Comparative Analysis of the Health Insurance System in the Czech Republic and Slovakia

Tereza Schusterová, Jarmila Rybová

Abstract: The aims of this article are to compare and evaluate the health insurance systems of both countries, as well as to identify those factors that may possibly explain the differences. It is also the intention to examine how these factors and differences can influence the future development of both systems.

Key words: health insurance system · legislative changes · Czech insurance system · Slovak insurance system · Czech and Slovak comparison

JEL Classification: I13

1 Introduction

The current system of health insurance in the Czech Republic and Slovak Republic are based on the common roots from times when Bohemia and Slovakia formed one state. The basic principles of organization and the financing of health care have remained the same since the division. However, some aspects of the two systems differ. The financing is based on compulsory public health insurance in both countries. The number of insurance companies is different. There are eight insurance companies in the Czech Republic and three in Slovakia. Risks by age and sex of the insured are balanced among health insurers in both states.

The costs of insurance and assessment bases are different in both countries. Differences are subsequently reflected in macroeconomic indicators as total health expenditure to GDP or total health expenditure per capita per year (USD PPP).

Geographical, historical and cultural similarities of these two countries allows for the mutual transfer of experience in the application of health insurance and cooperation between the two countries, etc.

The aims of this article are to compare and evaluate the health insurance systems of both countries, as well as to identify those factors that may possibly explain the differences.

2 Literature Review

OECD (2010, p. 9-12) informs us that many health indicators, including population health in Europe, have improved in the last decade. The growth of GDP increases life expectancy and other factors, while pointing out the shortage of doctors and nurses. Risk factors are the dependence on alcohol, tobacco, overweight and obesity.

Bartak (2013) compares the health systems for different countries of the WHO European region including the Czech Republic and Slovakia. The publication followed indicators of population, gross national income per capita, life expectancy at birth for men and women (in years), the probability of dying before their fifth year (per thousand live births), the probability of death between the 15th and 60th years for men and women (per thousand inhabitants), the total expenditure on health per capita to the year 2009 in US dollars converted at purchasing power parity and total expenditure on health as a % of GDP up to the year 2009. Czech Republic usually achieves better results than Slovakia.

Health Minister Svatopluk Němeček in a press release of the Ministry of Health said: „Quality health care has extended the life span of men by 7,5 years for women by 5,5 years. Now we have to focus on the extension of healthy lifestyles. No economy can afford to finance the long-term costs associated with unhealthy lifestyles and the resulting illnesses. Therefore, for me, prevention and the support program Health 2020 are one of the key priorities. The most important thing is to make people realize what most affects their health, better eating habits and a healthy lifestyle. If, as a result, we succeeded in reducing the incidence of lifestyle diseases by 5%, health care could generate savings of up to $ 10 billion per year and the contribution to GDP would be another $ 10 billion.”

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The press release goes on to say that population health is most influenced by lifestyle choices, especially obesity, lack of physical activity, smoking, alcohol consumption and the high consumption of salt. An important role is also played by new problems such as antibiotic resistance an increase in the incidence of whooping cough and HIV positivity in connection with the disproportionately rising costs of health and social care.

Hovorka, J. (2015) reports that the Czech Republic has proposed an amendment, according to which by the end of 2016 all insurance accounts will be transferred into the Czech National Bank. The Ministry of Finance would then be partially able to economize their money and thereby slow the growth of government debt. However, the health insurance companies have rebelled and refuse to transfer their accounts to the central bank. The Ministry of Finance would like, with the money from health insurers, to improve the performance of the Czech state. In the case of transferring the accounts of insurance to the CNB, the ministry could partially manage money for health insurance. However, insurance companies will not have funds at their disposal because funds deposited with the CNB will be restricted. The principle of financing health care through health insurance, according to the Ministry of Finance, remained the same. Furthermore, health insurance companies will lose the interest payments that bring them money when their money is deposited in banks other than the CNB.

3 Results

Although both systems are evolving separately, it is possible to find a number of common elements for both health insurance systems in the Czech Republic and Slovakia. There may be many reasons, e.g., neighbour countries, similar to the level of health care and more.

It is possible to examine the differences and similarities of the two health insurance systems from different perspectives. For example, it is possible to consider the views of stakeholders and in terms of income and expenditure in the system, etc.

The results of the comparison are divided into two parts. The first part consists of comparing the conditions on the part of the collection of premiums, i.e., assessment bases, rate and method of payment of premiums. The second part is devoted to the total expenditure of health insurance in the Czech Republic and the Slovak Republic. Data are presented for the period 2000-2009.

