Country profile: Czech Republic

At a turning point: Healthcare systems in Central and Eastern Europe

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Written by

ECONOMIST IMPACT

About this supplement

This country profile is a supplement to *At a turning point: Healthcare systems in Central and Eastern Europe*, a report produced by Economist Impact and supported by the American Chamber of Commerce to the EU. It features detailed data and analysis on the dynamics at play in the Czech Republic.

The main report presents a broad view of health system and funding dynamics in 13 European countries, including eight countries in central and eastern Europe (CEE)—Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia—and five countries in western Europe—Austria, Germany, France, Portugal and the UK. This report aims to highlight key differences and commonalities in healthcare financing and policy approaches as governments rise to the challenge of managing the interlinked dynamics of population health and economic uncertainty following the covid-19 pandemic.

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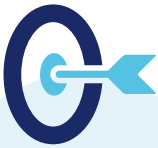
Key priorities for the Czech Republic



Develop a clear strategy and plan to strengthen **financial sustainably** of the health system

Despite the aftermath of the pandemic and ongoing economic slowdown, the newly elected government plans to make modest cuts to the healthcare budget in 2022 as part of efforts to reduce the national debt. Health policymakers should develop a clear strategy and plan to direct funding to where it is most needed to improve spending efficiency. Key priorities include improving primary care as well as the integration and coordination of care. Investment should also be directed towards long-term care and home care to improve access for the ageing population.

Prepare the **new generation** of healthcare **workers**

Attracting young individuals into healthcare is essential to offset the ageing healthcare workforce. This new generation of healthcare workers provides an opportunity to embed a focus on preventative care and increase digital capabilities. Policymakers and funders should explore systems to reward doctors according to patient outcomes as opposed to the number of patients seen. Retaining nurses and doctors through increasing opportunities for career progression and life-long learning in the form of development programmes while also increasing and maintaining salaries above the EU average will also be necessary.

Enhance **preventative care** and **interventions** to improve health behaviours

Resources should be directed towards strengthening the gatekeeping role of GPs and incentivising GPs to practice preventative medicine while also increasing the reach of screening and prevention programmes.

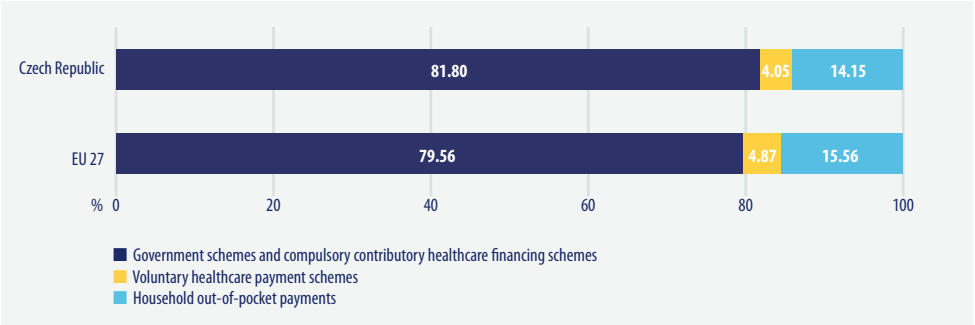
1. Healthcare financing

The Czech Republic's GDP per head of €22,270 (or €29,498 in PPS terms) is among the highest of the CEE countries in this study.[1] Healthcare spending was 9.41% of GDP in 2020, up from 7.48% in the previous year due to a surge in spending during the pandemic. Healthcare spending per head at €1,894 (or €2,790 in PPS terms) is the highest in the CEE region.[2]

