

Poles Agree on Health Reform

By Steven J. Norton

The debate pitted two basically opposed views of the sector against one another

After months of argument, the Polish parliament passed the government's version of health insurance reform on 18 July. The bill sets up regional health insurance funds next year in each of the newly redrawn regions (voivodships) created under a sweeping administrative reform; the health funds would be financed by a portion of the payroll tax, set at 7.5% of gross wages. The bill, a package of amendments to the health insurance law passed last year, caused controversy both because it decentralized health insurance and because it did not dramatically raise health funding. The act passed on a party line vote, with both parties in the governing coalition—Solidarity Electoral Action (AWS) and Freedom Union (UW)—backing the measure.

Voting for the act took considerable courage for the AWS, which had campaigned in last year's elections for greater spending on and wider access to health care. AWS ministers and party leaders had pressed for a much higher tax contribution rate—as much as 11%—to help fund the beleaguered sector. The more fiscally-conservative UW, led by Finance Minister Leszek Balcerowicz, argued that devoting more

of the fixed total of payroll tax to health care meant ballooning the broader government budget deficit and threatening

the country's economic growth. The compromise figure that emerged from negotiations within the government represents only a modest increase over current funding levels. Organizations representing doctors, nurses, and other health-care workers, along with center-left opposition parties, object to the minimal increase. [See *E&H* Mar/Apr 98.] The coalition parties had to fend off several alternative bills, some sponsored by AWS deputies, which would have mandated various higher contribution rates for health insurance.

In return for AWS support for a tighter budget, UW ministers agreed to go along with the AWS plan to have these funds administered by regional health insurance authorities, which would exist independently in each of the new

larger provinces that would be created in the AWS's government reform plan. A keystone of the AWS electoral program, the government restructuring would create sixteen large provinces (voivodships) to replace the 49 current regions; a new intermediate level of administrative regions, called poviats, would also be created. Reform of the health insurance system was tied to this administrative restructuring, and earlier in the summer the government won the agreement of President Aleksander Kwasniewski (of the left opposition SLD) for local and regional elections to be held on 11 October. But other opposition politicians fought the planned changes—which would presumably reduce the influence of those parties in regional governments. The overall plan appears to be on track, however, and the new system will be in place by the beginning of 1999.

By early August, most of the regional health funds had already opened offices and were starting up operations. Under the reform, health insurance financing will no longer be part of the government budget and tax revenues will not simply be used to fund hospitals and clinics. Instead, individuals will choose a health fund and be able to choose their own doctor; the insurance funds will then cover medical expenses of the insured.

The debate pitted two basically opposed views of the sector against one another: on the one hand, AWS, doctors' groups and opposition parties feel that more funding is what is needed. Rather kindly, these groups see a lack of money, rather than inefficiency, as the cause of problems; funds are needed to repair crumbling facilities, purchase equipment, and stem the flood of doctors leaving the state sector to go into lucrative private practice. Decentralization worries these groups, because it might allow the many regional health funds to grow into a huge bureaucracy consuming even more of the available money. On the other hand, Mr. Balcerowicz of the UW and other reformist leaders see inefficiency as one of the main problems in health care, and somewhat optimistically believe that decentralization will in itself help rationalize the sector. Just two weeks before the parliamentary debate, Mr. Balcerowicz said that he believed the funding levels he proposed would still lead to better health care,

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because there was so much room for better management. Only a week later, the government inspection board issued a report criticizing the health ministry's handling of a World Bank loan. Unfortunately, both sides are in part correct: experience in other sectors teaches that throwing more money at the problems

will not solve them, but neither will decentralization (or privatization) work like magic to fix the sector's difficulties. Direct funding of health insurance may now be off the government budget, but the struggle to provide quality health care will not move off the government agenda anytime soon. *E&H*

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