

# **An Analysis of the Czech Healthcare System and Its Financing**

Marie Horáková

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**Ing. Šárka Fialová**

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prof. PhDr. Vlastimil Švec, CSc.  
děkan



doc. Ing. Anežka Lengálová, Ph.D.  
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## **ABSTRAKT**

Tato Bakalářská práce se zabývá otázkou efektivitu financování českého zdravotnictví. V teoretické části se věnuje vývoji českého systému zdravotnictví a základnímu rozdělení zdravotnických systémů. Dále se zabývá současnou situací českého zdravotnictví a popisuje problémy, které se ve zdravotnictví vyskytují. Samostatná kapitola je vyčleněna na popis financování zdravotní péče a veřejnému zdravotnímu pojištění. Praktická část se věnuje analýze současného stavu financování zdravotní péče a analýze spokojenosti veřejnosti se stavem financování zdravotnictví.

Klíčová slova:

zdravotnictví, zdravotnický systém, všeobecné zdravotní pojištění, financování zdravotní péče, spokojenost veřejnosti se stavem financování zdravotnictví

## **ABSTRACT**

This Bachelor Thesis deals with the issue of effective financing of the Czech health care. In the theoretical part, it focuses on the development of the Czech healthcare system and basic division of the healthcare systems. It deals also with the contemporary situation of the Czech health service and describes the problems that occur in this area. A separate chapter describes the financing of the health care and public health insurance. The practical part devotes to an analysis of financing of the Czech health service and an analysis of public satisfaction with the financing of the Czech health care.

Keywords:

health service, healthcare system, public health insurance, financing of the health care, public satisfaction with the financing of the Czech health service

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## INTRODUCTION

The situation in the Czech Healthcare system is discussed a lot these days. Constant discussions about its financing make this issue very interesting and topical. The healthcare system deals with lack of money - for doctor salaries, for hospital equipment, for operations. There are a many questions and problems to be solved. The most important questions are whether the Czech healthcare system is financed effectively and whether the money is distributed properly.

The aim of this Bachelor Thesis is to describe the healthcare system in the Czech Republic, its development, changes, present situation and problems, and the financing of the health care. Based on the evidence, the possible solutions and arrangements will be suggested.

The Bachelor Thesis is divided into two parts - theoretical and practical. In the theoretical part, issues concerning the development of the Czech healthcare system will be dealt with. It contains the development in the period of the Czechoslovak Republic (1918 - 1938), the health care in the period of the Czechoslovak Socialistic Republic (1948 - 1989), the healthcare system after the Velvet Revolution and the present situation in the healthcare sector. It also deals with reforms to the healthcare system, with an emphasis placed on the last two years. The types of financing will be discussed as well.

Health insurance is an inseparable part of the health care, and the mutual relationship between insurance and healthcare will be described in the theoretical part as well.

The practical part has two major parts - an analysis of the financing of the health care in the Czech Republic and an analysis of the public satisfaction with the financing of the health care and also with the level of the Czech health care.

The outcomes of the analysis will be evaluated and interpreted.

## **I. THEORY**

## **1 HEALTH SERVICE AND HEALTHCARE SYSTEM**

The aim of this chapter is to provide a brief explanation of essential terms concerning the healthcare system and health service.

### **1.1 Health Service**

Health service is an autonomous and specific economic system. However, it is not possible to view health service only as an economic system, because it must fulfill much more functions. Nevertheless, the economic point of view is necessary as well, because economic analyses and analyses of efficiency are made. It means that both viewpoints - the economic and the health service viewpoint must be taken into account. (Zlámál and Bellová 2005)

As the health service is not purely economic area, it is very difficult to define the terms like costs or revenues. It is an area, where economy meets with solidarity and ethics. The ethic problems occur especially in cases, when redundant services are carried out in order to make more money. (Zlámál and Bellová 2005)

### **1.2 Healthcare System**

The healthcare system could be described as an aggregate of all the services, which are stipulated by the rule of law, including the rule for their administration, management and financing. (Barták 2010)

The healthcare system has certain goals. These goals are the availability of the health care, the development of research methods and its use, the health protection or the treatment of illnesses. (Barták 2010)

According to another definition, the healthcare system could be characterized as an economic system. The economic system is a dynamic system that is characterized by certain inputs, their transformation, the outputs and the economic environment. This system has some typical features. The required output is the health of the population. Another specific feature could be also the fact that there is quite long period between the research and the implementation of the research results in the health care. A significant feature is the ethics, moral principles and social feeling. (Zlámál and Bellová 2005)

Holčík names the same inputs, their transformation (or the process) and the outputs as well. However, he adds also a feedback mechanism. The inputs are represented by the

workforce, material, finance and time. The activities are the providing of the health care and the outputs are improved indicators of the population health care (lower figures of patients, improved quality of life or longer life). (Holčík, Kaňová and Prudil 2005)

## **2 FINANCING OF THE CZECH HEALTHCARE SYSTEM THROUGH THE HISTORY**

In the course of time, the Czech health care system has developed into an advanced system. Going back to history, it is possible to find records proving that hospitals for poor were established nearby the monasteries. An example from the Czech history could be St. Anežka, a king's daughter who voluntarily left a comfortable life and set up a hospital for poor. However, less distant history will be dealt with in this chapter.

### **2.1 Health Care in the Period of the Czechoslovak Republic**

At the beginning of the twentieth century, the health service was at a very good level and the healthcare system was highly elaborated. Health service was financed from the budget of the Ministry of public health and from health insurance. Health insurance was compulsory for all manually working people and later on, also for the government employees. National insurance was mandatory for all employees. Simultaneously, sickness insurance was paid by some groups of people. As the sickness insurance was not compulsory for farmers, it was widely spread mainly in towns. (Dolanský 2008)

The amount of money paid to sickness insurance was set by an insurance corporation (5, 5 % of an average salary). If this amount of money was not sufficient, the Central Social Insurance Corporation stipulated the amount of the insurance premium. Issues like medical treatment, medicaments, medical treatment of family members or medical care of pregnant women were paid from the sickness insurance. (Dolanský 2008)

Socially weak citizens were involved in the health care as well. Council doctors provided poor citizens with the health care with the help of a village. Committees provided the health care with unemployed people. (Dolanský 2008)

Several insurance corporations, which were divided according to a certain profession, existed in the Czech Republic. Central Social Insurance Corporation was obliged to control the insurance corporations. On the contrary, these insurance corporations were obliged to report to Central Social Insurance Corporation. (Dolanský 2008)

## 2.2 Socialistic Health Care

The health service underwent significant changes during the period of the Czechoslovak Socialistic Republic. These changes did not concern only economic issues, but also management of institutions of the health service sector. (Dolanský 2008)

Changes concerning the management of the health service included following issues. The Ministry of Health managed all the health services (except for the army). The health service was financed only from taxes and direct payments did not exist at that time. (Dolanský 2008)

From economic point of view, a crucial issue was a change of ministry that financed the health service. Originally, the Ministry of Health financed the health service. Later on, the Ministry of Finance undertook the distribution of money and the Ministry of Health functioned as an advisory body. (Dolanský 2008)

In 1970`s, the financing of the health care sector was not sufficient. In this period, other departments were considered more important (army, industry) and more money was allocated to those areas. Consequently, hospitals lacked modern technological equipment. (Dolanský 2008)

## 2.3 Health Care after the Velvet Revolution

The Velvet Revolution brought fundamental changes to all the departments. Also the health service underwent many changes. Among the most important could be mentioned the creation of health insurance corporations, mainly of the most spread one - General Health Insurance Provider. These insurance corporations were public institutions, which obtained the money from insurance premium. The money was then invested in providing the health care (Dolanský 2008). The financing of the health service has been covered mainly by insurance corporations since 1992. Health insurance is compulsory for citizens of the Czech Republic (Zlámal and Bellová 2005). The free choice of the doctors, hospitals, health insurance corporations was a new and unusual thing. (Dolanský 2008)

Doctors started to be more interested in their patients. As they had more patients, they received also more money. They were remunerated for one particular examination. However, such an approach caused a quick increase in expenses. As this system proved to be uneconomic, it was improved. According to the advanced elaboration, doctors received

a fixed payment and remuneration for one particular examination of a patient. (Zlámál and Bellová 2005)

New concepts of the health care system were prepared relatively soon after the revolution. The first concept comprised implementation of lesser solidarity and an idea of the transfer of a part of insurance to commercial insurance corporations. Finally, this plan was not successful. Along with it, the Administration of the Health Insurance should have originated in order to control public health insurance. (Dolanský 2008)

A very important issue was also privatization of health care institutions, which was a part of transformation process of the healthcare system after 1989. The privatization started in 1992 and had more phases. Privatization of outpatient departments was quite successful, but privatization of hospitals was more complicated, because their administration was taken over by regional institutions with all their debts. Hospitals became allowances organizations. (Dolanský 2008)

Nowadays, the health care in the Czech Republic is at a high level, but some problems still occur. The Czech Republic allocates around 7% of GDP to the health care sector. However, the developed countries allocate higher percentage of GDP (Barták 2010). Countries such as Germany, Austria or Switzerland give around 10, 5 % of GDP to the healthcare sector (Organization for Economic Co-operation and Development). An average portion of gross domestic product of OECD countries was 9 % in the year 2008 (ČT 24). However, in 1990, this number was lower - the Czech Republic was allocating 4.7 % to the healthcare sector (Fooland, Sherman and Stano 2010). The health care is financed from public budget and from the health insurance. The implementation of the principle of solidarity is valued as well. The biggest problem poses especially lack of finance, which influences all the health care areas. (Dolanský 2008)



### **3 TYPES OF FINANCING**

Various healthcare systems are the results of long-term development of the society. The systems of financing in the countries are various, because the social, economic, cultural and political conditions were different as well. Four basic types of financing will be discussed in this chapter. However, it is not possible to find two absolutely identical types anywhere in the world. Distinctions, which make these systems different, exist in all the countries. (Holčík, Kaňová and Prudil 2005)

#### **3.1 National Health System**

The health service is reimbursed especially from public funds. 80 % is created by taxes, 15 % by health insurance and 5 % by direct payments (Zlámál and Bellová 2005). The taxes are paid only by people with certain income level. People with low income do not pay taxes, but also these people are involved in the health care system. Obviously, this system shows the signs of solidarity. (Dolanský 2008)

Majority of health care institutions are state-owned (Holčík, Kaňová and Prudil 2005). They are of public character. However, private institutions exist as well, but they are not traditional (Dolanský 2008). Hospitals and doctors representing the private sector provide the health care with more exacting people, who require better services than the usual standard. These hospitals are based on the profit or established by some charity organization. (Zlámál and Bellová 2005)

This system is typical for Great Britain or Canada. In Great Britain, the specific feature is centralization. The health care institutions are managed by National Health Service (Dolanský 2008). In spite of centralization, also participation exists there. Some people participate in financing of some medical aids. People who do not contribute to medical aids are children under 16, students under 19, women over 60, men over 65, pregnant women, seriously ill patients. (Zlámál and Bellová 2005)

#### **3.2 State Healthcare System**

This type of financing was implemented in Socialistic countries including the Czech Republic before 1989. Nowadays, it still exists in Cuba. (Dolanský 2008)

The principle of this system is financing of all the areas of health service from the national budget - that is from taxes (Dolanský 2008). It could be universal taxes (income tax), but

also consumer taxes. In some states, there is stipulated also health tax (Barták 2010). Everything is centrally planned and controlled. (Dolanský 2008)

This type of financing is not efficient and has many disadvantages. Expenditure of big amounts of financial funds belongs among the most significant (Dolanský 2008). The expenditure of money depends on money raised from taxes and consequently, it is not possible to invest other financial funds to the health care. (Barták 2010)

### **3.3 Public Healthcare System**

This system could be characterized by inequality and limited availability. The health care is expensive and all people cannot afford it. An example of this system are the United States of America. (Dolanský 2008)

The system is financed from more sources. These sources comprise direct payments, payments from insurance corporations, or local and state funds. Although the general health insurance is not stipulated by the law, most people pay the insurance. Approximately one thousand private insurance corporations exist in the United States. These insurance companies offer various insurance plans to their clients and people can choose the insurance according to their financial situation (Dolanský 2008). This insurance can be paid either individually or collectively. In many cases, the employer pays the insurance for his/her employees and their families. It depends on his/her free choice, it is not compulsory for the employer. (Barták 2010)

The health is understood as goods. There is a competition among various health care institutions. Sometimes, the health care is redundant. On the contrary, some people cannot afford it at all. They have money neither for direct payment, nor for paying health insurance. For these people were created programs Medicare and Medicaid. (Dolanský 2008)

Medicare is a program of financing of the health care for Americans older than 65 and for handicapped people. This program is very expensive and its expenses are much higher than its revenues. Medicaid finances health care for poor people, but the financial funds are not sufficient. In this category are people with income under the poverty line - pregnant women, mothers with dependent children with low income, people who cannot work from various reasons. (Barták 2010)

### **3.4 National Health Insurance with more Insurance Companies**

A crucial role is played by insurance corporations in this system. Health insurance is compulsory, but there is a free choice of an insurance corporation. The insurance premium is a certain income percentage. The percentage rate is uniform. There is also a possibility of complementary insurance. (Dolanský 2008)

The state has an important function in the system as well. The state pays the insurance for unemployed, children and students, people serving their sentence or pensioners and finances hospitals. The hospitals are owned either by state or by regions. On the contrary, general practitioners and specialists usually have their private surgeries. (Dolanský 2008)

This system is typical for Germany, France, Belgium and also for the Czech republic. (Dolanský 2008)

### **3.5 Comparison of the Healthcare Systems**

All the existing healthcare systems have its advantages and disadvantages and big differences occur among them. However, all of them are already deep-rooted in the state where they exist.

Among the advantages of public healthcare system could be mentioned a wide offer of quality health care and support of development of new technologies necessary for the progress of the health service. The disadvantages are poor availability of quality health care for low income citizens and insufficient preventive health care. On the contrary, the preventive health care is one of the most valued advantages in the system implemented in the Czech Republic and in the socialistic systems. Among other advantages of the Czech healthcare system belongs also high availability of the elementary health care for all inhabitants or a wide offer of the health care. The disadvantages are high administrative costs. Going back to the state healthcare system of socialistic type, another advantage is general availability of the health care. However, this system has many disadvantages such as low efficiency and insufficient amount of financial funds. Very important obstacle is also lack of finance necessary for technological development. The last healthcare system, which was mentioned, is National health care system. This system was implemented for example in Great Britain and as has already been stated, the main advantage is emphasis laid on the preventive care. Another advantage is equity promotion. On the contrary, the disadvantages are insufficient amount of financial funds in the case of economic depression and long waiting time for some operations. (Dolanský 2008)

## **4 CONTEMPORARY SITUATION IN THE CZECH HEALTHCARE SYSTEM**

### **4.1 Description of current healthcare system**

The state has a very important role in the Czech healthcare system. Health service is based not only on a market mechanism, but also on moral principles, which emphasize the necessity to help all ill and suffering people without any difference. It means that providing the health care is not closely connected only with economic issues, but also with the questions of efficiency, rational system of providing the health care for all people. The role of the state is a role of the representative of public interest and executive organizer of whole healthcare system. (Zlámal and Bellová 2005)

Presently, the health care in the Czech Republic is provided either by the state, towns, legal entities or natural persons. The law stipulates the conditions under which these institutions are allowed to provide the health care. (Barták 2010)

The healthcare institutions that are not established by the state must fulfill certain conditions. These institutions can be established either by a legal entity or by a natural person only if the decision on registration was issued. (Barták 2010)

The basic parts of the health service are outpatient's departments. These departments are created by general practitioners, who are the providers of the elementary health care. Another part are hospitals, which can provide primary and specialized diagnostic health care. For children younger than three years are intended special health care institutions. Among these institutions are day nurseries or children's homes. An important part represents also preventive health care for people with health defects who need a special care. Serving as a preventive care and using the natural sources, spa is another institution creating an inseparable part of health service scheme. (Barták 2010)

The health care is divided into three elementary areas - primary, secondary and tertiary. Primary health care is provided by general practitioners and dentists. Secondary health care is the health care provided by specialists and hospitals. Tertiary health care is represented by specialized and unique institutions. (Barták 2010)

The organization of the health care does not contain only hospitals, general practitioners, specialists or patients, but also institutes of public health, municipal and regional self-governments, Chamber of Commerce, Chamber of Medicine and Pharmaceutical Chamber.