FIGURE 1: HEALTH SYSTEM AND FUNDING SOURCES

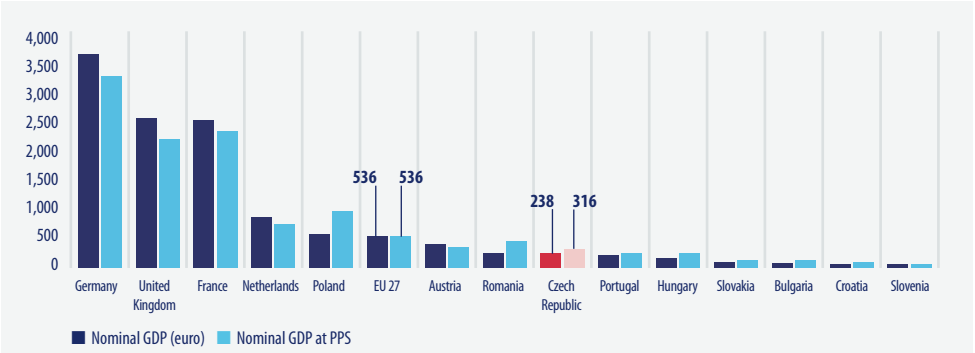
Healthcare system	Bismarck - statutory health insurance (SHI) based on compulsory membership in a health insurance fund
Coverage and enrolment	Government or compulsory health funding accounted for 81.8% of total health spending in 2019.[2] Seven public health insurance funds act as payers and purchasers of care. Membership is universal and compulsory for all Czech nationals and residents. Contributions take the form of a payroll tax deduction and are split between employees and their employer at 13.5% of the employee's gross income.[3] In 2018 the government introduced regular yearly increases in state payments for state insured persons, approx €136m, to increase the stability and predictability of public health insurance revenue.[4] The government announced plans to continue these payments in an effort to offset fluctuations due to the current economic downturn and rising unemployment.[5]
Core services covered	The Czech SHI system provides a comprehensive benefits package, including inpatient and outpatient care, prescription pharmaceuticals, rehabilitation, some dental procedures, spa treatments and prescribed over-the-counter medications.[3]
Co-payment and user charges	Household out-of-pocket payments at 14.15% of CHE is lower than the EU average.[2] 50% of OOP payments are in the form of co-payments for outpatient pharmaceuticals.

FIGURE 2: FINANCING SOURCES (% OF CURRENT HEALTH EXPENDITURE)



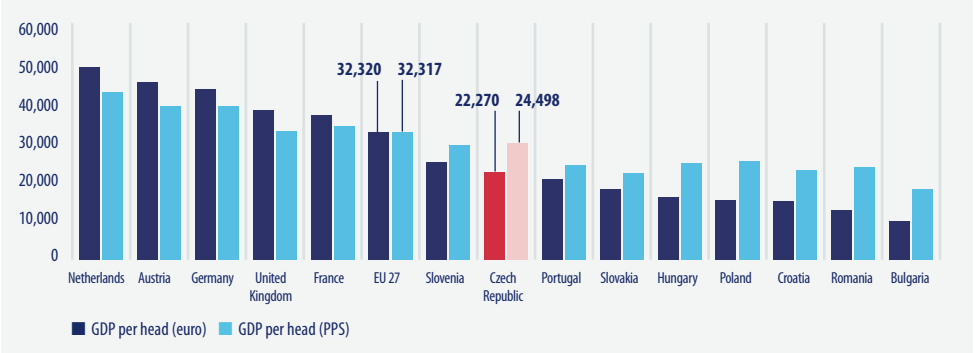
Source: Eurostat. Health care expenditure by financing scheme. 2019. EU 27 data from 2018 (latest available year)

FIGURE 3: NOMINAL GDP, 2021



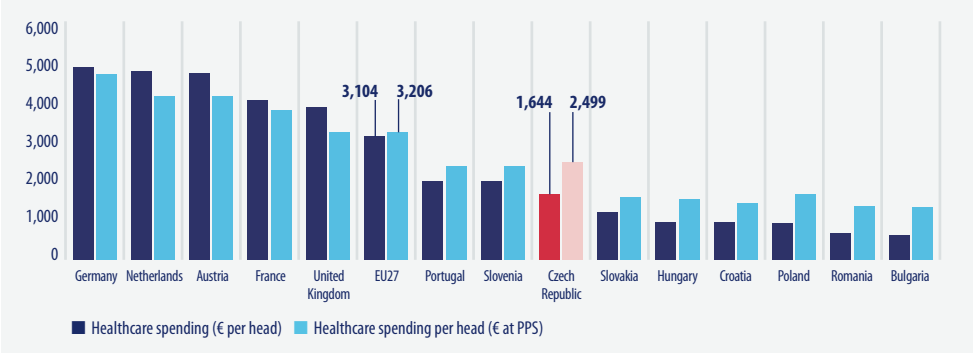
Source: Eurostat. Gross domestic product (GDP) at current market prices in € bn and Purchasing Power Standard (PPS). 2021

