ORGANIZATION AND FINANCING OF THE HEALTH CARE SYSTEM AFTER THE COVID-19

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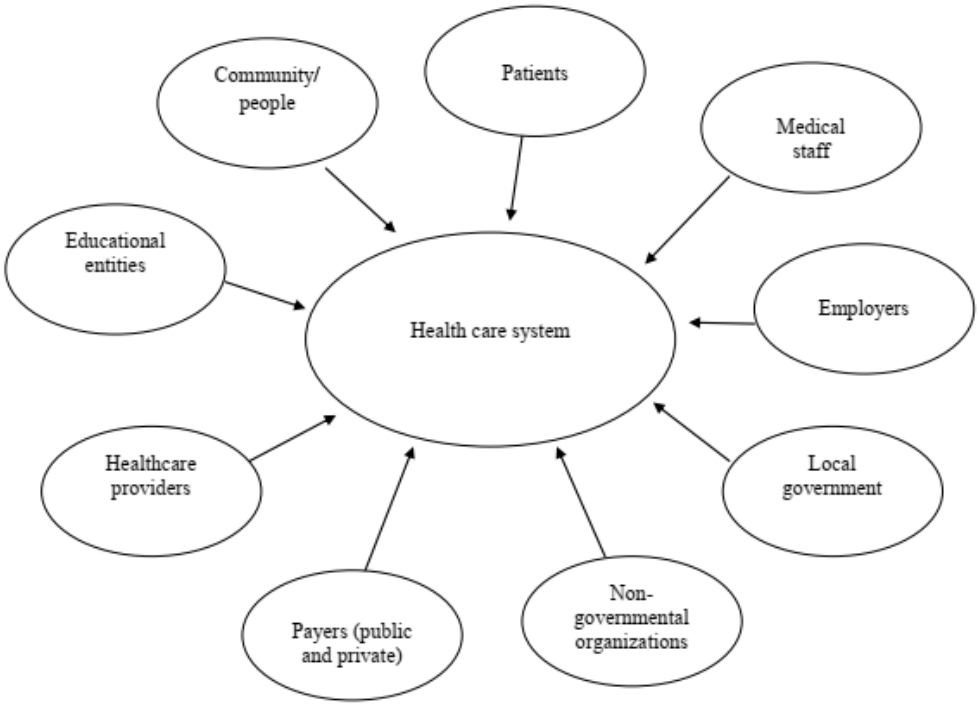
Abstract: The health care system in different countries results from different history, conditions of economic development, diversity in the area of state policy, geographical location and cultural conditions. Despite the differences in the functioning of health care systems, there are four common elements, due to their functions and area of operation: health care, disease prevention, health promotion and intersectoral cooperation for health. The World Health Organization, hereinafter referred to as WHO, points out the occurrence of phenomena that involve narrowing down the issues of health care systems to health care systems. Health care systems are undergoing transformation in many areas, which may occur in parallel, resulting from the development of technology, medical knowledge, greater access to population health information in the field of morbidity and changing health policy priorities, new organizational methods and more complex financing mechanisms. Modern health care systems face challenges related to, among others, an aging population, increasing demand for health services, increasing costs of medical technologies, increasing social expectations and information asymmetry. These challenges occur in all elements that make up the health care system, which are: human resources, delivery of health services, health information systems, access to health services, methods of financing and leadership and management in this sector. Financing health care is becoming more and more complex, representing a combination of public and private spending in various areas and payment methods. In most countries in the world, health care is publicly financed. This is related to its high costs, especially in the field of stationary treatment, and at the same time it is difficult in the interest of the state, because the health of citizens reduces social costs and results in better efficiency for the country's economy. S. Folland points out that comprehensive health insurance is covered from public funds provided for this purpose by the government of a given country.
The article presents information concern the financing of the health care system in Poland and other selected European countries. The aim of this article is to analyze data on the spending of public funds on public hospitals in Poland and Europe.
Keywords: health care sector, health care system, financing public sector, expenditure COVID-19

