



EUROPEAN POLICYBRIEF



FORMAL AND INFORMAL OUT-OF-POCKET PAYMENTS FOR HEALTH CARE SERVICES IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

WHAT ARE THE ACTUAL PATIENTS' CONTRIBUTIONS?

Findings of ASSPRO CEE 2007, an EU-funded research project assessing efficiency and impact of patient payments policies in Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine, as well as in Albania, Serbia and Russia

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INTRODUCTION

Equity in health care financing and equity in access to health care have been long established as guiding principles in Europe. Although European patients are accustomed to pay for health care commodities, such as pharmaceuticals and devices, extensive patient charges for public health care services are uncommon. Free-of-charge access to essential health care services is even seen as a patient's right in some countries.

Nevertheless, the scarcity of public resources, combined with the global economic crises, puts pressure on European governments to set new priorities. As a result, charges for public health care services are being extended in Europe as a means to shift health care costs to consumers and to reduce the need of government funding. Such reforms are expected to limit the deficits in the state budget but also to provide incentives to consumers for efficient health care use and a healthier life-style.

In view of this, European policy-makers face a major challenge in designing efficient and equitable patient payments mechanisms that maintain a high quality of care for all citizens.

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THE COMPLEXITY OF PATIENT PAYMENTS IN CEE COUNTRIES

The issue of patient payments is especially relevant to Central and Eastern European (CEE) countries. Despite the common economic and political arrangements during the communist period, the CEE countries have proceeded on their own road of transition. However, the sharp economic decline after the collapse of the communism affected their health care systems in a similar manner. Most important, it limited the health care resources and provoked major health care system reforms. Health care funding was partly shifted to patients by applying or increasing charges for pharmaceuticals and dental care, but also for other services in the basic package, and due to the development of the private health care sector. Thus, out-of-pocket payments have become a common feature of health care delivery, which is a major contrast to the free-of-charge service provision during the Soviet times.

There is a concern however that official patient charges in CEE countries, impose a double financial burden to consumers since they are implemented in a context of persistent quasi-formal and informal payments. Patients in CEE countries are now paying formally, but also informally, in order to have access to and/or adequate quality of care. A thorough evaluation of the formal-informal patient payment mix in the CEE region is urging.

DIVERSE FORMAL CHARGES FOR BASIC SERVICES

As suggested by our project results, a great variety in patient charges for basic health care services is observed in the CEE region. In Bulgaria, obligatory user fees for medical services (except emergency care) were introduced in 2000 along with the implementation of a social health insurance system. In other countries, the implementation of such charges met various obstacles. In Hungary, co-payments for basic services were introduced in 2007 and abolished in 2008 as the result of a public opposition expressed in a national referendum. In Ukraine, the attempt to introduce official charges for health care services was unsuccessful due to constitutional provisions proclaiming free of charge medical care in state and community health facilities. In Poland, Lithuania and Romania, uniform obligatory charges for services included in the basic package have been under policy discussion but are not yet implemented.

QUASI-FORMAL CHARGES AND GOODS BOUGHT AND BROUGHT BY PATIENTS

Notwithstanding the limited formal charges for basic health care services, quasi-formal charges (officially regulated by providers but not entirely legal) take place in the CEE countries due to the underfunding of the public health care system. This refers to health care services with higher standards e.g. better room in the hospital, services with quicker access, free choice of a physician. Patients are also often asked to purchase and bring pharmaceuticals and/or surgical materials for their hospitalizations (e.g. in Lithuania, Romania, Ukraine, Bulgaria), which should have been provided to them for free.

INFORMAL (UNDER-THE-TABLE) PATIENT PAYMENTS

In nearly all CEE countries, informal (under-the-table) patient payments common during the communist regime and transition period, continue to exist to a greater or lesser extent. Patients often pay informally to receive better service quality, more attention from medical staff or quicker access. Some informal payments are initiated by the patients but there are also informal payments requested by services providers, which are deemed to be highly unethical. In a few instances, informal payments are considered as gratitude payments but their true nature is doubtful.

