

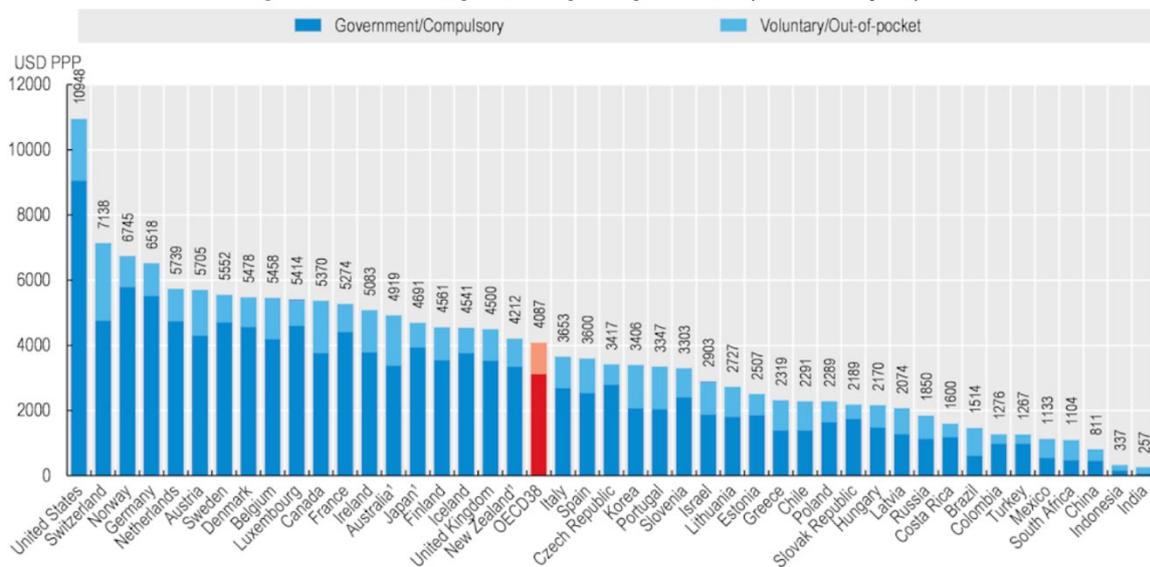
Overt and covert privatization in healthcare - Whose interest is it?

Summary

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Three parliamentary cycles with a constitutional majority in the National Assembly have not been enough for the Orbán regime to launch a comprehensive healthcare reform. The operation of the public healthcare sector and its assessment by the population have degraded in multiple ways in the past 12 years. Thus, the main change in the healthcare sector is the expansion of private businesses within it due to the large number of Hungarians turning towards privately-owned healthcare institutions. The circle of Hungarians seeking private services has been growing rapidly as well as the amount of money spent on healthcare. A survey conducted by Ernst & Young, published this April, revealed that the proportion of Hungarians using both private and national healthcare services skyrocketed from 44% to 63% over two years. Data from the Central Statistics Office (KSH) showed that Hungarians spent around HUF 950 billion on private healthcare in 2019, which is nearly a third of total spending on the sector. Data by the KSH and the OECD indicates that the average Hungarian household spent HUF 200,000 on their health in 2019, which – polls reveal – rose to nearly HUF 300,000 by now. This means that **Hungarians are among the most likely in the EU to pay for their health-related expenses from their own pockets, and their spending is way above the V4 average.**

Figure 7.4. **Health expenditure per capita, 2019 (or nearest year)**



1. OECD estimates.

Source: OECD Health Statistics 2021, WHO Global Health Expenditure Database.

Source: [OECD](#)

COVID contributed significantly to the expansion of private healthcare, as the pandemic helped already long waiting lists get even longer, the level of service offered in private institutions deteriorated, and for many, healthcare-related public services became inaccessible in basic care and clinics, too. These issues were aggravated by some governmental decisions, such as the uniformization of wage hikes for doctors and the baseline financing of healthcare institutions, which are not encouraging employees in the public system to take care of more patients.

Besides basic necessity, the expansion of the private sector was aided by the economic growth experienced in past years, allowing more and more people to access high-level care for their money instead of the feudal-like system in public healthcare institutions. Therefore, the private sector kept on growing even though out-patient fees went from HUF 15,000 a few years ago to HUF 25-30,000. **The question is whether the population will keep paying out of their own pockets for services that they can access through their compulsory tax payments while they are facing deteriorating economic conditions, high inflation and rising living expenses. If growth cannot be maintained, the government could expect increasing political risks in the healthcare sector.** This expectation could be the reason why healthcare was handed to Minister of Interior Sándor Pintér in the new Orbán cabinet, who is known for his good managerial skills.

