

In 2008, contributions constituted 71% of all revenues of the Health Insurance Fund, followed by 25% from normative funding from the central budget mainly for pensioners and the young (Table 3.).

Table 3. Revenues of Health Insurance Fund

HUF millions	2007 closing account	2008 preliminary	2009 budget estimate
Revenues of Health Insurance Fund	1 676 024	1 445 166	1 408 714
Contribution revenues	1 249 463	1 028 377	1 044 915
Central budget contributions	372 451	354 385	319 141
Other revenues connected with health insurance activities	50 420	58 930	43 698
Revenues for operation	3 680	3 448	936
Revenues from asset-management	11	26	24

Source: National Institute for Strategic Health Research

Other sources of private financing are: visit fee and hospital daily fee (from February 2007 till April 2008); drug prescription fee; the Voluntary Mutual Insurance Fund system, which is very much like a medical savings account.

In 2008 in the expenditure structure of the Health Insurance Fund the largest items were represented by curative-preventive care (757 bn HUF- 52% of the total expenditures) and reimbursement of drugs and medical appliances (368 bn HUF- 25%)(Table 4.).

Table 4. Expenditure of Health Insurance Fund

HUF millions	2007 closing account	2008 preliminary	2009 budget estimate
Expenditure of Health Insurance Fund	1 648 617	1 445 158	1 417 566
Special pension benefits	288 434	25 022	
Cash benefits	217 524	233 189	242 587
In-kind benefits	1 090 160	1 136 340	1 126 020
Primary care	113 413	121 110	119 318
Service of dispensaries	5 913	4 635	4 735
Special nursing at home	3 320	3 648	4 630
Outpatient specialist care (including laboratory fund)	110 272	124 661	128 957
Inpatient care	401 757	435 269	416 458
CT, MRI	12 115	14 659	
Funds for structural change	22 421		
Pharmaceutical reimbursement	323 639	325 720	343 040
Reimbursement of therapeutical appliances	36 626	41 877	42 450
Other in-kind benefits	60 684	64 762	66 431
Health insurance budgetary agencies and centrally managed estimates	23 300	23 160	23 065
State budget reserve	22 606	24 065	
Other expenditure of the Health Insurance Fund	6 593	3 382	25 894

Source: National Institute for Strategic Health Research

The operational expenditures of providers are covered by health insurance on a contractual basis. Amortization and investment costs should be financed by the owners or through government grant schemes, and from EU funds. GPs are financed by capitation, outpatient clinics are reimbursed by a German-type point system, acute inpatient providers receive DRG payments, while chronic care is financed on a day basis.

Several cost-control techniques were introduced in 2007. The major ones were: strict volume-limit on outpatient and acute inpatient performance, visit fee, guideline and protocol

development, transparent technology assessment for pharmaceuticals, introduction of a prescription control software, public pharmaceutical price tendering, risk-sharing with producers. The volume limit ruling was changed in 2009 to a 70% full-price 30% floating-price financing scheme to ensure the adherence to the inpatient budget. In 2007 the health insurance fund closed with a positive balance of HUF 27.4 bn and in 2008 with HUF + 8.2 millions, according to preliminary data.

The HIF is managed by the National Health Insurance Fund Administration, which is also the purchaser of health services and pharmaceuticals.

Recent health care reform

The Hungarian government started on the reform of healthcare in 2006. The reform measures had fiscal reasons arising from the Convergence Programme and were justified by low life expectancy at birth of the Hungarian population, poor health status, and the critically high rate of healthcare utilisation in international comparison.

