



Compulsory Health Insurance in Lithuania

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Riga

31/03/2017



Outline

- History
- General information
- Revenue collection
- Basic conditions for the provision and funding of health care
- Expenditure of the Compulsory Health Insurance Fund Budget



- **History**



Origins of Compulsory Health Insurance in Lithuania. 1906 - 1940

- The first Health Insurance Fund (mutual) was established in Kaunas, in 1906 in the factory owned by brothers Shmit
- 1925-12-09 the Parliament adopted the Health Insurance Act.
- In accordance to this act the first Health Insurance Fund was established in 1928-10-28 in Kaunas.
- Since 1932 10 Health Insurance Funds were subordinated to the Ministry of Interior
- 5 % of the population were covered in 1938
- 1940-11-23 Soviet government abolished the Health Insurance Funds





Health Care Financing in Lithuania

- Before 1991 - State Budget
- 1992:
 - State Social Insurance Fund (pharmaceuticals, sanatorium treatment and rehabilitation services)
 - State and municipality budgets (out-patient and in-patient healthcare services)
- 1993-1996:
 - The National Health Insurance Fund (NHIF) (healthcare services provided at state owned institutions)
 - State Social Insurance Fund (pharmaceuticals, rehabilitation services)
 - Municipality budgets (healthcare services provided at local healthcare institutions)
- It was decided that health care must be funded from a single source



Introduction of compulsory health insurance system

- 7 projects of the Law on Health Insurance were prepared from 1990 till 1996
- It was agreed initially that the system would be based on universality and solidarity principles
- Main discussions:
 - Cost sharing
 - Number of Territorial Health Insurance Funds (THIFs)
 - Revenue collection
 - Participation of private insurance companies
- 2 alternative projects of the Law on Health Insurance were discussed in the Parliament in 1994–1995
- The Law on Health Insurance was adopted on the 21st May 1996 and came into force on the 1st July 1997.



- **General information**



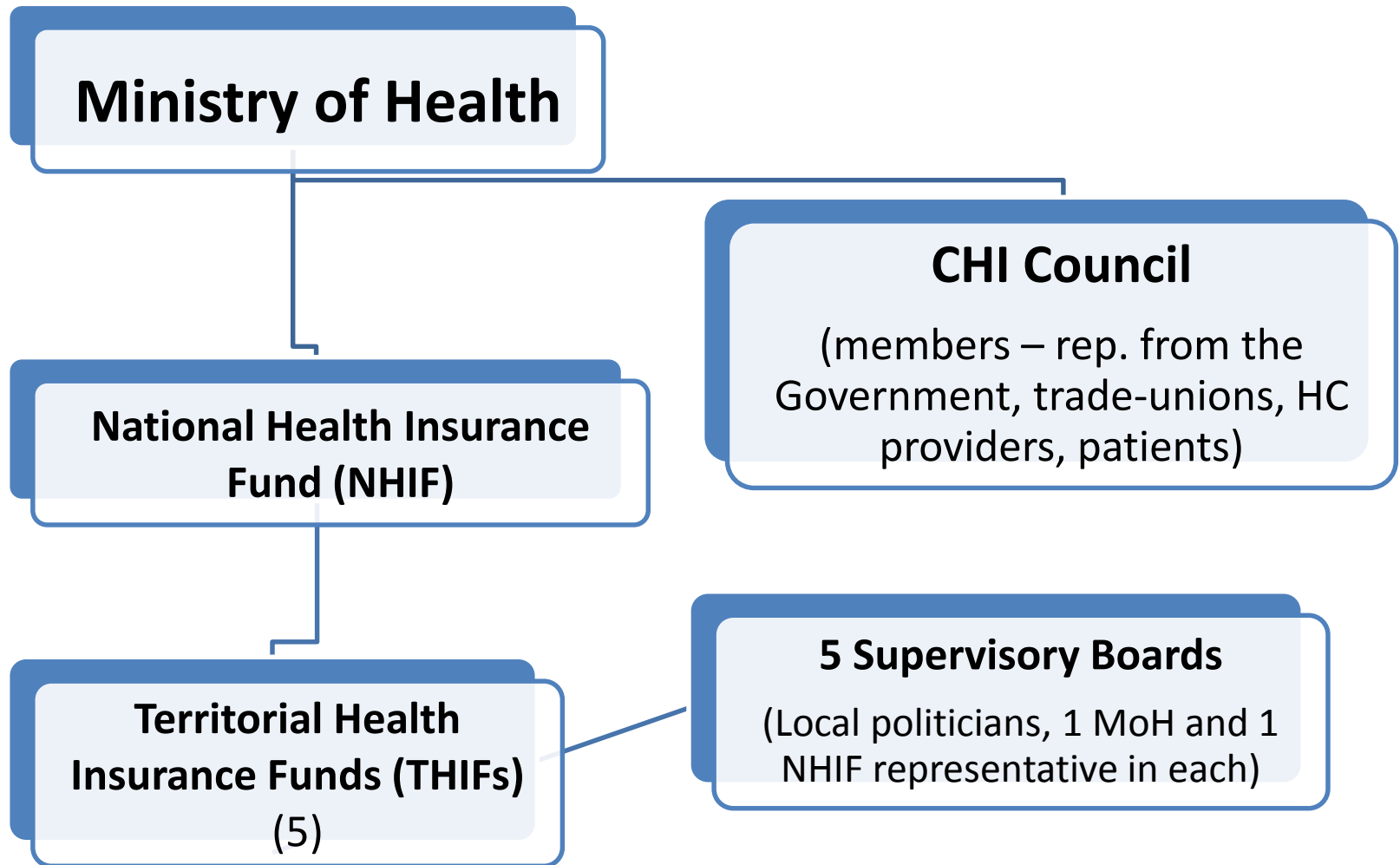
Governance of the Compulsory Health Insurance System