1. ORGANIZATION OF THE PUBLIC HEALTH CARE SECTOR

One of the rights guaranteed by the Constitution of the Republic of Poland is the right to health protection (Journal of Laws 1997, No. 78, item 483). Public authorities are obliged to provide every citizen, regardless of their financial situation, with equal access to health care services financed from public funds. Article 68 of the Constitution of the Republic of Poland distinguishes the right to health care and the right to health care services financed from public funds [J. Boć, 1998].
Health security, mentioned by the World Health Organization as one of the goals of the health care system, was adopted as a general goal. In fact, health care systems also have other, specific goals. Examples of goals include improving health, including overall improvement of population health and reducing health inequalities, responding to citizens' expectations, providing financial protection against excessive costs related to poor health, and improving system efficiency. The organization also indicates that the health care system should pursue three goals: promoting, restoring and maintaining the health of state citizens. It includes organizations, institutions, entities and people whose competences or activities are focused on health care and are part of the system. Figure 1 shows the participants in the health care system.
The division and separation of participants in the health care system leads to the achievement of the system's goals, which are based on three elements: constant improvement of the health of a given population, meeting consumer needs in the area of providing medical services and ensuring solidarity in the financing of health care. C. Włodarczyk emphasizes that in order to properly define the concept of the health care system, three spheres of influence of health policy should be distinguished, which are: health care, institutions administering and financing health care and traditional public health activities [C. Włodarczyk, 2000].
The Organization for Economic Co-operation and Development (OECD), divides payers into public and private. The obligations of public payers are fulfilled by central and local government institutions and social security funds. Private payers, on the other hand, are: patients representing households, enterprises, private insurance institutions and non-profit organizations such as foundations or associations. The process of change in the transfer of tasks and financial resources from the central to local level is defined in the literature as territorial decentralization. Another

change mentioned is functional decentralization, which involves the transfer of functions to lower-level units, which was related to with the transfer of tasks and resources to regional health insurance funds.

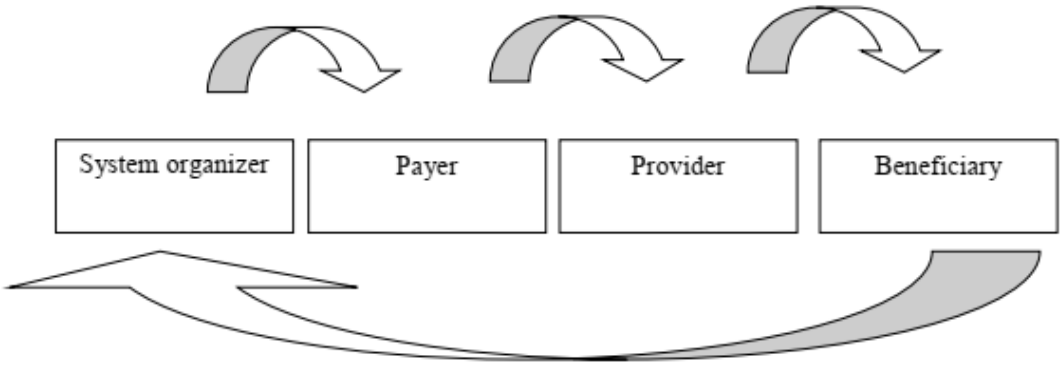
Figure 1 Health care system participants



Source: own study based on: A. Mądrala, *System ochrony zdrowia w Polsce Diagnoza i kierunki reformy*. Wyd. Akademia Zdrowia 2013, Warszawa 2013 r., s. 8.

The health insurance system in Poland consists of: the system organizer, the payer, the service provider and the beneficiary (Figure 2).

Figure 2. The process of organizing the health care system in Poland



Source: own study based on: Financing health care in Poland by the National Health Fund. National Health Fund. Zielona Góra 2009, p. 17.
http://nfz.gov.pl/download/gfx/nfz/pl/defaultaktualnosci/370/7327/1/strategia_rozwoju_nfz_2019-2023.pdf, access: June 21, 2019.