It is necessary to mention also health insurance corporations that play an important role in the system (Barták 2010). The elementary task of health insurance corporations is to invest the financial funds in particular healthcare institution (Dolanský 2008). The legal framework created by the Parliament is necessary as well. Not only the Ministry of Health is the owner of some healthcare institutions - specialized healthcare centers and teaching hospitals. However, also other ministries are the owners of healthcare institutions. The Ministry of Defense of the Czech Republic, Ministry of the Interior or Ministry of Justice own their departmental healthcare institutions. The Ministry of Finance interferes with the health service, because it negotiates about the payments and conditions under which the health care is provided. The Ministry of Health finally approves the financing and controls the health service. (Barták 2010)

## **4.2 Management of the Healthcare Institutions**

As it has already been stated, health service is a unique area and decision-making is really difficult in this area. The difficulties in management of healthcare institutions will be described in this chapter.

One of the most significant problems represents the difficulty in job standardization. Although it is possible to standardize the job performance in other professions, in the medical sphere it is very hard. It is necessary to take into account not only the efficiency of work (doctor's experience), but also the reaction of the organism of the patient, which can be unpredictable. (Souček and Burian 2006)

Another worth mentioning issue is the contradiction between the level of medical science and the sources the doctors have at their disposal. The increase in the source in the health service is not as rapid as the development of technologies. (Souček and Burian 2006)

Other significant issues are lobbyism of pharmaceutical companies or equipment providers and very strong central influence. The biggest problems are constant changes of the Minister of Health. Neither one of the ministers worked up an integral concept of the health service. The reason could be that they have been under a political pressure. (Souček and Burian 2006)

### 4.3 Fees in the health service

The fees were introduced in the Czech health service in the year 2008 and became a topic of frequent discussions not only among the representatives of political parties, but also among general public. Their abolishment was discussed many times as well.

#### 4.3.1 History of the regulatory fees

The regulatory fees were brought into existence on January 1, 2008 (Petrášková and Frydecká 2008). The aim of their introduction was a regulation of the patient's demand for the health care, restriction of wasting in the Czech healthcare system and exploitation of the health service. People went to see a doctor also when they were not ill so much and they could have bought some medicaments in the pharmacy. According to the opinion of the creator of the regulatory fees, they were exploiting the health service and as a result, there was no money for expensive treatment for seriously ill patients. As every saved crown is supposed to stay in the health service, the money will be used for the expensive treatment of seriously ill patients or for quality improvement of provided services, which should strengthen the solidarity among the citizens. The minister of health who created the idea of regulatory fees Tomáš Julínek was criticized many times for such a crucial change to the healthcare sector. (Jílková 2008)

The price of the health care is very high - the expenses reached 200 milliard crowns in the year 2007. The Ministry of Health expected the increase of total revenues to be around 3.5 - 4 milliard crowns and at the same time also cut of total costs that should be according to their calculation around 4 milliard crowns, if the fees work well. As the cash flow changed completely, the Ministry finally reached 5 milliard revenue from the regulatory fees and the savings reached 5 milliard crowns as well during the first year of the existence of the regulatory fees, because people were not attending the doctor so often. As people did not want to pay the fees and stay in hospital for a long time, the hospitals saved. The savings were noticeable also in medicaments consumption - the number of sold packages decreased. (Wallerová 2009)

Since the fees meant an implementation of absolutely new thing in the Czech environment, many people did not agree with their implementation and in the beginning, the chaos was everywhere. The dissatisfaction with the fees was a result of the patients' ignorance of the price of the health care. From this reason, Minister Julínek together with his spokesman Cikrt created an informative pamphlet, where they were depicted as comic heroes. Julínek

and Cikrt were advising people how to use the Czech health service, where to pay which fees or which activities to do in order to preserve their health. The Ministry stated that the fees in hospitals are not so high. If the patients stayed at home, they would have to pay for various things as well (maybe even more than in hospital), but without the care of professionals. Moreover, the cost of the hospital care is much higher than the 60 crowns. (Návod na české zdravotnictví 2007)

#### 4.3.2 Description of the fees

Four groups of regulative fees exist :

1. *30 crown fee* is paid at the general practitioner only in the case of a clinical examination. It does not concern preventive or laboratory examination. This fee is paid at general practitioners, pediatricians, gynecologists or other specialists.
2. *30 crown fee* is paid also for a prescription. This fee is not paid in case of a medicament which is not paid from the health insurance (contraception) or if the medicament is not prescribed by the doctor.
3. *60 crown fee* is paid per one day spent in hospital, spa or sanatorium. If the child has to stay in hospital, not only the child, but also the adult guide has to pay it as well. The duty of each patient is to pay the fee in eight days after leaving the hospital. The day of reception and the day of discharge is counted as one day.
4. *90 crown fee* is the last one. It is paid at emergency and it includes also the cases, when the rescue service has to arrive to the patient. On the contrary, the fee is not paid, if the patient stays in hospital. It is paid on Saturdays, Sundays, public holidays and working days since 17.00 p.m. till 7.00 a.m. (Frydecká 2007)

However, the fees meant financial problems for seriously ill people and for socially weak citizens. For those reasons, the 5 000 crown protective limit was stipulated by the law. This limit is the maximum amount of money the patient pays for the health care. If the limit is exceeded, the money is returned back to the patient. The limit was lowered by one of the later changes. This change concerned children under 18 and seniors, for whom the limit was 2 500 crowns. Nevertheless, the protective limit does not contain 60 crown fee paid in hospitals and 90 crown fee paid at emergency. The General Health Insurance Provider is obliged to control the limit. If the limit is overdrawn, the General Health Insurance Provider has the duty to return the money back to the patient. (Frydecká 2007)

Some groups of people do not have to pay the fees at all. People living in poverty, children living in children's homes or people who must stay in a quarantine. (Návod na české zdravotnictví 2007)

### 4.3.3 Abolishment of some kinds of fees

As it has already been mentioned, some fees were abolished in the course of time and moreover, in 2009 the regional governments paid the fees instead of the patients in regional hospitals and pharmacies. Such an action was discussed and criticized a lot.

The first regulatory fee that was abolished in the middle of the year 2008 was the fee paid for the newborn children in maternity hospitals. Since April 1, 2009 children under 18 stopped reimbursing the fees at general practitioners and specialists. The then Minister of Health Daniela Filipiová promised the pediatricians financial compensation for the regulatory fees. The protective limit was lowered in April 2009 as well. (Jarošová 2009)

Although the adults should have paid the fees according to the law, they were exempt from paying it due to the election promise of ČSSD political party. The regions, where the Social Democrats won, started to pay the fees instead of the patients. The regional pharmacies abolished the fees per one item on a prescription since February 2009. The situation was very chaotic and unclear for the patients. People many times did not know where they are obliged to pay the fees and where not, but they were willing to travel to regional pharmacies in order not to pay any money. (Kaiserová and Půrová 2009)

Fees cancellation was very attractive for the majority of patients, but not always advantageous. Patients wanted to save some money, but the pharmacies wanted to earn money. Paradoxically, they often paid more money, because the pharmacies that did not require the fees usually raised the additional charge of the medicaments and people sometimes paid tens or hundreds extra crowns. (Wallerová 2009)

People in the Czech Republic were used to absolutely free health care and this was the main reason why they did not agree with the introduction of regulatory fees. However, it was very surprising that many people did not agree with paying the fees by the regions. Even a majority of Communist party and Socialistic party voters did not agree with it. (Petrášková 2009)

The Pharmaceutical Chamber recommended the pharmacies to collect the fees, because it is illegal. Also according to the lawyers such an action is illegal, but according to The Office for the Protection of Competition it could have been considered as an unauthorized



**agreement**, but not dangerous. According to the then Minister of Health Filipiová, it surely was illegal and the regional hospitals could have been penalized as institutors establishing the pharmacies. (Wallerová 2009)

Over 50 % of people think that this idea is contrary to law. Since the regions started to pay the patients` fees, the money did not remain for other important issues. As an example could be mentioned the lack of money for the traffic prevention (location the traffic lights in villages and towns, where the traffic situation is not clear) or the lack of financial reserves in the case of floods. (Kaiserová and Půrová 2009)

#### **4.3.4 Possible development of the healthcare sector**

Although the regulatory fees brought savings, the money still misses in the healthcare system. It is estimated that around 15 milliard crowns will be missing in the Czech health service in the year 2011. The politicians were voting about fees increase and the changes concerning the regulatory fees should start in April 2011.

According to the contemporary Minister of health Leoš Heger, the situation is critical and it is necessary to increase the fees. Since April 2011, the regulatory fees paid in hospitals should be 100 crowns per day. However, the patients cannot expect better service or nicer rooms, because these services cost much more. Nevertheless, neither in this case the government calculates with any protective limit. (Syslová 2010)

Another change should be brought into existence since July 2011. If the patients visit a specialist without the recommendation from a general practitioner, they will be obliged to pay 200 crowns for such a visit. (Syslová 2010)

The third change should come into existence in January 2012. The fee paid per one item on a prescription will be abolished and the fees will be paid only for a whole prescription. The cheap medicaments (under 60 crowns) will not be a part of the health insurance. (Syslová 2010)

A very important issue according to the politicians is also the reduction of clinical beds in hospitals, because there is an unnecessarily big amount of them. (Syslová 2010)

#### **4.4 Protests of the doctors**

This subhead is going to deal with the discussed campaign for working conditions improvement of the Czech hospital doctors.

The first references to the campaign Thank you, we are leaving firstly emerged just in March 2010. However, it reached its highest intensity by the end of the year 2010 (Cvrček 2011, 34 - 35). Undervalued and overburdened doctors wanted to achieve better conditions by warning that they are prepared to leave abroad or to a private sphere. The initiator of this action was the Doctors Trade Union Club headed by its chairman Martin Engel. However, the doctors were not supported by the public. Since the representatives of the Doctors Trade Union Club put pressure on the government, 3/4 of questioned general public did not agree with such a campaign (Machálková 2010).

The Doctors Trade Union Club tried to persuade also the nurses to join them, but they refused the doctors proposal. According to their opinion, the campaign of the doctors was too aggressive. Also the Minister of Health expressed his understanding for the doctors' requirements, but he criticized the form of the whole campaign (Syslová 2011). The doctors wanted to make the government start to solve the low salaries in the health service. The Minister should have solved it till December 31, 2010. If no change was implemented, they would give a letter of resignation and stop working since March 1, 2010. The amount of doctors that gave letters of resignation and joined the protest finally reached 3 800. (Machálková 2010)

The doctors organized this campaign from several reasons. The main reasons of their protest were low salaries. They had been undervalued for a long period. Other reasons were overburdening by standby duties, unsuitable system of postgraduate education and last, but not least also overcharged orders of healthcare institutions. (Syslová 2010)

The doctors required their salaries to be 1.5 - 3 times higher than the average salary in the Czech Republic is. Another important requirement was a quality and financially available education for young doctors. (Syslová 2010)

The question was what would happen, if they really left. It was suggested that some smaller hospitals would have to be closed. The health care would be provided in smaller amount of hospital. However, the emergent health care would be always provided. According to Minister Heger, a crisis plan would have to be prepared in case the doctors left. (Škodová 2010)

The destinations of the doctors were mainly Austria and Germany (Machálková 2010). Some hospitals in these countries would welcome the Czech doctors, but some doctors and a part of the general public think that they would have a problem to get a job there.

However, the departure of the doctors really had some weaknesses. The supply of the work does not have to be at a high level or the doctor could start working in a low-quality hospital or on a low position. (Syslová 2010)

Although Minister Heger tried to explain the protesting doctors that he could promise them salary increase in two or three years, he finally found 2 milliard crowns that he offered them by the end of January. He stressed that the money must firstly be gained by the reform and then distributed among the employees of the healthcare sector (Syslová 2011). The doctors would accept such an offer, if the Minister guaranteed them that they can return back to their workplaces. Nevertheless, this is not in a competence of the Ministry of Health, because he can influence only the directors of teaching hospitals. The trade unions did not negotiate about this topic, but they considered it to be automatic. An expected agreement between the trade unions and the government together with the Minister failed (Pokorný 2011). However, the doctors finally accepted the proposal of the Minister in the middle of February, when Minister Heger offered them a salary increase of 5 - 8 thousand per month according to the qualification of a particular doctor. Other changes should be brought into existence during following years. Their salaries should increase of 10 % the next year and in the year 2013 again. Trade unions accepted this offer, but they promised that they are going to control, if the promises of the Minister come true. (Kopecký 2011)

#### **4.5 Waiting for the operations**

Waiting for the operations is another remarkable problem of the Czech healthcare sector. The reason is the lack of money of insurance corporations.

The amount of money distributed to hospitals depends on the financial situation of the health insurance corporations, mainly the General Health Insurance Provider. The General Health Insurance Provider is the biggest health insurance company in the Czech Republic and its insured are usually aged people or seriously ill patients, whose treatment is expensive. (Zlámál and Bellová 2005)

The General Health Insurance Provider got to financial problems because of economic crisis. Consequently, GHIP did not have enough money for the treatment of its insured. (Vašek, Machálková and Keményová 2010)

This problem troubled rather smaller hospitals than big specialized centers in the end of the year 2010 (Vašek, Machálková and Keményová 2010). The insurance companies usually agree on a certain amount of operations in a particular year and in the end of the year the

money could possibly be exhausted (Čabanová 2010). The operations that are not emergent were postponed. Also other parts of the health care were restricted from financial reasons. The doctors stopped prescribing expensive medicaments or specialized medical aids. (Vašek, Machálková and Keményová 2010)

Nevertheless, the problems occur, when it is necessary to provide an expensive treatment and the money is not available. The expensive treatment must be replaced by cheaper but less effective one. However, it cannot affect the patient's health. The decision is often very difficult for the doctors. There is a contradiction of ethics and economy. These problems are remarkable mainly in the oncology field, where the implementation of waiting lists was discussed by the end of the year 2010. However, not officially, because it is illegal. Patients would not be informed about the fact that they got less effective treatment. If they knew about it, they could sue the hospital. According to some doctors, the expensive health care is provided also with the patients that do not need it (Čabanová 2010).