- **Since 1997**
 - The NHIF was accountable to the Prime Minister
 - 10 THIFs in each county
 - Decisions of Compulsory Health Insurance Council regarding the legal acts regulating the compulsory health insurance

- **Since 2003**
 - NHIF acts under the Ministry of Health
 - Number of THIFs has been reduced up to 5.
 - Compulsory Health Insurance Council provides recommendations to the Minister of Health regarding the legal acts regulating the compulsory health insurance, list of compensative healthcare services and pharmaceuticals, regarding the procedure for concluding contracts as well as draft budget of the Compulsory Health Insurance Fund (CHIF) and annual report on its implementation



Compulsory Health Insurance System: institutional framework





Legal Status of the National Health Insurance Fund

- The NHIF is a public authority engaged in implementation of Compulsory Health Insurance
- Established under the Law on Health Insurance
- The NHIF is accountable for its activities to the Ministry of Health and for its financial activities to the Ministry of Finance



Main Functions of the NHIF

- Administration of the Compulsory Health Insurance Fund
- Supervision of the activities of the THIFs. THIFs conclude agreements with health care institutions and pharmacies and reimburse the cost of healthcare provided to the insured
- Keeping the register of persons eligible for compulsory health insurance
- Preparation of various regulations and legal acts (draft laws, draft decrees of MoH, other) regulating the functioning of the CHI system
- Supervision and control of healthcare providers
- Contracting of some kinds of healthcare providers
- Purchasing and delivery to providers of some expensive pharmaceuticals and medical devices



Lithuanian Compulsory Health Insurance (CHI) Model

The model is based on the principles of:

Universality (obligation) - all permanent residents of the Republic of Lithuania are eligible for the Compulsory Health Insurance scheme. All persons are covered by Compulsory Health Insurance on individual basis

Solidarity - CHI provides the universal insurance for population, pools more than 85 % of total health expenditure and covers the costs of healthcare services required by the person in case of illness regardless of the amount of social tax paid for the person concerned



Persons Eligible for the Compulsory Health Insurance

- Citizens of the Republic of Lithuania and foreign nationals permanently residing in the Republic of Lithuania
- Foreign nationals temporarily residing in the Republic of Lithuania, provided that they legally employed in the Republic of Lithuania, as well as under-age members of their families
- Foreign nationals who have received additional protection in the Republic of Lithuania and unaccompanied under-age foreign nationals