DATA POOL

This policy brief presents the key findings of the project related to policy projections. In particular, the scale of formal and informal patient payments for health care services in six Central and Eastern European countries - Bulgaria, Hungary, Lithuania, Poland, Romania and Ukraine is estimated. The estimates are based on a simplified estimation module developed within the project. The accuracy of the module is tested using macro- and micro-level indicators for different countries. The module description is published in *Society and Economy in Central and Eastern Europe 2012*, 34(2): 359-378. (<http://www.akademai.com/content/1588-9726>)

THE SCALE OF FORMAL AND INFORMAL OUT-OF-POCKET PAYMENTS

Health care consumption shows similarities across the countries except for the relatively high number of physician visits in Hungary and considerably fewer visits in Ukraine, as well as the relatively high number of hospital admissions per patient in Bulgaria. These trends are discussed in previous studies as well.

Projections (per year)	Bulgaria	Hungary	Lithuania	Poland	Romania	Ukraine
Users of out-patient physician service [% adults]	74.2	79.9	73.1	73.6	65.2	56.4
Users of in-patient hospital service [% adults]	16.2	21.1	16.3	15.9	19.2	18.0
Average physician visits per adult user per year	5.7	6.6	5.0	5.1	5.0	3.39
Average hospital admissions per adult user per year	2.3	1.9	1.6	1.6	1.9	1.48

Formal payments are more frequent for physician services while informal payments are more frequent for hospital admissions. Both average formal payments and average informal payments for a physician visit are lower compared to those for a hospital admission. All data refer to the adult population (18+ years) in the countries.

Projections (per year)	Bulgaria	Hungary	Lithuania	Poland	Romania	Ukraine
Formal payments for physician visits [% adult users]	69.1	12.7	31.5	19.3	42.2	42.1
Formal payments for hospital admissions [% adult users]	56.8	10.5	30.3	8.2	42.2	54.5
Informal payments for physician visits [% adult users]	9.6	20.8	19.8	6.7	28.7	36.1
Informal payments for hospital admissions [% adult users]	19.8	44.2	49.7	16.4	49.5	48.2

Projections (per year)	Bulgaria	Hungary	Lithuania	Poland	Romania	Ukraine
Average formal payment per physician visit [Euro]	4.21	10.06	13.03	14.37	22.90	15.24
Average formal payment per hospital admission [Euro]	31.59	34.39	50.68	56.05	56.16	115.98
Average informal payment per physician visit [Euro]	8.23	8.75	16.16	13.51	14.73	9.30
Average informal payment per hospital admission [Euro]	44.11	67.31	79.64	37.88	63.42	54.62

Total formal patient payments for services are relatively low in Hungary, Poland and Lithuania (about 0.1-0.2% of GDP or 1-2% of total health expenditure) and a bit higher in Bulgaria (about 0.3% and 4.3% respectively). The higher total formal patient payments in Bulgaria can be attributed, to a certain extent, to the co-payments for services in the basic service package. In Poland and Hungary, for example, these services are free-of-charge at the point of consumption.

The relative size of formal patient payments is high in Romania and Ukraine reaching 0.5% and 1.0% of GDP (10.1% and 14.5% of total health expenditure) respectively

Projections (per year)	Bulgaria	Hungary	Lithuania	Poland	Romania	Ukraine
Total formal payments for services by adults [% GDP]	0.30	0.10	0.20	0.10	0.50	1.00
Total informal payments for services by adults [% GDP]	0.10	0.20	0.20	0.04	0.30	0.50
Total formal payments for services by adults [% THE]*	4.30	0.80	2.30	1.40	10.10	14.50
Total informal payments for services by adults [% THE]*	1.50	2.10	2.70	0.60	6.30	6.70

*THE - total health expenditure

Total informal patient payments for services show a similar trend. They are the lowest in Poland (only 0.04% of GDP or about 0.6% of total health expenditure) and a bit higher in Bulgaria, Hungary and Lithuania (about 0.1-0.2% of GDP or about 1.50-2.70% of total health expenditure).

In Romania and Ukraine, these shares are higher (about 0.3-0.5% and 6.3-6.7% respectively).

The macro estimates presented here should not be seen as exact numbers but rather as an indication of the level of health care consumption and the scale of formal and informal patient payments for health care services in Central and Eastern European countries.