#### **4.6 Bribery in the Czech health service**

Bribery is one of the reasons the healthcare system is not as effective as it could possibly be.

Although the medicaments are controlled quite strictly, other health aides are not controlled so strictly and they are often overcharged. The cost of the same aides can differ a lot in different hospitals. (Petrášková 2011)

The Minister of Health plans very strict conditions in order to prevent the bribery. Also the campaign Thank you, we are leaving emphasized this issue. They claimed that according to the statistics, approximately 20 milliard crowns disappear from the system due to bribery. Consequently, Minister Heger stipulated very strict rules. In his opinion, the senior consultants should not visit congresses and let the pharmaceutical companies pay for them, because the particular company has an advantage. The sponsor gifts should be restricted and in the course of time abolished as well. The public orders should be published on the Internet and the most important criterion should be the prize. The public orders whose prize is over 1 million will be signed by the Minister himself. His attitude was approved also by Transparency International. (Syslová 2011)

## **5 FINANCING OF THE CZECH HEALTH SERVICE**

The aim of this chapter is to explain the way of financing of the Czech healthcare sector and to describe the problematic areas of financing. The sources of the health service will be dealt with firstly and then, public health insurance will be explained.

### **5.1 Sources of the health service**

In order to be able to describe the healthcare system financing, it is necessary to introduce the sources firstly. The sources can be divided into five groups:

1. Human resources - qualified health service employees
2. Constructions and equipment
3. Merchandise and inventory
4. Know-how
5. Financial funds (Holčík, Kaňová and Prudil 2005)

The sources of financial funds of health service can be divided into several groups as well:

1. Public insurance
2. Private insurance
3. Employers
4. Gifts

If the healthcare institution wants to manipulate with the sources, a lot of obstacles can appear. Notably time and money belong to the most significant items. Education of healthcare employees, building hospitals or purchasing equipment take up some time. However, this item can be influenced by accurate planning. In order to build a hospital or to purchase some necessary hospital equipment, it is necessary to have enough money that could be a problem in many cases. (Holčík, Kaňová and Prudil 2005)

### **5.2 Public health insurance**

The public health insurance and its redistributing will be described in this chapter.

#### **5.2.1 Description of the public health insurance**

Public health insurance is compulsory for all citizens who have their permanent residence in the Czech Republic or who are employees of an employer with the seat in the Czech Republic. The insurance payers are employees as well as their employers, state that is paying the insurance for children, students, seniors and unemployed people. (Dolanský 2008)

The insurance corporations have very important position within whole system. The insurance companies are public institutions. They are obliged to create an insurable plan that is consequently submitted to the Ministry of Finance of the Czech Republic. This plan has to be approved by the Government and by the chamber of Deputies. (Dolanský 2008)

Every insurance corporation has its revenues and expenses. Among the revenues are notably insurance premium, gifts, penalties or their own sources created by the manipulation with the funds of the insurance company. The expenses are especially the payments for provided health care or operating costs. The General Health Insurance Provider has a unique position among the insurance companies. This insurance company has the highest expenses on the health care, because its insured are rather people of higher age. (Dolanský 2008)

### **5.2.2 Redistributing of the insurance premium**

Public health insurance is based on solidarity principle. It means that the patients are provided with the same health care regardless of the amount of their contributions into the system. Because of this principle, the health insurance premium is sent to the accounts of the health insurance corporations and consequently, it is redistributed.

A necessary part of the redistributing system represents a special account, where the money from all insurance corporations is sent. Also money from the Ministry of Finance is sent there (money that the state pays for the groups of people that do not pay the insurance by themselves) (Dolanský 2008). The administrator of this special account is the General Health Insurance Provider (Barták 2010). The redistributing process should prevent an advantageous choice of the insured people by the insurance companies. (Dolanský 2008)

Nowadays, 100 % of the insurance premium is redistributed. It used to be only 60 %, but the financial funds were not distributed equally. The aim of implementation of this system was to make the insurance corporations competitive and to provide a financial stability. (Dolanský 2008)

## **5.3 Distribution of money among particular units of health service**

The healthcare system is composed of many subordinate units that are financed differently. The aim of this chapter will be to describe the financing of some of them.

The difference in financing is the result of the changes in the health service after the Velvet Revolution. Before the revolution, all the institutions were owned by the state. After the

revolution, the private institutions appeared and some were privatized in the course of time (especially smaller hospitals). This process led to the changes in financing. (Zlámal and Bellová 2005)

### **5.3.1 General Practitioners**

General practitioners are natural persons that were evaluated by the Fee for service system after the revolution. However, this system led to redundant examinations and had to be changed. The motivation of the doctors was money and this access was not good for the patients (Zlámal and Bellová 2005). From this reason, a different system was introduced - a combination of Fee for service and Capitation system. (Holčík, Kaňová and Prudil, 2005)

Nowadays, there is a contract between the doctors and insurance companies. The insurance companies pay the doctors for the health care provided by them every month. It is based on the forms that are filled in by the doctors. (Zlámal and Bellová 2005)

### **5.3.2 Dentists**

The dentists have a scale of charges according to which they evaluate their work. There are also the charges for the items that are above standard. According to Zlámal, this system is the best elaborated one. (Zlámal and Bellová 2005)

### **5.3.3 Hospitals**

Hospitals are financed by a flat charge. This payment is based on the results of the previous year. The deciding element are the fixed costs that create 75 % of the total costs. The flat charge differs among hospitals, because it depends on the size of hospital and also on the prices stipulated by the suppliers. The suppliers represent a monopoly in this sphere very often. (Zlámal and Bellová 2005)

## **II. ANALYSIS**



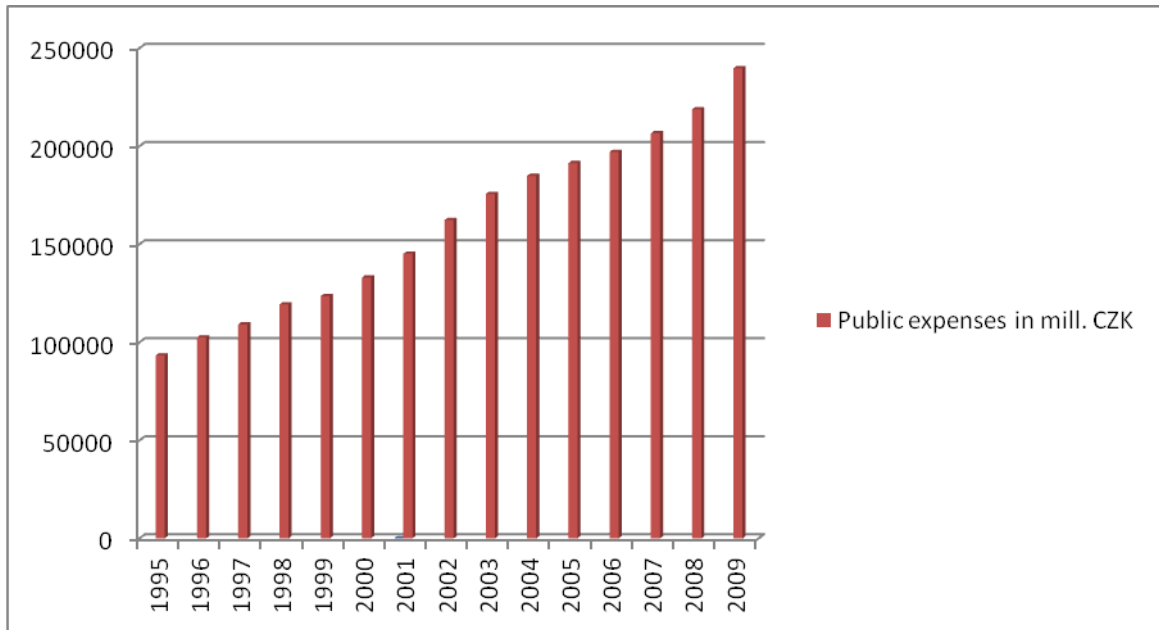
## **6 AN ANALYSIS OF CONTEMPORARY FINANCING OF THE HEALTH SERVICE**

In this chapter, statistical data will be processed and compared. These processed data focus primarily on expenditure on the health service, but also the development of the number of doctors or clinical beds will be described.

### **6.1 Expenditure on health care**

Expenditure on health care can be either public or private. Public expenditure is created by state budget and health insurance corporations. The newest available data about total expenditure come from the year 2009. Total expenditure in this year was 239 685 mill. CZK, 21 055 mill. CZK created state budget and the rest - 218 630 mill. CZK - represented the contributions of health insurance corporations. In comparison with the data from the year 2001, the expenditure increased of more than 100 000 mill. CZK. The expenditure per 1 inhabitant was 22 845 crowns in 2009, whereas in 2003, it was 17 212 crowns. (Ekonomické informace ve zdravotnictví 2009)

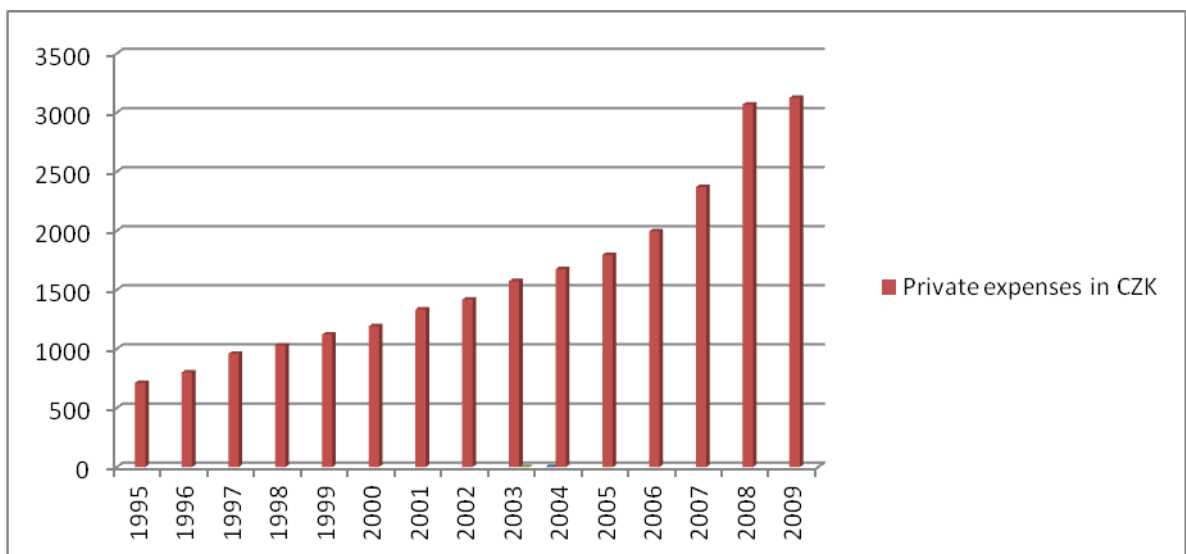
An average increase in expenses among particular years was 10 400 mill crowns. However, the expenses were rising very irregularly. As an example could serve the increase in expenses between 1998 and 1999 when the increase was the lowest - 4 000 mill. crowns. On the contrary, between 2008 and 2009, the increase was the highest - approximately 21 000 mill. crowns. The graph bellow shows the development of money spent on health care in the Czech Republic between 1995 and 2009. (Ekonomické informace ve zdravotnictví 2009)



Graph 1. Development of public expenses on health care (self-created)

Very interesting development shows also the private expenditure on health care. In 2005, patients spent 1 795 crowns on average. However, in 2009, it was already 3 125 crowns. (Ekonomické informace ve zdravotnictví 2009)

The development of the private expenses on health service is depicted in the graph below. An interesting change is noticeable between 2007 and 2008. In 2007, average private expenses were 2 369 crown, whereas in 2008, the number was 3 068 that signals almost 700 crowns difference. It could be caused by the fees in the health service that were introduced just in 2008 a brought significant increase in private expenses on health care. (Ekonomické informace ve zdravotnictví 2009)



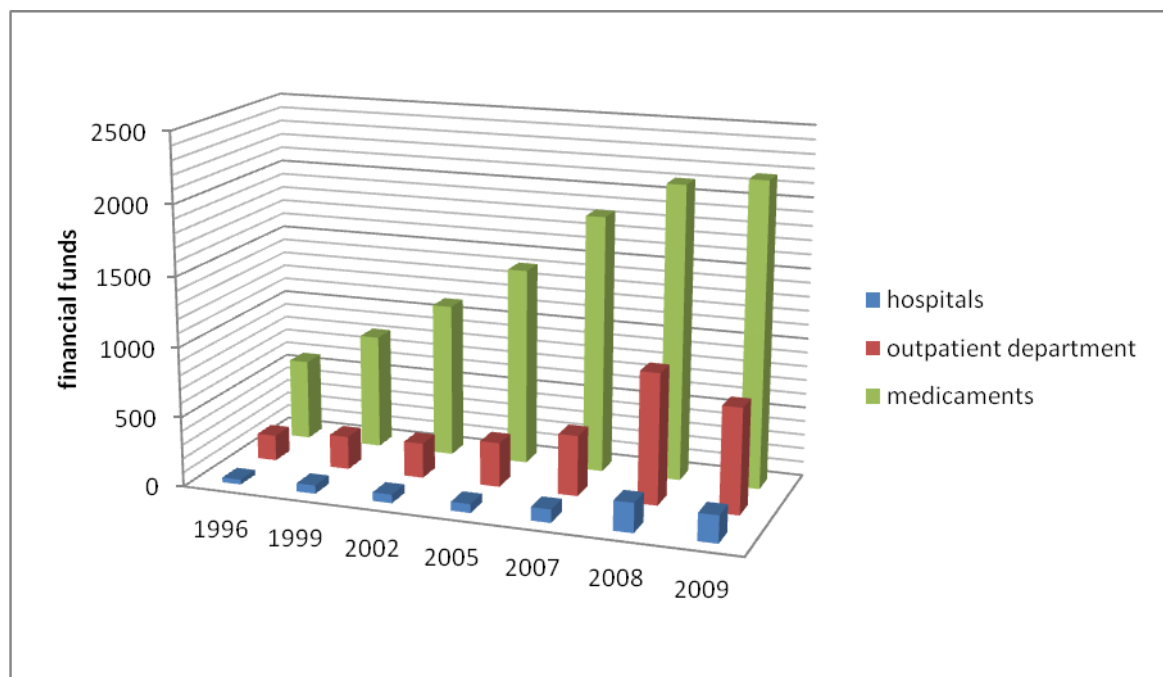
*Graph 2. Development of private expenditure on health service (self-created)*

The graph below shows the private expenses on the health care divided according to areas where the money was spent. Only few years were chosen for illustration.

The biggest issue of spending the money in health sphere have always been the medicaments, because there still existed some surcharges. A high increase in 2008 and 2009 can be again caused by introduction of the fees. In this area, the difference was very significant, because the fees were originally paid per one item on a prescription. It means 60 crowns per one prescription.

