

Hungary reforms its healthcare system: a useful step forward but which raises some concerns

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In October 2020, in the middle of the COVID-19 related crisis, the Hungarian Parliament approved a new law to reform the healthcare system. The new law increases considerably the salary of doctors, subject to very strict conditions, and seeks to tackle important issues (such as ruling out informal payments and clarifying the role of public and private healthcare); but it also raises some concerns among healthcare personnel.



Description

In October 2020, the Hungarian Parliament unanimously approved a new law providing a significant pay rise to doctors, to be implemented in several stages starting on 1 January 2021 and ending on 1 January 2023: depending on the number of years of service and expressed in terms of the 2020 wage (i.e. the 2020 salary is set at 100), the wage level by 1 January 2023 will range from 193 to 471. The purpose of the law is to change the legal status of doctors employed in the public (state or municipal) sector and to reorganise the healthcare system, strictly separating public and private medical care. The law criminalises informal payments (gratuities) and sets a limit on the value of non-cash gifts from patients to doctors at 5% of the monthly minimum wage: both the doctor and the patient can be sentenced to one year in prison for accepting or giving gratuities. Gratuities are widespread in the country and their impact ranges from limiting access to care to encouraging unjustified interventions. This significant reform initiative has been controversial and its timing is critical, amidst the unprecedented spread of the COVID-19 pandemic in the country.

In this context, the government established a new authority, the National Directorate General for Hospitals (OKFŐ). OKFŐ will be the employer of those working in the public healthcare sector, except for hospital directors, who are employed by the minister for health. Its major tasks are to monitor the public healthcare sector and support strategic government

decisions to create a more transparent national health management system.

According to the originally accepted version of the law, doctors who wish for a salary increase should sign a new contract with the government, losing their civil servant status with the introduction of a new status in "health service relations". Those who do not sign the new contract would lose their right to work in public hospitals and specialist clinics, and their contracts would be terminated on 1 January 2021. Doctors would be able to have private practices or part-time jobs only with permission from the body or person in charge (which varies from situation to situation – it could be OKFŐ, the hospital director, etc.). They could be sent to work for another provider for 2 years, and this decision would only need to be announced by the employer ten days in advance. Additionally, they could be directed to another hospital or even another city twice a year. The bill provoked mass resistance from health personnel, raised concerns and insecurity in the sector at a critical time. This led the government to amend the original text.



Outlook and commentary

The new law is considered to be the most significant reform initiative in Hungarian healthcare for years. Physicians earn very low salaries (in 2020, the gross monthly salary for a doctor with 0-3 years of experience was 354,820 HUF [€986], and for a doctor with 49-51 years of experience, 504,985 HUF [€1,402]), which has been one of the causes of significant outmigration. This

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has created a serious shortage of professionals in the country's health sector, thus limiting access to care, particularly in the public healthcare sector and in rural areas. Private services are often used to reduce waiting times for diagnostics or specialist services or to gain access to better-quality care. Informal payments have long played an important role in healthcare delivery. They are estimated to make up at least 2.1% of the total health expenditure and are often used to get quicker access and better-quality care. The very high (double the EU average) share of out-of-pocket payments - almost 29% of all health spending in Hungary - raises serious concerns on equity and access, since it has made access to care increasingly dependent on ability to pay. Some studies indicate that inequalities in access have increased over recent years (Albert 2018).

There has been mass emigration of Hungarian doctors. The government hopes that this proposed "historic" pay increase will be enough to slow down and possibly reverse the migration. The timing of the pay rise is partly justified by the second wave of the pandemic, which has put and continues to put enormous pressure on hospitals.

The new bill raised grave concerns, voiced by the Hungarian Medical Chamber (MOK), several trade unions and other interest groups. The new legal status of doctors in the public sector is almost military in nature, and the constraints on doctors' individual freedom are considered intolerable. The majority of physicians who work in public hospitals (often not only in one) also tend to have either their own private practices or be employed by a private clinic or hospital. This measure aims to eliminate a common practice among doctors in Hungary, whereby they first accept patients in their private practice and treat them afterwards in public hospitals. The planned separation of public and private healthcare

could be beneficial for the access of socially excluded people. However, many fear that the existing shortage of doctors would become even more serious if doctors were not allowed to take on a part-time job or had to choose to work in either the private or the public sector: if doctors are not allowed to work in several jobs, this may have a negative impact on the availability of services and result in longer waiting times. Some other aspects of the law which provoked wide-scale criticism are that the law covers neither self-employed doctors, nor those who work for foundations, businesses or private service providers. General practitioners, paediatricians and dentists working in primary care are only rarely employed by the state/ municipality and thus will only rarely be affected by the new law. Most of them are self-employed and will therefore not benefit from this considerable increase in income, although the government has also substantially increased the budget for general practitioners in primary care (it is still unclear whether the government will also allocate extra funds in 2022 and 2023 to further increase this additional budget, as for the new law). There were already a significant number of vacant positions in primary care (esp. in more disadvantaged areas) and these doctors are quite old on average; the new law will make these positions even less attractive for young doctors. This situation is therefore likely to further increase inequalities in access to healthcare.

The Hungarian Chamber of Health Care Professionals (MESZK) stated that the salaries of nurses and other skilled healthcare employees should be increased by a similar rate: the sector's other employees should be given a pay rise of at least 50% in 2021, to be continued in 2022 and 2023, with "the same timing and scale" as for doctors.

According to some experts (e.g. Eszter Sinkó), it is questionable whether the pay rise in itself, without structural reforms and

changes in healthcare system financing, can stop informal payments: a major factor behind the present system is that there are more patients needing more interventions than can be financed via the current system. According to others, much will depend on the length of waiting lists and the monitoring of implementation of the law.

Due to mass resistance by doctors (the MOK survey indicated that 5,000 of them plan not to sign the new contract), the government amended the law through an Implementing Regulation changing the most controversial aspects: the introduction of the new "health service relations" status has been postponed from 1 January to 1 March 2021. The maximum period of emergency relocation is to be limited to 44 days a year, instead of the originally planned 2 years, and several groups are exempt from this relocation, e.g. single parents, those caring for family members, those with children below 3 years etc. The actual pay rise process will therefore start from 1 January 2021, but the government has postponed some controversial aspects and therefore structural reforms until after the next elections (planned for 2022).

Further reading

Albert, F. (2018): [ESPN Thematic Report on Inequalities in access to healthcare - Hungary](#), European Social Policy Network (ESPN), Brussels: European Commission.

Hungarian Medical Chamber (MOK): [A Magyar Orvosi Kamara Elnökségének állásfoglalása az egészségügyi szolgálati jogviszonyról szóló törvényről](#) [Statement of the Presidency on the law regulating health service relations].

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