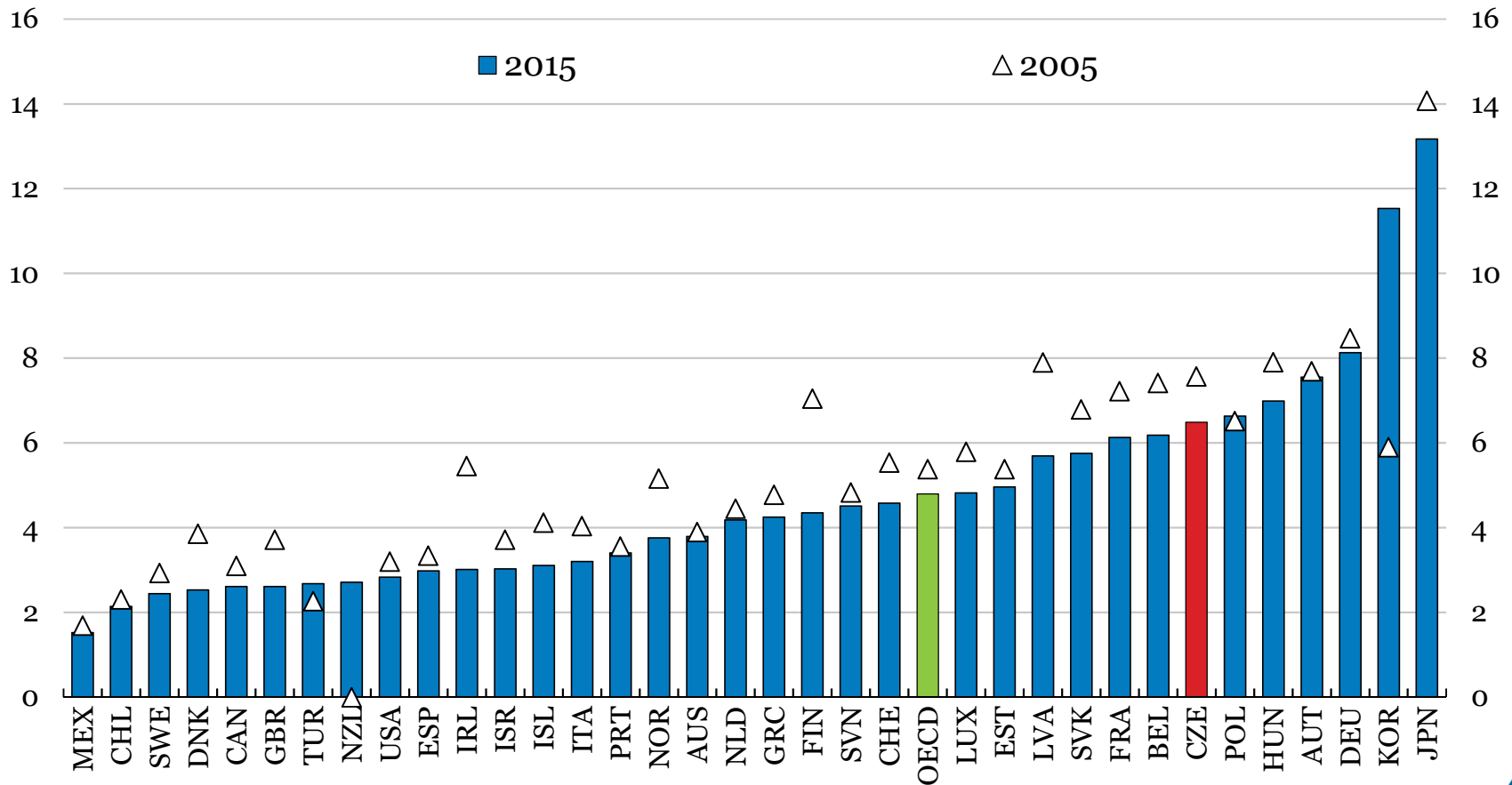**Consultations per inhabitant, 2015 or nearest year**

Source: OECD (2017), Health Statistics (database).