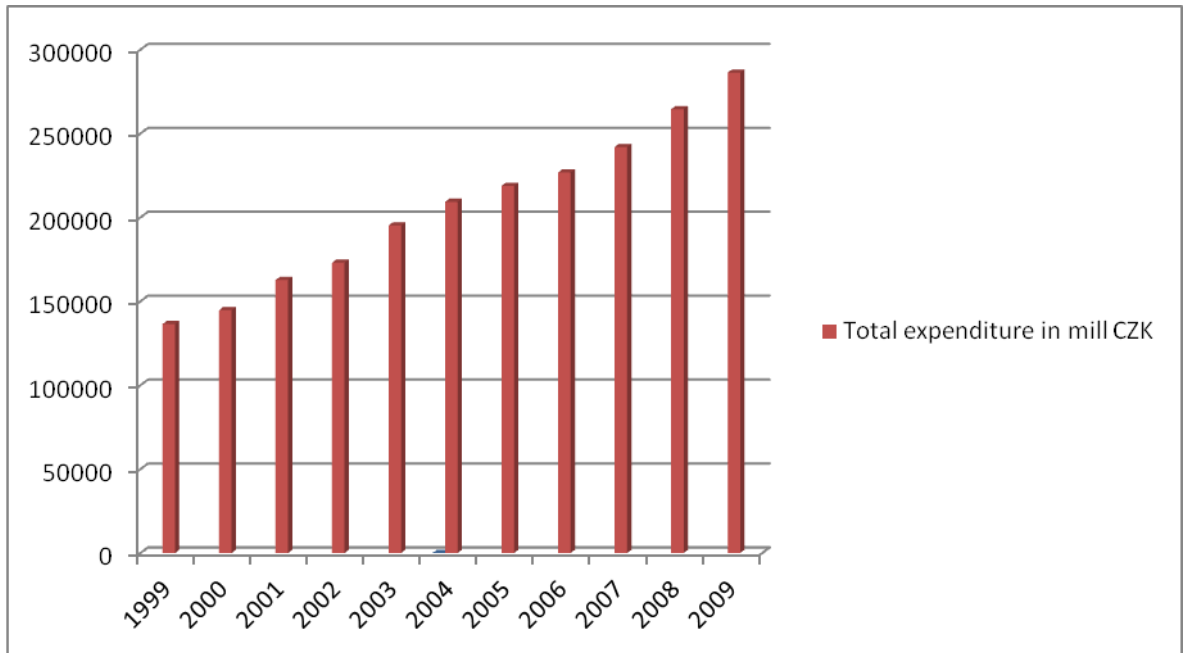
Red color in the graph signals the financial funds spent in outpatient departments. A considerable difference is obvious between 2007 and 2008. It is again caused by the introduction of the fees.

The lowest amount of money was spent for hospital services. The difference between 2007 and 2008 is obvious also in this area.



*Graph. 3 Division of the financial funds according to single health service areas (self-created)*

Total expenditure on health care (public and private) was 195 155 mill. CZK in 2003, 226 810 mill. CZK in 2006 and finally, in 2009 it was 286 243 mill. CZK. The development of total expenditure in last ten years shows the graph below. (Ekonomické informace ve zdravotnictví 2009)



Graph 4. Development of total expenditure on health service (self-created)

## 6.2 Gross domestic product

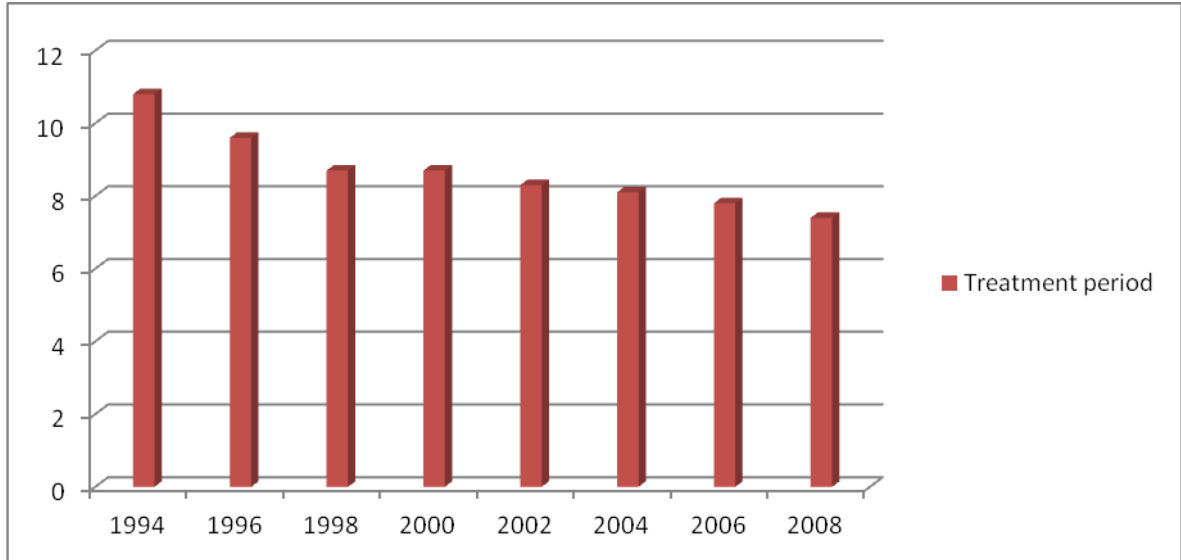
Although the expenditure on health service increased a lot in the Czech Republic, the proportion of public expenditure on health care to GDP still oscillates around the similar value. In 2000, it was 6.07 % of GDP, in 2003 6.81 % of GDP. However, in 2007 the proportion decreased and it was 5.84 % (Ekonomické informace ve zdravotnictví 2007). In 2009, the proportion of GDP increased again and its value was 6.61 %. However, it is still lower than the value of GDP in most advanced countries, where the value of GDP oscillates around 10 %. (Ekonomické informace ve zdravotnictví 2009)

## 6.3 The development of the number of doctors, clinical beds and average treatment period in hospitals

The number of clinical beds in Czech hospitals decreased in last 20 years from 8 beds to 6 beds per 1 000 inhabitants. However, according to some experts from the health service sphere, the amount of clinical beds is still high in the Czech Republic. 8 beds per 1 000 inhabitants was in the year 1990 and the information about 6 beds comes from the year 2008. (Český statistický úřad)

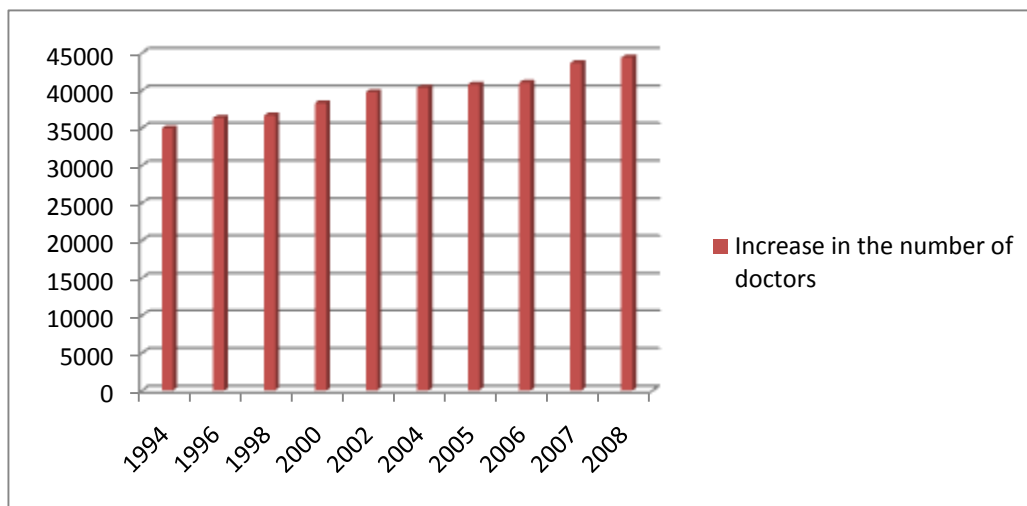
An interesting bit of information is also the development of treatment period in hospitals. In 1994, it was 10.4 days, in 2000 8.7 days and finally, in 2008 it was 7.4 days. According

to this data, the number of days patients spent in hospitals decreased as well as the number of clinical beds. More detailed information provides the following graph. (Český statistický úřad)



Graph 5. Development of treatment period in Czech hospitals (self-created)

The number of patients per one doctor decreased as well. In 1993, the average amount of patients per one doctor (apart from dentists) was 333. However, in 2008, it was only 273. In connection with this, the number of doctors increased from 34 928 in 1994 to 44 382 in 2008. It means that the number of doctors increased of 700 on average every year. In 1998, the increase of the doctors was the lowest. Only 326 new doctors increased this year. However, the highest increase of doctors was notices in 2007. Almost 2 000 thousand new doctors increased in this single year. More detailed information shows the graph bellow. (Český statistický úřad)



Graph 6. Increase in the number of doctors (self-created)

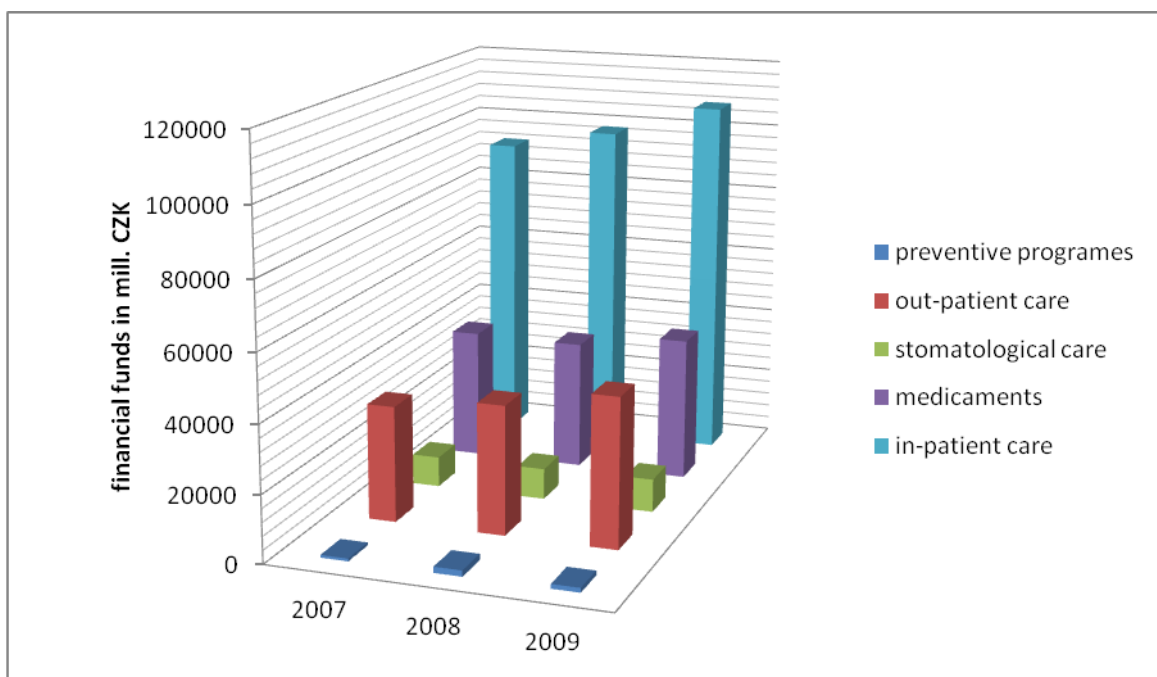
## 6.4 Health insurance companies

### 6.4.1 Costs

The structure of the costs of health insurance companies is following:

- 1) Out-patient care - this category includes primarily general practitioners and also other doctors - specialists
- 2) In-patient care - this category is represented primarily by hospitals
- 3) Stomatological care
- 4) Prescribed medicaments
- 5) Preventive programs (Ekonomické informace ve zdravotnictví 2009)

In the following graph, all these issues are depicted for the period of three last years. It is obvious from the graph that the highest costs represents in-patient care. This type of health care are primarily hospitals, spas or sanatoria. Then follow medicaments and out-patient care that is represented by general practitioners and specialists. Bigger amount of money is spent on the care of specialists than general practitioners. The preventive programs are depicted in the graph as well. However, these programs are often criticized. According to many people it is a waste of money that should be better utilized - e. g. for expensive treatment of seriously ill patients.



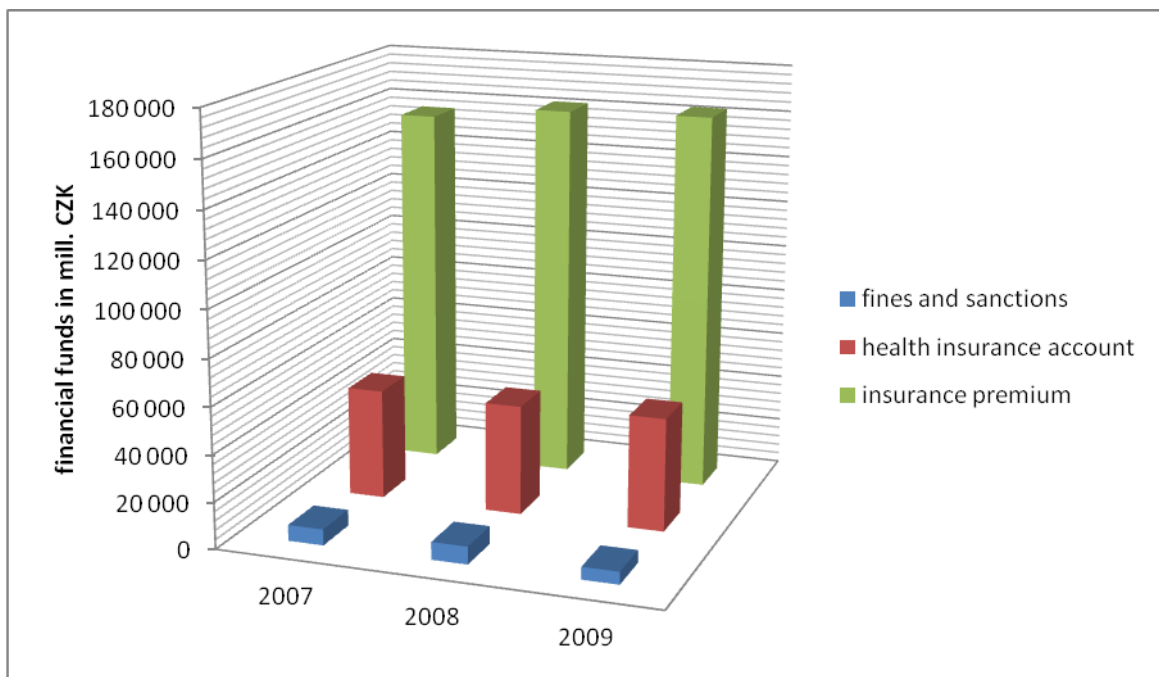
Graph 7. Health insurance companies costs (self-created)

### 6.4.2 Returns

The three basic areas of the revenues of health insurance corporations are:

- 1) Revenues from insurance premium
- 2) Revenues from fines and sanctions
- 3) Clearing with special health insurance account - this account was created for the purpose of the distribution of insurance premium (Ekonomické informace ve zdravotnictví 2009)

From the graph below it is obvious that the main revenue of the health insurance corporations is insurance premium. Between 2007 and 2008, there is a significant increase of the revenue from insurance premium. However, quite significant issue is also revenue from fines and sanctions.