The reforms in 2006-2007 served the purpose of reducing the number of acute hospital beds and constraining unnecessary physician-patient contacts and medicine consumption. The most important reform measures included:

- ▶ Structural changes in inpatient care (system of high priority and territorial hospitals, reduction of the number of acute hospital beds and increase of the number of beds in chronic inpatient care),
- ▶ The checking of citizens' eligibility for insurance coverage (eligibility is conditioned on legal status),
- ▶ The determination of insurance benefit packages (basic package, insurance package, supplementary package),
- ▶ The introduction of co-payment (visit fee for primary care, outpatient specialist care and in inpatient institutes for each day of care), which was canceled as a result of the referendum of 9 March 2008,
- ▶ Act on the safe and cost-efficient supply and distribution of medicines and medical appliances,
- ▶ The regulation of publicly accessible waiting lists,
- ▶ The establishment of Health Insurance Supervisory Authority, which oversees the appropriateness of contracts between the insurer and the provider, makes sure that the professional rules are put in practice, and examines the quality of provided services.

The reform of health insurance was the key issue during 2006-2007, and both the insurance reform and the introduction of visit fee and hospital daily fee was highly debated. The national referendum held on 9 March 2008 rejected the visit fee and the hospital daily fee, and in May 2008 the Act on Health Insurance Management Funds, passed by Parliament in February 2008, was

revoked by Parliament on the initiative of the new minority Government formed by the Hungarian Socialist Party.

Dr. Tamás Székely, former Director General of the National Health Insurance Fund, was appointed as Minister for Health in the new Government in May 2008. The Minister started to implement his programme in the spirit of security and partnership, focusing on restoring the confidence of insured persons in health care and improving the professional prestige of health personnel. The establishment of a sound, unequivocal regulatory framework, sustainable health financing and the unity of prevention, treatment and rehabilitation formed the basis of realizing the programme.

The emphasis was put on quality of care improvement and on programmes aiming at improving the health status and quality of life of the population. To support these goals the continuation and strengthening of major public health programmes (cardiovascular diseases, cancer, youth health, emergency care) has been given high priority, together with measures aiming at enhancing the quality and safety of care.

The reinforcement of the health insurance system comprises the strict control of eligibility and the strengthening of the role of the National Health Insurance Fund Administration (NHIFA) as service-purchaser. From 1 January 2009, the NHIFA is divided into 7 regional institutions with strengthened health care financing responsibilities in their own region by purchasing services selectively from providers. Development goals include the mitigation of regional inequalities, the creation of conditions for flexible and responsible financing of service providers and the accentuation of the insurance function.

Main ongoing health sector programmes comprise the strengthening and broadening of the roles and competences of general practitioners, the modernisation and development of specialized outpatient care, the upgrading of emergency care and ambulance services, as well as information technology development. Human resources development programmes are aiming at improving the workforce retention potential of the sector and ensuring human resources necessary for the operation of the re-structured health service, through adaptability enhancement, training facilities, employment incentives, and last but not least the establishment of the health sector human resources monitoring system supporting decision making. Major financial resources are available to support these programmes through the structural funds of the European Union.

The financial and economic crisis has changed the overall economic environment. A new government was formed in April 2009, again by the Hungarian Socialist Party, to propose and implement crisis management measures. The economic stabilisation program of the new government does not entail significant austerity measures in the health sector. The person of the Minister has remained unchanged.

Hungarian health care system in brief

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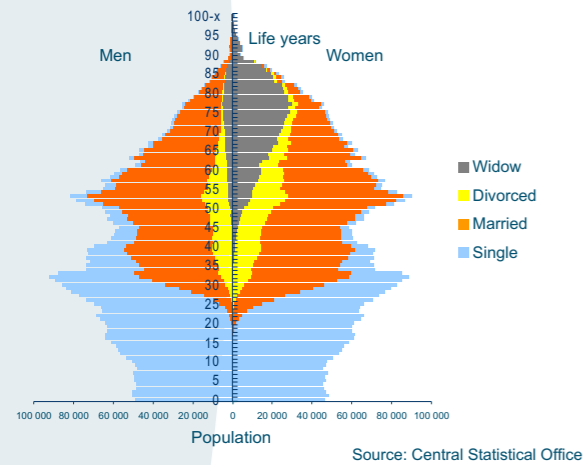
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Population of Hungary (February 2009): 10 026 000
 GDP volume index (2007 = 100.0, year 2008, preliminary): 100.5%
 Per capita GDP (PPS, 2007): 15 900
 Unemployment rate (January-March 2009): 9.7%
 Consumer price index (2007 = 100.0, year 2008): 106.1%