In relation to the sources of financing health services from public funds, significant revenues are revenues from the National Health Fund, which acts as the payer
in the health care system, redistributing revenues from health insurance premiums from beneficiaries [J. Suchecka, 2015].
In Poland, the organizer of the health care system is the legislator, i.e. the Parlament, and the executive, i.e. the President. It means that the organizers of the system are the government and parliament at the central level and at the local level.
These entities are directly involved and responsible for creating law and functioning of the health care system in Poland. The next one is the office of the Ministry of Health, as well as other institutions that participate in the implementation of the state's health policy, known as public authority. The Ministry of Health performs tasks related to, among others: with supervision over the National Health Fund, over the exercise of medical professions, and coordinates the implementation of health programs and others.
By law to the provisions of Polish law, the service provider is:

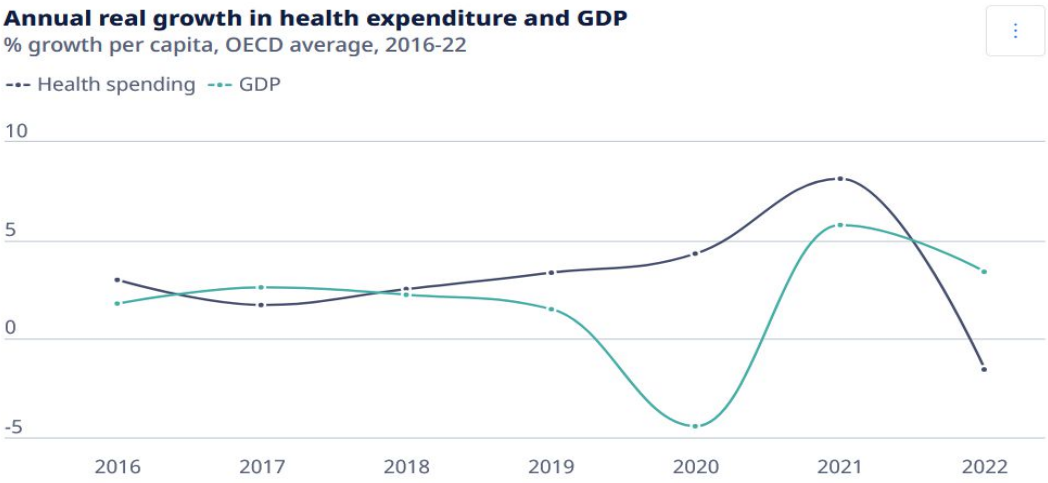
- entity performing medical activities within the meaning of the regulations– about medical activities,
- a natural person who has obtained professional qualifications to provide health services and provides them as part of their business activity,–
- entity carrying out activities in the field of supply of medical devices.

A beneficiary is an entity entitled to use health care services, it means patients [W. Świeboda, 2023].

2. FINANCING OF THE HEALTH CARE SYSTEM

The health care sector is a sector that requires high financial outlays, resulting from the demand for health care services, which can be defined as the demand for a specific number and quality of health services. It significantly exceeds the possibilities of meeting the needs in this area. A characteristic feature of health needs is their unlimited nature, which results from the aging of society, the development of technology, changes in the quality of health services, increased awareness and patient expectations. As a result, the management staff of medical facilities constantly struggles with the constant increase in costs and insufficient possibilities of financing them. The COVID-19 pandemic has created a sudden need for additional, unplanned public money that could be used by public hospitals.
Currently, the growing pressure on health system budgets reflects a challenging economic climate, with competing priorities squeezing the public funds available for health. This has been exacerbated by high levels of inflation and the increasing demands of an aging population.

Chart 1. Average of 38 OECD countries.