Health care is still too hospital centred

Number of hospital beds , per 1 000 inhabitants

Legend: ■ 2015   △ 2005

Countries (left to right): MEX, CHL, SWE, DNK, CAN, GBR, TUR, NZL, USA, ESP, IRL, ISR, ISL, ITA, PRT, NOR, AUS, NLD, GRC, FIN, SVN, CHE, OECD, LUX, EST, LVA, SVK, FRA, BEL, CZE, POL, HUN, AUT, DEU, KOR, JPN
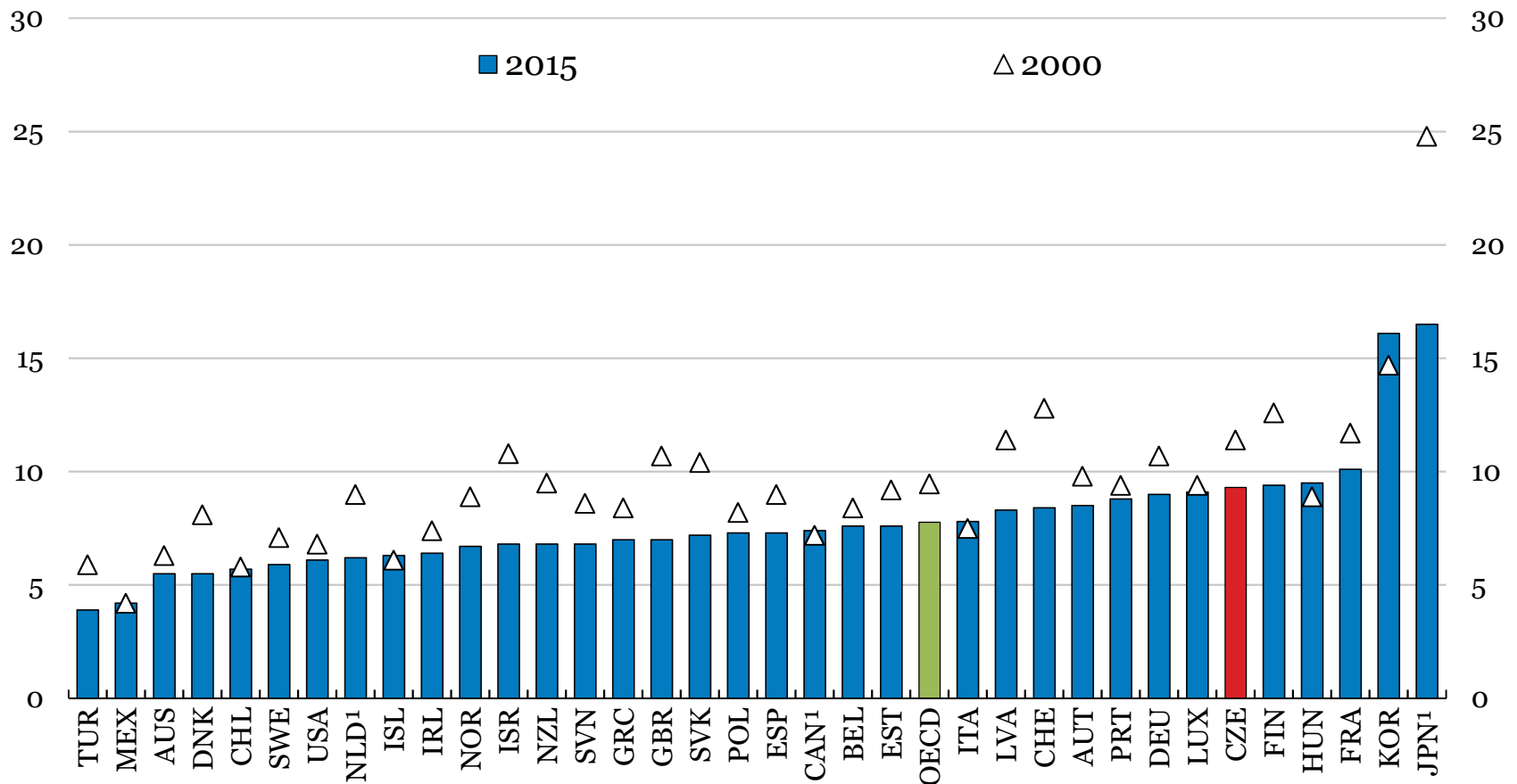
Source: OECD (2017), OECD Health Statistics (database).

The average length of stay in hospital is above OECD average
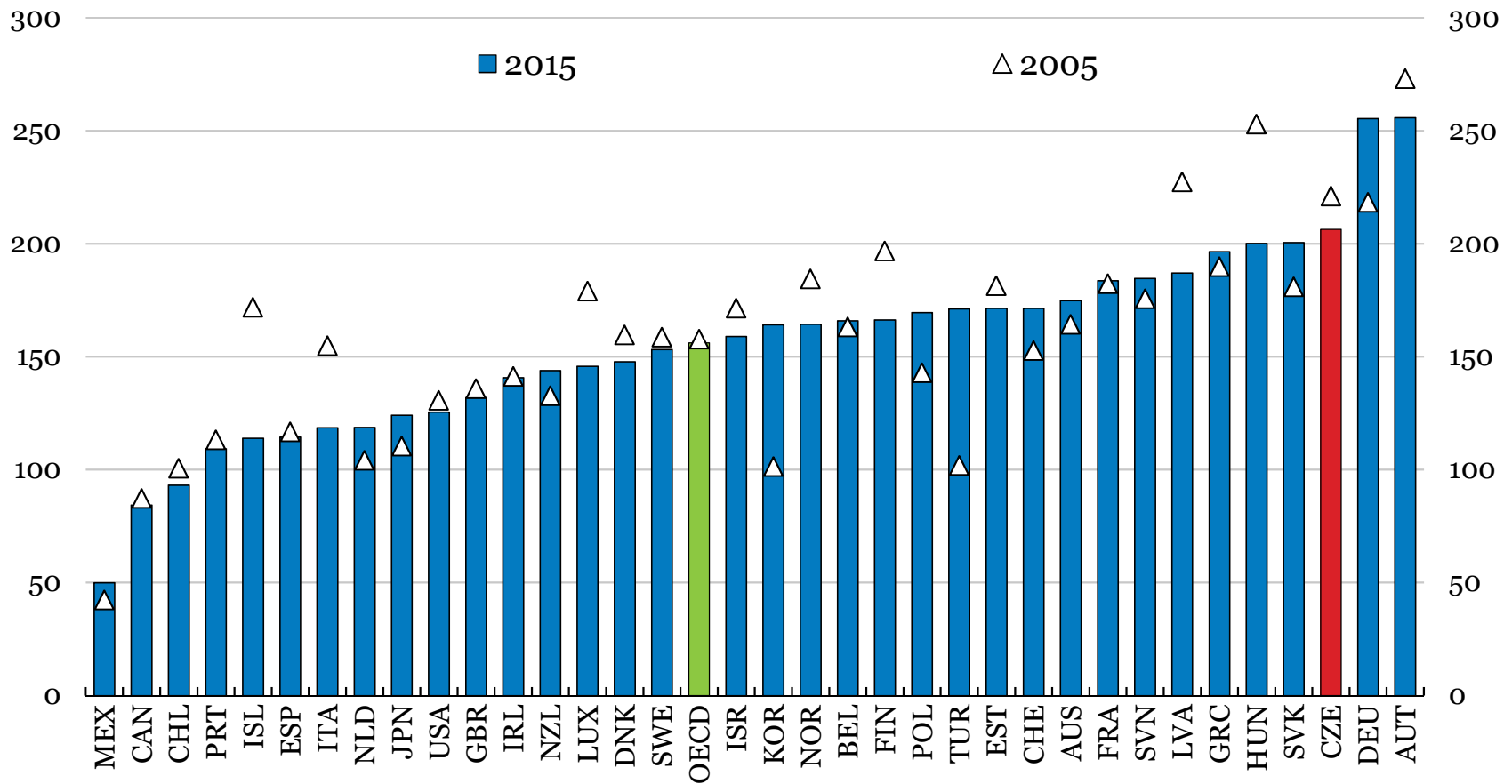
Days, 2015 or nearest year

Note1. Data refer to average length of stay for curative (acute) care (resulting in an under-estimation). In Japan, the average length of stay for all inpatient care was 29 days in 2015 (down from 39 days in 2000).
Source: OECD (2017), OECD Health Statistics (database).