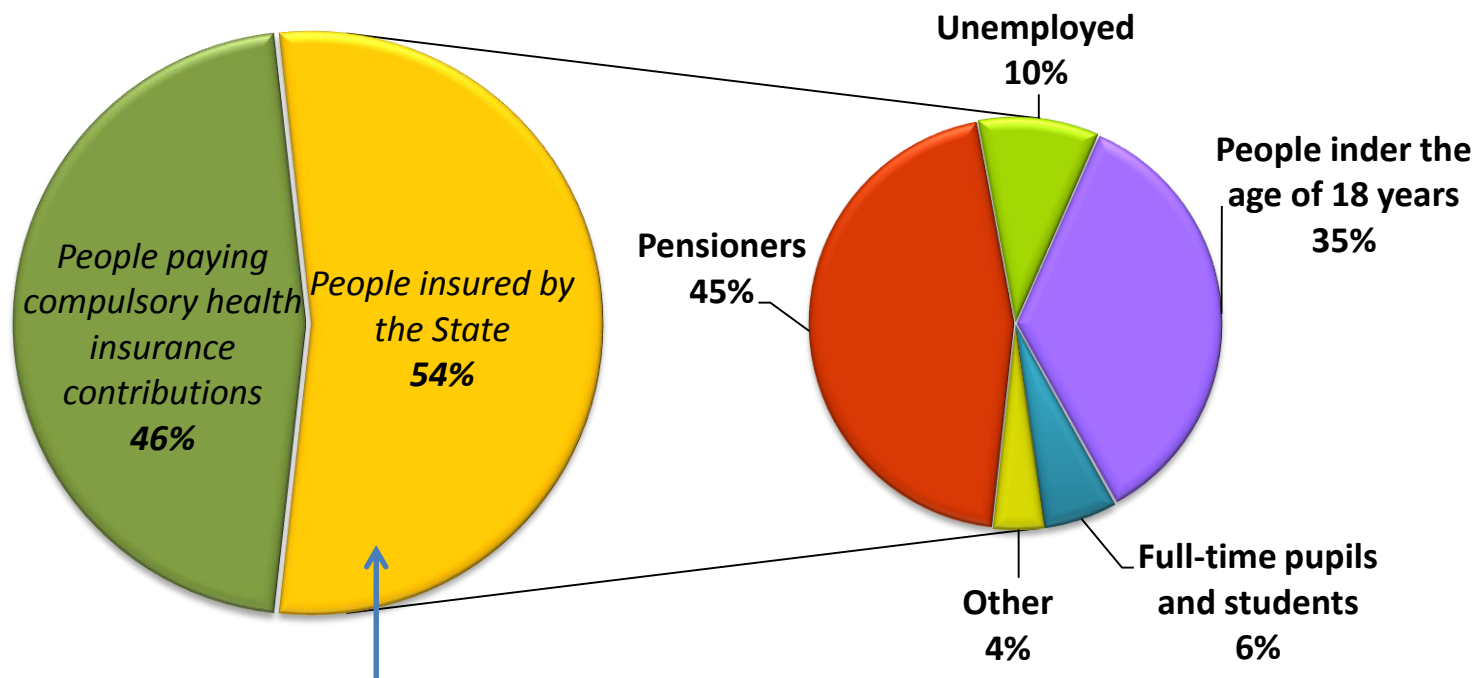
Revenue collection

- **Before 2009:**
 - 3 % of social taxes (the Social State Insurance Fund)
 - 30 % of gross income tax paid by employer (the Tax inspection)
 - contributions from the State budget on behalf of people insured by the State
 - additional allocations from the State budget
 - contributions of self-insured people
- **Since 1st January 2009:**
 - A separate health insurance tax has been introduced and the uniformed tariff of health insurance contribution has been defined.
 - The rate of health insurance tax is 9% from gross salary (with some exceptions): 3% pays employer and 6% employee.
- **Since 1 January 2010:**
 - Compulsory health insurance contributions are not collected from personal income gained through dividends or sales of property



Persons Covered by the Compulsory Health Insurance

Total population at the beginning of the year 2017* accounts to 2,85 million people.



Prognosis for the year 2017 – 1,59 million people

* - provisional data.



