IS THERE A PLACE FOR AN INCREASED RELIANCE ON PATIENT CHARGES IN CENTRAL AND EASTERN EUROPEAN COUNTRIES?

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Abstract: Charges for public health care services are being extended all over Europe as a means to shift health care costs to consumers and to reduce the need of government funds. Such reforms are expected to restrict the deficit in the state budget but also to provide incentives to consumers for an efficient health care use and a healthier life-style. The issue of patient charges occupies the policy debates in Central and Eastern European countries as well, even though it remains controversial in most of these countries. Above all, patients in this European region are already paying a variety of charges (both formal and informal), which impose a considerable burden on their household budgets. Would they be able to cope with new or increased formal charges?

Taking this question as a perspective in our analysis, we provide evidence on the affordability of public health care services in Central and Eastern Europe, and the future challenges related to their introduction or increase. The findings presented here are based on representative surveys among health care consumers carried out in several countries. Data for Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine were collected in July 2010 as a part of project ASSPRO CEE 2007, and data for Albania, Serbia and Russia were obtained from existing datasets collected in previous years. An increased reliance on formal patient charges is indeed a rational policy choice in a public health care system that is adequately organized and funded. However, as our results indicate, in Central and Eastern Europe, there are major health care system problems that should be resolved before such reforms can be successful. Meanwhile, new or increased formal charges should be implemented with precautions (e.g. exemptions or compensations for vulnerable population groups at risk of poverty or with chronic diseases). The implementation should also take into account the country specific contextual factors since the function and impact of formal patient charges will vary between the countries. Even though Central and Eastern European countries had similar health care systems at the beginning of the transition process, the diversity in their health policy and overall development resulted in very different health care systems at present.

Key words: out-of-pocket payments; health care reforms; Central and Eastern Europe

INTRODUCTION

Charges for public health care services are being extended all over Europe as a means to shift health care costs to consumers and to reduce the need of government funds [1]. Such reforms are expected to restrict the deficit in the state budget but also to provide incentives to consumers for an efficient health care use and a healthier life-style [2]. The issue of patient charges occupies policy debates in Central and Eastern European countries even though it remains controversial in most of these countries [3-6]. Above all, patients in this European region are already paying a variety of charges (both formal and informal), which impose a considerable burden on their household budgets [7-10]. Would they be able to cope with new or increased formal charges?

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services in Central and Eastern Europe, and the future challenges related to their introduction or increase. The findings presented here are based on the research carried out under project ASSPRO CEE 20071. The analysis is based on the key preliminary project findings for Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine, as well as in Albania, Serbia and Russia.

**BACKGROUND - DIVERSITY AND DYNAMICS OF PATIENT PAYMENTS IN EUROPE**

Patient payment policies in Europe are rather diverse. As a result, European patients meet different payment obligations when they use public health care services depending on the country of residence. These differences not only refer to the payment levels but also to the form of payment, i.e. fixed-rate co-payment, co-insurance and/or deductibles. In addition to formal patient payments, in some parts of Europe, informal (unofficial) payments are also reported [2;11]. They take a number of forms ranging from the ex-ante cash payment to the ex-post gift in-kind [1;12].

There is a link between the mix of formal and informal patient payments in Europe, and the countries’ structural differences in terms of economic development, quality of governance, social values as well as changes in political and economic circumstances. Formal patient charges are present in all European countries regardless of countries economic development and level of health system financing. Nevertheless, only some countries rely on obligatory service fees for physician visits and hospitalizations [1]. At the same time, informal patient payments are mostly a phenomenon that characterizes former-socialist countries, although such payments are reported in other parts of Europe as well [12]. The existence of informal patient payments, to a great extent, can be explained by poor governance in a country. However, cultural differences between countries may also contribute to the explanation of the existence of informal patient payments [2].

**MATERIALS AND METHODS**

The findings presented here are based on representative surveys among health care consumers carried out in the targeted countries. Data for Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine were collected in July 2010 as a part of project ASSPRO CEE 2007, and data for Albania, Serbia and Russia were obtained from existing datasets collected in previous years by the World Bank (Living Standards Measurement Surveys for Albania and Serbia) and the Carolina Population Center (Russia Longitudinal Monitoring Survey).