Hospital discharges are high

per 1 000 inhabitants

Source: OECD (2017), OECD Health Statistics (database).

Recommendations to improve the delivery of health care

- Strengthen the role of primary care through gate-keeping and further shift towards a better mix of capitation fees and fee-for-service for GPs

- Introduce intelligent cost-sharing to limit consultations and increase awareness of health costs.
  - Co-payments could be introduced for people bypassing the referral system

- Continue reducing hospital beds by encouraging regions and local bodies to restructure capacities of health services and facilities

- Further shift from inpatient to outpatient care by developing day care through more day surgery and minimal invasive treatments
  - Use the remuneration scheme to incentivise hospitals to search for efficiency gains

- Gradually introduce a pay-for-performance scheme for hospitals and doctors based on a broad set of performance indicators.
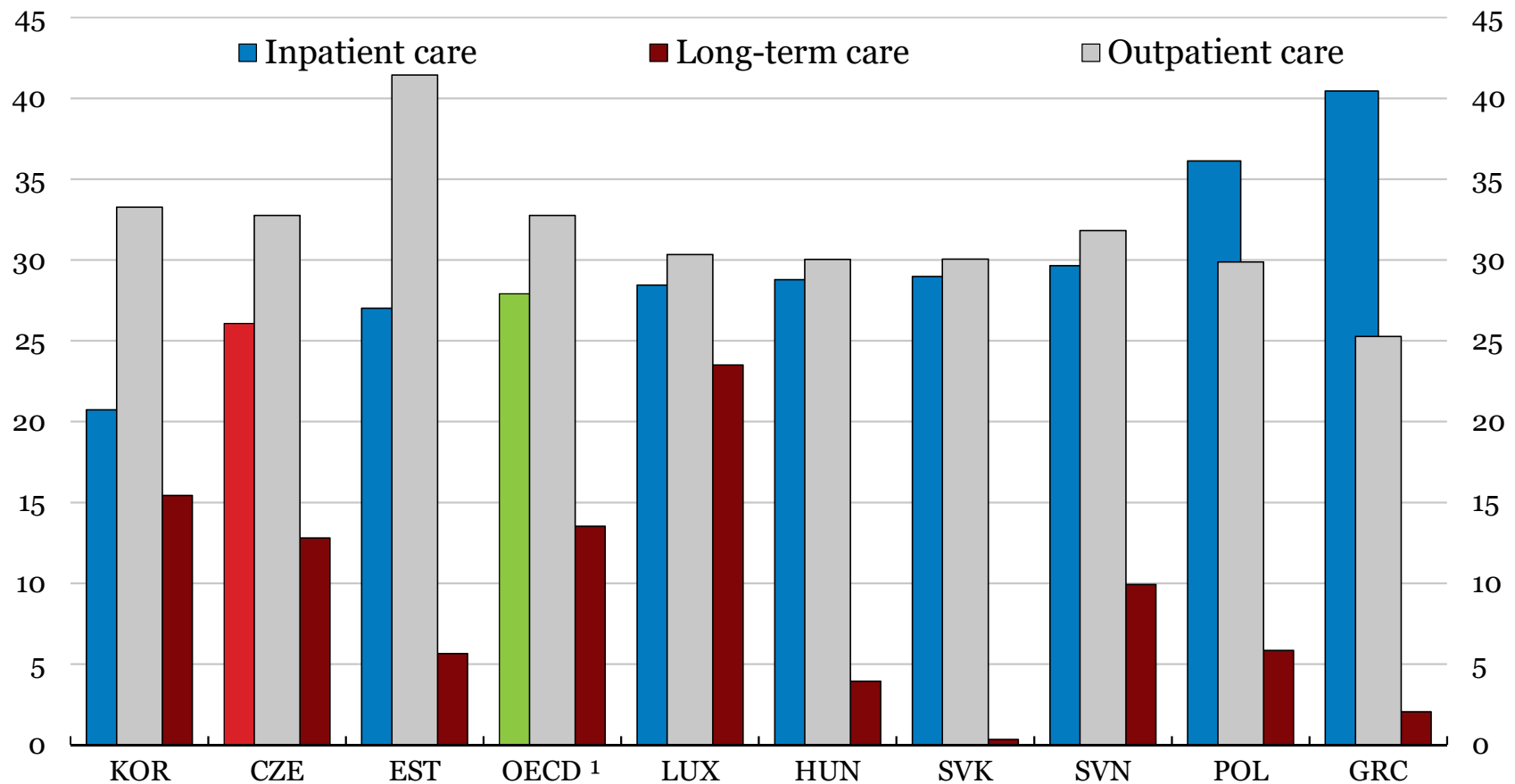
STRENGTHENING
FINANCIAL SUSTAINABILITY

Health expenditure by type of service

Percent of current expenditure on health, 2015 or nearest year


Note: In-patient care refers to curative-rehabilitative care in inpatient and day care settings. Outpatient care includes home-care and ancillary services. 1. The unweighted average of latest available year excluding Australia, Chile, New Zealand and Turkey.
Source: OECD (2017), OECD Health Statistics (database).

