



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

OPINION

on

"HEALTH CARE IN BULGARIA – PROBLEMS AND POSSIBLE SOLUTIONS"

(own-initiative opinion)

Sofia, 2014

In its 2014 Action Plan the Economic and Social Council included the elaboration of an opinion on "Health Care in Bulgaria – Problems and Possible Solutions."

Pursuant to Art. 17, item 7 of the Terms of Operation of the Economic and Social Council, a temporary committee was established with the task to develop a draft opinion on this topic. ESC Vice-Presidents: Mr. Vasil Velev – Group I, Chairman of Management Board of the Bulgarian Industrial Chamber Association, Dr. Konstantin Trenchev – Group II, President of the Confederation of Labour "Podkrepa", Prof. D.Sc. Neno Pavlov – Group III.

Dr. Ivan Kokalov, member of Group II – Representative Organisations of Employers and Employees, and Mr. Bozhidar Danev, member of Group I – Representative Organisations of Employers – were appointed rapporteurs on the opinion.

At its meeting held on 21 November 2014, the Plenary Session discussed and adopted this opinion.

ABBREVIATIONS USED

GDP	Gross domestic product
BIA	Bulgarian Industrial Association
EU	European Union
ESC	Economic and Social Council
CoM	Council of Ministers
MLSP	Ministry of Labour and Social Policy
BMA	Bulgarian Medical Association
OMDC	Outpatient medical and dental care
FSC	Financial Supervision Commission
MCE	Medical Care Establishment
MCEIC	Medical Care Establishment for Inpatient Care
MHAT	Multiprofile Hospital for Active Treatment
MDA	Medical and diagnostic activities
MH	Ministry of Health Care
MF	Ministry of Finance
NHIF	National Health Insurance Fund
NSSI	National Social Security Institute
NSI	National Statistical Institute
WB	The World Bank
WHO	World Health Organization
BDA	Bulgarian Dental Association
SOC	Specialized outpatient care
PSS	Public Social Security
PPP	Public-Private Partnership

1. INTRODUCTION

- 1.1. The problems of health insurance and health care have so far been the subject of three specialised ESC opinions and one resolution, while the topic of the health care reform has been also addressed in one way or another in a number of other opinions and analyses developed and adopted by the ESC.
- 1.2. The purpose of this opinion is to initiate serious public debate in Bulgaria and assess from the perspective of the civil society the current state, the problems and the prospects for change in the existing system of health care.
- 1.3. ESC expresses the understanding that one of the main functions and concerns of the State are the protection and restoration of the health and quality of life of every Bulgarian citizen. According to ESC, however, health is not only guaranteed by the Bulgarian Constitution, but also duty of every citizen associated with his or her compliance with legislation and maintenance of a healthy lifestyle.
- 1.4. In this respect, ESC shares the view that the desire to maintain and strengthen personal health means more efficient use of one's own opportunities, the opportunity to receive higher incomes and provide for a better standard of life and should therefore be adopted as personal philosophy and behaviour by every Bulgarian.
- 1.5. ESC is convinced that the health care reform is not a one-off campaign but a continuous process of qualitative and quantitative changes of varying scope and impact on the health care system, the main objectives of which is to improve the health status of the nation. Changes in the context of health care reform should be implemented within a framework of coherent and logical interrelatedness, leading to finding lasting and sustainable solutions to the problems in health care.
- 1.6. ESC believes that the measures already taken in the field of healthcare – legal, economic, organisational, etc., have not been subjected to a general concept that brings together the efforts of government, employers and the public to achieve a new attitude to health care, to ensure the health status of the population, to motivate and ensure high labour productivity and a new, better quality of life.
- 1.7. The ESC stresses that challenges such as the difficult economic situation, organised lobbying in defence of corporate interests and the absence of social and political consensus on the future of the country, are a major cause for the problems encountered by the health care reform, which so far have been viewed independently, and also for the failure to implement successfully European regulations in this area. This led to the adoption of an unprecedented number of unrelated, mutually contradictory and chaotic political and managerial solutions, complicated legal regulations and unworkable strategies for the development of the health care system, the formation of an ineffective control system and inadequate actions of the competent authorities. There is a steady increase in the number of hospitals while the imbalances in their specialisation and regional distribution are deepening, as well as the inefficient use of the limited financial resources.