Graph 8. Returns of health insurance corporations (self-created)

Total costs spent on health care were 190 294 mill. CZK in 2008 and 211 511 mill. CZK in 2009. However, the returns were 216 459 mill CZK in 2008 and 216 674 mill.CZK in 2009. It means that the revenues were almost the same during these two years, but the increase in costs was significant. (Ekonomické informace ve zdravotnictví 2009)

## **7 AN ANALYSIS OF PUBLIC SATISFACTION WITH THE FINANCING OF THE CZECH HEALTH SERVICE**

A research of the public satisfaction with the financing of the Czech health service was realized by a questionnaire that was sent to the respondents chosen by a random choice. The questionnaire and its results will be discussed in this chapter.

### **7.1 Questionnaire**

As the result of the analysis should have been public satisfaction with the Czech health service, it was necessary to address people of various age groups, sex, education and occupation in order to receive the answers from a wide range of people. From this reason, the questionnaire was sent to randomly chosen respondents. The number of received questionnaires that were analyzed is 96.

The questionnaire was divided into five parts according to main topics of the sections. The topic of the first part is financing of the health care, the second part deals with the fees in the health service, the third one with the protests of the doctors, the fourth one with the bribery in the health service and finally the fifth part includes general information about the respondents (age, sex, education, occupation).

In the questionnaire, closed questions were used, because such a type of a questionnaire requires only a few minutes to be filled in. The questionnaire with closed questions was chosen on purpose, because people usually do not like thinking hard and writing long answers, because it is very time-consuming. Every question consisted usually of three possibilities that the respondents could choose. All the opinion questions included also the possibility *I do not know* for people who did not create any opinion about the topic or for those who are not interested in this issue. While creating this questionnaire, the emphasis was laid on connection between the facts discussed in the theoretical part and questions stated in the practical part. The aim was to get to know opinions and attitudes of respondents towards mentioned issues. The questionnaire is inserted in the appendices.

### **7.2 Specification of respondents**

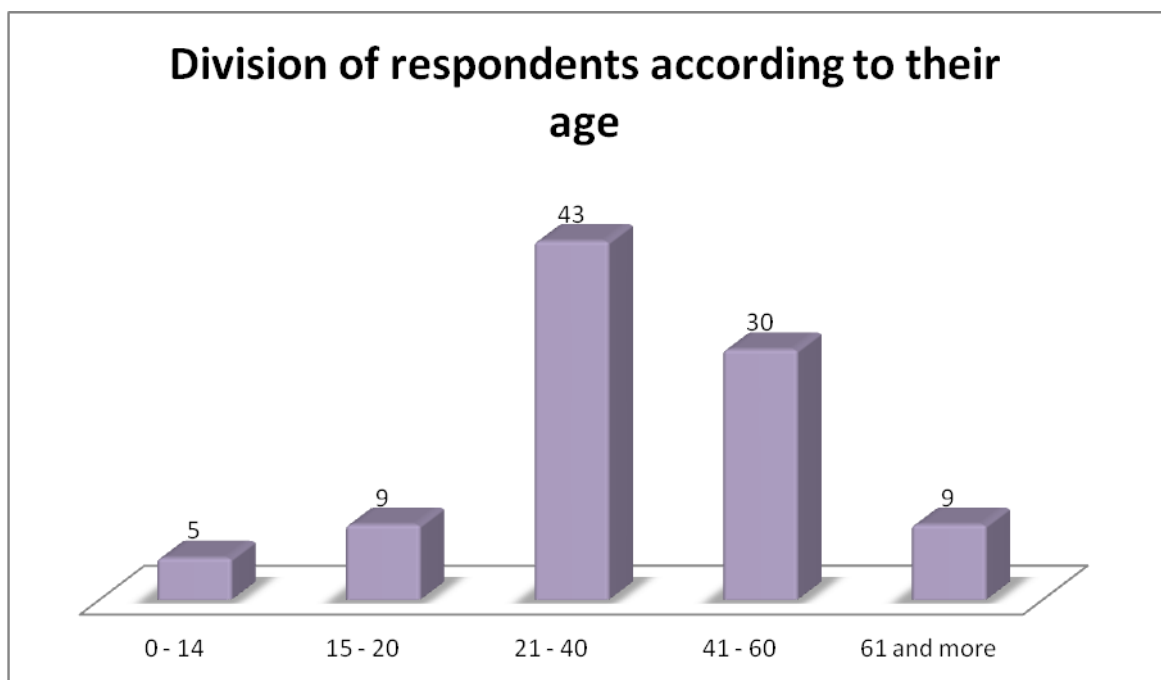
As it has already been stated, the aim of the research was to collect opinions on the issues from a wide range of respondents. The amount of sent questionnaires was approximately 210. Total number of respondents was 96, 56 represented women and 40 men. This signals 46 % return.



### 7.2.1 Research complex

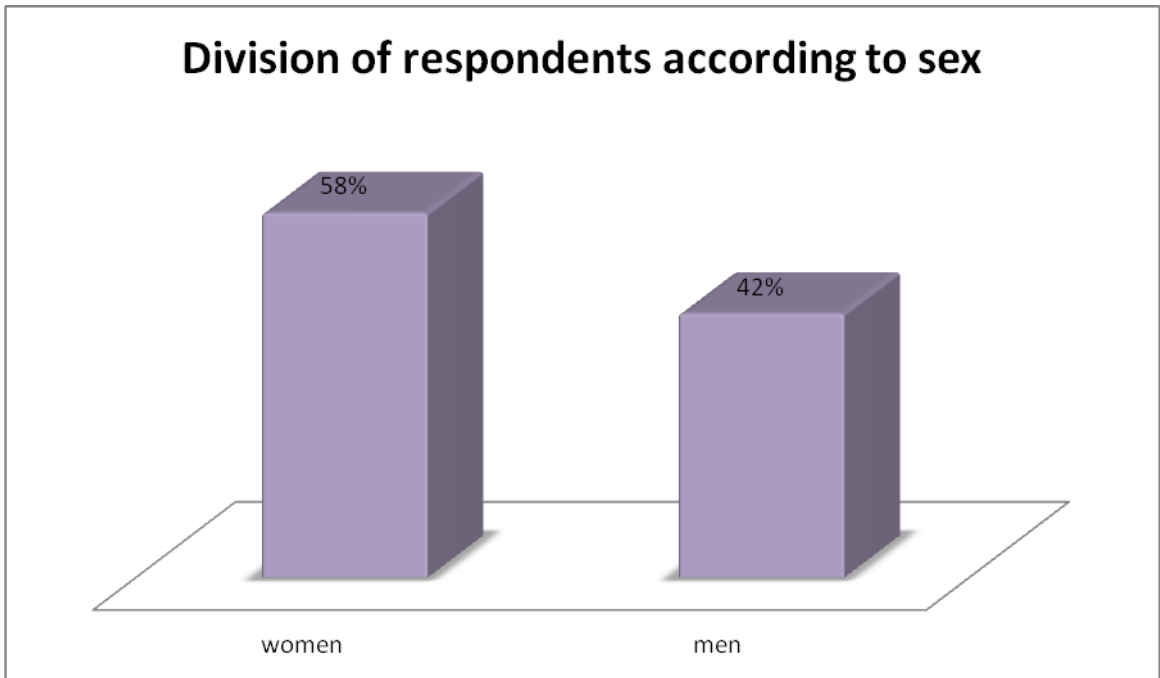
The division of the respondents according to their age, sex, education and occupation will be depicted in this chapter.

The next graph shows the respondents divided into five groups according to their age. The most numerous group was the group of respondents who are 21 - 40 year-old. On the contrary, the least numerous group is the group represented by very young people under 14 years.



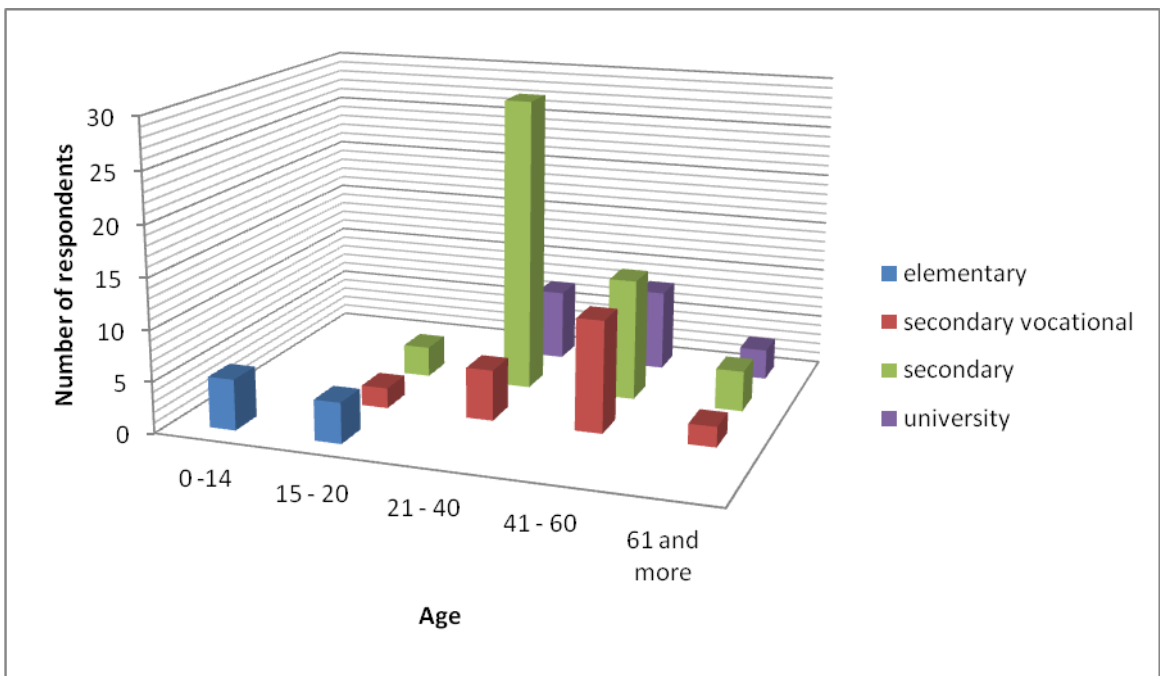
*Graph 9. Division of respondents according to their age (self-created)*

The next graph shows the percentage of men and women that participated in this research. Total number of respondents was 96 - 56 represented women and 40 men. The data in the graph are stated in percents.



Graph 10. Division of respondents according to sex (self-created)

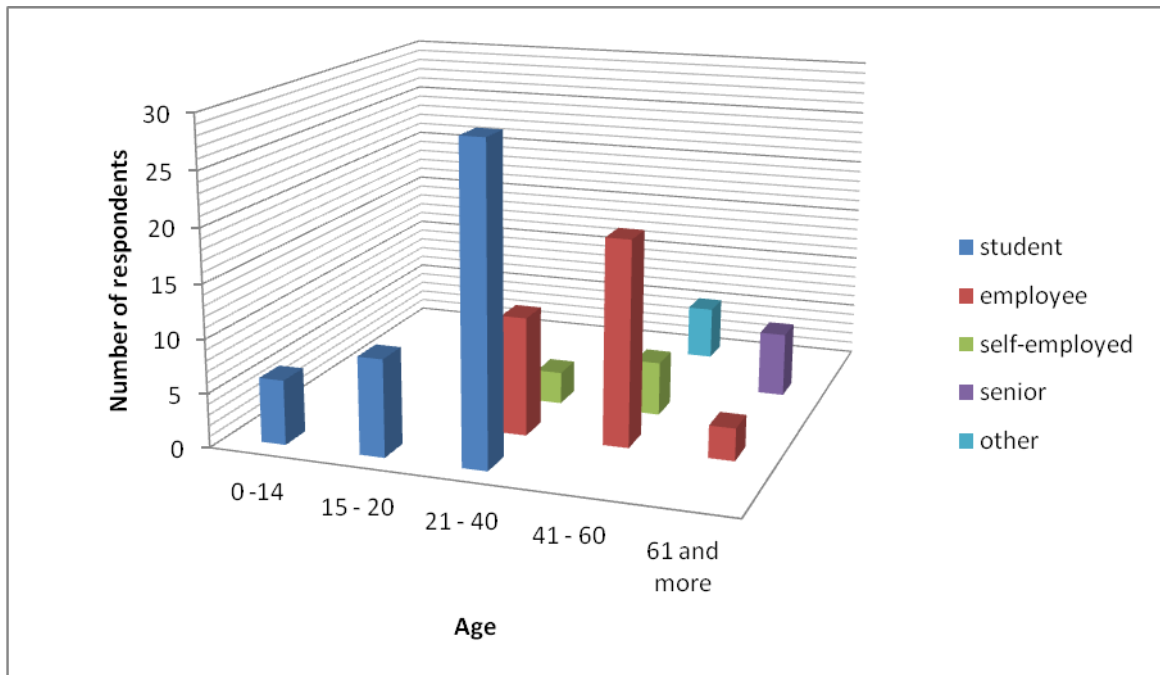
Based on information received from the respondents about their education, the following graph was created. The majority of respondents have finished secondary education.



Graph 11. Division of the respondents according to their education (self-created)

The following graph shows the division of respondents according to their occupation. 44 respondents are students, 33 employed people, 8 respondents are self-employed, 6 are

seniors and 5 belong to the category *Others*. This category includes unemployed people, women on maternity leave or invalid pensioners.



Graph 12. Division of the respondents according to their occupation (self-created)

### 7.3 Creation of the questionnaire

The preparation phase of the questionnaire lasted approximately two weeks. The questions had firstly been drafted as open questions and gradually, the possibilities from which the respondents could choose had been added. The emphasis was laid on the connection of the practical and theoretical part and also on comprehensibility of the questions. In the course of time, the questions were improved with patient help of my advisor.

The research itself was realized in approximately two-week period (apart from the analysis). In this period I was trying to find contacts, sending emails and waiting for answers.

The questionnaire was sent via email firstly to my classmates and friends. However, it is obvious that the majority of respondents was of the same age group. From this reason, it was necessary to send the form also to people belonging to other age groups. The form was sent to randomly chosen email addresses of companies that I found either on their own webpage or in the contacts on the webpage Firmy.cz. I asked for help also my parents and brother and sisters, their colleagues at work and friends. I asked my friends to give the

questionnaires to their parents, grandparents or younger brothers and sisters, because there were also the age groups 0 - 14 and 15 - 20.

The questionnaire is inserted in appendices. There is its Czech form as well as the English one. In appendices is a type of questionnaire that was created on purpose as a part of this thesis. However, its form differs from the questionnaire that was distributed. The distributed questionnaire was directly inserted into emails, it was the inseparable part of emails.

Finally the analysis of the questionnaire was elaborated in a two-week period again. It was necessary to take into account many influences. From this reason, I asked for help my friend, who advised me primarily with the possibilities in the questions concerning private insurance. However, we discussed more issues together in order to be sure that the questions are clearly stated. My advisor told me some very important observations that helped to improve my thesis and make it more understandable as well.

## **7.4 Specification of the problem**

Media still bring reports about the bad financial situation of the Czech health service. From this reason, the implementation of the fees was realized in 2008. According to the Ministry of Health, the fees brought money into the system. However, it is still not enough and the plan for fees increase was prepared. Also doctors, particularly in hospitals, talk about lack of money that they feel personally, in their wages. They reacted to this issue by their protests, because in their opinion, they are not sufficiently financially evaluated. Another problem represent overcharged orders in hospitals. This could be described as a place from which the money runs away.