Choosing health insurance in CZ and SK

The vesting period is different between the two countries only in the case of employees. The relevant period is the calendar month in the Czech Republic and the calendar year (as well as for the self-employed) in the Slovak Republic. The payment of health insurance premiums from monthly gross salary is a prepayment in the Slovak, unlike the Czech Republic. Overpayment or underpayment of advances should be balanced. The calculation basis is the gross wage in both countries.

The assessment base of the self-employed is similar in both countries. The calculation basis of 50% of the difference between income and expenditure is applied in the Czech Republic as well as in Slovakia. Persons who receive income from profit sharing in Slovakia lay down the basis of assessment in the amount of taxable income. Health insurance is used for the payment of dividends and won over 350 Euro. In the Czech Republic health insurance is not collected in these cases. The spectrum of income that are the basis of assessment for insurance is wider in Slovakia than in the Czech Republic.

| Table 1 Premium rates of health insurance in the Czech Republic and Slovakia in 2015 |
|---------------------------------|---------------------------------|---------------------------------|
| **Czech Republic**              | **Slovakia**                    |
| **All payers**                  | **A person without a disability** | **Disabled person** |
| Employer                        | 9%                              | 10%                            | 5%                            |
| Employee                        | 4.5%                            | 4%                             | 2%                            |
| Self-employed                   | 13.5%                           | 14%                            | 7%                            |
| State                           | 13.5%                           | 4%                             | 4%                            |


Levels of premium rates are similar in both countries and they are used to calculate the amount of the premium from assessment base.
The total expenditure of health insurance in the Czech and Slovak Republics

Total and public expenditure on health insurance are generally higher in the Czech Republic than in Slovakia. The following chart contains the years 2008 and 2009. In those years, private expenditure accounted for the highest share of total expenditure for the period under review.

**Figure 1** The proportion of public and private spending in the Czech Republic and Slovakia in the year 2000, 2008, 2009 and 2013

![Graph showing the proportion of public and private spending in the Czech Republic and Slovakia](http://apps.who.int/gho/data/node.country.country-SVK?lang=en)

On the other hand, indicators of public health such as life expectancy, lower probability of dying before their fifth year, are also better in the Czech Republic than in Slovakia. Data were available only until 2013 when processing the article.

**Table 2** Indicators of the health insurance in the year 2013

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Czech Republic</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of citizens</td>
<td>10,702,000</td>
<td>5,450,000</td>
</tr>
<tr>
<td>National gross revenues per person (US $ PPP in the year 2012)</td>
<td>24,980</td>
<td>24,740</td>
</tr>
<tr>
<td>Total expenditure on health per person per year (US $ PPP)</td>
<td>1982</td>
<td>2147</td>
</tr>
<tr>
<td>Total expenditure on health as % of GDP</td>
<td>7.2</td>
<td>8.2</td>
</tr>
<tr>
<td>The share of health insurance to finance health care (%), the rest is private spending</td>
<td>83.3</td>
<td>70</td>
</tr>
</tbody>
</table>


Total expenditure on health as a % of GDP are lower in the Czech Republic than in Slovakia. This is probably due to lower levels of GDP in the Slovak Republic. This indicator is affected by the economic recession in both countries in the period 2008-2010. The level of economic recession was different in each of these countries.

**Figure 2** Total expenditure on health as % GDP in the Czech Republic and Slovakia in the period 2000-2013

![Graph showing total expenditure on health as % GDP in the Czech Republic and Slovakia](http://www.oecd.org/policiesanddata/oecdhealthdata2012-frequentlyrequesteddata.htm)
4 Conclusions

Both countries have a system of health insurance relatively similar. Differences are mainly in the different assessment bases breadth and level of rates. Indicators of the health of the population are better in the Czech Republic than in the Slovak Republic. Czech Republic has higher public spending on the health insurance system. The health insurance system in the Czech Republic applied more redistribution effects than in Slovakia, where the system implies a higher proportion of private payments. The disposable incomes of the poorest people in the Czech Republic are less burdened than in the Slovak Republic. Could this paradoxically lead to higher individual care of their health in Slovakia?

The economic recession in both countries was reached in the year 2008 and 2009. Growth in the share of private expenditure in total expenditure on health can associate with these events. This increased the share of private expenditure since 2009 lasts until 2013.

According to recent trends that have been identified, it can be expected that the share of private expenditure will grow in the coming years. This situation could become critical for the poorest people in the future. Another problem is the aging population and the increasing proportion of retirees. This will increase the burden on public budgets. You will need to be gradually modify the health insurance system, eg. an extention of the assessment base and increasing the premium rates for the economically active population. It may also consider limiting the scope of primary health care.

Reference


Czech Republic: *Health Insurance* Act no. 48/1997 Coll.