People Insured with the Compulsory Health Insurance by the State (19 categories):

- persons who receive any type of pension;
- unemployed persons of the working age who are registered with the employment service;
- one of the parents (adoptive parents) raising a child under 8 years of age, as well as one of the parents (adoptive parents) raising two or more under-age children;
- persons under the age of 18 years;
- full-time pupils and students;
- persons supported by the State who receive social benefit;
- persons who have been recognized as disabled in accordance with the procedure laid down by legal acts;
- persons ill with publicly dangerous communicable diseases which are entered on the list defined by the Ministry of Health
- other.



- **Revenue collection**



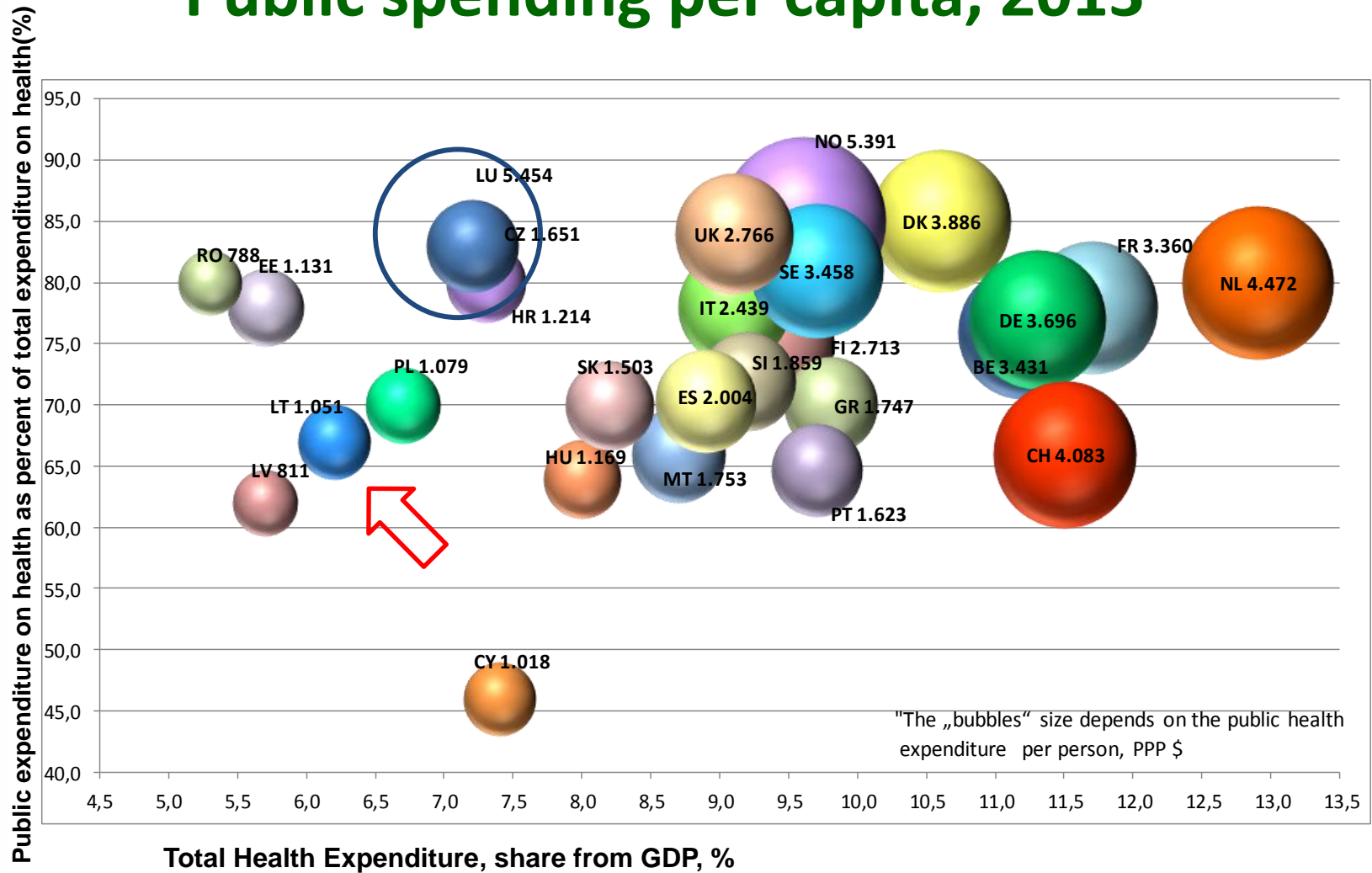
Main Indicators of Health Financing in Lithuania, 2015*