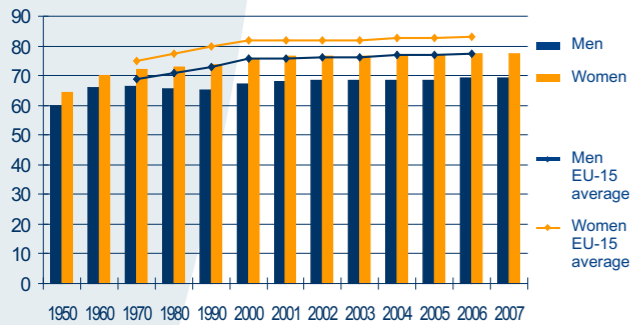
Demographic and epidemiologic context

The ageing of the Hungarian population imposes a huge burden on the health care system. Graph 1. presents the age-structure of the Hungarian population by marital status. The old-age dependency ratio in 2008 was 23.5 (EU-27: 25.3) and projected to be 50.83 in 2050 (EU-27: 50.42). The life expectancy at birth for Hungarian males (69 years in 2006) is 8 years shorter than for their counterparts in the EU-15, for females (77.4 years in 2006) the gap is 5.6 years (Graph 2). The leading cause of death is diseases of the circulatory system with 52% of all deaths in 2005, followed by malignant neoplasms with 23.6%. Graph 3. shows changes in the structure of early deaths.

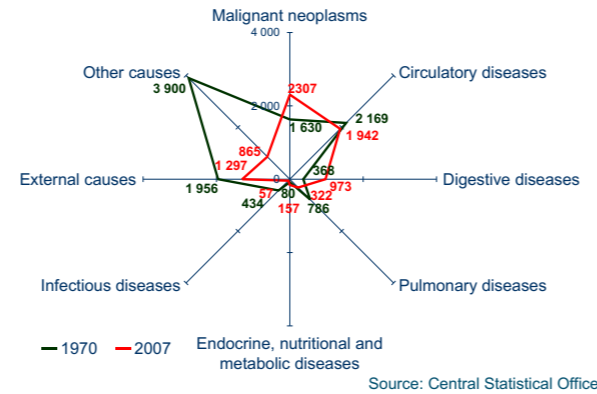
Graph 1. Population by sex, age and marital status, 1 January 2008



Graph 2. Average life expectancy at birth by gender, 1950-2007



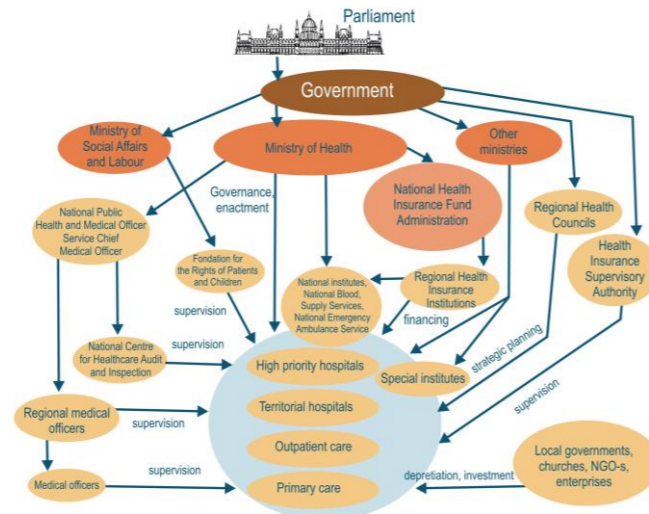
Graph 3. Potential Years of Life Lost by disease categories in 1970 and 2007



Regulation of the health sector

The following chart shows the governance system of health care.