**RESULTS AND DISCUSSION**

*Payments for physician visits in CEE countries*

Health care consumers in Central and Eastern European countries can be divided in three main groups: (1) those who use health care services but do not have to pay out of pocket; (2) those who use health care services and pay formal charges only; and (3) those who also pay informally. All three groups are present in the countries included in the project survey in July 2010: Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine (see Figure 1).

![Fig. 1. Payments for physician visits](image1)

*Bars show % of those who visited a physician during the last 12 months/

*Fig. 2. Payments for hospitalizations*

*Bars show % of those hospitalized during the last 12 months/

With regard to physician visits, the group of health care users who pay for such services (either formally and/or informally) is the largest in Bulgaria, followed by Ukraine, Romania and Lithuania. For Bulgaria, this is mostly due to formal charges, while in the other three countries, informal payments also play a considerable role. In Poland and Hungary, the group of patients paying for physician visits is

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1 For more information see the project website: www.assprocee2007.com
comparatively small. However, in Hungary, this mostly includes informal payments in addition to formal fees. Overall, Bulgarian and Polish patients are less frequently confronted with informal payments when visiting a physician, compared to the rest of the countries. The group of patients who pay informally for physician visits is the largest in Ukraine and Romania, followed by Hungary and Lithuania. In all six countries however, a considerable part of health care consumers (about 10% to 40%) reports informal payments for physician visits, which means that this type of payments should not be neglected in policy decisions about formal charges.

Payments for hospitalizations in CEE countries

All three groups of health care consumers are also observed with regard to payments for hospitalizations (see Figure 2). Similar to physician visits, Bulgarian health care users most often report only formal charges when hospitalized as compared to the other countries. However, in Ukraine, the group of patients who pay either formally or informally for hospitalizations is the largest. Ukrainian patients as well as patients in Romania, Lithuania and Hungary are also often confronted by informal payments for hospital services. In Bulgaria and Poland, the group of patients who pay informally when hospitalized is relatively small compared to the other countries.

Out-of-pocket payments, and in particular informal payments, for hospital services are especially problematic because the costs of these services are rather high while the use of these services is often vital. Project results for Albania focused on the level and dynamics of informal payments indicate that “gifts” to medical staff represent a significant share of the out-of-pocket payments for hospital services in this country. In Serbia, hospitalized patients pay formally and informally but also indirectly. By indirect payments, it is meant payments for medical goods that should be provided by the hospital to any hospitalized patient but the patient is required to bring these goods to the hospital. Such goods include hospital drugs, disposal material and devices. This indicates that formal fees for hospital services should take into account not only the existence of informal payments but also the indirect ones, which mostly result from the lack in hospital funding.

The informal patient payments in CEE countries

The general public in Central and Eastern Europe is interested in the solution to the problem of informal patient payments, but often accepts these payments as a means to receive more attention, better quality and quicker access when using health care services. Nevertheless, there are some significant differences between the countries. Health care consumers in Bulgaria and Poland mostly oppose informal cash payments for health care services, followed closely by those in Lithuania, Romania and Ukraine. A notable exception is Hungary where the majority of the health care consumers (52%) are either positive or indifferent towards this type of payments.

Extensive information campaigns among health care consumers will be required to change the public attitude towards informal payments and to create a social opposition against informal patient payments. Public attitudes will be a crucial factor for the successful implementation of official patient charges and the elimination of the informal ones. Also, patients need to be well-informed about the size of the official fees that they are obliged to pay for health care service. Patients are often unable to make a distinction between formal and informal payments, especially when they do not know the size of the formal fees prior to the service use. Some patients are unaware of possibilities to file a complaint when requested to pay informally. There is a need of an easy and simple procedure for filing such complaints.
The burden of out-of-pocket payments in CEE countries

Out-of-pocket payments for health care services represent a considerable burden in most Central and Eastern European countries. As the project results indicate, the accumulated patient payments affect the demand for these services forcing some patients to forgo health care (see Figure 3). Other patients employ a different coping strategy by borrowing money to pay for hospitalizations but also for visits to physicians. The inability to pay is especially evident in Romania and Ukraine (reported by 43% and 49% of those in need respectively). In Bulgaria, Hungary, Lithuania and Poland, inability to pay is less often reported although the share of those unable to pay is still considerably large. This issue requires an immediate policy attention in Central and Eastern European countries.