- 1.8. ESC notes with concern that the resolution of problems related to the health of the population, are still only a declared but not practically realized top priority for the government and society. The serious and deepening demographic processes and especially the continuing emigration increases even more the urgency of these problems and the absence of long-term, consensual vision and common political will to solve the accumulated problems.
- 1.9. ESC expresses its concern for the emerging erroneous belief that the health care system must be adjusted to market principles and the state does not need to manage, regulate and control the system. This understanding has been installed as the philosophy and practice underlying the health care reform in recent years, although this approach seems to contradict the accepted and established European principles and practice of development and reform of health care systems in the European Union.
- 1.10. ESC shares the view that the health care system in Bulgaria is underfunded, but also supports the position of the majority of experts that increasing the provided resources alone will not only fail to improve, but will rather deepen the negative effect of the operation of an unreformed system. Such funds will continue to reproduce its inherent deformations and the system would again be inefficient and in constant chronic deficit. In this respect, ESC does not accept the finding that if sufficient funds are provided without the necessary adequate and consistent reforms, the health care system will automatically work better.
- 1.11. ESC's position is adamant – such a sensitive public health care reform should not be carried out without achieving the preliminary national consensus among politicians, medical professionals, experts and society as a whole, to answer the questions what lies ahead and what is expected after the changes.
- 1.12. ESC supports the view that the main tasks of the national health care policy must be in accordance with the European Health Strategy and should be involved in defining the fundamental health values, creating a system of health indicators (at the national and regional level) and search for suitable working and organisation methods to improve inter-institutional cooperation.
- 1.13. ESC insistently reminds that the directives of the strategy and their implementation will have a positive impact on the socio-economic development and the development of health care in Bulgaria along the already undertaken line of integration with European and international norms and values.
- 1.14. The suggestions and recommendations presented by the ESC regarding the effectiveness of the health care system have the following objectives:
 - 1.14.1. To protect the interests of insured persons and to ensure the constitutional right to medical services at all territorial levels;

- 1.14.2. To improve the financial situation and to increase the efficiency of the health care system;
- 1.14.3. To create conditions for achieving quality of health services corresponding to European standards;
- 1.14.4. To ensure greater justice, equality and accessibility of insured persons to good-quality medical and dental care;
- 1.14.5. To provide and ensure transparency and public awareness of the condition, development and results from the operation of the system.

2. CURRENT STATE OF HEALTH CARE SYSTEM IN BULGARIA

- 2.1. In recent years, policies on health were related to the adoption of the following documents: Concept for Better Health; Draft Concept for Sustainable Development of Emergency Medical Care in the Republic of Bulgaria; Concept for Hospital Restructuring; National Strategy for Demographic Development of the Republic of Bulgaria (2012 – 2030); New Financing Model for Hospitals; A National Strategy to Reduce Poverty and Promote Social Inclusion 2020, National Programme for Prevention of Chronic Non-Communicable Diseases (2013-2020)¹. The last programming document – The National Health Strategy 2014-2020 -² is a logical continuation of the several complementary health strategies and concepts for the development of the health care system in the Republic of Bulgaria developed during the last decade. ESC believes that the adopted so far strategic documents for health care reforms are characterised by lack of mutual commitment, continuity and consistency, insufficient transparency and absence of consensus in their elaboration and that they are not subject to a general concept that brings together the efforts of the government, the employers and the public to achieve a new approach towards people's health.
- 2.2. In a broader aspect ESC supports the view of analysts and experts that the main important factors and causes that have led to inefficient results from the Bulgarian health reform that has been implemented over the last years are³:
 - lack of consistent political will to raise the nation's health among the top national priorities in order to ensure national health security;

¹ Published on the website of CoM, MH, MLSP.