The strengthening of the private sector mainly concerns out-patient care, in in-patient care, private providers cannot replace the public system. The private services in the highest demand are dentists, gynecologists, dermatologists, but demand is also increasing for internists and pediatricians in private clinics. Moreover, laboratory tests and one-day surgeries are becoming more popular. At the same time, complex illnesses requiring constant attention, such as cancer or cardiovascular surgeries, remain confined to public healthcare.

Orbán-loyalist investors have targeted the fast-growing private healthcare sector in the past few years. As a result, the opposition and the government-critical press accused the cabinet of deliberate degrading public healthcare to strengthen “paid healthcare” in the hands of businesses loyal to it. **However, while the Orbán regime is consciously and openly trying to take over some economic sectors (e.g., banking, energy, media, retail), the same patterns cannot be observed in the healthcare sector.** The cabinet’s management of the sector can rather be characterized by a lack of any concepts, a state of drifting, avoiding political blame and covering up the issues in the sector. Healthcare is not even suitable to realize large profits due to the significant costs of employees and equipment, so it is rarely the scene of easy politically-driven profiteering. There might be cases suspected of corruption in the healthcare sector, too, but these are not related to private healthcare institutions but to public authorities’ management of the pandemic (e.g., purchase of ventilators and COVID tests).

We cannot talk about a “master plan”, comprehensive reform concepts or the clear demarcation between private and public healthcare in the case of the fifth Orbán government either. It does not matter that they have another constitutional majority, the cabinet is not treating healthcare as a priority, the goal remains lowering political risks. Statements by ministers and secretaries of state suggest the following measures are being planned:

- **A substantial increase in state funding allocated to the healthcare sector is unlikely** due to the deteriorating economic-financial situation.
- The government understands that there is a severe lack of healthcare professionals, they will be focusing primarily on **improving the situation of professionals with university degrees and nurses.**
- They will be trying to cut down the length of waiting lists and encourage caring for more patients. **They are planning to phase out the baseline financing of healthcare institutions in three steps.** First, they will terminate this form of financing in

outpatient care and one-day surgeries, then in active patient care, and – finally – in chronic care.

- **Hospitals' management will be even more centralized.** Directors of hospitals has had a free hand so far in deciding on what departments they keep running, but this can change.
- **There is a clear commitment to improving healthcare statistics, indexes, which could be important for quality assurance.** The Ministry of Interior will improve oversight of how funding is spent, they will do more to stop gratuity payments, and spend more time on the evaluation of doctors.
- **In the short-term, the relationship of private and public healthcare is unlikely to be concretized.** To help cut down on waiting lists, there are discussions about the state buying services from private institutions. However, the government did not accept the proposal of the PRIMUS Private Healthcare Providers' Association, who wanted the government to allow private providers to – fully or partially – accept social security cards.
- **It might seem surprising at first, but professionals expect the Ministry of Interior to be more constructive towards professional organizations (e.g., hospital directors, heads of college councils, Hungarian Doctors' Chamber, Hungarian Pharmacists' Chamber, etc.) than the Miklós Kásler-led ministry was.**

A lack of awareness is clearly visible among Hungarians paying for private healthcare services. They take ad hoc treatments paid out of their own pockets, while only a fifth of consumers have a medical saving account. This means that there is no risk management behind the extremely large private healthcare spending. Patients are spending money while lacking proper information, without quality assurance or consumer protection and inefficiently. They are taking private services without a longer-term plan to manage their health, just as a way to escape public healthcare. This is not only the responsibility of citizens and medical savings account providers but that of the government, too, which keeps managing the sector under the slogan of “healthcare is not business.” The government is not talking about private providers, medical savings accounts and financial awareness because it would admit the existence of the reality: that healthcare is “paid.” However, the ruling party's healthcare policy is rooted in their successful organization of a referendum against a visiting fee of HUF 300 and daily hospital fees before 2010. Thus, regardless of the fact that a significant proportion of the population has been paying HUF 20-30,000 visiting fees, everyone's pretending that healthcare is free. However, on the societal level, this is a considerable financial disadvantage and threat. **If out of pocket payments remain a defining characteristic of the system, the gap between the healthcare available to the poor and the rich will widen further, leading to more inequality in the sector.**