It is well-known that small medical costs can produce a considerable burden for poor households but when patient payments are the main source of health expenditure, they can push even the wealthy households into poverty. For example, the project results for Serbia indicate that 5% of health care users are shifted to the lowest poverty group as a result of patient payments. Most households find it difficult to recover from such a burden, especially if they are exposed to health costs during many subsequent years like it is in the case of chronic diseases. An adequate exemption of poor and frequent health care users should be in place. Such mechanisms often fail, as it is the case in Serbia. In Russia, some groups eligible for free medication cannot benefit from this privilege due to unavailability of the medication.

Willingness to pay for health care services in CEE countries

Majority of health care consumers in Central and Eastern Europe do not object formal fees for physician visits and hospitalizations when these services are provided with and adequate quality and access (see Figure 4). This is especially apparent for Bulgaria and Romania. The fee objection is relatively stronger in Hungary and Poland especially in case of hospitalizations. Ukraine and Lithuania rank between these two groups of countries. It should be noted however, that a relative large group of health care consumers in Bulgaria (about 20-25%) state that they are unable to pay such fees even though they do not object the fees. In the rest of the countries, this group is smaller but nevertheless, it represents about 8-16% of health care consumers in each country.

The relatively high willingness to pay for improved health care services is also reflected in the importance that health care consumers assign to various quality-, access-, and price-related attributes. When asked directly to rank such attributes, health care consumers assign a relatively low importance to the amount that they are required to pay compared to quality- and some access-related attributes. The median rank of the price-attribute is 5 out of six attributes, for all countries included in the survey except for Ukraine, where the median rank of this attribute is 4 out of six attributes. Only travel time is ranked lower in all six countries.

Also, the results of the pilot study carried out in Ukraine prior to the survey, suggest that Ukrainian patients are somewhat indifferent towards the type of payment (formal or informal) as long as they receive an adequate service provision. Given the absence of a well-developed private health care sector in Ukraine, these results might well explain the high rate of informal patient payments reported in this country.

CONCLUSIONS AND POLICY RECOMMENDATIONS

An increased reliance on formal patient charges is indeed a rational policy choice in a public health care system that is adequately organized and funded [2]. However, as our results indicate, in Central and Eastern Europe, there are major health care system problems that should be resolved before such reforms can be successful. The following potential problems for an increased reliance on formal patient charges in Central and Eastern Europe can be outlined:

- Patients are already paying various formal charges when using public health care services, for example, for pharmaceutical, diagnostic services and medical devices, and in some countries like in Bulgaria, also for physician visits and hospitalizations. Additional formal charges might discourage the use of necessary health care services.

- Some patients also pay informally. In few instances, informal payments are an expression of gratitude (i.e. gifts in-kind with negligible monetary value given by the thankful patient after the service provision). But they are also made due to the request or hint by the (medical) staff and/or the patients’ expectations to receive better care. The accumulated value of such informal payments is considerable.

- Formal and informal patient charges are already imposing a considerable financial burden on household budgets especially for low-income groups. Total household spending on health care is found to have a catastrophic and impoverishing effect even on wealthier households but with chronically sick household members. Exemption of poor and frequent health care users should be in place.

A large proportion of health care consumers support the introduction of formal fees for physician visits and hospitalizations in case these services are provided with an adequate quality and access. Quality and access improvements in the public health care sectors of Central and Eastern European countries might be crucial for the acceptance of formal fees and the elimination of the informal ones.

Health care consumers need to be assured that they can receive an adequate return for their payments. Otherwise, informal payments for better services might continue to exist along with the formal fees.

Meanwhile, new or increased formal charges should be implemented with precautions (e.g. exemptions or compensations for vulnerable population groups at risk of
poverty or with chronic diseases). The implementation should also take into account the country specific contextual factors since the function and impact of formal patient charges will vary between the countries. Even though Central and Eastern European countries had similar health care systems at the beginning of the transition process, the diversity in their health policy and overall development resulted in very different health care systems at presents.

REFERENCES


