

Equity in out-of-pocket payments during the period of health care reforms:

Evidence from Hungary

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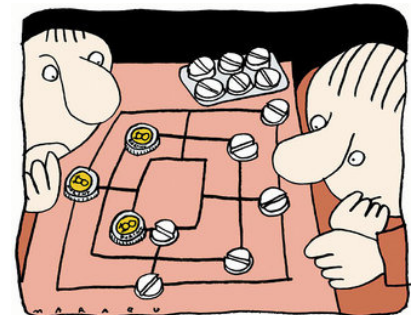


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2012, Vilnius

Health care reforms in Hungary 2006-2007

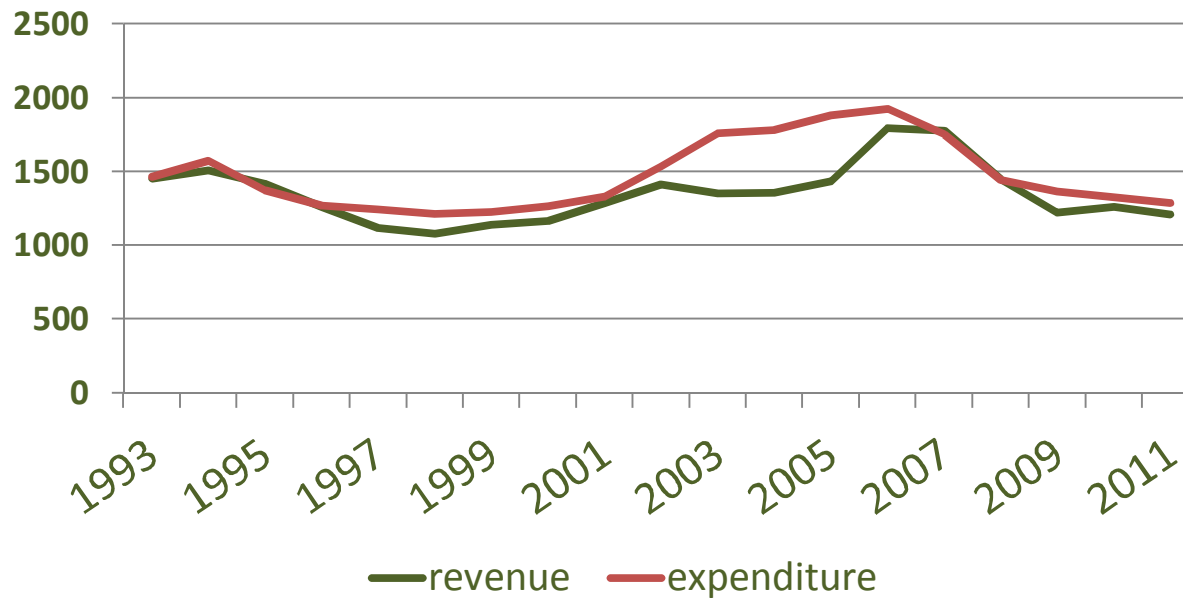
Convergence Program of Hungary 2006

- Austerity measures in the health care sector
 - Background: deficit of the NHIFA 31.2% of total revenue in 2005.
 - Objective: To decrease public spending on health care
- Comprehensive reforms
 - Structure, financing, regulation (See more in Gaál et al. 2011)
- Patient co-payments
 - Changes in the pharmaceutical subsidies
 - The implementation of user charges



Health care reforms in Hungary 2006-2007

Revenue and expenditure of the National Health Insurance Fund Administration in Hungary, 1993-2011



Note: Amounts are in billion HUF, real values on 2008 price level. The exchange rate in 2012 is approximately 1 EUR = 300 HUF in 2012. Data for 2010 and 2011 are official estimates. Source: ESKI, 2012a; ESKI, 2012b.

RESEARCH OBJECTIVE

To examine the progressivity of household expenditure on health care before, during and after the reform period (2005-2008)

Data

- Household Budget Survey 2005-2008
- 34230 households

Household expenditure on health care (COICOP) :

Pharmaceuticals and medical devices: expenditure on pharmaceutical products, medical aids and other medical products (appliances and equipments)

Informal payments for health care services: for physician visit, dental care, in-patient care, other (ambulance, nurse)

Formal payments for public and private health care services: for physician visit, dental care and hospital services, services of laboratories and x-ray centres, ambulance, freelance nurses, midwives and acupuncturists, chiropractors, optometrists and other therapists)

Method

Kakwani index (KI) – as a measure of progressivity of household expenditure on health care,

