

## Terms of reference for healthcare spending review II.

The expenditure review in the health sector II. worth 5.5% of GDP per year, will seek to identify the best opportunities for improving patient health by increasing the efficiency of available resources. Emphasis will be placed on health-enhancing value measures that can be implemented while further reducing inefficient expenditure. The review will introduce funding based on setting total healthcare expenditure, while improving tracking of results and data collection. The objective remains to reduce amenable mortality to the V3 average. Additional expenditure beyond the rate of inflation will be conditional on a positive impact on health outcomes.

### Healthcare spending review I.

In 2016, the first round of the healthcare spending review was conducted. The result was the identification of potential savings worth 363 million euros and the plan to save 174 million euros in 2017. According to the Summary Implementation Report, savings of 80 mill. euros were implemented by 31.12. 2017.

### Health outcomes

The main outcome for the health sector is to reduce amenable mortality to the level of the average of the remaining V4 countries by 2020 with health expenditure rising at the rate of inflation. In 2014, amenable mortality in Slovakia amounted to 243 deaths per 100,000 inhabitants; whereas the average of Hungary, Poland and the Czech Republic (V3) equalled 204 deaths (see Table 1). The review will include setting more detailed performance indicators, which will be part of the budget and will allow for better measurement of the added value of resources spent in the health sector.

TABLE 11 - Amenable mortality

		2011	2012	2013	2014	2015
	SK	262	261	262	243	250
Amenable mortality	V3	227	222	216	204	205
(standardized death rate per 100 thousand inhabitants)	EU28	138	135	131	126	127

Source: Eurostat

### Fiscal objectives

Healthcare funding will be planned based on the total necessary healthcare expenditure rather than merely contributions for state insurerees, which is volatile and does not identify actual needs. Higher health expenditure above the level of inflation will be conditional on demonstrating a positive impact on health outcomes. In addition, the major prerequisites for faster growth are an end to growing hospital indebtedness, a change in the remuneration mechanism of health care workers, prescription limits, and the full functionality of DRG and eHealth.

TABLE 2 - Expenditure on public health insurance

	2016 R	2017 R	2018 E	2019 P	2020 P	2021 P
Expenditure on public health insurance	4 539	4 576	4 714	4 808	4 914	5 027
Rate of Inflation (%)	-0,5	1,3	2,0	2,0	2,2	2,3

R - Reality, E - Expected, P - Proposal

Source: MoF SR

Improvement of the links between expenditures and results and their sustainability will be ensured by updating programs and indicators within a program budgeting framework.

### Areas of review

Despite the positive developments in recent years, there is space for improving patient health by increasing allocation efficiency beyond the ongoing investment in the construction and reconstruction of hospitals. On the one hand, the expenditure review therefore identifies savings in areas where funds are used inefficiently, on the other hand it identifies areas for the reallocation of savings.

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**Areas with potential for savings**

- Pharmaceuticals, medical aids and special medical supplies
- Ancillary services (e.g. radiodiagnostic imaging or laboratory services)
- Management of Všeobecná zdravotná poisťovňa, the state-owned health insurance company
- Hospitals

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**Areas with potential for value growth**

- Prevention
  - Long-term, home and after-care
  - Day care
  - Shortening waiting times
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### Responsibilities and deadlines

The Ministry of Finance is responsible for drawing up the report, which will be elaborated in co-operation with the Ministry of Health. For the needs of report analysis, the Ministry of Health of the Slovak Republic and the Ministry of Finance commit themselves to cooperation in providing complete and detailed data and information. The interim report with measures for the public finance budget for 2019-2021 will be published no later than the end of September 2018, the final report will be published by the end of September 2019.