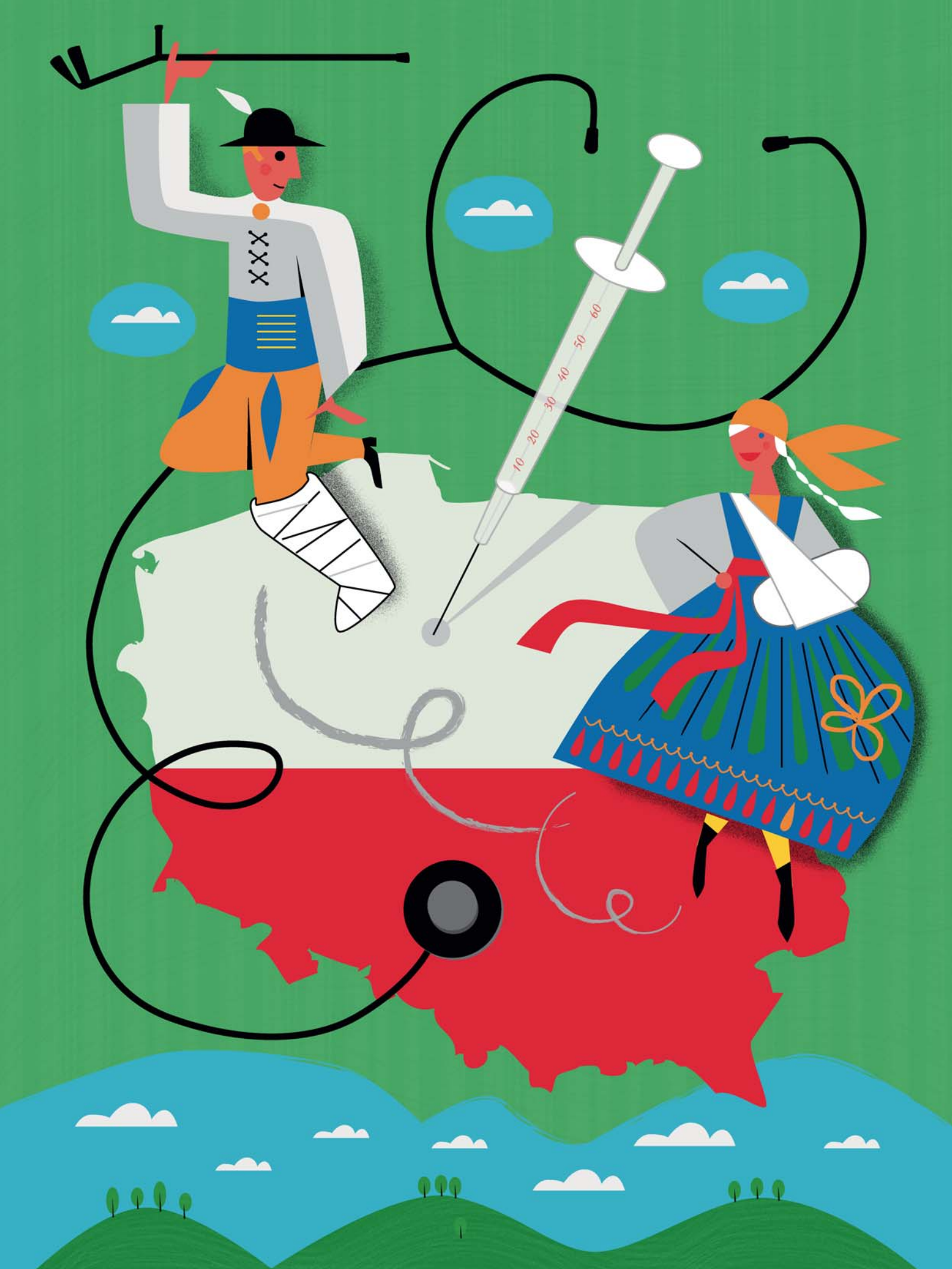
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# The Polish Healthcare System

By Janusz Michalak, President of Termedia Publishing House

In spite of the 20 years that have elapsed since first transformations, reform of Poland's healthcare system has yet to be completed. The Polish healthcare system is nominally an insurance-based system; in reality, however, a para-insurance system evolving around a governing budget system. Throughout the communistic period (1945-1989), it was a governmental budget-based system, with all hospitals state-owned and healthcare provided free of charge. The private sector share was minimal and limited to single doctors' private practices.

