



## **PRIVATIZATION IN THE CZECH HEALTHCARE**

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Before 1990, the whole of the healthcare including all funding was in the hands of the State. All hospitals, polyclinics where general practitioners, pediatricists, dentists and other specialists worked, spas and spa treatment, ambulance services - everything was fully financed from the state budget.

At the beginning of the nineties, a profound change in funding occurred. General health insurance policy was established. The system is funded from joint contributions made by employees and employers, self-employed persons and from the State, which pays for children, pensioners and other people without their own income. Apart from the General Health Insurance Company, a lot of other insurance companies emerged, so at a time there were as many as 27 health insurance companies. They all were public companies but financed from private funds of enterprises, industries or interest groups. The companies themselves decided about the range of their clients. Nevertheless, mergers and shutdowns followed very soon and nowadays there are only nine health insurance companies opened to all clients.

At the beginning of the nineties, when rightist political parties came into power, the first wave of privatization in the healthcare sector was started on their decision. The first to be privatized were the services of pharmacies, general practitioners and healthcare specialists, and also transportation of patients with the exception of emergency ambulance services. Spas were also privatized, with the exception of those providing services for children. Privatization of services was accompanied by privatization of property. Only a few polyclinics and surgeries became property of municipalities, most property

became private ownership of physical persons or legal entities. The buildings of former public healthcare institutions had to be used for that purpose for at least ten following years. After that period, however, the rent became so high that mainly in some larger towns doctors using those premises had to move. Accessibility of some ambulatory services has been deteriorated in that way.

At the same time, an attempt was made to privatize regional hospitals. A list of about a hundred general hospitals was drawn. Luckily, the pace of privatization slowed down and in the end trade unions succeeded in persuading the Minister of Privatization and then the whole Government that privatization of hospitals should be stopped. Insufficient regulatory mechanisms in the health insurance system and activities of privatized hospitals on the healthcare market might have endangered the stability of public health insurance system. It was becoming evident that the health insurance system was slowly getting into debts which caused delays in payments, and in the long term might bring about fatal problems to the system. Every other year the governments tried to remove the debts of health insurance companies, nevertheless, no real balance has ever been established. Both rightist governments of the nineties and leftist governments, holding the power at the moment, have been equally unsuccessful in this respect. Most of the Czech hospitals have entered the new millennium as the property of the State.

At the beginning of the new millennium, however, the social democratic government made a fatal mistake. It started de-concentration and de-centralization of public administration. Regional and local governments were given the powers of administration as well as the institutions providing services in the respective area together with their property. Relations in the respective industrial branches of public services, however, were not adapted to such changes. Services were given over without any rules, or financial resources. Local and regional governments responded with curbing the provided services and with privatization.

Regional governments took over hospitals that were in debts and that had yearly turnovers exceeding the budgets of a whole

region. And the regional budgets had to cover all the provided services that they had taken over - maintenance of roads, transport infrastructure and its funding, social services, secondary schools etc. Regional governments were afraid that the indebted hospitals might have negative influence on the whole of the regional budget and so they decided to change their legal position into joint-stock companies. Nowadays there is to be feared that the shares in those companies will be sold in the future. Trade unions are concerned with the fact that employees in those transformed hospitals receive the same or even lower wages than before.

What is very important is the fact that during the transformation process we succeeded in negotiating, with rightist regional governments, retention of previous labour relations, the level of wages, participation of trade unions in audit boards of the hospitals, impossibility to sell the shares and abolishment of profit distribution for any other purposes than the main activity of the hospital.

Now, at this moment, when half of the hospitals in the country have already been transferred into joint-stock companies and the other half have been prepared for that change, a new bill appeared in the Parliament. Communist MPs together with the new Minister of Health presented a draft, following to which all hospitals irrespective of their legal position should be transferred into non-for-profit facilities. All losses of such institutions must be paid for by their owner from his/her own funds. Nevertheless, it should be the State that will decide about the range of provided services and about some of the hospitals' costs in the future. The bill has become a tool in the political struggle before parliamentary elections. None of the politicians is interested in real subject-matter of the issue any more, whether the hospitals will be able to function properly and whether there will be sufficient financial resources for their funding. We are very much concerned about the negative impact of the new law and of the probable instability it will cause. It is very probable that in a number of cases it will be the supreme Constitutional Court that will have to decide on some parts of the law following legal actions of hospital owners.

The new Minister of Health imposed forced governance over General Health Insurance Company and he suggested, through some MPs, a number of changes and amendments to laws. Those drafts diminish the rights of employees and employers within the health insurance administration system and remove the democratic elements of participation of services consumers and providers in the decision process. According to his suggestions, all decisions should rest in the hands of the Minister of Health; the issues of providers should be dealt with by the Doctors' Chamber, whose president he had been for several recent years before his nomination to the post of Minister. The measures that he suggests are presented as adding to stability of public health insurance; in fact, however, they evidently are detrimental for both providers and clients of health services, above all for patients with chronic diseases. That fact is in clear contrast with the programme and obligations of the ruling Social Democratic Party. There is a growing movement in the whole country against the way the Minister is performing his tasks and against him as a person. The first to strike were pharmacists in January; there is going to be a demonstration of all care-providers in a central square in Prague in February. Trade unions and employers still keep trying to negotiate with the Prime Minister. If no change has been reached, they will probably join in the protests against the Minister. There is a real danger that consequently to the mistakes of the Minister of Health and his clique the whole system of funding the healthcare in the Czech Republic will collapse and accessibility of services will drop. The whole issue is very sore, the more so that Parliamentary elections are drawing near and election campaigns are in beginning.

Our experience shows how very complicated it is to analyse all the impacts and consequences of globalisation and privatization and to deal with them properly. The more so that in post-communist countries they are combined with incompetence of political and social elites in building up the State, with irresponsible governance, lack of democracy in both political parties and in the whole society, and with omnipresent corruption.