Out-of-pocket medical spending is significantly below OECD average

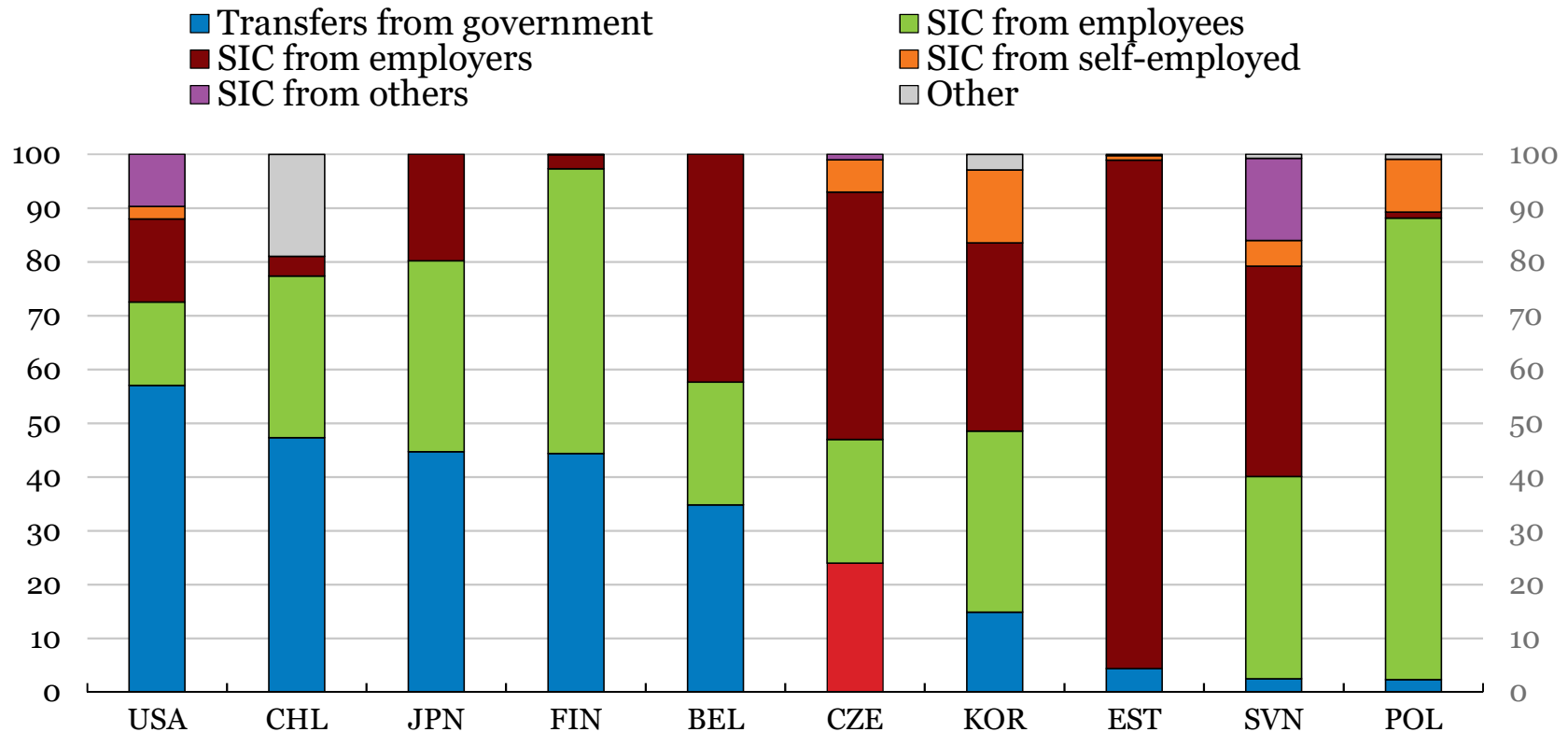**Share of total current health care spending**
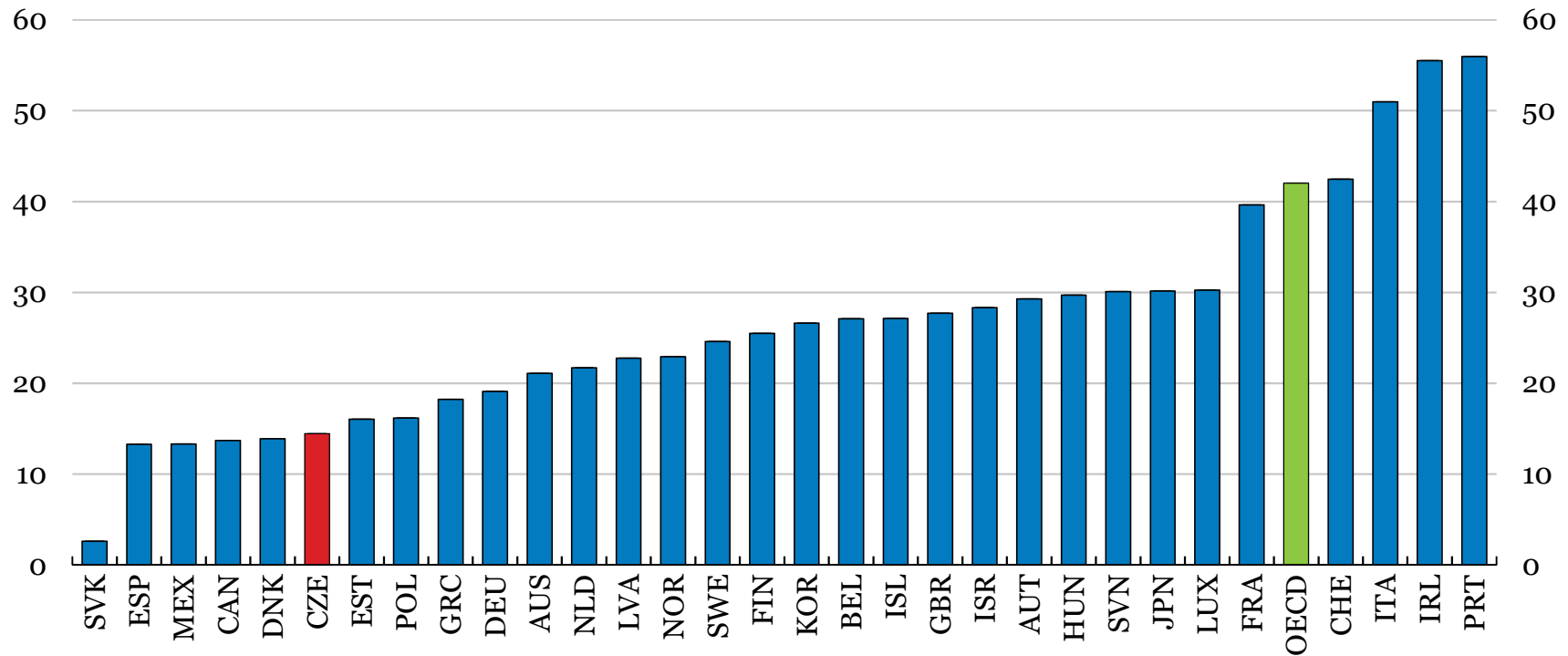
How prices for health care are determined