Nevertheless, the results are comparable to the results from previous studies published in the last 20 years, which is evidence for the convergent validity of our estimates, and for the persistence of the informal patient payments in this region.

It should be considered however, that patient payments for services are only one part of total out-of-pocket patient payments in a country. The total out-of-pocket payments also include payments for pharmaceuticals and medical devices, which are extensively measured in other studies.

MAIN POLICY CONCERNS IDENTIFIED IN THE PROJECT

- The urgent need to eradicate informal patient payments in the CEE region given their aggravating efficiency and equity effects.
- The urgent need to redesign the exemption mechanism that accompany formal patient charges given their catastrophic and impoverishing effects.

INFORMAL PATIENT PAYMENTS AS A POLICY CHALLENGE IN CEE COUNTRIES

Project results show that informal patient payments continue to exist in CEE countries. Informal patient payments for services pour additional resources into the health care systems, which are ranging from 0.1% to 0.5% of GDP depending on the country. In terms of expenditure, the share of informal patient payments ranges between 0.5% and 6.7% of total health expenditure (lowest in Poland and highest in Romania and Ukraine).

Informal patient payments present a considerable problem in the health care sector because they negatively affect the overall functioning of the health care system. In case of informal patient payments, the providers of health care services are compensated individually, irrespective of the value of health care provision to the society. The role of health policy and priorities set by policy-makers are undermined by the existence of these payments. A mixture of strategies on the demand and supply side of the health care market is proposed as a plausible solution to informal patient payments. Such strategies include:

- Improvement of service quality and access to health care services.
- Increase in the physicians' and medical staff's income to match the country averages.
- Introduction of formal service charges managed by insurer/state.
- Elimination of cash flows from patients to providers.
- Incentives for the development of the private health care sector.
- Penalties against those who receive/request informal payments.
- Information campaigns on providers' and patients' rights and obligations

Given the potential weaknesses of each of the above strategies, a mixture of strategies could be a plausible solution to the problem of informal patient payments. However, the successful implementation of these strategies and the possibility to circumvent their weaknesses depend on the particular setting and the overall conditions in the country. The prevalence of corruption in the society is crucial. Dealing with corruption at all social levels will be a precondition for dealing with informal patient payments.

THE BURDEN OF OUT-OF-POCKET PAYMENTS IN CEE COUNTRIES

From a macro-level perspective, formal and informal patient payments for health care services seem negligible, which can explain the limited policy attention devoted to them. However, these payments have a considerable impact on the individual patients by creating financial barriers to access health care services.

Project evidence suggests that the accumulated patient payments affect the demand for these services forcing some patients to forgo health care. Other patients employ a different coping strategy by borrowing money not only 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). These are also the countries with the highest relative levels of formal and informal patient payments. 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, about 30%.

This accessibility problem requires the immediate attention of policy-makers in CEE countries. It also underlines the need to develop further our policy projection tool by modeling the affordability of care as a function of formal and informal patient payments.

EUROPEAN LEVEL

- Encourage European countries to review the adequacy of their legislation on formal patient charges. This legislation should bring the patient-doctor relationships into a legal realm, providing a place for physicians and patients to defend their rights.
- Stimulate European countries to improve the governance and accountability in their health care sectors and to create a transparent system of monitoring and control with regard to both health care use and payments for health care services.
- Develop professional codes of conduct related to non-medical activities of physicians and other health professionals at an European level, where the request or acceptance of any informal payments (either in cash or in kind), including gratitude payments and gifts is banned.
- Establish instruments to increase the awareness of European patients, physicians and policy-makers about the negative effects of informal patient payments, and promote patients' rights to health care services with an adequate quality and access with no informal charges or gratitude payments.
- Stimulate research on informal patient payments in Europe, in particular, as well as research on the measurement for corruption in the health care sector in general, that combines quantitative and qualitative research methods from a broad range of fields related to Socio-economic Sciences and Humanities.