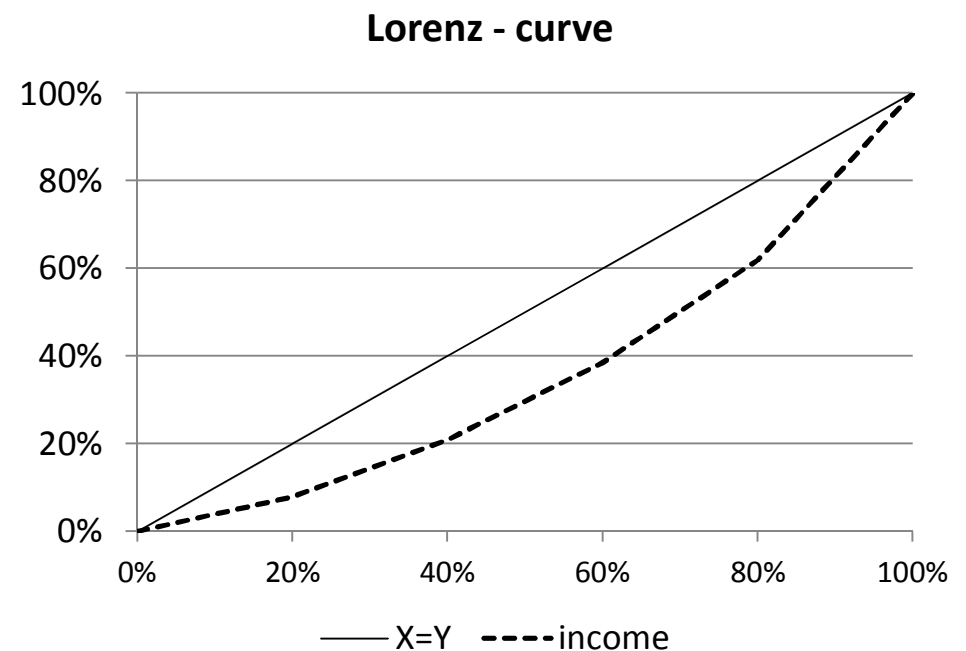
- ranges from: -2 to 1 .