The aim of this questionnaire was to get to know what people think about the issues discussed in this thesis.

### **7.4.1 Determination of hypothesis**

As the aim of this research was to probe what people think about the situation of the Czech healthcare system, following hypothesis were stated:

- 1) 90 % of respondents think that the sources of Czech healthcare financing are not utilized effectively
- 2) 70 % of respondents have a skeptical attitude towards the fees in the health service
- 3) 60 % of respondents do not agree with the doctors 'protests

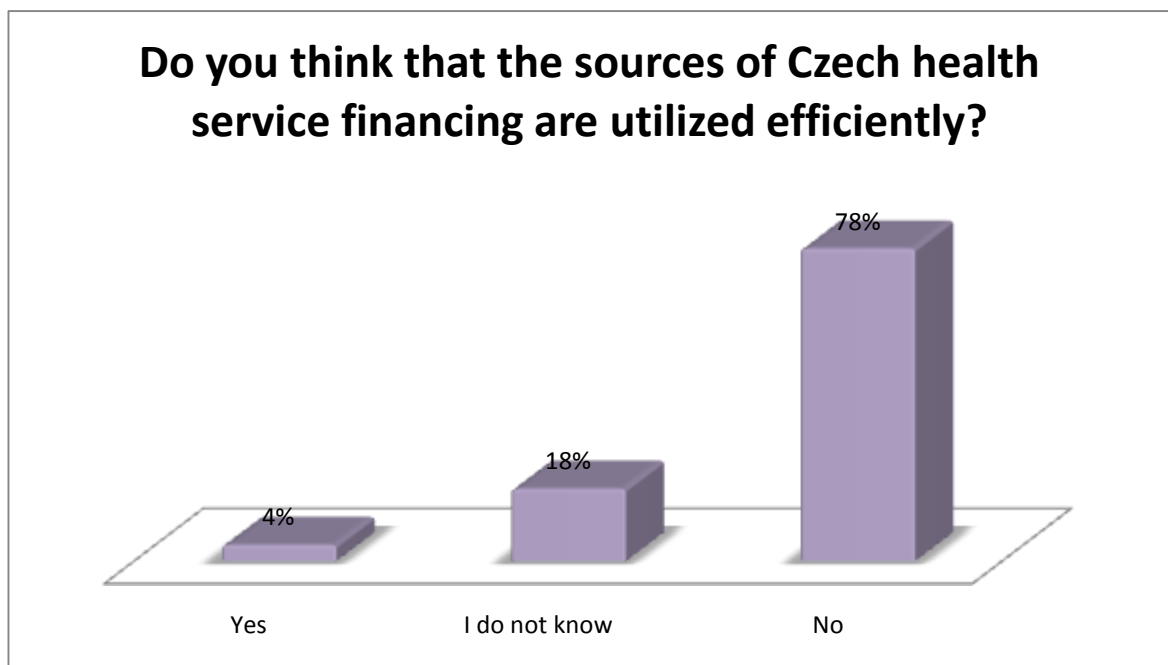
- 4) more than 50 % respondents have ever met with bribery at the doctor or in hospital

## 7.5 Results of the analysis

In this chapter, the separate sections of questions will be analyzed and evaluated. Furthermore, it will be probed whether the results of the questionnaire equal anticipated percentage of respondents stated in hypothesis.

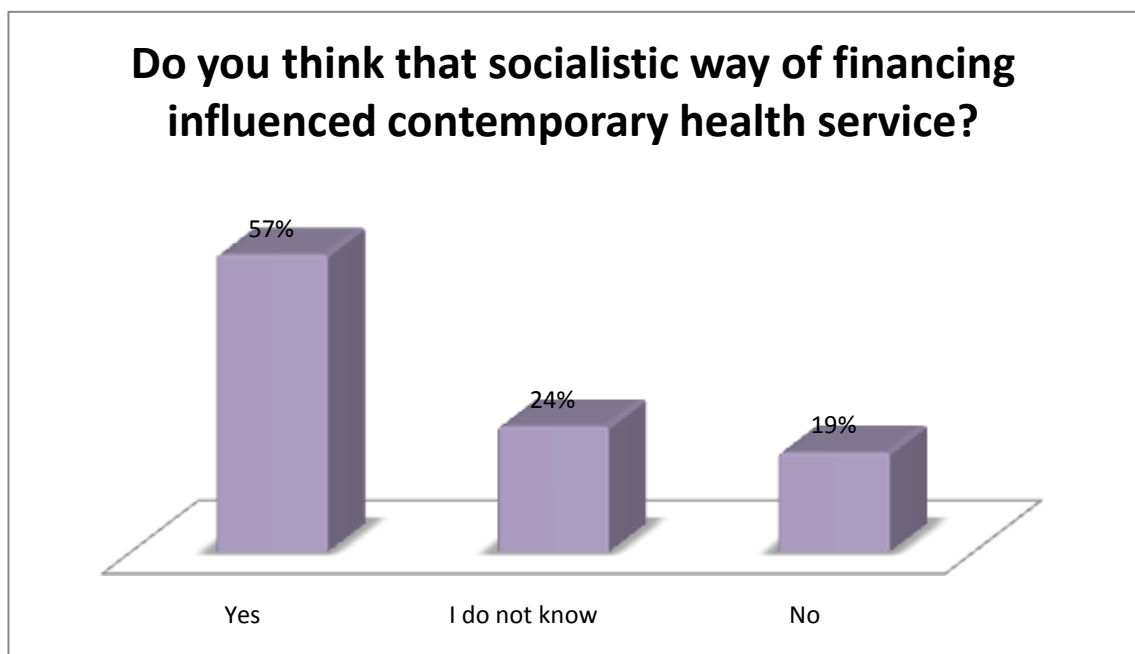
### 7.5.1 Financing of the health service

An essential question of the first set of questions and generally, of whole questionnaire was the first one that should either confirm or disprove the Bachelor Thesis statement. The question was whether the sources of the Czech health care financing are utilized effectively. According to most respondents, the sources are not utilized effectively. This possibility was chosen by 75 respondents that represent 78 % of total number of respondents. 17 respondents do not know and only 4 people think that the sources are utilized effectively. This question was closely connected with the second question that asked whether the financing of health insurance companies is suitable or whether they should be more controlled. Again, 75 respondents answered that the health insurance companies should be more controlled.



*Graph 13. Effectiveness of financing of the Czech health service (self-created)*

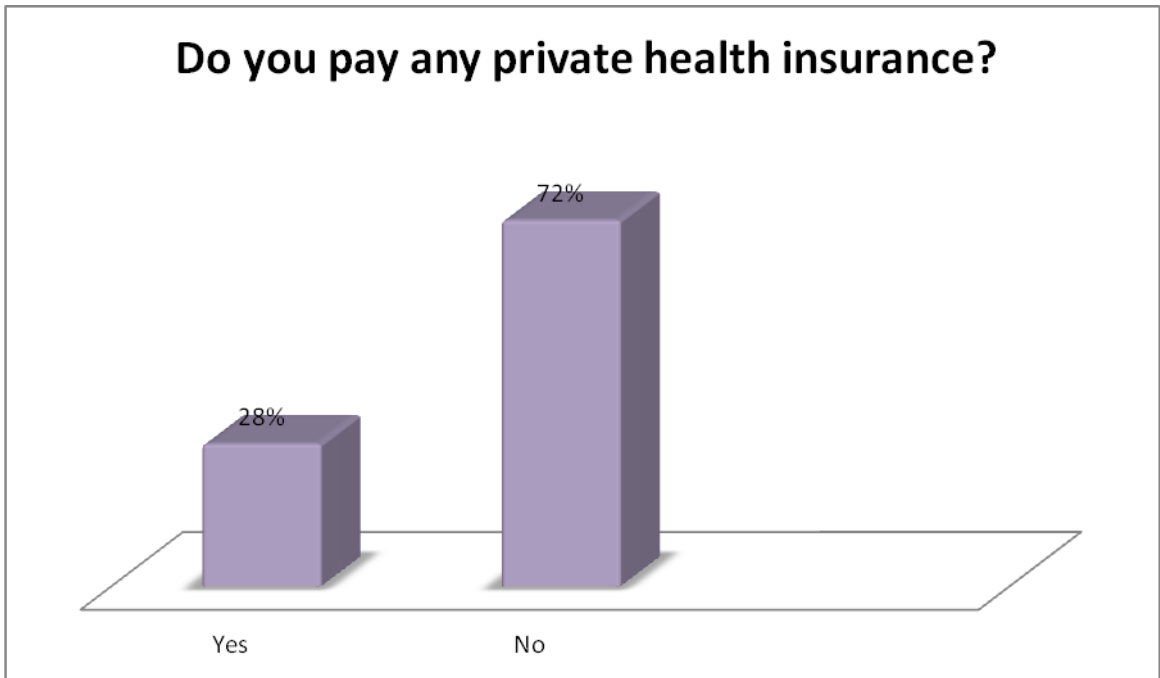
As it has already been mentioned in the theoretical part, the socialistic financing of the health service was not sufficient, mainly in the 1970`s when other departments were prioritized and more money was allocated to these departments. In connection with this bit of information, a question whether the socialistic way of financing influenced contemporary health service was posed. According to the majority of respondents (57 %), the socialistic way of financing really influenced contemporary health service. 24 % of respondents chose the possibility *I do not know*. This group is represented rather by younger people from the age group 21 - 40. The following question asked whether it was a positive or negative influence. 46 respondents answered that it was a negative influence. The data in the graph are stated in percentage.



*Graph 14. Influence of socialistic financing on contemporary health service (self-created)*

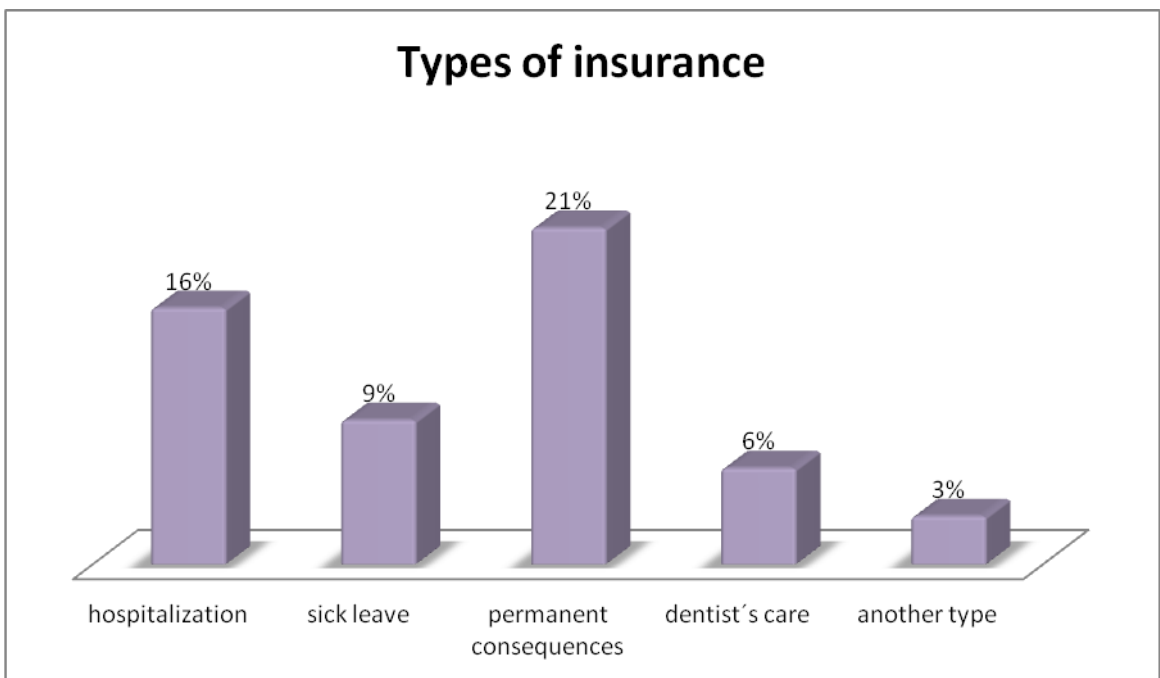
The following questions asked whether people think that implementation of new technologies in hospitals is sometimes unnecessary. This question was inserted, because some experts on health service think that it can be sometimes unnecessary. From this reason, I was interested in the opinion of public. However, only 22 % of respondents think that it is unnecessary and 60 % does not agree with such an opinion. 18 % of respondents chose the variant *I do not know*.

Other worth mentioning questions were whether questioned people pay any private health insurance (apart from the obligatory one) and whether they agree with the choice of above standard care in hospitals. The results show the graphs.



Graph 15. Private health insurance (self-created)

According to the results, 28 % respondents pay some private health insurance. They pay either daily benefits during hospitalization or daily benefits during sick leave, permanent consequences or above standard dentist`s care. For people who pay any other type of insurance that was not covered by the supply of possibilities in the questionnaire, an issue *Another type* was created. The number of respondents representing the groups of insurance is expressed in the graph bellow. It was possible to choose more options.



*Graph 16. Types of insurance and percentage portion of respondents paying any insurance (self-created)*

The results of the following question are interesting as well. The question was split into two parts. The first part was whether the respondents agree with the choice of above standard care in hospitals and the second part was whether they would be willing to pay for the above standard services in hospital themselves. 79 % of respondents agree with the choice of above standard services and equipment in hospitals. However, only 68 % of the respondents who agree with this possibility would pay for such services. It is usually due to the rate of their income - they would like to pay more, but they cannot, because they are restricted by their budget.

### **7.5.2 Fees in the health service**

The second section of the questionnaire concerned the fees in the health service. A fundamental question of this part was whether the fees helped to improve the financial situation of the Czech health service. 53 % of respondents think that the fees did not help to improve the situation in the Czech health service. Only 24 % of respondents think that the fees meant a contribution to the health service. Together with the reasons for the implementation of the fees also the planned increase of the fees was discussed in the theoretical part. Consequently, the question whether the fees increase is necessary was included in the questionnaire as well. Quite a big amount of respondents do not agree with the fees increase - 58 % of respondents. However, quite many respondents chose the possibility *I do not know* (24 %).

A part of the section devoted to the fees in the health service dealt with the willingness of people to pay the fees at general practitioner, in hospitals or for a prescription.