² National Health Strategy 2014-2020

³ For more details refer to: HEALTH CARE 2014: Current State, Problems, Solutions, Challenges. BIA 2014; White Paper on Health-Based Values. Ivanov, L. ed. Batman Sofia, Bulgarian Association of Medical Devices Entrepreneurs, 2012, pp. 58- 84; World Bank Report. Mitigation of the Economic Impact of Aging: Prospects for Bulgaria. S., 2013; Health Care Policies - Economic Analysis and Estimates in Economic Development and Policies in Bulgaria: Estimates and Expectations. Economic Research Institute at the Bulgarian Academy of Sciences, 2013; Study of the Bulgarian Industrial Capital Association (BICA) project "Limitation and prevention of the informal economy" 2012.

- implementation of accidental decisions and mechanisms that do not fit or are not intended to work in accordance with a common strategic plan;
 - lack of competent and objective expert analysis of the current state and trends in public health;
 - lack of defined, realistic health priorities, common health policy concept and model;
 - adoption of decisions on changes in the health care system without taking into account the balance between health needs, goals and limited financial resources that can meet these decisions;
 - imitation of structural reform, without an objective preliminary analysis of the health system and risk assessment.
- 2.3. ESC notes with concern that for the last ten years public spending on health care in Bulgaria as a share of GDP remained at around 4%. At the same time, ESC stresses that the average percentage of these costs for 2011 in total for the European Union is 7.4% and for the EU-17 it is over 8%, the average EU trend being towards increase.⁴
- 2.3.1. ESC believes that data on the GDP share of total government expenditure are also indicative, which for Bulgaria amount to 35.2% – significantly less than the average 49.1% for the 27 EU Member States, were in one third of the Member States this share is higher than the European average – over 53%.⁵
- 2.3.2. ESC also stresses that the second expenditure sector in European Union by 7.5% of GDP or 14.7% of total government expenditure is health care. Moreover, in comparison with 2002⁶ spending on social protection, health care and economic measures in total for the EU have increased at the rate of the GDP and after 2009 at a faster rate, which can be explained by the actions taken in response to the crisis. ESC notes with regret that such a trend in Bulgaria cannot be observed.
- 2.4. In this regard, ESC believes that maintaining a relatively low level of public funding for health care not only fails to contribute to its development, but is also one of the determining factors for the deterioration of the quality of service, which limits the possibilities for providing adequate medical care. The result of this policy is the observed low-quality service, outdated equipment and technology, the lack of opportunities for staff motivation and especially for enhancing their qualifications.
- 2.5. ESC expresses concern about the gradual reduction of the state participation in the total amount of funds that provide funding for health care. There is a steady trend of reducing the proportion of funds allocated from the state budget to finance the health

⁴ Source: Eurostat – Statistics in focus: Economy and Finance Authors: Laurent FREYSSON, Laura WAHRIG.

⁵ EUROSTAT - all funds earmarked by the central and local authorities as well as social security funds.

⁶ Reporting of total figures for all Member States began in 2002.

care system, while a steady trend towards increasing the share of health expenditure financed at the expense of the NHIF budget.

2.5.1. ESC is concerned by the fact that – as a result of the unjustified transfer of activities to the National Health Insurance Fund by the Ministry of Health, the budget of the Ministry of Health has been decreased by half during the period 2008-2014 (from 698.9 million to 359.1 million BGN). An especially strong impact was produced by the transfer of haemodialysis, intensive care and cancer medication to the NHIF budget without setting aside the appropriate resources.

2.5.2. Furthermore, the cost of prevention, prophylactics, raising awareness and control of public health, which under the country's Constitution and the Health Act are obligations of the state, are gradually transferred to the NHIF budget – from 31.8% in 2010 they reached 40.4% in 2012, while the share of the cost borne by the Ministry of Health for these activities decreased from 68.2% in 2010 to 59.6% in 2012, i.e. by about 9 percentage points⁷.

2.6. ESC notes that in recent years it has become customary developed for health insurance contributions to be diverted from the NHIF budget for the needs of the country's fiscal reserve. An established practice has emerged to ensure the country's financial stability be means of funds from social security contributions through the so-called "surpluses" in the NHIF budget which are transferred to the country's fiscal reserve.