Graph 4. Governance of the health system



The Minister for Health is responsible for health and health insurance. Tasks of the Ministry cover health policy development, health sector regulation, strategic planning, ensuring the operation of the public health network and the health care system. The National Public Health and Medical Officer Service is responsible for the direction, coordination and supervision of public health, epidemiology, health development (health protection, health education and health maintenance), health care operation activities and the supervision of health care delivery. Quality assurance is supervised mainly by two authorities. The National Centre for Healthcare Audit and Inspection is responsible for monitoring on site in close cooperation with providers, while the Health Insurance Supervisory Authority acts as health consumer protector and also disseminates quality indicators. There is also a provider accreditation process based on minimum requirements regarding human resources and equipment.

The health care delivery system

Primary care is based on private GPs and a well-developed district nursing system. In 2008 there were altogether 6780 GP services in the country. Outpatient care is mostly done in polyclinics, mainly owned by municipalities, though CT-MRI, dialysis and home care have significant share of private ownership. In 2007 the number of outpatient care institutes was 426.

Characterising healthcare utilisation with performance data, the case number of outpatient care in 2007 was 68 million and 313 million interventions were performed.

The vast majority of hospitals are owned by municipalities or the state. After the radical restructuring of inpatient care in April 2007 hospital care became two-tiered. Basic care is carried out by territorial hospitals, while tertiary care is done by the so called "high priority" hospitals. Currently there are 37 "high priority" hospitals and 77 territorial hospitals. An additional 50 institutes provide only chronic, rehabilitative and nursing services. Annual average capacity and performance figures are shown in Table 1. However in the spring of 2007 the number of acute beds were reduced to 44 thousand, while the number of chronic beds increased to 27 thousand.

Table 1. Capacity and performance of inpatient sector

	2006	2008
Acute care		
Number of beds (end of year)	59 901	44 376
Number of beds per 100 000 population	594	442
Average length of stay in days	6,1	5,5
Bed occupancy ratio (%)	70,3	75,3
Number of patient discharges (in thousands)	2 523	2 231
Chronic care		
Number of beds (end of year)	20 351	27 064
Number of beds per 100 000 population	202	269
Average length of stay in days	32,2	27,4
Bed occupancy ratio (%)	85,9	80,9
Number of patient discharges (in thousands)	193	277

Source: National Health Insurance Fund Administration

Utilisation of the healthcare system is among the highest in Europe. In 2007 the total per capita physician-patient contacts was 10.8, which is 50% more than the OECD average.

In 2007 the number of physicians per 100 thousand population was 320.2, the number of nurses 975.6, reflecting a level in accordance with OECD average.

The main issue in the field of human resources is mainly the low income of physicians, followed by inequalities in the territorial (Table 2) and professional distribution of doctors.

Table 2. Territorial distribution of doctors, rate per 100 000 inhabitants 2007

	General practitioners	Registered practicing physicians by national registry
Central Hungary	49,4	479,3
Central Transdanubia	48,2	215,5
Western Transdanubia	50,8	298,9
Southern Transdanubia	53,7	322,5
Northern Hungary	49,1	204,1
Northern Great Plain	46,7	232,4
Southern Great Plain	49,7	285,9
Country	49,4	320,2

Source: National Institute for Strategic Health Research

Similarly to problems seen in developed countries, Hungary must face the challenge that there soon will be a significant shortage due to the ageing of health professionals.

GPs can be chosen freely. In outpatient care except for eight specialties, patients need a referral from their GP. Referral is required in hospital care as well. If patients visit a hospital without a referral or with a referral to another hospital, they have to pay 30% of the service cost to a maximum of HUF 100 000.

The same is applied when patients want to choose a particular physician in a hospital (except for obstetric care).

Health system financing

The Hungarian health care system is basically financed by health insurance contributions collected by the Hungarian Tax and Financial Control Administration, which then transfers these resources to the National Health Insurance Fund (HIF). The HIF is a national pool, separated from the central budget.

Graph 5. Financing scheme of the Hungarian health care system