First radical reforms following some transformation began in 1999, during the center-right government of Jerzy Buzek. To a considerable extent, reformation was modeled on Germany's healthcare system, with certain elements from the British system also taken into account. Healthcare funds were created with the intention of financing healthcare in individual, regional areas. In addition, each fund was to function with significant independence. At the same time, a supervisory organization was to be set-up for the aforementioned insurance system, thus leveling disproportions between regions – ideals and actions that never took place. According to the intentions of the initiators, an insurance-based system with healthcare funds commercializing over a period of time would well serve its purpose. This never happened as politicians, wary of immense change that had already been introduced in other areas of everyday life, were put off by the threat of social conflict.

## Incomplete Reform

As a result, healthcare reform came to a halt and remained incomplete despite the road map having been well chalked out. Furthermore, any claims regarding competition or possible admission of foreign capital remained valid solely on paper. It was the first time any form of cost management could have been perhaps successfully introduced, but sadly professional managers were lacking. Worse still, assuming funds had run out, the director of a hospital stopped accepting patients. Repercussions, following social pressure and this shameful event, were that the press and TV attacked the reformers' good intentions, claiming that a free market in healthcare only brought enormous risks.

A further episode was the move by the left-wing cabinet of Leszek Miller, which took over by announcing its claim in favor of departure from the healthcare funds and replacement through a central National Health Fund – the Narodowy Fundusz Zdrowia (NFZ). The former director of a Warsaw hospital was to head the department that carried out the counteraction. Convinced that a liberal market in healthcare would fail, he held faith in an NFZ-based system, together with independent regional branches that were to be created. Practice indeed proved a central organization to be the strongest link, and since then a para-insurance-based system exists. All is concentrated on the central NFZ organization, thus making it practically a replica of the former government-run budget system. This institution sets the standards for treatment, therapy, and reimbursement – deciding what will be paid from insurance money and what not. And it is not possible to take out a "premium" insurance to cover more than basic benefits.

A remaining problem following the left-wing "counter-revolution" is dual power. On the one hand the NFZ pays benefits, while on the other hand the Ministry of Health has its say – leaving open the question who should fulfill which roles. According to the 1999 reform assumptions, the Ministry of Health should be a consulting body decisive on general health policy aims – and at the same time safeguarding proper care and medical education. Disputes, however, arose between the subsequent presidents of the fund and subsequent Ministers of

# Facts & Figures

Life expectancy at birth in Poland averages 75 years – 71 for men and 80 for women. Mortality rates of children under five are high. For every 1,000 births, seven children die before reaching five years of age, with the mortality of boys higher than girls. On a European scale, Poland has a relatively young society, yet the fastest aging population on this continent. In 2009, the percentage of people over age 60 was 17 percent. And, according to government calculations, Poland's society is likely to age at the fastest rate in Europe. They foresee a 4.4-fold increase in the oldest group of Polish citizens between 2000 and 2050. No increase is expected in the child sector with reproduction rates at zero. As a result, Poland is expected to have a significant increase in old-age ailments ranging from oncological to neurological.

Meanwhile, public expenditure in Poland is steadily increasing. In 2010, Poles spent 98.85 billion PLN (28.77 billion US$) (almost seven percent of GDP) on healthcare, according to the Main Statistic Office (GUS). Of this amount, 79.85 billion PLN (23.34 billion US$) are public expenditure. NFZ expenditure is the biggest element of public expenditure. NFZ, contrary to GUS, publishes its numbers year by year. According to NFZ, the projected expenditure for health in 2012 amounts to 65 billion PLN (18.92 billion US$). In past years, those figures were far lower: 49.1 billion PLN (14.29 billion US$) in 2008, 35.6 billion PLN (10.36 billion US$) in 2004, and 29 billion PLN (8.44 billion US$) in the year 2000. The two causes for such a high rate of personal expenditure are firstly, the elevated amount of co-payment for only partially reimbursed medicines and, secondly, the fact that Poland lacks a private health insurance system. According to data from the Ministry of Health, patients pay as much as 34 percent of drug prices from their own pockets. Although every Pole has access to a basic benefit package, remaining sums must be paid by individuals.