2.6.1. In this regard, ESC considers that the diversion of funds from the budget of the NHIF deprives the health insurance system of the reserve required to cover the operating deficits and to implement reforms in the health insurance system. Furthermore, this practice generates a loss of confidence of the insured concerning the fate of the contributions made by them to the Health Insurance Fund, which in turn leads to decreasing interest in the payment of health insurance contributions.

2.7. ESC is concerned by the fact that in recent years there has been a steady trend for the ratio between public and private spending on health to persistently shifted in the direction of ever increasing costs of the private sector, including the costs of households, at the expense of a reduction in public spending. ESC also points out that the changes which took place in recent years in the mechanisms, particularly in the financing system, of the health insurance system are mainly due to the increased contribution of the Bulgarian citizens.

2.8. ESC notes with concern that one of the biggest problems of the Bulgarian health care system is the inequality in access to quality health care for a large part of the

⁷ Economic development and policy in Bulgaria. Economic Research Institute at the Bulgarian Academy of Sciences, 2013

- population, especially in small towns and villages. The imbalances are deep, deepend constantly and increase steadily.
- 2.9. ESC emphasises that the collection of health insurance contributions is not yet a major priority for the tax administration to provide the necessary revenue with which to ensure the financial stability of the health insurance system.
 - 2.10. ESC notes with concern the lack of transparency concerning the results and the problems in the operation of the health care system. There is no practice to present analyses and information on the cost of health care for different groups of insured persons, the priorities and the problems in medical care and its results. There is no public and adequate accountability for the real costs in the health care sector.
 - 2.11. ESC considers particularly alarming the slowdown in the introduction of e-health as a decisive factor for improving the efficiency of the health care system, ensuring greater transparency in the system and improving the quality and control over medical services.
 - 2.12. ESC is concerned by the sharp and unjustified increase in the amount of funds that are released from the NHIF budget for hospital care. This provides support to a system with a large number of hospitals, a considerable part of which maintain an unreasonably large number of beds. In this regard, ESC agrees that the reason for this practice is the lack of effective legal, economic, organisational, financial, medical and other mechanisms, developed by the state, for the optimisation of the number, size and location of the hospital system.
 - 2.13. According to ESC, the health insurance system is highly deformed and charged with unusual features, while its management is entirely controlled by the state. The National Health Insurance Fund has transformed from a public-private into a state-administrative health care institution that finances to health care for the entire population, without taking into account the specific, individual insurance contributions. Therefore, NHIF has rather become a public payment agency.
 - 2.14. According to the ESC, Bulgarian society is becoming increasingly concern with the fact that the health care system is highly bureaucratic as well as with the corrupt practices observed in it. ESC believes that a particularly alarming phenomenon is the large scale of the so-called "non-regulated payments", which deform the fairness of the health insurance system and limits the access of a large group of the population, and especially the groups at risk, to quality medical care or sometimes medical care in general.
 - 2.15. ESC notes with concern that in recent years, despite the great importance and urgency of the problem, there is no adequate state policy and specific actions to reduce the number of persons uncovered by health insurance. There is no effective operational mechanism and conditions for the provision of medical services to those persons, and therefore the treatment of this contingent of people is still provided mainly at the expense of the insured. As a result of this practice the financial situation of a number