FIGURE 4: GDP PER HEAD, 2021



Source: Eurostat. Gross domestic product (GDP) at current market prices per head in € and Purchasing Power Standard (PPS, EU 27 from 2020). 2021

FIGURE 5: HEALTHCARE SPENDING PER HEAD, 2019



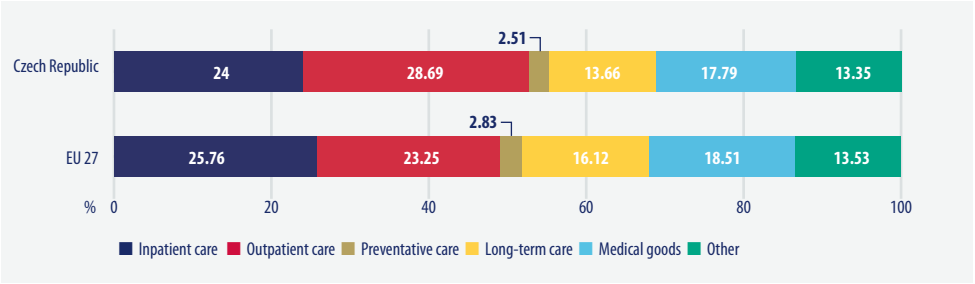
Source Eurostat. Healthcare spending per head in € and PPS. Healthcare spending as a % of GDP, 2019

2. Healthcare resources

2.1. Healthcare expenditure by function

The Czech Republic is one of few CEE countries that spends more on outpatient care than inpatient care. Spending on preventative care and long-term car is below the EU average but higher than many CEE countries.[6]

FIGURE 6: HEALTHCARE EXPENDITURE BY FUNCTION (% OF CURRENT HEALTH EXPENDITURE)



Source: Eurostat. Healthcare expenditure by function. 2019. EU 27 data from 2018.

2.2. Human capital

There were an estimated 4.1 doctors per 1,000 population in 2020.[7] The ageing of the healthcare workforce is an immediate challenge, with almost a quarter of doctors in the Czech Republic over 60.[8] Retaining highly trained doctors is also a challenge, with low pay leading to emigration. Although this "brain drain" is expected to ease due to the UK's exit from the EU, many Czech doctors still head to Germany and other western European countries.

Healthcare workers received a 10% pay rise in 2021, following an 8% increase for doctors in 2020. The Ministry of Health reports that doctors' pay is now around the EU average, having increased by 32% in the five years to 2019.[9]

2.3. Healthcare infrastructure

The Czech Republic has one of the highest bed-to-population ratios in the EU (6.5 beds per 1,000 population compared to an EU average of 5.3 in 2019).[10] The country's dense network of hospitals is characterised by overcapacity and the need for modernisation.

Primary care is undeveloped. Primary care doctors do not have a gatekeeping role, with many patients consulting directly with specialists or presenting at hospitals for care that could be managed more efficiently and less costly at primary care levels.[11]

3. Access to medicines

While spending on medical goods as a proportion as a proportion of GDP at 17.7% of CHE is just below the EU average of 18.4%, spending on medical goods is relatively low in euro terms at €3.1bn in 2019, compared to the EU average of €9.1bn.[12]

Spending on pharmaceuticals and medical devices accounted for 15.2% of total health expenditure in 2019. This share, which used to be elevated by the high price of imported medicine, has been falling as the healthcare budget has risen. The abolition of prescription fees in 2015 and the introduction of co-payment caps in 2018 also helped to reduce spending. About two-thirds of medicinal products on the market are reimbursed, about a quarter of those fully.

Generics make up 20% of the pharmaceutical market by value, according to the EFPIA, and just over half of the market in volume terms. Generic substitution by pharmacies has been permitted since 2008.[2] The expansion of e-prescription should also increase uptake of generics.