- Reimbursement prices for health services are negotiated every year between insurance funds and health care providers

  – But the process is not genuine as the ministry publishes a reimbursement decree that health providers tend to rely on

  ➢ This reduces the capacity of insurance funds to negotiate lower prices to reduce costs, link prices to performance and reap efficiency gains

Financing sources of health insurance rely on social security contributions
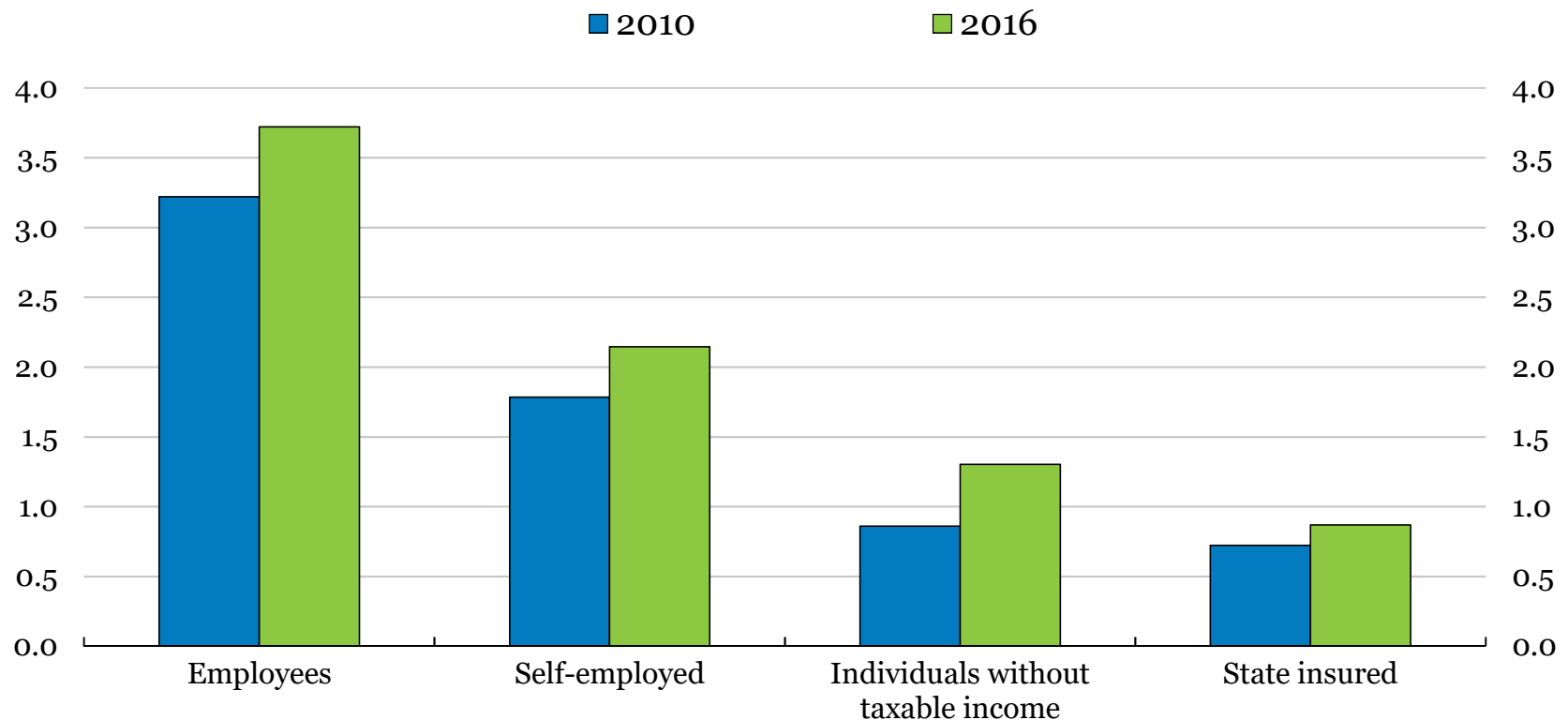
Compulsory health insurance

Legend:
- Transfers from government
- SIC from employees
- SIC from employers
- SIC from self-employed
- SIC from others
- Other

Chart categories (x-axis): USA, CHL, JPN, FIN, BEL, CZE, KOR, EST, SVN, POL

Y-axis: 0 to 100

Source: OECD (2017), OECD Health Statistics (database).

Contribution from self-employed tend to be relatively low

Estimated average monthly contribution by group of insured, thousand CZK

Key recommendations for improving the funding of health care

- Reduce the scope of the reimbursement decree by limiting its coverage and leave room for negotiations between insurance funds and health providers

- Gradually increase contributions from self-employed to better reflect their contribution capacity