- of health care institutions is critical, since hospitals accumulated many debts to suppliers of medicines, consumables and materials.
- 2.16. ESC observes that the necessary steps to build horizontal links between the health insurance fund and the funds of public social security have not been taken. There is no system for reporting the effect of the quality of medical services on the costs to be borne by the social funds (PSS) fit notes, medical expertise, granting disability pensions, etc.
 - 2.17. According to ESC the political solutions to the problems of privatization and public-private partnership (PPP) in health care have been constantly deferred. For these reasons, privatization and PPP are still not regarded as an integral part of the overall package of decisions and initiatives for health care reform, they are not used as a form of creating incentives and conditions to improve the quality and coverage of health services to the population.
 - 2.18. ESC believes that the lack of a long-term strategy for investment does not allow to ensure the realization of the objectives of the health care reform and the equal access to quality medical care. In the absence of a unified state policy and transparent criteria when buying high-tech machinery, equipment and health care technologies with public funds, the new efficient technologies and equipment are concentrated in a few large cities.
 - 2.19. ESC notes with concern that despite the crucial importance of human resources for quality and efficient health care, this factor is underestimated. Thus, there is a lack of consistent and long-term policy regarding medical personnel.
 - 2.19.1. ESC notes with particular concern that the number of highly qualified medical professionals decreases, while in some specialties such as anatomy, forensic doctors, anaesthesiologists, paediatricians, microbiologists, surgeons, etc., it has dropped below the critical minimum. A large part of the highly qualified doctors and doctors with specialities, are leaving the country, this tendency being even more frequent among young doctors. The current situation with the number and age structure of doctors and nurses is critical.
 - 2.20. ESC does not support the established practice that changes in health care legislation should be introduced without the necessary preliminary analyses and systematisation of unresolved problems and unsatisfactory solutions, or that legislative, organizational, financial, personnel, information activities should be deployed without justification and impact analyses.
 - 2.21. ESC notes that the transformation of health care medical establishments into corporate entities was performed without establishing the necessary legal framework, which could create the conditions for their normal operation under the new conditions.

- 2.22. ESC supports the finding that there is a permanent and stable trend of low efficiency of the activities of the health care system at all its levels. It is unacceptable that given the continuous increase in the amount of funds for health care, on the one hand, and reduction in the number of the population, on the other, the indicators determining the health status of the population should not improve or, at least, maintained on the same level.

3. PROPOSALS FOR CHANGE IN THE SYSTEM

HEALTH CARE AND HEALTH INSURANCE

- 3.1. ESC believes that it is imperative to prepare a preliminary analysis of the status and effectiveness of the operation of the entire system of health management and on the basis of the results of such analysis proceed by developing a concept for changes that would comprise the entire system. This analysis should also cover the status of the legal framework that determines the operation of the entire health care system – the management of the health care system financed by the national budget and health insurance.
- 3.2. ESC believes it is very important that the development of the health care strategy should to be carried out with the participation of broad public circles, unencumbered by narrow lobbying interests, that would legitimately represent patients, healthcare professionals, employers, trade unions, political parties and public health experts. This should be the first and indispensable step in the process of change to build a modern and efficient health care system. In such a strategy it is necessary to clearly define the nature, scope, content and sequencing of changes in the health care system and health insurance.
- 3.3. ESC also proposes to discuss the necessity and possibility of adoption of a unified Code of Health Care.
- 3.4. ESC reaffirms its position that it is necessary that all political forces represented in Parliament, or outside of it, should recognise as one of their top priorities the adoption and implementation of a long-term strategy for development of the Bulgarian health care by providing political guarantees for continuity between governments and consistency to achieve positive and sustainable results in order to improve the health of the nation. The solutions to health issues should be considered above party agenda and should not be subordinated to any other interests except in the public interest.
- 3.5. ESC proposes to analyse and evaluate the effectiveness of health care management bodies financed from the budget of the Ministry of Health Care. They must only provide for the obligations of the State to ensure the constitutional rights of population management system, state supervision and international commitments. ESC proposes that the idea that only strategic functions related to the formation of policies, norms,