3.1. Access to innovative therapies

According to the EFPIA Patients W.A.I.T Indicator 2021, the rate of availability of access to innovative new therapies in the Czech Republic is higher than the EU average and other CEE countries, with 55% of total approved products available. The average time to availability in the Czech Republic at 573 days is longer than the EU average.[13]

The Czech Republic is a major regional player for clinical trials. In 2014 clinical trials received 1,895 applicants, the highest in Europe. There are three types of registrations or marketing authorisations for new drugs: (i) National Registration, (ii) Mutual Recognition Procedure and (iii) Decentralized Procedure. National Registration authorises the marketing of the product solely in the Czech Republic. The other two authorisation types allow for the marketing of the product in other EEA member states as well. The Czech Republic also has compassionate use legislation to allow the use of unauthorised medicines in some instances.

3.2. Digital health

The Czech Republic ranks 19 out of 27 EU countries on the Digital Economy and Society Index (DESI) 2022, one place below the 2021 ranking. The Czech Republic scores at or close to the EU average in dimensions of human capital and digital public services however performance is comparatively lower for connectivity and integration of digital technology.[14]

Despite a slow start compared to other EU countries, the digitalisation of healthcare is one of seven objectives of the health 2030 strategy.[15] A law on electronic health was adopted in 2021 to set the basic rules and architecture of the 'electronicization' of the Czech healthcare system and guidelines around the exchange of digital health information.[14]

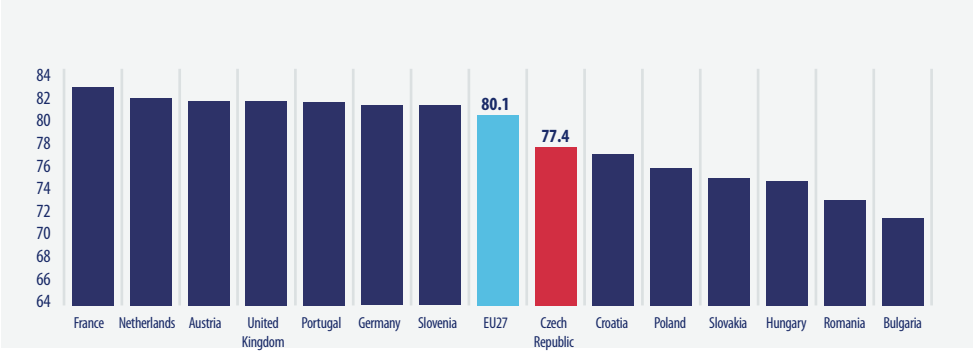
The Ministry of Health is also developing interoperability standards for the country's health information system and is involved in the EU-funded X-eHealth project, which aims to introduce a common standard for health data to enable cross-border interoperability.[14]

4. Health system assessment

4.1. Population health

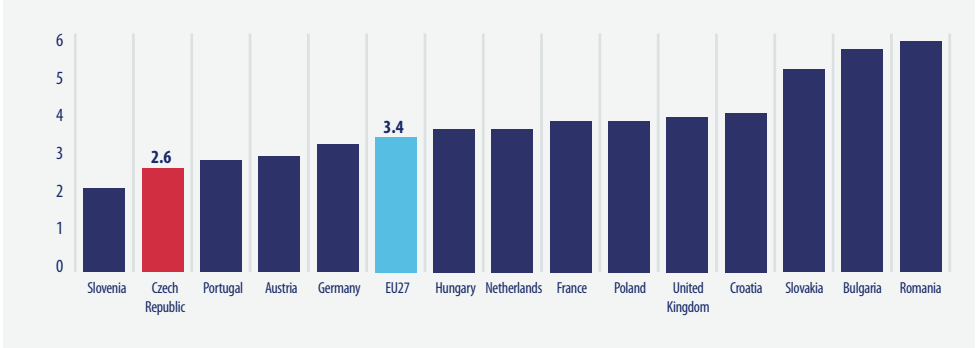
Average life expectancy dropped from a high of 79.3 years in 2019 to 77.4 years in 2021 in response to the impact of the pandemic.[16] The infant mortality rate in the Czech Republic has remained steady over the last decade at around 2.6 deaths per 1,000 live births, below the EU average for 2019 of 2.4 and the second lowest in this study after Slovenia.[17] The share of the population over 65 in the Czech Republic is slightly lower than the EU average at 20.1% in 2020 and is projected to increase slower than the EU average to 22.2% by 2030.[18]