NFZ data reveals 720 public and 1099 private hospitals in Poland. With the latter, only 48 have annual contracts in excess of 10 million PLN (2.91 million US$) for the provision of services on a larger scale. In Poland, the majority of private hospitals are narrowly specialized – day surgery in ophthalmology is one such example. And under the heading "hospital team of doctors," this may even include a physician hiring the operating theater in a hospital to conduct a commercial operation. Approximately 70 clinical hospitals exist in Poland and the numbers are decreasing due to consolidation.

According to official data from state institutions – CWU (centralny wykaz ubezpieczonych; central list of insurance) – around two million citizens in the Polish Republic are uninsured, in other words around five percent of Poles. This data cannot be relied upon, as the CWU has no record of Poles who are insured abroad and emigration rates are high. On the other hand, registration is criticized as loss of effort – also resulting in inaccurate figures.

Furthermore, data from the NFZ reveals that patient wait time is dependent upon the ability to pay. The average wait for a total knee replacement is 433 days, regardless of urgency. In the case of the hip interventions, a 365-day wait is the norm, and for highly specialized eye surgery (including cataracts), it is 351 days. In private hospitals, such operations can be carried out practically at the drop of a hat if funded with the patient's own money.

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Sources:
http://www.stat.gov.pl.
http://www.nil.org.pl
www.nfz.gov.pl
www.who.org
Last accessed May 16, 2012

Total Expenditure on Health per Capita (2005): US$ 495.00

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Total Expenditure on Health as % of GDP (2005): 6.2

Public Expenditure on Health as % of Total Expenditure on Health (2005): 69.3

Number of Nurses per 10,000 Resident Population (2006):

52

37°

Population in Thousands (2006): 38,140

Number of Hospital Beds per 10,000 Resident Population (2005): 52

Number of Physicians per 10,000 Population (2006): 20

Male Life Expectancy at Birth (2006):

71

Female Life Expectancy at Birth (2006):

80

"And while perhaps aiming in the right direction, many people are suffering because of reform and deprived of access to doctors and medications."

Janusz Michalak, President of Termedia Publishing House, Warsaw, Poland

Health. Nominally, the latter has the upper hand, yet a Health Minister is unable to make autonomous decisions over and above those of the NFZ without permission of the Prime Minister. The current Minister of Health, Bartlomiej Arlukowicz from the centre-right Platforma Obywatelska (PO – citizens' platform) has serious difficulties with the NFZ, and the Prime Minister is often called upon to intervene.

Many reforms have been initiated in Polish healthcare, and the same is true in the case of possible institution of family doctors. Similar to Anglo-Saxon countries, family doctors are intended to reduce excessive and unnecessary referrals to specialists, but this reform never took off. Currently, the financial situation is such that if a family doctor refers a patient for tests, he/she must then personally pay the bill. Family doctors therefore have no great interest in making referrals – especially for expensive tests. In any case, with the current system, such tests are hardly affordable, let alone the diagnosed illnesses treatable. Yet, it appears that family doctors prefer simple cases, avoiding difficult decisions – and Polish family doctors refer patients to a specialist more often than necessary. The Polish health system hence appears to have too few specialists, and often month-long waits and queues waiting to see one. The phenomenon of "packing patients off to hospital" is yet another tendency. One that apparently pays off, as, at the hospital, tests are carried out free of charge with only a prescription required from the doctor. The results of this are crystal clear – an existing overload in Polish hospitals.

In theory, the state restricts access to various services, from basic to highly specialized services. The NFZ imposes quota limits on service providers – and in any given year, a doctor or hospital is able to perform only specific services within the scope of insurance coverage. Patients thus face long queues if not in life-threatening situations.

## Healthcare Costs

Poles pay a health premium of approximately nine percent of their income. The estimated NFZ budget for the year 2012 is 64.5 billion PLN (18.77 billion US$) – with around 7 billion PLN (2.04 billion US$) spent on the family doctor. The cost of outpatient specialist care equals this – with the state additionally paying over PLN 8 billion for medications. And the cost of hospitals further burdens the state budget by around PLN 30 billion per year. According to hearsay, patients also pay an estimated PLN 30 billion for treatment out of their own pockets. These are estimated data, but it is well known that Poles pay bribes and accept treatment in grey market areas or private clinics. This section of the market is unfortunately thriving in constantly rising figures.