- Broaden revenues from general taxation for the health care sector by setting a contribution on all kinds of revenues
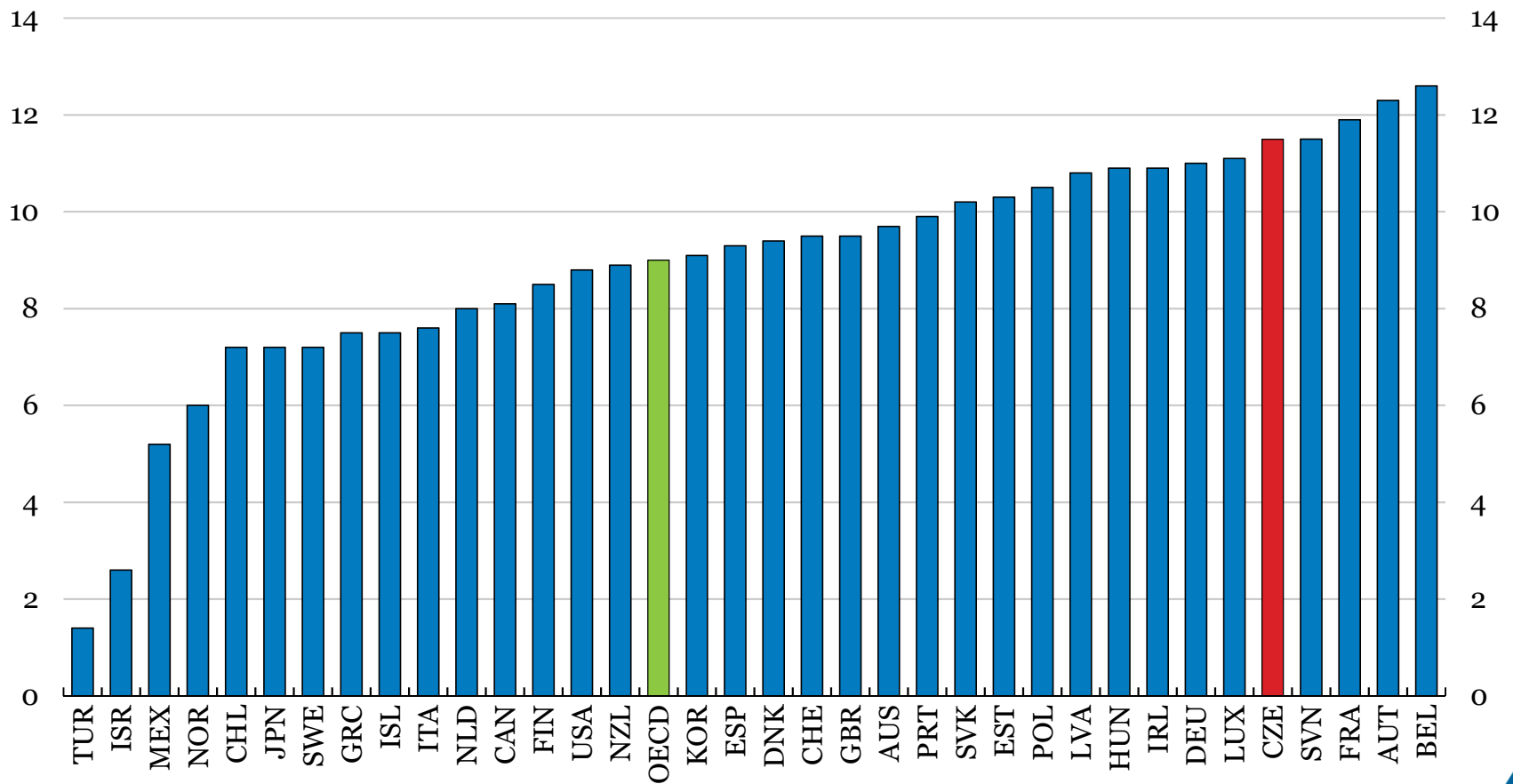
IMPROVING PREVENTIVE CARE TO ENSURE HEALTHY AGEING

