Healthcare: rejection of privatisation and patient fees in Central Europe

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1. Introduction

In the last few years, since about 2006, there have been successful campaigns against commercialisation of public health services in the four central European countries – Czech republic, Hungary, Poland and Slovakia. In each country there were proposals to introduce some combination of patient fees, commercialisation or privatisation of hospitals and clinics, and a switch from state insurance to private insurance funds. In each country there has been vigorous public resistance which has succeeded in halting or reversing these proposals.

2. Czech republic

In 2007 the Czech government proposed a number of changes to the healthcare system, including charging fees to patients, privatising the health insurance system, and converting the teaching hospitals into commercial companies. Fees were introduced in January 2008 - 30 crowns (about €1 Euro) per visit to a doctor and per item on a prescription, 90 crowns (€3 Euros) for a visit after hours and 60 crowns (€2 Euros) per day in hospital. In the first three months, patients paid over 1 billion crowns (about €33 million) in fees, made fewer visits to doctors and got fewer prescriptions. There was strong public opposition, with a campaign involving the unions, doctors organisations, and a civil society movement, the Coalition for Health. The campaign was unsuccessful with a court case trying to get the fees ruled unconstitutional, but there was continuing protest action, including a general strike in June 2008, which involved nearly 1 million workers, and demands from patients' associations and others for abolition of fees and renationalisation of insurance into a single state fund. [1]

The health fees and other reforms were a major issue in the regional elections in October 2008, with a record turnout of 40% of voters. The results were a disaster for the government parties – they had controlled all 13 regions, and lost control of all of them. The political response to these results was chaotic. In late 2008, the lower house of parliament voted in favour of abolishing health fees altogether, but in January 2009 the senate rejected a complete elimination in favour of selective cutting of fees for the very young and elderly. At the same time, some pharmacists, and some of the regions which were now controlled by the opposition Social Democrats (CSSD) stopped charging fees on January 1 2009. The CSSD has pledged to abolish patient fees if it wins the 2010 general election. The unions are also campaigning strongly against cuts of 1/3 in the state subsidy for homes for the elderly. [2]

3. Hungary

In 2006 the Hungarian government proposed health service reforms which included hospital closures, the introduction of fees, and the privatisation of health finance by the creation of regional, part private, insurance funds.

The parliament passed a first law to introduce fees for patients, which had to be paid every time they saw a doctor or stayed in a hospital - the same law introduced fees for other public services, including university education. The opposition parties organised a campaign against these fees, and initiated a process to force a public referendum. Enough signatures were gathered to force a referendum on this law, which in 2008 resulted in a large majority against. The fees had to be abandoned after operating for a few months.[3]

A broad-based campaign also gathered enough signatures to force another referendum, against the law proposing the creation of regiuonal insurance funds run by private companies. The government then abandoned its plans, the parliament passed a motion supporting the proposed referendum, and the constitutional court declared that the referendum was no longer necessary.[4]

In Hungary, the private health sector is now in trouble. In Apil 2009, Hospinvest, a private company which had alreradY got contracts to run nine state hospitals and clinics, filed for bankrupcy. Hospinvest was set up in 2007 to take advantage of the expected privatisation, wiht the EBRD taking an equity stake of 30%, which it sold to private Hungarian investors before the bankrupcy. [5]

4. Poland

In Poland, proposals to commercialise and privatise hospitals were introduced by the government at the start of 2008. The plans also included a list of medical procedures that the state will pay for, and those which patients would have to pay for. They met with strong resistance from the public, with doctors, unions and others combining to reject the plans as tantamount to privatisation. The president of Poland also objected to the proposals, and at the end of 2008 he vetoed the legislation and called for a referendum, saying that he "would not allow for the privatization of the health care system….Human health and life is not a commodity.” [6]

Despite this, in 2009 the Polish government is still trying to implement the policies without passing a new law, so that the president cannot veto the actions. Money will be offered to municipalities as an incentive to commercialise hospitals, and these hospitals will be given 5-year contracts from the National Health Fund, but the government will no longer be responsible for their debts. This may become harder as falling revenues are creating a shortfall in the revenue to the state health fund. Although waiting times for public health services have led to an increased use of private health insurance (but still less than 10% of the population) the existing private healthcare sector in Poland is seen as an oligopoly with a bad reputation: “clients of private health centres or hospital complain more and more often about the quality of services”. Protests against the policies continue, both in parliament and on the streets. [7]

5. Slovakia

Slovakia was the first country to introduce the reforms, but has now abandoned them. In 2003, user fees were introduced; two years later, health insurance funds and hospitals were converted into commercial entities, helped by the state paying off their debts of €1.1 billion Euros. [8] A new government was elected in 2006, which abolished user fees. Since then, Slovak health policy has continued to move against the neo-liberal style of reforms, by insisting that health insurers must be non-profit and by explicitly rejecting any privatisation. [9]

The government is also explicitly refusing to make cuts in direct employment of public service workers in its reaction to the crisis. Finance Minister Jan Pociatek stated in April 2009 that, although there was scope for savings in government purchases of goods, and services: "We will not definitively save on salaries of teachers, doctors or policemen," he stated.[10]

6. Some issues

6.1. Strike action and employment issues

In all countries strike action by health workers and others has been a feature of the opposition to commercialisation. In the Czech republic, the general strike action in June 2008 was the first political general strike since the action that helped end the communist regime in 1989. Further strikes are predicted in Poland in 2009 over under-funding. A meeting of Czech, Polish, Austrian and German trade unionists in 2008 highlighted that pay and conditions in the private sector can be 10-15% worse. The employment conditions of health workers has been an issue for the public as well as for unions – one of the pieces of legislation vetoed by the Polish president concerned changes in the status of health employees.[11]

6.2. Cutting spending on drugs

Spending on drugs remains a problem in the region, threatening to ‘crowd out’ other healthcare spending. Drugs spending grew by over 8% in the Czech republic in 2008, and is forecast to grow by over 5% even in 2009. Governments are making some steps to control this. The Czech government reduced the prices it pays for drugs by 30% in 2008; Hungary introduced controls on prescriptions which impose “punitive sanctions on doctors whose prescription numbers were above the average”. The pharmaceutical industry has complained of the effects of this policy.[12]

7. Notes

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[3] Global Insight March 11, 2008 Hungarian Health-Referendum Results Reveal Support for Opposition's Stance

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[8] Slovak health reform sets V4 rolling – Peter Pažitný. Gesundheit ! The Stockholm Network's Newsletter on Health and Welfare Volume 1: Issue 4, January 2009

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[10] BBC Worldwide Monitoring April 21, 2009 Tuesday Slovak finance minister calls for making savings

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Czech News Agency, November 24, 2008; President vetoes three key health bills PAP News Wire, November 26, 2008

[12] Global Insight September 8, 2008 Prices of 76% of Drugs on Czech Market Set for Reduction
Emerging Europe Pharma and Healthcare Insights March 1, 2009 Market Growth Defies Reforms M2 PressWIRE November 19, 2008 Research and Markets: Hungary Pharmaceuticals and Healthcare Report Q4 2008" Report - OEP Announced That Is Set To Make A Profit Of Up To HUF10bn ($67USmn) In the Current Year