Total health expenditure (THE) (€ million)	2,431.6
Public expenditure (€ million)	1,627.4
of which Compulsory Health Insurance (€ million)	1,385.8 (85%)
Private expenditure (€ million)	802.7
of which private households OOP (€ million)	779.4
THE as % of GDP (%)	6.51%
Public expenditure on health as % of GDP (%)	4.36%
Private expenditure on health as % of GDP (%)	2.15%
Public expenditure on health as % of THE	67%
Private expenditure on health as a % of THE (%)	33%
THE per capita (in €)	837.1

* - provisional data.

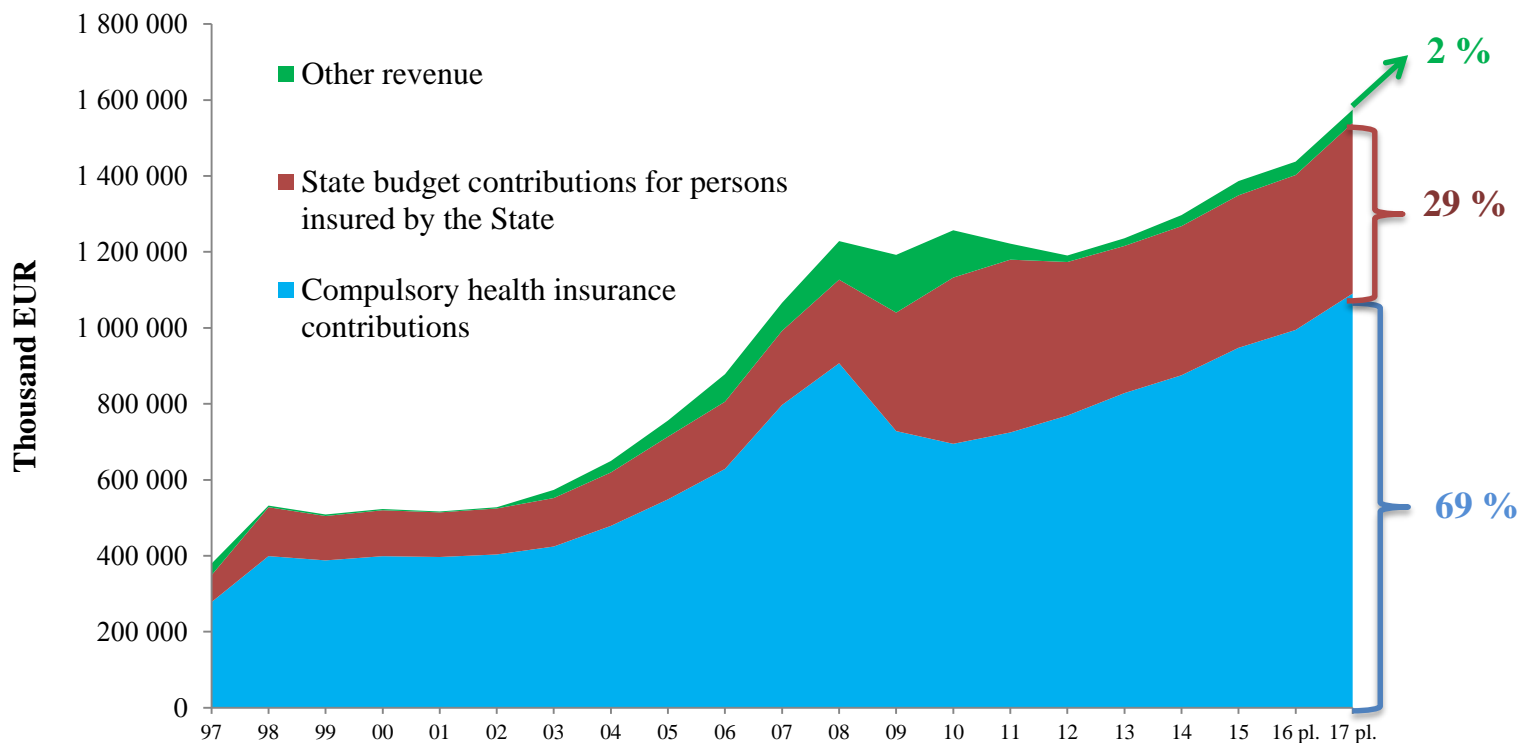


Comparison of the Health Expenditure and Public spending per capita, 2013





Structure and Dynamics of Revenue of Compulsory Health Insurance Fund Budget