- standards, rules, preparation of analyses and forecasts for the development of the system, and its approximation to European standards, should remain on the national level.
- 3.5.1. In this regard, ESC feels it is essential to review the appropriateness of the structure and number of employees at the Ministry of Health Care and its regional offices as well as its different agencies, expert committees, information units, etc. The criterion justifying their existence should be their contribution to improving the quality of medical activity and services for the population.
 - 3.5.2. ESC believes that it is particularly important to develop and implement criteria and indicators for conducting periodic objective analyses and evaluations of the performance, contribution to the achievement of a fair degree of overall efficiency and performance of the health care system. This necessitates the development of a system of health indicators to measure the effectiveness of health management at different levels.
 - 3.5.3. It is also imperative to build an instrument for continuous public monitoring of the operation and performance of the system and the introduction of instruments for monitoring and evaluating the impact of policies related to health care.
 - 3.5.4. ESC proposes to discuss the possibility of identifying the activities carried out by individual bodies within the system – ministries, agencies, other budget units – which can be delegated to the NGO sector.
- 3.6. ESC emphasizes that the state must continue to ensure the financing of all activities that fall within the scope of its responsibilities – emergency care, inpatient psychiatric care, medical auditing, investment policy, transplants, AIDS, etc. The financing of the health care system should be ensured from the health insurance contributions by employers and insured persons and transfer payments from the state budget for the persons insured by the state. This should be the basis to outline the architecture of the health system over the next 20-25 years.
 - 3.7. ESC believes that the implementation of a unified state policy in the spending of public funds for health care is one of the key factors for the development of the health care system and improving the health insurance model.
 - 3.7.1. In this connection, ESC proposes to create and manage one single budget for all public funds that are spent on health care. This approach would allow to eliminate departmentalised approaches and interests and ensure transparency in the provision, distribution and use of public funds for health care.
 - 3.7.2. Also ESC calls for the mandatory provision of a public annual report on the effect achieved with respect to the health status of the population as a result of the use of the extended public resources.

- 3.8. ESC assessed as very important step the adoption of the National Health Care Map as a key tool by which to create standards and procedures for regional planning of health resources and determining health needs.
- 3.8.1. The main function of the National Health Care Map should be to increase the efficiency of the health care system and health insurance of the Bulgarian citizens, and ensure equal and timely access to medical care of sufficient scope and quality.
- 3.8.2. According to ESC, this approach will allow the health care map to become a strategic plan for forecasting, allocating and ensuring the efficient use of health resources, as well as an essential part of the practical plan for health strategy in Bulgaria.
- 3.9. ESC believes higher priority should be given to the development, based on health care needs, of a long-term investment programme for the sector of health care, which should ensure the realisation of the reform objectives in the system.
- 3.9.1. ESC recommends that it should include the priorities and their chronological sequence; estimates for the amount of investment needed to achieve the objectives; determination of the sources for providing the necessary funds.
- 3.9.2. ESC deems it is particularly important to raise public awareness of the expected effect in improving the health status of the nation at the various stages of implementation of this policy.
- 3.10. ESC also supports the creation of mechanisms for coordination and control over the spending of public funds to purchase high-efficiency and expensive equipment with a view to ensuring equal access of the population to medical attention.
- 3.11. ESC believes that reaching an agreement for a political solution to the problems of privatization in health care is extremely imperative. ESC believes that privatization should be seen as an integral part of the overall package of decisions and initiatives of the health care reform and that its emphasis should be on the privatization of health care activities, not primarily on assets – land, buildings, etc.
- 3.11.1. ESC proposed that the priorities of privatization in health care should be outlined timely, the sequence of actions should be planned, and forms of privatization should be identified.
- 3.11.2. ESC stresses that considering the experience from previous privatization in the country, it is definitely necessary to implement continuous public monitoring of the implementation and results of this activity.
- 3.12. According to ESC, the general and comprehensive digitalization is the crucial condition for a successful reform of the health care system, the activity must be an integral part of the activities in working towards an e-government.

- 3.12.1. ESC agrees that the digitalization should include in one common system all activities in health care, regardless of their departmental subordination and principles of operation.
- 3.12.2. ESC is convinced that the desired effect of the digitalization of the health care system will be achieved if the necessary public supervision of the implementation of the project is provided. This requires the periodic provision of information on the implementation and results to ESC, the National Council for Tripartite Cooperation, BMA and other NGOs.
- 3.12.3. ESC considers particularly alarming the slowdown in the introduction of e-health as a decisive factor for improving the efficiency of the health care system, integrating the health-related information, improving communication between stakeholders, ensuring greater transparency in the system and improving the quality and control over medical services.