<0 **regressive** payments

>0 **progressive** payments

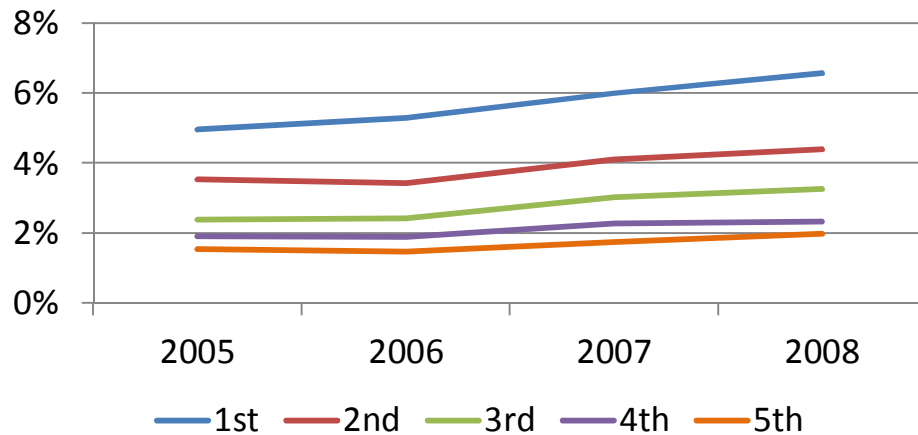
$= 0$ **proportional** to income

Concentration curves

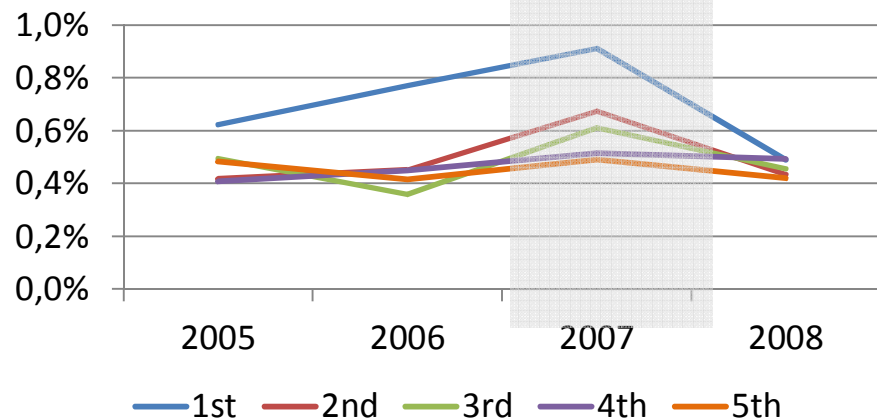


Changes in the household expenditure on health

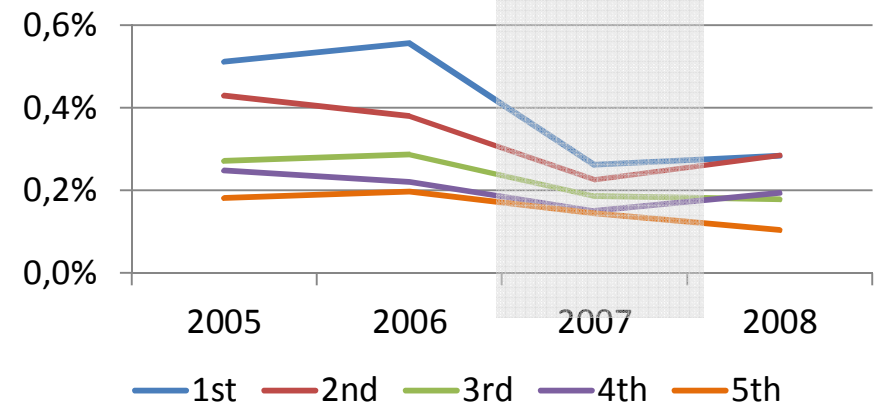
**Pharmaceuticals and medical devices
(% of income)**