The existing regulations pose problems and bitter disappointment for people in the medical branch. The PO commenced elections in favor of liberalism – whereby few acts have been submitted to the Sejm (the Polish parliament) to date. Pursuant to one, namely the commercialization of hospitals, all hospitals should undergo transformation to become legal commercial companies by 2013, although how such an act is to be introduced and carried out is yet to be seen. Secondary legislation lacks and nobody knows what is likely to happen to hospitals that conduct both treatment and educational activities. If nothing changes, a decline in clinical healthcare is bound to be the outcome – and around 140 hospitals risk serious decline beginning next year.

A further act concerns voluntary, independent health insurance. The current Sejm Marshal, Ewa Kopacz (PO), put forth such an act on more than one occasion to the Sejm committee while still the Minister of Health, but the act was rejected every time due to poor preparation. It is yet to be submitted to the Sejm agenda. To date, nobody can cope with an additional insurance system. The NFZ system is so well established and the Polish society still so lacking in means that, as research has shown, only a negligible number of Poles could possibly

cope with paying any form of supplemental insurance.
Thus, a new phenomenon has come to light – with subscription companies such as Luxmed, Damian, and Medicover. Companies bought by investment funds that sign contracts with varying enterprises. These companies pay PLN 50-100 per month for each employee and his/her healthcare. However, such subscription companies offer healthcare at the simplest level – substituting only the duties of the average family doctor and likewise directing more complex cases to hospitals.
Poland invests very little in healthcare, approximately 10 times less than Germany. However, the problem is not directly concerned with the amount of health premiums, instead the issue is the prevailing chaos and lack of clear perspectives. Oncological clinics pose a further problem with very tardy detection rates as compared to other countries. Polish patients have far fewer chances of survival as compared to say, French or American patients. And no form of award is granted to family doctors who would take the trouble to examine patients more thoroughly. They are undoubtedly capable of detecting cancerous cells at an early stage, but there are no lucrative benefits. And naturally any level-headed insurer would prefer to cover costs in the early stages of treatment as opposed to paying for more expensive treatment at a later date – yet the state-owned NFZ pays no attention to such "details."

Much government money in Poland has been spent to date on reimbursement for medications. Expenditure on medications continued to grow, so it came as no surprise that Kopacz introduced a reimbursement act, which generated negative reactions when it ceased access to expensive medications. Poles are now treated using chiefly generic drugs and less contemporary methods. At the same time, they have to pay considerably more for extra medications – meaning that out-of-pocket expenses will continue to increase.

## The Aging Challenge

An additional challenge to the healthcare system is the aging of Polish society. Bearing in mind demographic forecasts, the government intends to raise the retirement age to 67, up from 65 for men and 60 for women. Such plans have been the cause of considerable social protest.
So what happens next? If the existing coalition remains in power, and everything indicates this is likely to be the case, the reforms of the former Minister of Health, Ewa Kopacz, will become effective, albeit with delay. The ruling bodies are bound to be confronted with enormous uproar concerning further changes in the healthcare system – and some of the more recently implemented acts have already resulted in great confusion on behalf of the general public. On the other hand, political pressure prevails – and the will to introduce as many reforms as possible. Politicians' intentions nevertheless have to be acknowledged – as the next three years are all that is left to implement difficult reforms. If the current government does not succeed in this or in the following year (which are the two years immediately preceding the next election) it will never do it. It has rapidly prepared healthcare reform – and in doing so behaved somewhat like a bull in a china shop. And while reform may be a step in the right direction, many people are suffering because of it; they are deprived of access to doctors and medications.
Each government in Poland is interested in carrying out certain reforms – but, in this case, the governing body is standing on very shaky ground in dealing with such a sensitive social issue. And exactly what aims the reforms will have – whether fully insurance-based or mixed – is still not clear, let alone private factors. In Poland, there is no discussion about subsequent governments imposing fragmentary solutions, and although things often go pretty much in the right direction, chaos seems to go hand in hand with everyday life. Unfortunately, patients suffer the most. Maybe in 10 years everything will be better, but we still need to survive the next 10 years ...

The opinions in this essay do not necessarily reflect those of Siemens Healthcare.

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