

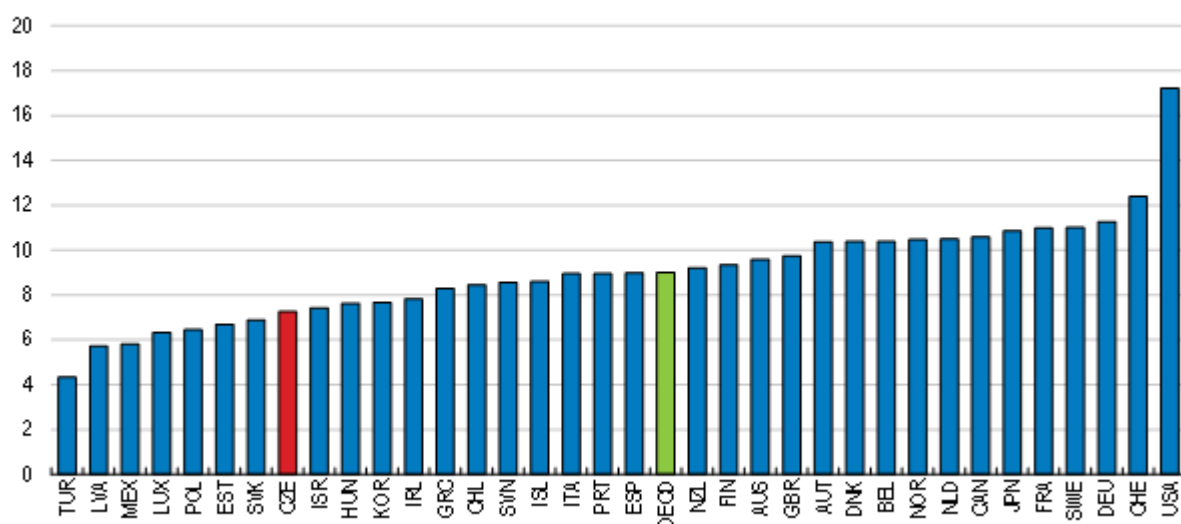
# Improving the Czech health care system

by Falilou Fall, Czech Republic desk, OECD Economics Department



Health outcomes in the Czech Republic have improved considerably over the last decade. Life expectancy rose by 2.6 years to 78.7 years between 2005 and 2015 towards the OECD average of 80.6 years. This was achieved with relatively low expenditures on health care of about 7% of GDP. However, the population is ageing challenging the financial sustainability of the health care system. As the old-age dependency ratio deteriorates, so do revenues of the health care system as they rely heavily on social security contributions of the working population. Ageing is expected to account for roughly half of the future rise in health care spending, which would reach about to 40% of the government budget by 2060 (OECD 2018).

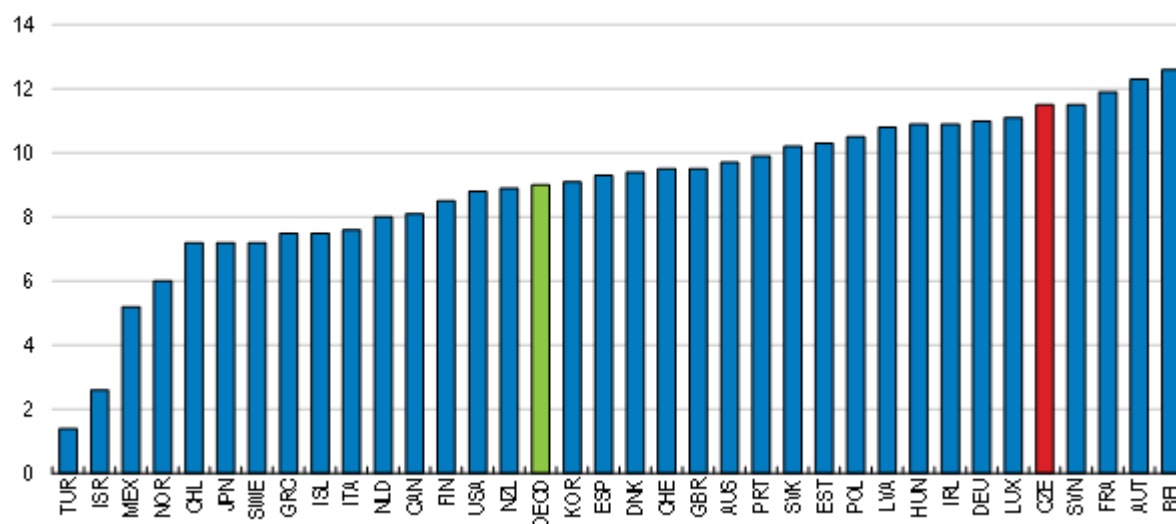
Figure 1. Total health care expenditure, 2016, % of GDP



Source: OECD (2017), Health at a Glance 2017: OECD Indicators, OECD Publishing, Paris

To maintain and improve health outcomes and to set a basis for healthy ageing, healthier lifestyles need to be promoted. Risky behaviour, such as smoking, alcohol consumption and obesity are close or above the OECD average. Excise taxes on alcohol are among the lowest in the OECD, contributing to the relatively high alcohol consumption that reached 11.5 litres per capita in 2015 – compared to an OECD average of 9 litres per capita. Price incentives through higher taxation of tobacco, alcohol and unhealthy food and beverages could reduce consumption. Policy measures to promote healthier lifestyles should however follow an integrated approach beyond tax incentives and include further development of health education, disease prevention and screening programmes.

Figure 2. Alcohol consumption, litres per capita, 2015



Source: OECD Health Statistics 2017

A well functioning primary care sector can bring both efficiency gains through reducing avoidable use of hospital facilities, and better quality of care through better management of patients' pathways. However, in the Czech Republic, the efficiency of delivery of primary care is suffering from lack of co-ordination. Patients' ability to access specialist care without a prior general practitioner (GP) consultation, poorly defined mutual responsibilities of outpatient specialists and GPs and current payment systems mean that primary care's potential to lead for instance chronic disease management is not being fulfilled. GPs should be entrusted with a greater gate-keeping and co-ordination role to ensure that patients are better directed to the most appropriate place for their treatment. User fees for specialist visits without referral could be introduced to strengthen GP's gate-keeping role.

As the economy is doing well, reforms to the health care system and its financing should be addressed now. The Czech health system is heavily regulated by the government through the Reimbursement Decree. Through this decree, most prices and volume limitations of activities of health providers are set. Having a genuine negotiation process between health care providers and insurance funds would help reduce some of the

inefficiencies in service delivery. Overall, there is a need to rebalance the system towards more competition between health providers and insurance funds and private funding to improve quality, efficiency and reduce the reliance on public funding.

**References:**

OECD (2018), OECD Economic Surveys: CZECH REPUBLIC 2018, OECD Publishing

OECD (2017), Health at a Glance 2017: OECD Indicators, OECD Publishing, Paris