Human Resources in Health Care

- 3.13. ESC feels it is essential to rapidly develop and propose to discuss a strategy for the management of human resources in health care over the next 10-15 years and for this to become a high priority objective for the system. The strategy and plan for its practical application must include all possible directions and mechanisms to ensure the necessary human resources in the system.
- 3.13.1. The strategy should give priority to direct higher medical and dental education to training professionals and developing disciplines in high demand for the system of health care. This requires the development of new regulations for the specialization of employees in health care; the organisation and management of basic and continuing medical education, the liberalization of the process of starting training for speciality and increasing the requirements for state examinations for acquiring speciality.
- 3.13.2. ESC proposes that this strategy should provide new, appropriate for modern working conditions mechanisms for increasing the motivation of medical staff, acquiring specialization and continuing training, adequate remuneration, scholarships, opportunities for specialization and gaining experience abroad.
- 3.13.3. The strategy for managing human resources in health care must consider the management of migration processes and creating motivation of medical professionals to work in Bulgaria.
- 3.14. ESC considers it necessary to take prompt and adequate measures and actions aimed at introducing substantial changes in the organization and payment of medical staff and the financing of medical institutions.

- 3.14.1. According to ESC is imperative to associate the rates of remuneration for medical staff with their performance, qualification and experience, as well as the application of new and advanced health care technologies.
- 3.14.2. ESC recognizes the need for public debate on such sensitive issues affecting the medical profession, such as doctors who work in state, municipal and private hospitals with public resources to be able to enter and work in only one contract; possibilities to overcome the pay gap in private and public hospitals; making changes in the pattern of payment of GPs and other similar proposals which are discussed daily.

The Health Insurance Model

- 3.15. World practice shows that the quality of health care is guaranteed by very clear and based on patients' needs packages of health activities and mandatory diagnostic and treatment algorithms that are implemented, but they are currently lacking in Bulgaria. ESC proposes to discuss the possibility for further development of health insurance to apply a model that is based on the availability of basic, health insurance packages with a gradual upgrade by additional health insurance packages.
 - 3.15.1. According to ESC, this would preserve the solidarity model and create conditions to guarantee to the insured a basic health care package together with a possibility to upgrade it with additional and different in scope and content insurance packages offered by health insurance companies.
 - 3.15.2. According to this model NHIF will remain the main guarantor of the health insurance of the population and will retain its leading role in the health insurance system.
- 3.16. ESC proposes to carry out a valuation of the basic package of health services guaranteed by the NHIF budget. At the same time, based on actuarial calculations to determine the minimum amount of funds that must be available to the Fund for the implementation of the commitments made to insured persons and on this basis to determine annually the actual rate of health insurance contributions needed to ensure the financing of this package.
 - 3.16.1. ESC calls to ensure maximum transparency of information about the activities financed in whole or in part by NHIF. This information should be made easily accessible to all insured persons.
- 3.17. ESC believes that it is essential to determine the actual health insurance contribution, which the state should pay for those persons insured by it. This can be done by assessing the real costs that are made for them, and on this basis to determine the actual amount of the contribution of different groups.
- 3.18. ESC deems that it is appropriate for the health insurance system to discontinue all the activities that are not related to providing medical care to the insured. In order to preserve the solidarity principle and the trust of the insured persons to the health

- insurance system, it should not be allowed to the NHIF to fund those activities that have a constitutional obligation of the state in terms of health services to the population.
- 3.19. ESC calls to urgently find solutions for persons without health insurance in the whole system – identification, registration, medical care.
- 3.19.1. ESC proposes to develop a set of measures – legislative, economic, social and psychological, information with which to change the overall approach to those who do not make health insurance contributions.
- 3.19.2. ESC believes that it is appropriate for the costs of providing health care to uninsured to be borne by the state. Providing services to these persons leads to the accumulation of deficits in medical institutions and impairs the services provided to insured persons.
- 3.19.3. ESC calls to change the regime for recovering participation in the health insurance system to ensure consistency between the timing and amount of contributions made and the use of social security rights. The adoption of such a measure is due in respect of regular payers of health insurance contributions.
- 3.20. ESC recommends major changes to the status, management and organization of the health insurance system. A reason for this is that the management of the National Health Insurance Fund which must comply with the public nature of the institution, as well as maintain and develop the principle of solidarity.
- 3.20.1. ESC calls to provide real tripartite management of the health care system that meets the actual contribution of the parties to financing the system. The number, composition, participants in the management bodies of the NHIF and the rules for management of the fund should be determined on this basis.
- 3.20.2. ESC proposes to consider the possibility of electing the Governor and Deputy Governor of the NHIF through a competition organised by the Supervisory Board of the National Health Insurance Fund, while the Chairman of the Supervisory Board to be elected by the members of the Supervisory Board by rotation.
- 3.21. According to ESC, top priority and criteria for assessment of the bodies and the staff of the NHIF system at all levels should be to protect the interests and ensure the rights of insured persons. NHIF should be given the necessary powers to ensure equal access to medical care for all insured persons at all territorial levels of the health system.
- 3.22. ESC recommends to change the rights, obligations and responsibilities of regional structures based on decentralisation, reducing the number of the persons employed there and delegation of functions from the headquarters of the NHIF.

