



EXECUTIVE SUMMARY

Building private health insurance system In Poland

Concept by Polish Chamber of Insurance

Warsaw 2008

Despite growing contributions to the national health insurance system and increased revenues of the National Health Fund which result from increasing wages and decreasing unemployment, the Polish healthcare system remains seriously underfunded.

The situation results in long waiting lists for numerous medical procedures or - in case the value of delivered healthcare services exceeds the amounts contracted by National Health Fund- in growing debts of most public healthcare providers. Other issues include steady and fully understandable wage pressure by medical personnel.

Therefore any public healthcare system reform requires a solution that will guarantee, along with additional funds inflow, increased financial efficiency, prudent and rational utilization of funds and above all high quality, open and accessible healthcare.

The Polish Chamber of Insurance (PIU) proposes to implement a system that will allow private and public payers to compete against each other. We think that the most favorable solution – verified in various countries – is to let Private Health Funds (PHF) co-manage public healthcare funds. Competition between payers should lead to greater efficiency as every entitled person will become a customer, not a petitioner as currently is the case with The National Health Fund. An increased number of institutions involved in the management of public healthcare funds will guarantee better quality and organization of medical services provision.

The Polish Chamber of Insurance proposes a voluntary private health insurance system that will develop along and benefit from the growing wealth of Polish citizens, following the examples of France, Holland or Australia. “Diagnoza Społeczna 2007” survey suggests that 18,8% of respondents declare their desire to purchase private health insurance for up to a PLN 100 monthly premium.

Today private spending on healthcare in Poland amounts to PLN 20 billion, however, just a small fraction of it goes to public healthcare providers. The solution recommended by PIU, in which private health insurance would be widespread, will ensure that a significant part of premiums collected by Private Health Funds may go to public healthcare providers, who, at present, are financed by the National Health Fund only. They include mainly hospitals, but also diagnostics and rehabilitation centers.

We recommend that Private Health Funds – apart from managing public funds – collect a supplementary premium. Due to the character of their activity the only institutions allowed to establish a Private Health Fund would be non-life insurance companies licensed to offer class 2 sickness insurance. In our view there is no need to establish a separate branch limited to private health insurance. The current insurance legislation is sufficient and the existing products offer by numerous insurance companies confirms this.

We propose to implement Private Health Insurance that will consist of two elements:

- Capitation rate raised through the public healthcare insurance premium,
- Supplementary premium paid for directly by an insured person.

Individuals deciding to purchase Private Health Insurance would be able to choose among numerous options offered by the funds. The options could range from a basic cover (more comprehensive or equal to the public cover) to custom tailored ones (covering e.g. consultations and treatment abroad) according to individual needs, preferences or purchasing power.

In order to improve the financial condition of the entire system without compromising the principles of social responsibility and solidarity we recommend that the amount of public funds that follow a person purchasing a private health insurance be a fixed percentage of an average capitation rate assigned to each person of certain age and sex that is entitled to public healthcare. **In the model recommended by PIU, each Private Health Fund receives a fixed capitation rate transferred from the public system and a supplementary premium (related to a chosen standard) paid for by an insured person.**

The value of both the capitation rate and the premium will depend on age and sex. The capitation rate is calculated in relation to the public system's average expenses on individuals of certain age and sex. The Private Health Fund shall receive 80% of the rate for each individual aged between 4 and 60 and 100% for others, i.e. children up to 3 years old and seniors over 60.

The capitation rates would be calculated (based on the public fund's expenses and – in the following years – based on all funds' expenses) by a newly established Health Insurance Supervision Authority and transferred to private funds by the Social Insurance Institution (ZUS) or Agricultural Social Insurance Fund (KRUS).

The capitation rate and the supplementary premium received by the PHF would oblige it to provide a policyholder with a comprehensive healthcare cover, including drug refund schemes, and in line with the Polish regulations. However, medical rescue services and highly specialized procedures would remain the public system's responsibility.