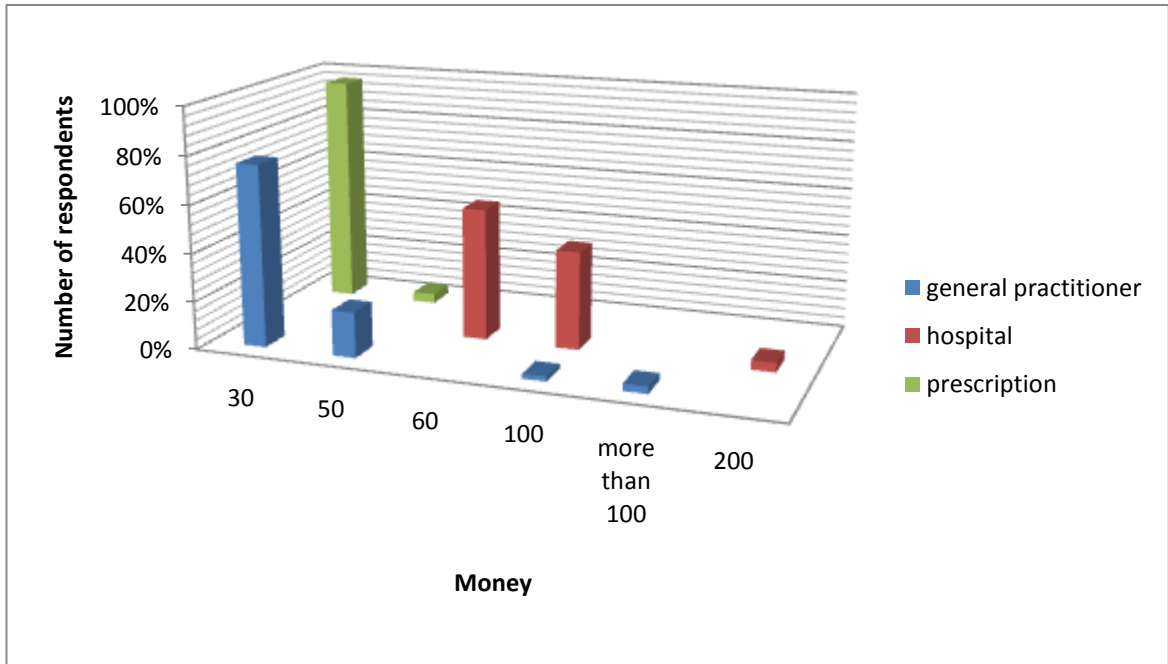
*Fees at general practitioner* - this question comprised possibilities 30, 50, 100 or more than 100 crowns. Consequently, the respondents could have chosen how much money they are willing to pay at the doctor. 76 % of respondents are willing to pay 30 crown fee, 19 % would be willing to pay 50 crown fee. Some people, but only 2 % would pay 100 crowns and moreover, 4 % would pay even more than 100 crowns.

*Fees in hospitals* - this question included possibilities 60, 100 and 200 crowns per one day. 55 % of respondents chose the lowest fee - 60 crowns. 41 % would be willing to pay 100 crowns and 4 % even 200 crowns per day.

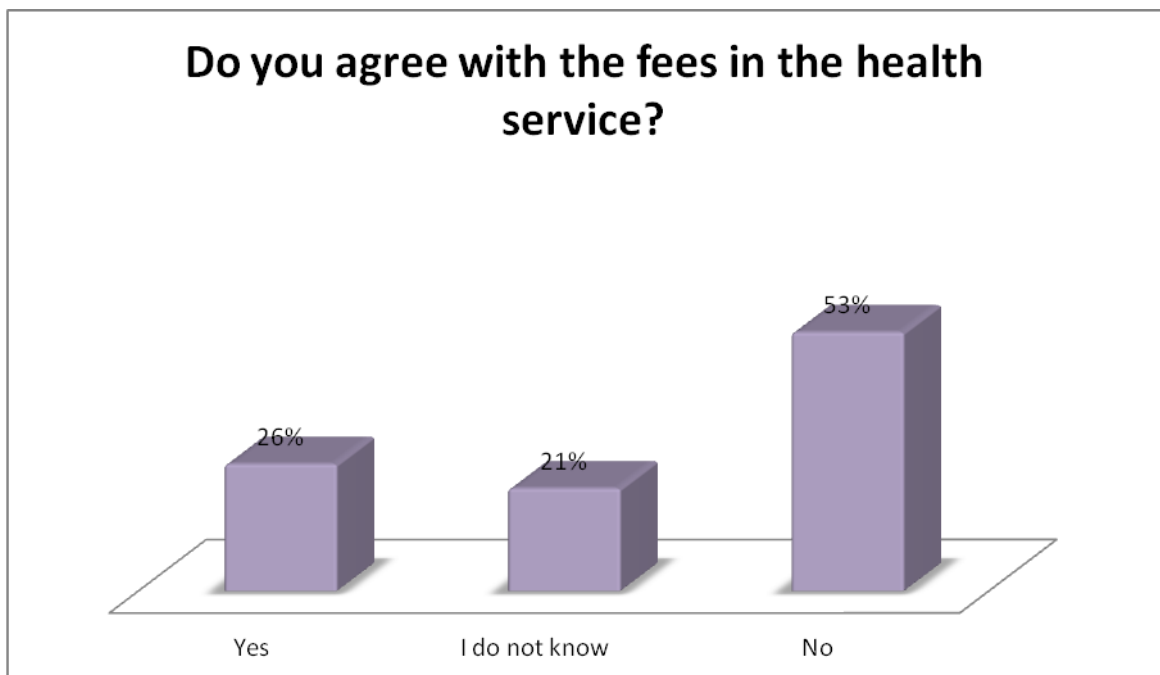


*Fee for prescription* - respondents could have chosen from three possibilities - 30, 50 or 80 crowns. Nobody has chosen 80 crowns. Majority chose 30 crow fee - 96 %. Only 4 % chose the possibility 50 crowns. This confirms the statement that people do not understand what for they must pay and consequently, they are not willing to pay this fee.

The following graph comprises all the spheres where the fees are paid together with the money respondents are willing to pay.

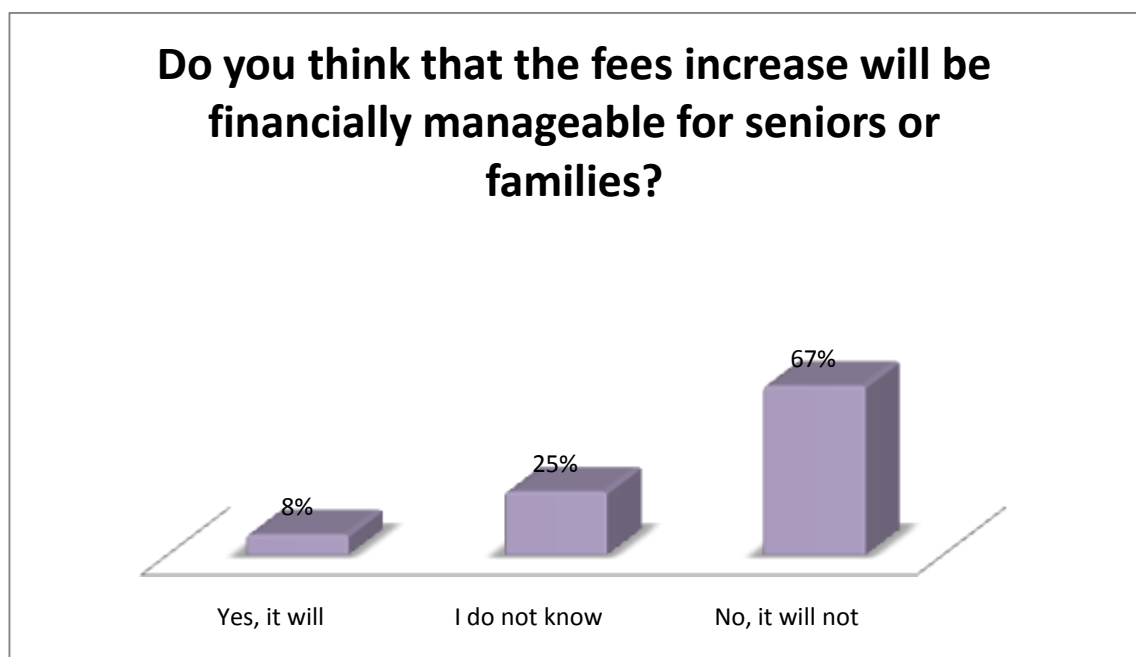


Graph 17. Willingness of people to pay the fees (self-created)



*Graph 18. Fees in the health service (self-created)*

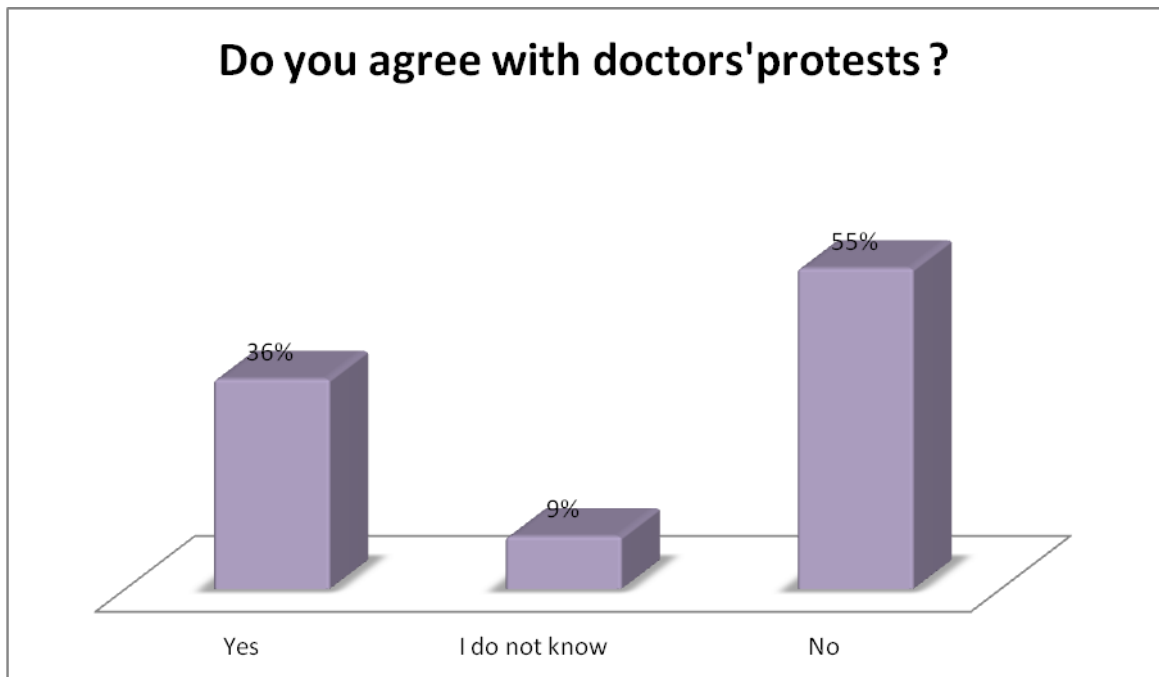
Very interesting answers concerning the question 17 and 18 were collected. Question n. 17 probed whether the fees increase would be financially manageable for seniors and families with children. According to the majority of respondents (67 %), the increase of the fees will not be financially manageable for these groups of people. Question 18 probed whether the protective limit should be introduced in hospitals and 66 % of respondents answered that it should be introduced.



*Graph 19. Fees increase and its influence on families and seniors (self-created)*

### **7.5.3 Doctors 'protests**

The third part of the questionnaire was devoted to the doctor`s protests and also in this part, very interesting answers were received. As it has already been stated in the theoretical part, from the very beginning people sympathized with the protests of the doctors. However, based on the results, 55 % of respondents do not agree, 36 % of agree and 9 % do not know. As it is shown in the graph above, people who do not agree represent a majority. It could be caused by the aggressiveness of the campaign.



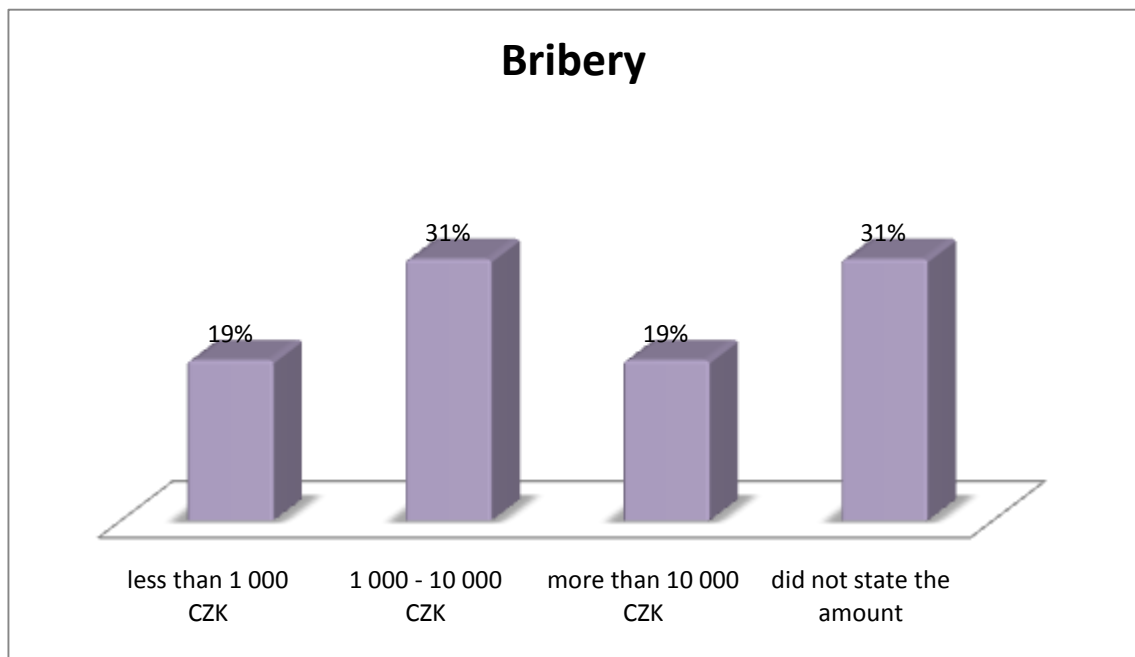
Graph 20. Doctors' protests (self-created)

Another question concerning the protests of the doctors was whether their work conditions abroad would be the same as in the Czech Republic and whether they would find a job at the same level as in the Czech Republic. 68 respondents who represent 78 % of total number of respondents think that they would not have the same work conditions as they have in the Czech Republic.

The last question of this section was whether the job of the doctors is sufficiently financially evaluated. 25 % of respondents think that the financial evaluation is sufficient. However, 48 % of respondents think that the financial evaluation is not sufficient and 27 % do not know. Although more than 50 % of respondents do not agree with their protests, they admit that such a demanding job should be better financially evaluated.

#### 7.5.4 Bribery

The fourth section consisted of two questions connected with bribery in the health service. The first one asked if the respondents have ever met with bribery at general practitioners or in hospitals. If they met with bribery, the second question probed the amount of money they were asked for. Although the issue of bribery is often discussed, only 16 respondents stated that they met with bribery. Three respondents were asked for less than 1, 000 crowns, three for more than 10, 000 crowns and five people were asked for 1, 000 - 10, 000 crowns. The rest did not state the amount of money. The graph below shows percentages of respondents that met with bribery.



Graph 21. Bribery - amount of required money (self-created)

## 7.6 Comparison of hypothesis and actual results

The first hypothesis stated that *90 % of respondents think that the sources of the Czech health care financing are not utilized effectively*. According to the research results, a majority of people think that the sources are not utilized effectively. However, the percentage is not so high as it was anticipated. It was an opinion of 78 % of respondents.

The second hypothesis suggested that *70 % of surveyed people have a skeptical attitude towards the fees in the health service*. As it has already been mentioned in the theoretical part, in the very beginning of the existence of the fees, people were very dissatisfied with their implementation, mainly elder people. This is a reason for expecting a very skeptical attitude and strong disagreement with the fees. Surprisingly, the number of those skeptical was of almost 20 % lower than expected. 53 % do not agree with the fees, whereas it was expected 70 %.