- 3.22.1. In this regard, regional structures need to be divided as units that effectively direct the business of the insurance system and are responsible for servicing the insured persons within that territory.
 - 3.22.2. According to the ESC, this could be the basis for reducing the staff in the system of the NHIF and the economised remuneration funds can be used for activities related to the digitalization of the system.
- 3.23. ESC recommends considering the possibility that the NHIF budget should be paid from the consolidated national budget, while the management of the financial resources of the NHIF should be right and responsibility of the governing bodies of the Fund. This will allow to discontinuation of the practice of diverting NHIF funds to the fiscal reserve and/or the budget of the Ministry of Health Care.

Medical Institutions

- 3.24. ESC believes that a very important and necessary step in solving the problem of the status of hospitals, with a view to transforming the medical institutions into commercial entities, is to create a special law for them and stop their treatment under the Commercial Act.
 - 3.24.1. ESC proposes to discuss legislative solutions to improve the freedom and autonomy of hospitals and other medical institutions in terms of funding and investment.
 - 3.24.2. ESC recommends to determine by means of legislation the costs that can be covered by NHIF funds from health insurance payments.
 - 3.24.3. ESC considers that it would be a good step to include in the management of health care institutions proven professionals and experts that will support their activities and not persons appointed to political or other reasons.
 - 3.24.4. Furthermore, ESC suggests to confirm by means of legislation a methodology to evaluate the performance of medical institutions, which would allow to take into account the effect of the costs incurred and the results of the carried out medical activities.
- 3.25. ESC considers that it would be reasonable to establish an independent state system of objective rating of medical institutions in order to provide insured persons with a realistic assessment of the quality of service and treatment options in individual hospitals, clinics and wards, and a crucial role in this process can be played by the NGO sector.
- 3.26. ESC considers it necessary for all hospitals that use public resources to present information in a clear, transparent and accessible way of reporting on their spending, which necessarily should includes a report on expended public funds, as well as expenses incurred for medical and administrative activities.

- 3.27. According to ESC, it is necessary to revise and develop diagnostic and treatment algorithms (protocols) as rules for good medical practice, which would help to assess the packages of medical and non-medical activities, which are reimbursed to medical institutions and contribute to improving the quality of health care.

CONCLUSION

In the opinion of ESC, it is a critical assumption that health care reform should cover not only the health insurance system, but also the whole public system. The organisation and implementation of this policy are high-priority tasks of the National Assembly, the government, the social partners, professional and patient organisations and other governmental and non-governmental organisations with vested interest in health care.

For these reasons ESC considers that it is essential to achieve consensus between the political and social forces to ensure continuity and consistency in the development and implementation of appropriate policies.

ESC is convinced that there are public doubts about the need for health care reform in Bulgaria as an objective and irreversible process. Therefore, the ESC considers that Bulgaria and Bulgarian society have the necessary resources – financial, scientific, intellectual, professional and technological – to build a health care system that would ensure social justice, quality and accessible health care for all citizens regardless of their income, social status and standard of living.

Based on these general premises, ESC adopts this opinion as the next step in the development of the dialogue and reaching consensus on one of the most sensitive issues for Bulgarian citizens.

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