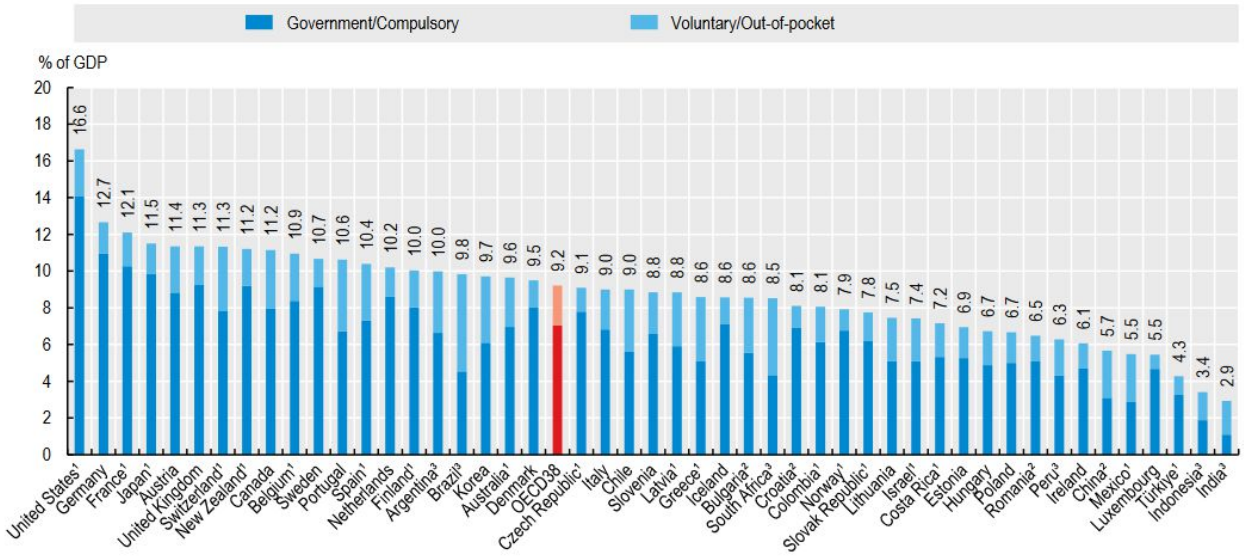


Source: OECD Health Statistics, https://doi.org/10.1787/health-data-en, access date: 30.08.2024 r.

In 2019, prior to the pandemic, OECD countries spent on average 8.8% of GDP on healthcare, a figure relatively unchanged since 2013. By 2021, this proportion had jumped to 9.7%. However, 2022 estimates point to a significant

fall to 9.2%, reflecting a reduced need for spending to tackle the pandemic but also the impact of inflation. This increasing pressure on health systems will require major policy changes in the coming years [OECD, 2019].

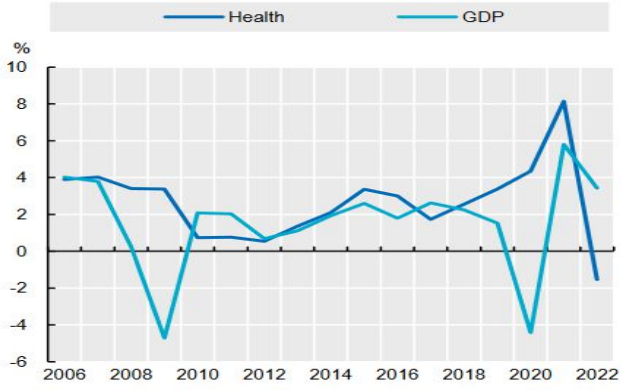
Chart 2. Health expenditure as a share of GDP, 2022 (or nearest year). OECD estimate for 2022. 2. 2021 data. 3. 2020 data.



Source: OECD Health Statistics 2023; WHO Global Health Expenditure Database, access date: 30.08.2024 r.

Chart 2 presents data from selected countries regarding the level of health care expenditure as a share of GDP. The source of the figures presented above are the OECD - Organisation for Economic Cooperation and Developmen and Eurostat – European Statistical Office. The level of spending on health care in a given country compared to the size of the overall economy varies from year to year. In the years under analysis, it can be clearly stated that the level of spending is increasing, but does it meet the health needs of citizens? Well, no, because fixed and variable costs are also increasing. During the 1990s and 2000s, OECD countries generally saw health spending outpace the rest of the economy, leading to an almost continual rise in the health expenditure to GDP ratio (OECD, 2023 [1]. In 2020, the Covid-19 pandemic occurred and spread throughout the world. It caused panic among the population, but also caused a drastic stoppage of the economy and problems with financial liquidity, economic slowdown and an unexpected need for additional financing of the health care system around the world. In 2019, before the pandemic, OECD countries spent on average around 8.8% of their GDP on health care, an amount that is relatively unchanged since 2013. However, in 2021 a significant increase can be observed, up to 9.7%.