**Formal payments
(% of income)**

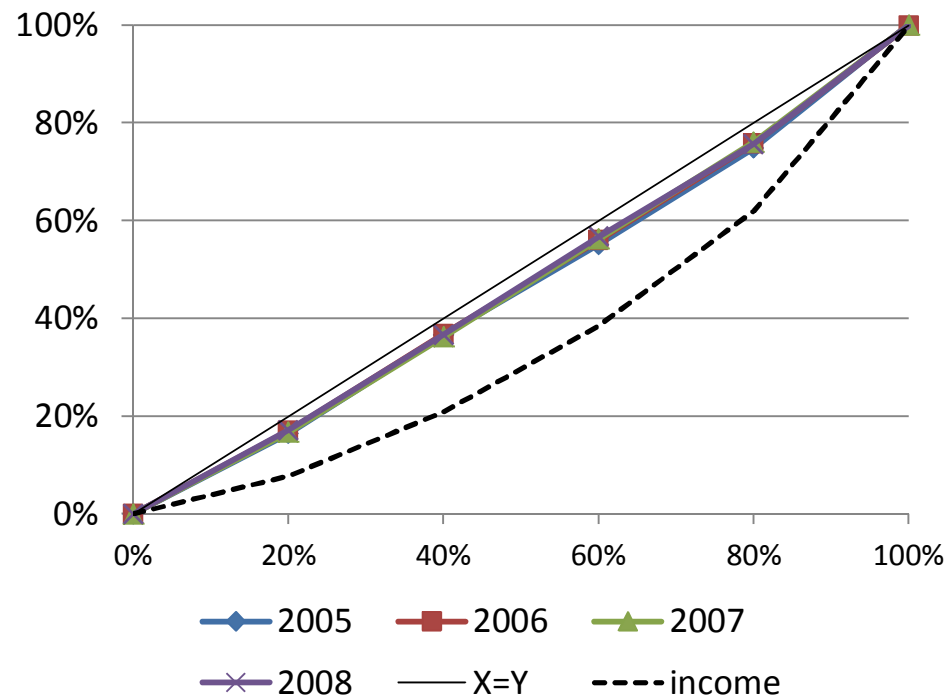


**Informal payments
(% of income)**



Changes in the progressivity

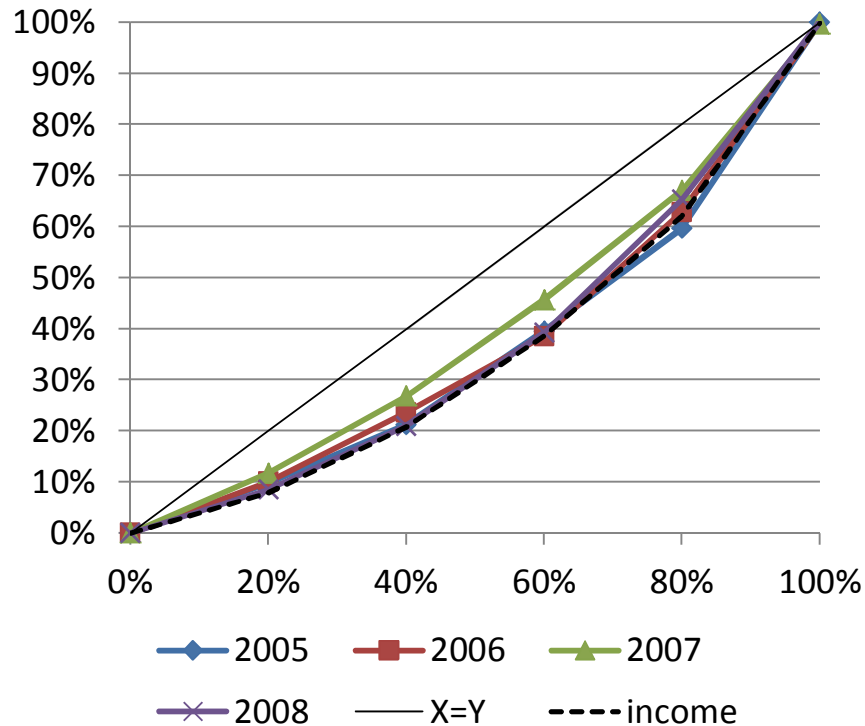
**Pharmaceuticals and medical devices
(Concentration curve)**



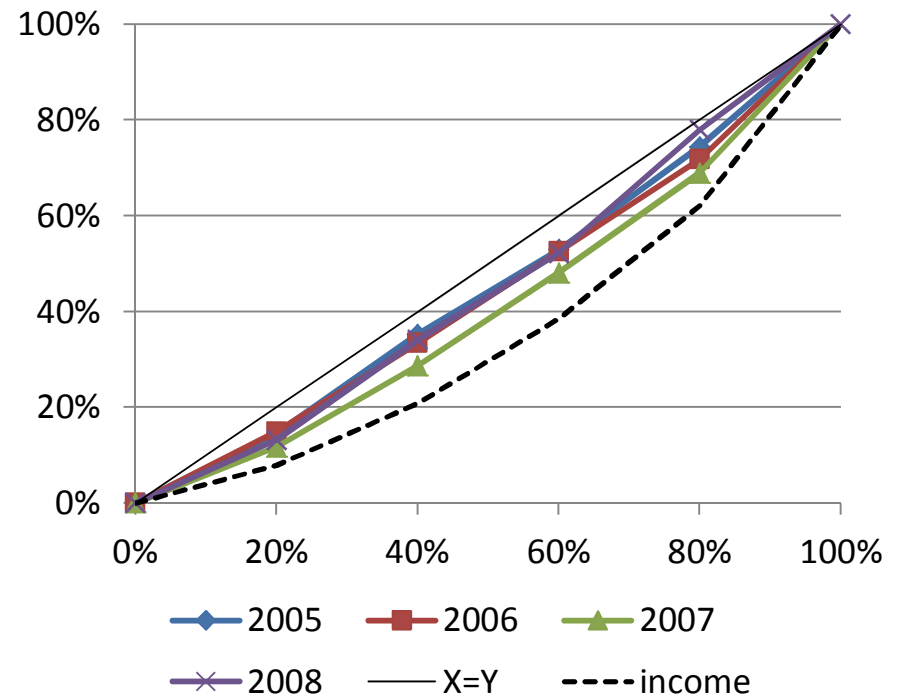
Kakwani indexes	2005	2006	2007	2008
Pharmaceuticals and medical devices-	-0.235*** (-32.03)	-0.238*** (-32.39)	-0.240*** (-31.11)	-0.233*** (-30.99)

Changes in the progressivity

**Formal payments
(Concentration curve)**



**Informal payments
(Concentration curve)**



Kakwani indexes	2005	2006	2007	2008
Formal payments	-0.004 (-0.19)	-0.024 (-1.21)	-0.096*** (-5.13)	-0.009 (-0.36)
Informal payments	-0.203*** (-10.04)	-0.182*** (-8.64)	-0.121*** (-5.07)	-0.200*** (-5.48)

Main findings

General observations

- Out-of-pocket payments are **regressive** (KI -0.22).
- Payments for pharmaceuticals and medical devices are the **most regressive** (KI -0.23/-0.24).
- Formal payments are the most **proportional** to income.

Changes during the reform period

- Expenditure on pharmaceuticals and medical devices: increased
- Formal payments: **increased and became regressive**.
- Informal payments: **decreased and became less regressive** .

Conclusions and policy implications

- **Exemptions mechanism** from the co-payments for pharmaceuticals should be reconsidered in Hungary to avoid inequalities in access.
- **Coping strategy:** lower income households might try to compensate the increased burden of formal payments with the decrease of informal payments. This can also lead to the increase of inequalities in access.

THANK YOU FOR YOUR ATTENTION!

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