The third hypothesis concerns controversial topic of the doctors' protests and says that *more than 60 % of respondents do not agree with the protests*. Based on the reactions of people around me and surveyed people on TV (when the protests was a topical theme), I expected that a majority of respondents will strongly disagree with the protests. That is why I chose more than 60 % of respondents. However, the results were again surprising. 55 % of the respondents did not agree with the protests. A majority of respondents who

agree with the doctors is represented by younger people (21 - 40). However, also people from other age categories agree with them.

The fourth hypothesis was that *50 % of respondents have ever met with bribery at the doctor or in hospital*. In this case, the result differs a lot from the hypothesis, because only 17 % of respondents stated that they met with bribery. However, it is interesting that quite big number of respondents were asked for more than 10 000 crowns. Unfortunately, many respondents did not stated the amount of money they were asked for.

## **8 IMPROVEMENT SUGGESTIONS**

### **8.1 Prevention**

The emphasis should be laid on prevention, because people should be aware of potential health problems they can meet with. They should be taught to care for their health cautiously. Attention should be paid especially to the occurrence of civilization diseases and age groups that can be attacked by such diseases. Such an approach would help to improve the health conditions of patients as well as economic situation of Czech health service. However, under certain conditions. Firstly, effective ways of informing the patients must exist. The main role should be played primarily by doctors - general practitioners and doctors in hospitals. Doctors in hospitals should better communicate with patients and provide them with recommendations what to do further. General practitioners should ensure patients' confidence, because patients very often underestimate symptoms of some serious illness. An early diagnosis can save the financial funds as well as patients taking care of their health.

The most important area of the prevention should be especially smoking, alcohol and other addictive substances, because people cause their health problems connected with such substances by themselves.

### **8.2 Awareness of the price of the health care**

In connection with the last issue discussed in the previous chapter, also the awareness of the price of the health care should be provided in this area. Again, it should be realized by providing people with detailed information. The prices of particular treatment or intervention should be generally know. Unfortunately, these days it does not function. The most important area should be again the group of people with various addictions that can negatively influence their health. In this case, it is possible to use the expression *exploitation of the health care*.

Also fees opponents would maybe understand that the price of the health care is higher than the fee paid in hospitals. However, this can cause problems when the patient has to stay in hospital for a long time. From this reason, the implementation of the protective limit is necessary. Also 66 % of respondents of the questionnaire confirmed that the limit should be created.

### **8.3 Inspection of the distribution of financial funds**

The third improvement suggestion proposes that the process of the distribution of financial funds and the consequent redistribution of collected insurance premiums should be carefully monitored and controlled.

The fines and sanctions people owe to insurance companies should be extracted consistently.

### **8.4 Sustainability of expenditure and revenues in the health service**

As it has already been stated, the costs and returns of insurance corporations do not grow equally. A higher increase was noted in costs. However, the growth rate of returns is slow or can also stagnate. In 2008 and 2009, the rate of returns of health insurance corporations was the same. However, the growth in costs was remarkable. The costs grew of almost 20 mill. crowns. This is one of the reasons of ineffectiveness of the Czech health service. From this reason, there should be provided sustainability of growth of costs and returns in the health service.

### **8.5 Gross Domestic Product**

The rate of gross domestic product allocated to the Czech health service was discussed both in the theoretical and practical part.

It was stated that the Czech Republic allocates around 7 % of GDP to the health service. This value is quite low in comparison with advanced countries. This rate should be increased, because the Czech health care system is otherwise well elaborated and comparable to the systems of other countries.

### **8.6 Bribery**

To stop bribery in the health service should be an important step. Bribery should be stopped in two areas:

- 1) The bribes patients give to doctors either in hospitals or to general practitioners. It is not in harmony with the medical ethics. It is a question whether it helps the patients.
- 2) More important area is represented by the bribes taken by senior consultants of particular hospital departments from pharmaceutical companies. Doctors should choose products that are the most suitable for their patients and not for their financial enrichment. From economic point of view, they should choose cheaper

product. However, the reality is sometimes different. If they take the bribes, the prices of the products is often higher and they accept it only because of their own enrichment. However, cheaper product should be chosen only if its quality is the same. Quality plays a very important role in health service.



## CONCLUSION

This Bachelor Thesis concentrated on the contemporary situation of the Czech health service and its financing.

The theoretical part dealt with the development of the health service in the Czech republic since the period of the Czechoslovak Republic [1918 - 1938]. The description of the development of health service continued with socialistic management and financing of the health care. The last issue discussed in this chapter was the health care after the Velvet Revolution and the changes that were implemented in health service.

However, the first mentioned issue was a definition of health service and healthcare system. The basic characteristics of this special area was given in the introductory chapter.

Other issues discussed in the theoretical part were the healthcare systems in the world. Four most common systems of financing were described. Finally, these systems were compared and their advantages and disadvantages were stated.

As this thesis should have concentrated on the analysis of contemporary Czech health service, topical issues such as the fees in the health service, doctors' protests, waiting for operations or bribery were described in the theoretical part as well. Together with this problems, the organization of contemporary health service was described as well as management and its problems.

The final chapter of the theoretical part was devoted to the description of the sources of health service financing. The role of the state was explained as well as the function of public health insurance and health insurance corporations. The processes of distribution and redistribution of money were described.

The practical part consisted of two part. The first one was an analysis of contemporary financing of the health service. This section describes the development of expenses - either public or private - on health care. This part comprises also the development of number of doctors, clinical beds or treatment period.

The second part is more interesting, because it is an analysis of public satisfaction with the financing of the Czech health service. This analysis was realized by a questionnaire sent to randomly chosen respondents. This questionnaire comprised questions concerning the financing, fees, doctors' protests or bribery.

Based on the results of the questionnaire, it is possible to state that people are not satisfied with the contemporary health service and its financing. It was discovered that most people consider the financing of the Czech health service inefficient and that there should be a bigger control of insurance corporations. Most of them think that the fees do not mean a contribution to the system and that the fee increase is unnecessary.

In the last chapter of this thesis, the improvement suggestions were proposed. These suggestions comprised mainly prevention, bribery, gross domestic product or awareness of people of the price of the health care.

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## **APPENDICES**

P I      Questionnaire (Czech version)

P II     Questionnaire (English version)

## **APPENDIX P I: QUESTIONNAIRE (CZECH VERSION)**

### **Financování zdravotní péče**

**Myslíte si, že jsou zdroje financování českého zdravotnictví využívány efektivně?**

- a) ano
- b) ne
- c) nevím

**Myslíte si, že je financování zdravotních pojišťoven vhodně upraveno, nebo by měly být více kontrolovány?**

- a) financování zdr. pojišťoven je vhodně upraveno
- b) nevím
- c) měly by být více kontrolovány

**Myslíte si, že socialistický způsob financování zdravotnictví nějakým způsobem ovlivnil současný stav zdravotnictví?**

- a) ano, ovlivnil
- b) nevím
- c) ne, neovlivnil

**Pokud si myslíte, že ovlivnil, jde podle Vás o pozitivní nebo negativní vliv?**

- a) pozitivní
- b) nevím
- c) negativní

**Myslíte si, že je zavádění nových technologií v nemocnicích v některých případech zbytečné?**

- a) ano
- b) nevím
- c) ne

**Platíte si komerční (soukromé) zdravotní připojištění?**

- a) ano
- b) ne

**O jaký konkrétní typ jde? (možno vybrat více možností)**

- a) denní dávky při pobytu v nemocnici
- b) denní dávky při pracovní neschopnosti
- c) trvalé následky
- d) nadstandardní stomatologická péče
- e) jiné



**Pokud ano, o jakou částku celkem měsíčně jde?**

- a) 0 - 500 Kč
- b) 501 - 1 000 Kč
- c) 1 001 - 2 000 Kč
- d) 2 001 a více Kč

**Souhlasíte s možností volby nadstandardní zdravotní péče v nemocnicích, na kterou by si pacienti dopláceli?**

- a) ano
- b) nevím
- c) ne

**Byli byste ochotni si připlatit za nadstandardní péči (jednolůžkový pokoj, samostatná sprcha, WC, televize)?**

- a) ano
- b) nevím
- c) ne

**Jakou částku za jeden den (jednolůžkový pokoj, samostatná sprcha, WC, televize)?**

- a) 0 - 200 Kč
- b) 201 - 500 Kč
- c) 501 a více Kč

### **Poplatky ve zdravotnictví**

**Myslíte si, že poplatky ve zdravotnictví pomohly zlepšit stav českého zdravotnictví?**

- a) ano
- b) nevím
- c) ne

**Myslíte si, že je připravované navýšení poplatků ve zdravotnictví nezbytné?**

- a) ano
- b) nevím
- c) ne

**Kolik jste ochotni zaplatit za poplatek u lékaře?**

- a) 30 Kč
- b) 50 Kč
- c) 100 Kč
- d) více než 100 Kč

**Kolik jste ochotni zaplatit za poplatek v nemocnici (za 1 den)?**

- a) 60 Kč
- b) 100 Kč
- c) 200 Kč
- d) více než 200 Kč

**Kolik jste ochotni zaplatit za poplatek za recept?**

- a) 30 Kč
- b) 50 Kč
- c) 80 Kč
- d) více než 80 Kč

**Myslíte si, že bude zvýšení poplatků únosné pro seniory nebo rodiny s dětmi?**

- a) ano, bude
- b) nevím
- c) ne, nebude

**Ochranný limit, který chrání pacienty před neúnosnými náklady na zdr. péči neexistuje u poplatku za pobyt v nemocnici. Nebude zaveden ani po zvýšení poplatků.**

**Myslíte si, že by měl být zaveden?**

- a) ano, měl by být zaveden
- b) nevím
- c) ne, nemyslím si, že bude nutné tento limit zavést

### **Protesty lékařů**

**Souhlasíte s lékařskými protesty?**

- a) souhlasím
- b) nevím
- c) nesouhlasím

**Myslíte si, že by se zhruba 4.000 českých lékařů uplatnilo v zahraničí na stejných pozicích jako v ČR?**

- a) ano, myslím si, že by se uplatnili
- b) nevím
- c) ne, nemyslím si, že by se uplatnili

**Myslíte si, že by pracovní podmínky lékařů v zahraničí byly tak výhodné, jak tvrdili?**

- a) ano
- b) nevím
- c) ne

**Myslíte si, že je práce lékařů dostatečně finančně ohodnocena?**

- a) ano, je dostatečně ohodnocena
- b) nevím
- c) ne, není dostatečně ohodnocena

**Korupce ve zdravotnictví**

**Setkali jste se někdy s korupcí u lékaře, v nemocnici?**

- a) ano, setkal/a
- b) ne, nesetkal/a

**V případě, že jste se s korupcí setkali, o jaký finanční obnos Vás lékař požádal?**

- a) méně než 1 000 Kč
- b) 1 001 - 10 000 Kč
- c) 10 001 a více Kč

**Údaje respondenta**

**Jste:**

- student
- zaměstnanec
- osoba samostatně výdělečně činná
- senior
- jiné

**Váš věk:**

- do 15 let
- 15 - 20
- 21 - 40
- 41 - 60
- 60 a více

**Pohlaví:**

- muž
- žena

**Nejvyšší ukončené vzdělání:**

- základní
- střední odborné - vyučení
- střední s maturitou
- vyšší odborné, vysokoškolské

## **APPENDIX P II: QUESTIONNAIRE (ENGLISH VERSION)**

### **Health care financing**

**Do you think that the sources of Czech health care financing are utilized efficiently?**

- a) Yes
- b) No
- c) I do not know

**Do you think that the financing of health insurance corporations is suitable or that they should be more controlled?**

- a) Financing of health insurance corporations is suitable
- b) I do not know
- c) Health insurance corporations should be more controlled

**Do you think that the socialistic way of financing the health service influenced contemporary health service?**

- a) Yes, it influenced
- b) I do not know
- c) No, It did not influenced

**If you think that it influenced, is it a positive or negative influence in your opinion?**

- a) Positive
- b) I do not know
- c) Negative

**Do you think that implementation of new technologies in hospitals can be sometimes unnecessary?**

- a) Yes
- b) I do not know
- c) No

**Do you pay any private health insurance?**

- a) Yes
- b) No

**What particular type? (it is possible to choose more options)**

- a) Daily benefits during hospitalization
- b) Daily benefits during sick leave
- c) Permanent consequences
- d) Above standard stomatological care
- e) other

**If you pay some, how much per month?**

- a) 0 - 500 crowns
- b) 501 - 1 000 crowns
- c) 1 001 - 2000 crowns
- d) 2 001 and more crowns

**Do you agree with the possibility of above standard health care in hospitals? (patients would pay some extra money for it)**

- a) Yes
- b) I do not know
- c) No

**Would you be willing to pay for the above standard health care (single room, separate shower, WC, television)?**

- a) Yes
- b) I do not know
- c) No

**What sum of money per day (single room, separate shower, WC, television)?**

- a) 0 - 200 crowns
- b) 201 - 500 crowns
- c) 501 and more crowns

**Fees in the health service**

**Do you think that the fees helped improve the financial situation of Czech health service?**

- a) Yes
- b) I do not know
- c) No

**Do you think that planned fees increase in the health service is necessary?**

- a) Yes
- b) I do not know
- c) No

**How much are you willing to pay at the doctor?**

- a) 30 crowns
- b) 50 crowns
- c) 100 crowns
- d) More than 100 crowns

**How much are you willing to pay in hospital (per 1 day)?**

- a) 60 crowns
- b) 100 crowns
- c) 200 crowns

- d) More than 200 crowns

**How much are you willing to pay for the prescription?**

- a) 30 crowns
- b) 50 crowns
- c) 80 crowns
- d) More than 80 crowns

**Do you think that the fees increase will be financially manageable for seniors or families with children?**

- a) Yes, it will
- b) I do not know
- c) No, it will not

**The protective limit that should protect patients against unmanageable expenditure on health care does not exist at the fee paid in hospital and it will not be implemented after fees increase. Do you think that it should be introduced?**

- a) Yes, it should
- b) I do not know
- c) No, it should not

**Doctors' protests**

**Do you agree with doctors' protests?**

- a) Yes
- b) I do not know
- c) No

**Do you think that approximately 4 000 of Czech doctors would find job abroad at the same level as in the Czech Republic?**

- a) Yes
- b) I do not know
- c) No

**Do you think that their working conditions would be so advantageous as they had stated?**

- a) Yes
- b) I do not know
- c) No

**Do you think that the work of the doctors is sufficiently financially evaluated?**

- a) Yes, it is
- b) I do not know
- c) No, it is not

### **Bribery in health service**

**Have you ever met with bribery at general practitioner or in hospital?**

- a) Yes
- b) No

**In case you met with bribery, what amount of money you were asked for?**

- a) Less than 1 000 crowns
- b) 1 001 - 10 000 crowns
- c) 10 001 and more

### **Personal data**

**Occupation:**

- Student
- Employee
- Self-employed person
- Senior
- Other

**Age:**

- Under 14
- 15 - 20
- 21 - 40
- 41 - 60
- 61 and more

**Sex:**

- Man
- Woman

**Education:**

- Elementary
- Secondary vocational
- Secondary
- University