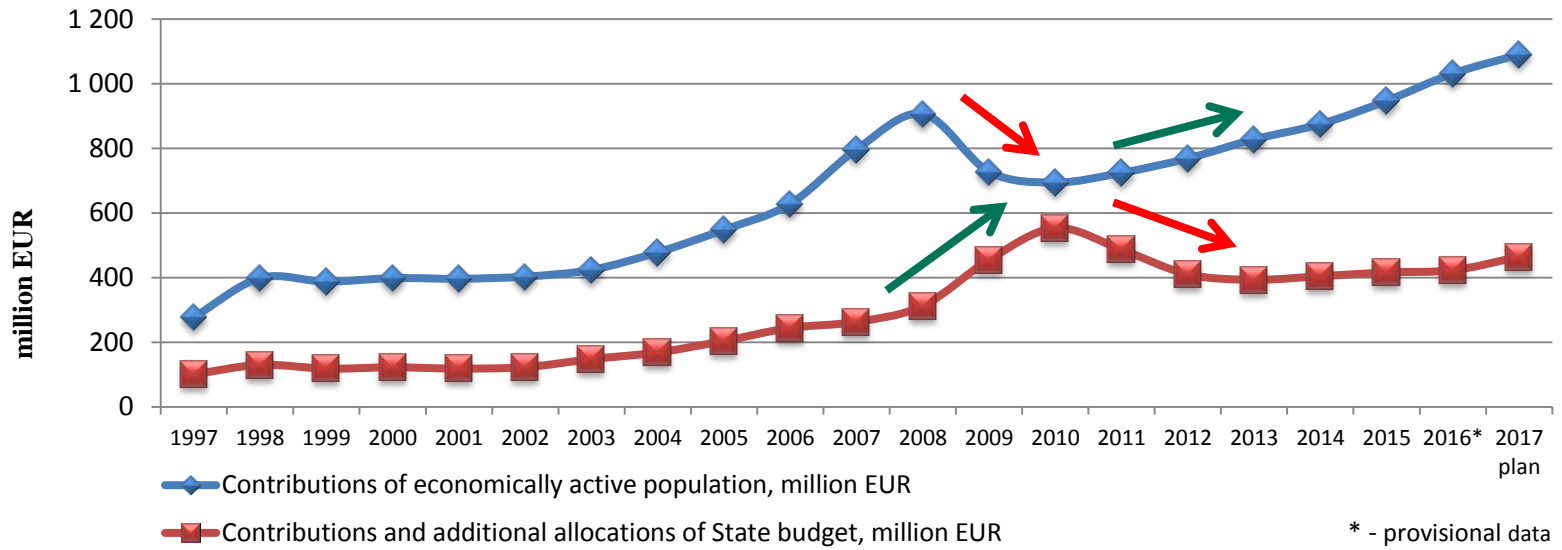
Present Tariffs of Contributions of Economically Active Population

Category	Tariff
Persons on employment contract	9% (3% employer + 6% employee)
Persons on copyright agreement, sportsmen, etc.	9% (3% + 6%)*
Self-employed <u>without</u> business license	9% of half of income*
Self-employed <u>with</u> business license	9% of minimal monthly salary
Owners of individual companies, members of agriculture communities	9% of amount taken for personal needs*
Persons receiving sickness and maternity allowances from the budget of the State Social Insurance Fund	6% of the amount charged by personal income tax*
Other persons paying contributions by themselves	9% of minimal monthly salary