FIGURE 7: LIFE EXPECTANCY, AVERAGE (YEARS), MALE AND FEMALE, 2021



Source: Eurostat. Life expectancy. 2021. Available from https://ec.europa.eu/eurostat/databrowser/view/demo_mlexpec/default/table?lang=en

FIGURE 8: INFANT MORTALITY RATE (PER 1,000 LIVE BIRTHS), MALE AND FEMALE, 2019



Source: Eurostat. Infant mortality rates. 2019. Available from https://ec.europa.eu/eurostat/databrowser/view/demo_minfind/default/table?lang=en

4.2. Disease burden and risk factors

Ischaemic heart disease, stroke and lung cancer were the leading causes of death in the Czech Republic in 2018.[11] Mortality due to ischaemic heart disease at 286 deaths per 100,000 people is over double the EU average of 119.[19] The rate of cancer deaths at 145 per 100,000 people is slightly above the EU27 average of 140 deaths per 100,000; however lower than other CEE countries.[20]

The disease profile in the Czech Republic is similar to that of western European countries, with non-communicable diseases accounting for 89.4% of deaths in 2019. Over 62% of adults were overweight or obese in 2016, above the EU average of 58.8%.[21] The rate of diabetes at 7.1% was also above the EU average of 7%.[22] Rising obesity is causing a growing epidemic of diabetes and other diet-related illnesses.

Lower cancer mortality rates than other CEE countries can be partly attributed to higher participation in population cancer screening, particularly among women. Survey data from the Czech Republic shows that participation in screening for women averages 77% for breast cancer screening (the EU average is 61%) and 87% for cervical cancer screening (the EU average is 66%).[23]

FIGURE 9: LEADING CAUSES OF MORTALITY

Cause of mortality	Total number of deaths in 2018	As a % of total deaths for 2018
Ischaemic heart disease	22,481	20
Stroke	7,466	6.6
Lung cancer	5,360	4.8
Diabetes	4,275	3.8
Colorectal cancer	3,543	3.1
COPD	3,513	3.1
Pneumonia	3,484	3.1
Pancreatic cancer	2,269	2
Alzheimer's disease	2,197	2

Source: Eurostat, 2018. Extracted from OECD/European Observatory on Health Systems and Policies (2021), Czechia: Country Health Profile 2021, State of Health in the EU, OECD Publishing, Paris/European Observatory on Health Systems and Policies, Brussels.

4.3. Quality of care

Mortality rates from preventable and treatable causes in the Czech Republic align with the country's spending on healthcare – lower than the EU average and western Europe, however among the highest of CEE countries, after Slovenia. The mortality rate from treatable causes is 120 deaths per 100,000, above the EU average of 92 deaths per 100,000. Mortality from preventable causes is higher at 188 deaths per 100,000, compared to the EU average of 160 deaths per 100,000.[24]

Before 2020, the Czech Republic had one of the lowest levels of unmet medical care in the EU. Healthcare services were reportedly less disrupted during the first wave of covid-19 than in the wider EU.[11] Whilst there is little information on patient satisfaction, relevant indicators highlight good access to care and financial protection.

5. Future outlook

While the Czech Republic was one of the European countries hardest hit by the pandemic, in terms of confirmed cases and covid-19 related deaths, the Czech healthcare system was better prepared than some of its neighbours to treat the virus.

The €7bn Recovery and Resilience plan approved for the Czech Republic includes investment of €823m in building the resilience of healthcare services with expected focus areas to include new hospitals and long-term care facilities, acquiring new medical equipment, strengthening cancer screening programmes and e-health initiatives.[25]

As of June 2022, the Czech Republic has granted protected status to more than 338,000 refugees. Ukrainian refugees are given access to a visa for a year, health insurance and a labour permit.[26] Many refugees fleeing Ukraine will require psychological assistance.[27] The country has begun offering volunteer psychological assistance to children. However, sustainability remains a concern, with approximately six child psychiatrists for 100,000 children.[28]

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