NATIONAL LEVEL

- Continue to invest in the improvement of health care quality and access to health care services, and assure an adequate funding for the normal functioning of the public health care system.
- Implement a provider payment mechanism that allows for an adequate and fairer compensation for service provision (depending on professional skills) than a uniform central payment scale for physicians and medical staff.
- Introduce official/formal patient charges with an adequate exemption and fee reduction mechanism for those who cannot pay or who use health care frequently.
- Strengthen the control and accountability in the health care sector and create an adequate system of exemptions from patient charges for those who cannot afford to pay.
- Provide incentives for the development of private sector that leads to a direct competition between public and private providers, and prohibit dual-practice of physicians.
- Carry out information campaigns among health care consumers, providers and policy-makers with the objective to create a social opposition against informal patient payments.
- Create a transparent system of official patient charges and assure the availability of information about official charges and free-of-charge services that is easily accessible by patients prior to the service use.

REGIONAL FOCUS

Project ASSPRO CEE 2007 studies the systems of patient payments for health care services in Europe, but the project specifically focuses on Central and Eastern European countries:

- Hungary and Poland
(economically advanced Central European countries)
- Lithuania
(economically advanced former Soviet republic)
- Bulgaria and Romania
(less advanced countries from Eastern Europe)
- Ukraine
(less advanced former Soviet republic)
- Other Central and Eastern European countries
e.g. Albania, Serbia and the Russian Federation.

OBJECTIVES OF THE RESEARCH

Project ASSPRO CEE 2007 specifically aims to assess patient payment policies in Central and Eastern European countries and to evaluate their efficiency, equity and quality effects.

The project addresses the need for improved indicators for evaluating patient payment policy at European level. It also addresses the need of micro-level data from Central and Eastern Europe on health care payments and consumption.

By providing information on formal and informal patient payments - as well as on the willingness and ability of consumers to pay for health care services - ASSPRO CEE 2007 is expected to enable a rational policy choice regarding the design of patient payment policies, specifically in Central and Eastern European countries.

The project also aims to create a research network focused on the analysis of the Central and Eastern European health care systems, and to train young researchers from these countries.

SCIENTIFIC APPROACH/METHODOLOGY

ASSPRO CEE 2007 relies on research methods from a broad range of fields related to Socio-economic Sciences and Humanities. In particular, the project applies quantitative techniques (such as modeling, trend analysis, revealed and stated preference methods) combined with qualitative data to study micro and macro outcomes of patient payment policies.

The research within the project follows a uniform fashion: conceptualization of the problem, qualitative data collection, preparation of quantitative data collection, data collection, data analysis, and exploration of the analytical results for the purpose of policy assessment and policy analysis.

Currently the project activities are related to the analysis of the quantitative data collected within the project. Although the EU funding of the project ends in February 2013, the project activities related to data analysis will continue.

PROJECT IDENTITY

PROJECT NAME	Assessment of patient payment policies and projection of their efficiency, equity and quality effects: The case of Central and Eastern Europe [ASSPRO CEE 2007]
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FURTHER READING	<ul style="list-style-type: none">• Elka Atanasova, Milena Pavlova, Emanuela Moutafova, Bernd Rechel, Wim Groot. Out-of-pocket payments for health care services in Bulgaria: financial burden and barrier to access. <i>European Journal of Public Health</i>, forthcoming.• Jelena Arsenijevic, Milena Pavlova, Wim Groot. Measuring the catastrophic and impoverishing effect of household health care spending in Serbia. <i>Social Science & Medicine</i> 2013, 78:17-25.• Petra Baji, Milena Pavlova, László Gulácsi, Wim Groot. Changes in equity in out-of-pocket payments during the period of health care reforms: evidence from Hungary. <i>International Journal of Equity in Health</i> 2012, 11:36.• Marzena Tambor, Milena Pavlova, Piotr Woch, Wim Groot. Diversity and dynamics of patient cost-sharing for physicians' and hospital services in the 27 European Union countries. <i>European Journal of Public Health</i> 2011, 21(5): 585-590.• Tetiana Stepurko, Milena Pavlova, Irena Gryga, Wim Groot. Empirical studies on informal patient payments for health care services: a systematic and critical review of research methods and instruments. <i>BMC Health Services Research</i> 2010, 10:273.