* **But not less than 9% of minimal monthly salary (34,20 EUR)**



Counter-Cyclic Mechanism of CHIF Revenue in Lithuania guarantees the sustainability of the CHI Fund



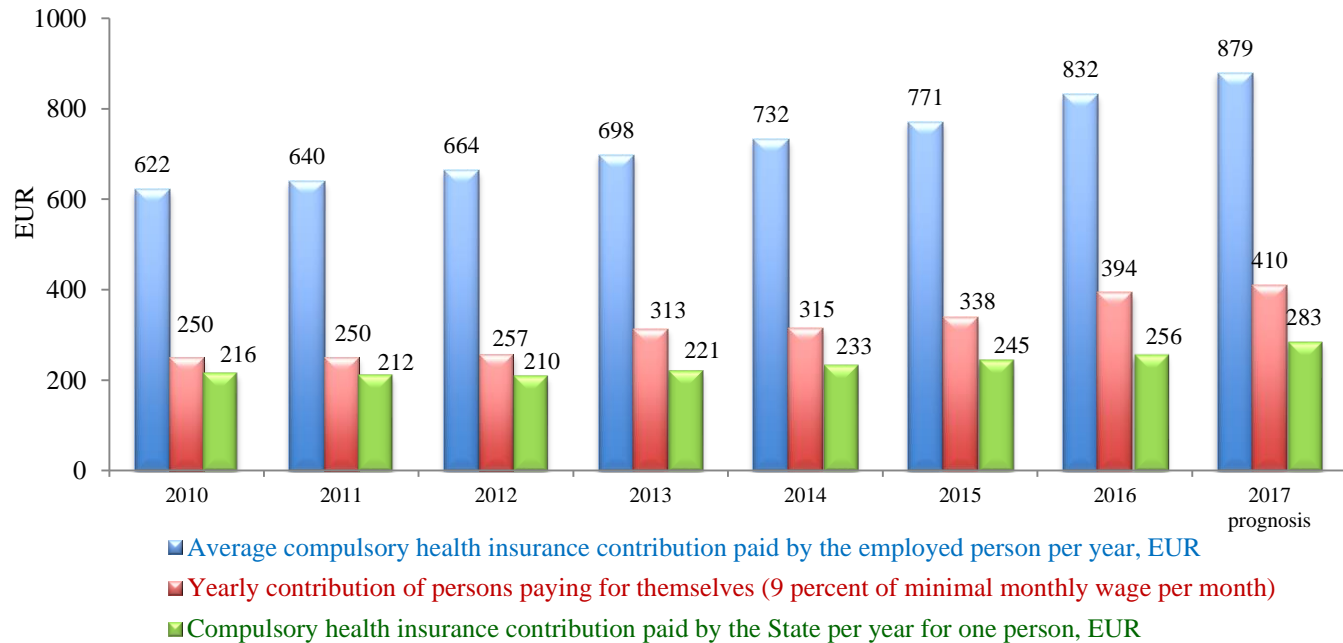
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
State budget contribution per person (share, %)	32%	33%	34%	35%	36%	37%	37%	37%	39%	41%

The Law on Health Insurance determines the amount (percentage) of the contribution per person insured by the State.

- For the recent years the amount of the State budget contribution was **37 percent** of the employees' **average monthly gross earnings of four quarters of the year preceding the last year**.
- Since 2017 this amount is set to increase by **2 percentage points** every year until this contribution will be not less than **9 % of the sum of 12 minimal monthly wages of the year preceding the last year** (contribution of the year 2017 is 39 percent of average monthly gross earning mentioned above).



Compulsory Health Insurance Contributions





Basic conditions for the provision and funding of health care



State Guarantee for all Permanent Residents

- The Law on Health Insurance of the Republic of Lithuania provides that all permanent residents of the Republic of Lithuania are eligible for the Compulsory Health Insurance scheme
- All people covered by the compulsory health insurance scheme in Lithuania have a right to receive the healthcare services guaranteed by the State
- The urgent healthcare in the territory of Lithuania is available free of charge to all permanent residents irrespective of whether or not they are covered by the compulsory health insurance