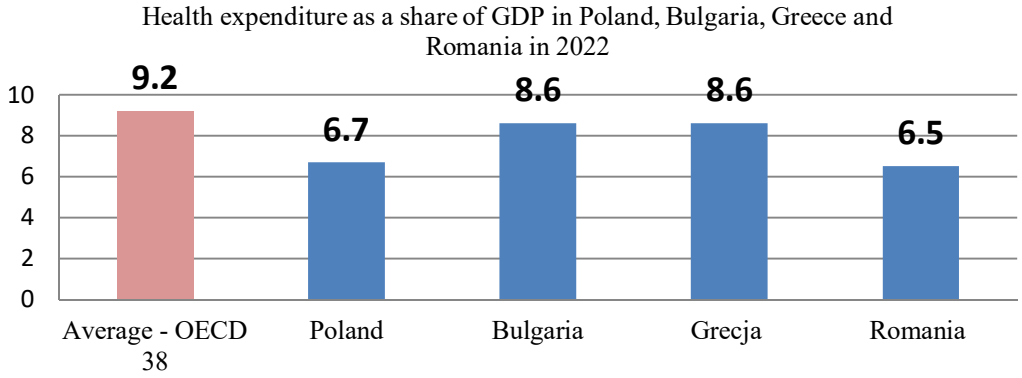
Chart 3. Annual real growth in per capita health expenditure and GDP, OECD, 2006-22.



Source: OECD Health Statistics 2023, access date: 31.08.2024 r.

As indicated by the OECD, data for 2022 indicate a decrease in the rate to 9.2%. This is the first such situation after the pandemic. It may mean a reduced demand for spending to fight the pandemic, as well as the impact of inflation limiting the value of health care spending (OECD, 2023 [1]). In many of the Central and Eastern European OECD countries, spending on health accounted for between 6-9% of their GDP. An analysis of health sector financing and the trends over the last 15 years shows two shocks: the economic and financial crisis in 2008 and the recent impact of Covid-19 in 2020 (Chart 3). In 2008 and 2009, the growth in health care spending remained at a similar level. It hovered slightly above zero. In the following years, 2010–2012, political solutions were introduced that were aimed at limiting public spending on health. In 2020, there was a sudden, unpredictable collapse of many OECD economies caused by the pandemic. There was a rebound in 2021, with GDP per capita growing by an average of 5.8%. At the same time, real health spending per capita increased from just over 4% in 2020 to 8% in 2021. This was due to the allocation of additional funds to fight the epidemic in their countries. At the end of 2022, the countries studied were emerging from the acute phase of the pandemic. During this period, a slowdown in the level of spending on health care can be observed. The health situation is improving. Forecasts indicated that at the end of 2022 they would drop on average by nearly 1.5% in real terms.

Chart 4. Health expenditure as a share of GDP in Poland, Bulgaria, Greece and Romania in 2022.



Source:https://www.oecd-ilibrary.org, access date: 31.08.2024 r.

Chart 4 presents a summary of the level of health expenditure as a share of Poland's GDP compared to the OECD average and selected 3 countries. Poland spends 6.7% of GDP. It should be strongly emphasized that the average indicated by the OECD for 38 countries is 9.2% of GDP. The following countries spend less on health than Poland: Romania – 6.5% of GDP, Peru – 6.3% of GDP, Irleand – 6.1% of GDP, China – 5.7% of GDP, Mexico and Luxemburg – 5.5% of GDP, Türkiye – 4.3% of GDP, Indonesia – 3.4% of GDP and India – 2.9 % of GDP. The United States spends the most on health care – 16.6 % of GDP, Germany – 12.7 % of GDP and France – 12.1% of GDP.

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