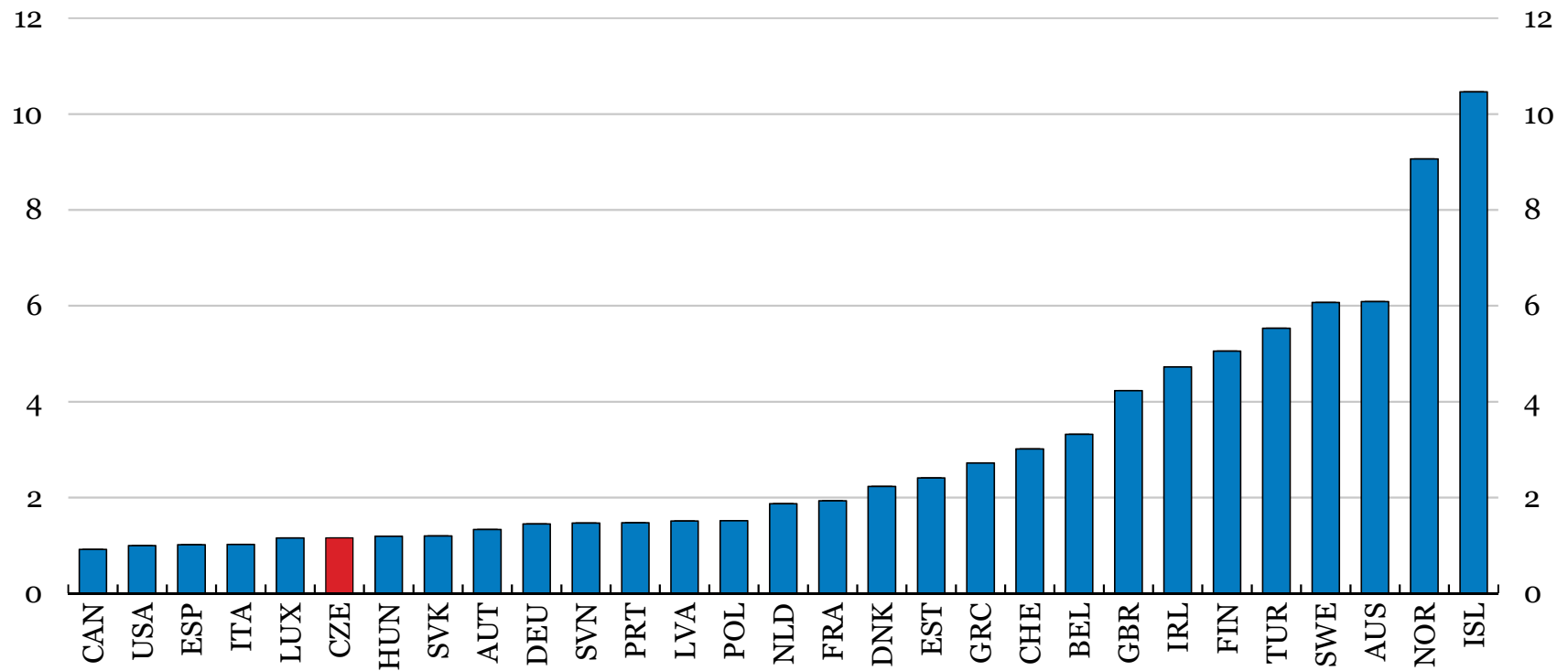# Adverse lifestyle affects health

Litres of alcohol per capita consumed

Excise tax on alcohol is relatively low

per hectoliter of absolute alcohol, in USD

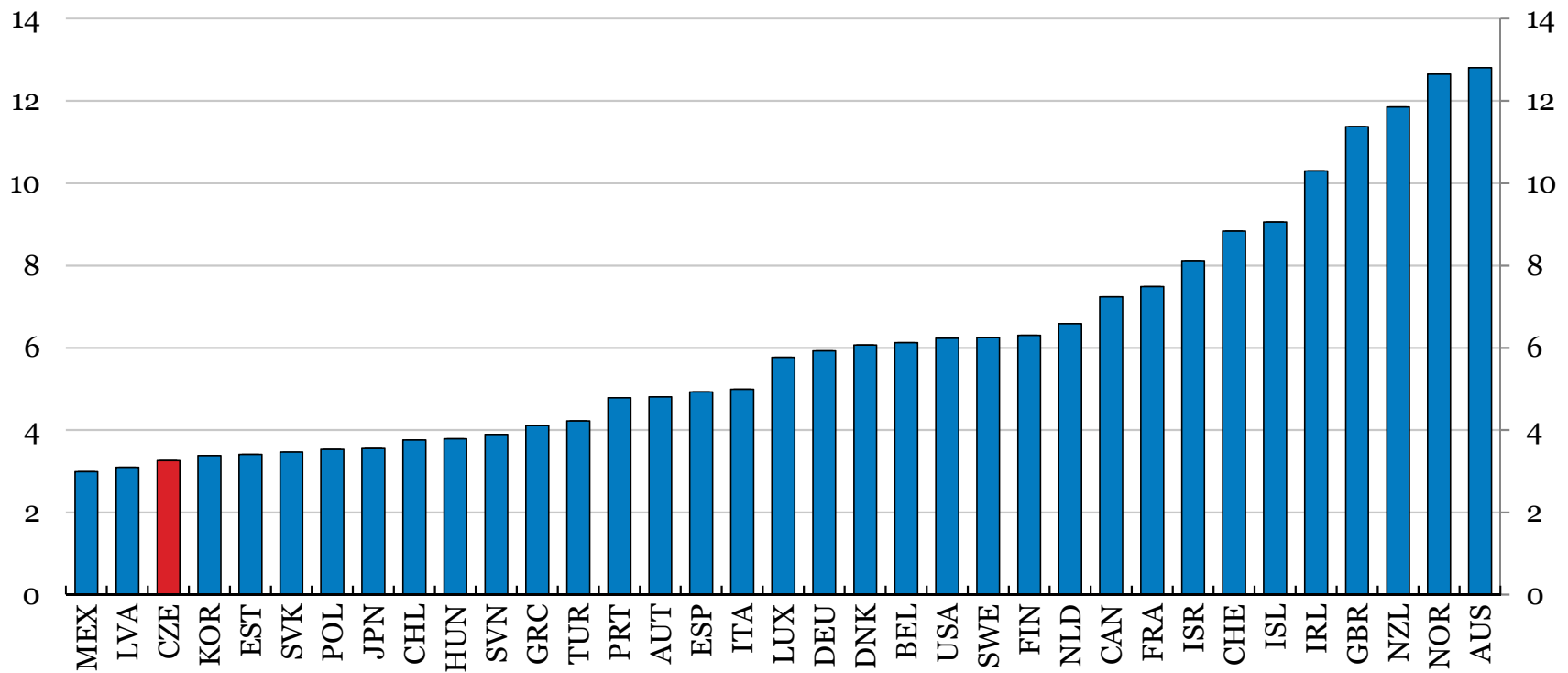*Source*: OECD (2016), Consumption Tax Trends 2016.

Prices of cigarettes are relatively low
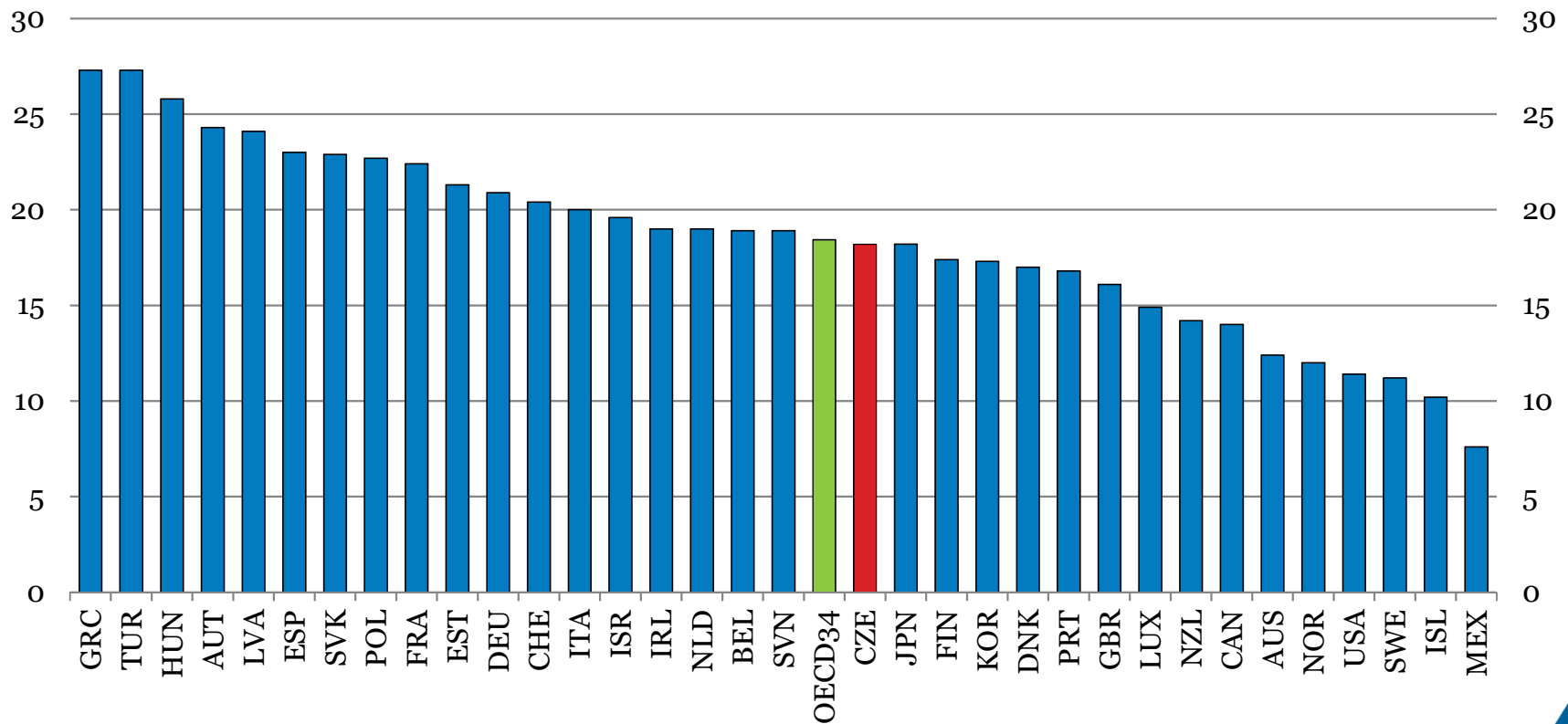
Price of a 20 cigarettes pack, in USD

18% of the adult population smokes daily

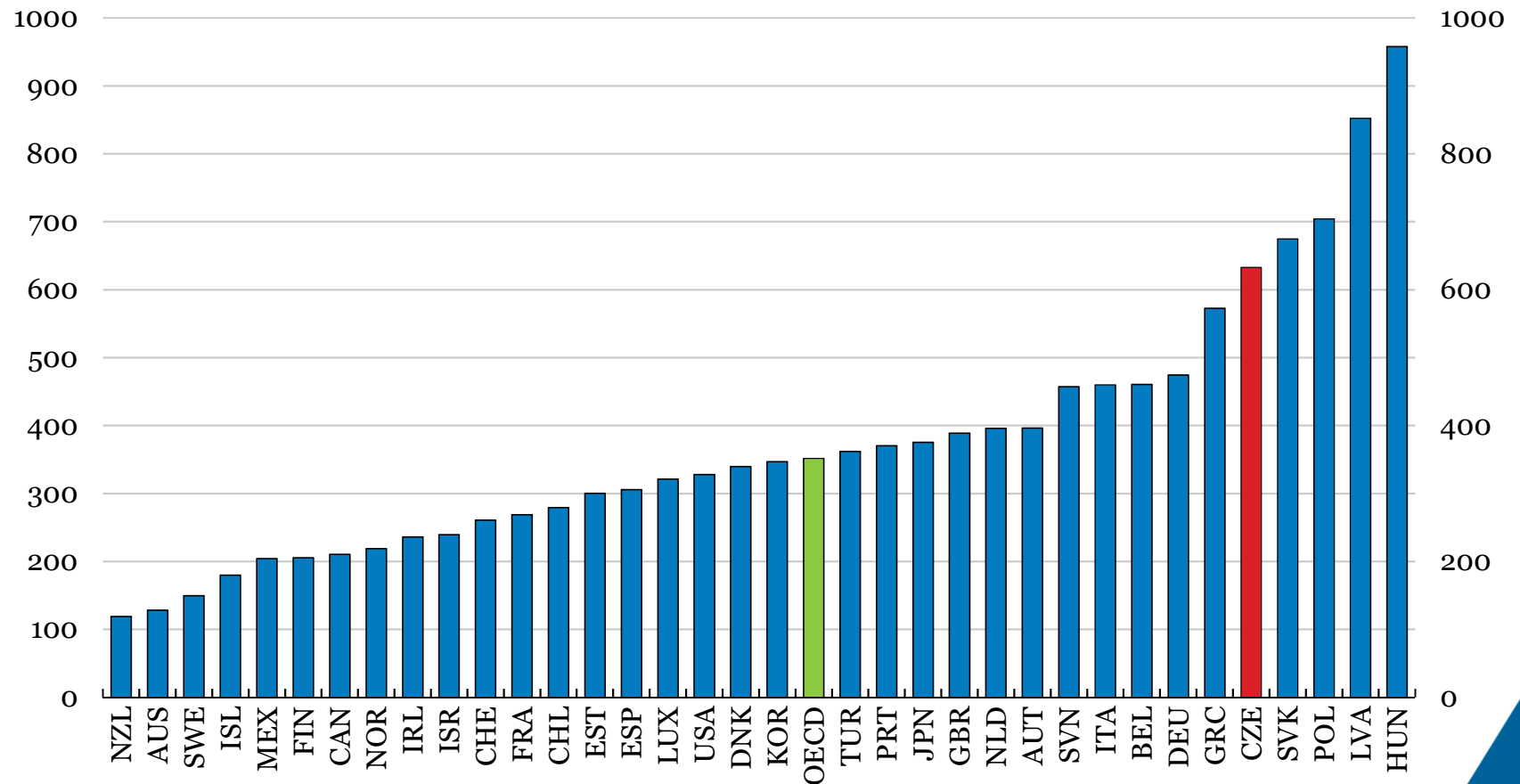**% of population aged 15 years and over**

External risk factors contribute to higher mortality rate

Number of premature deaths due to outdoor air pollution, per million habitants, 2016

Source: OECD (2018), *OECD Environment Statistics (database).*

Key recommendations for improving the health care system

- Increase taxes on tobacco, alcohol and consider introducing taxes on unhealthy food and beverages.

- Promote healthier lifestyles and further develop education, disease prevention and screening programmes

For more information

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