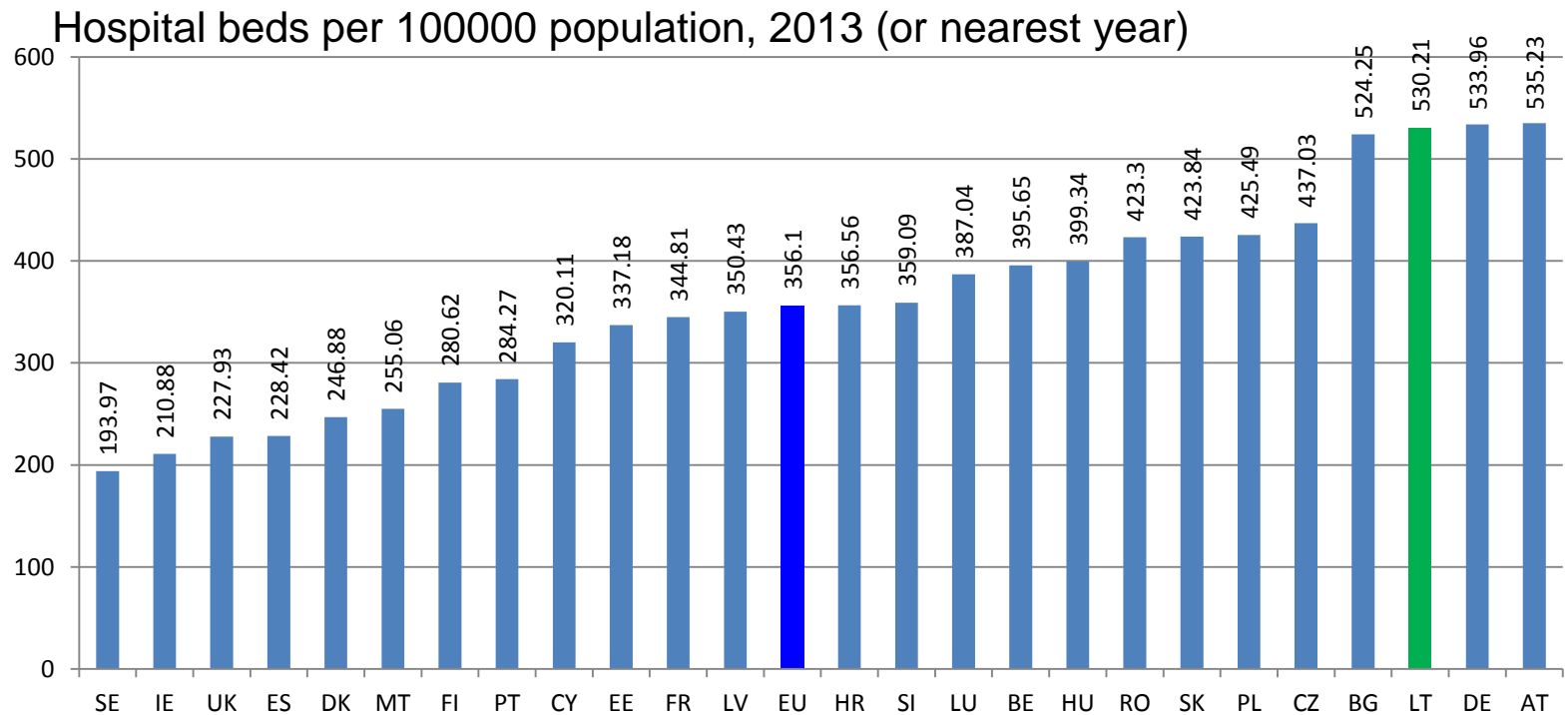
Basic Conditions for the Provision of Health Care Covered by the Compulsory Health Insurance (CHI)

- Health care services should be provided by the healthcare providers which have concluded contracts with the THIFs
- The patient has to turn to the general practitioner primarily (gate keeping)
- In order to get specialized healthcare services, the patient should have the referral from his general practitioner
- The patient is entitled to choose a primary health care institution and a practitioner as well as a secondary and tertiary health care institution and a practitioner



Contracting of Health Care Providers

- 814 health care institutions (69 hospitals)
- 1416 pharmacies



Source: European Health for All database (HFA-DB)



Expenditure of the Compulsory Health Insurance Fund Budget



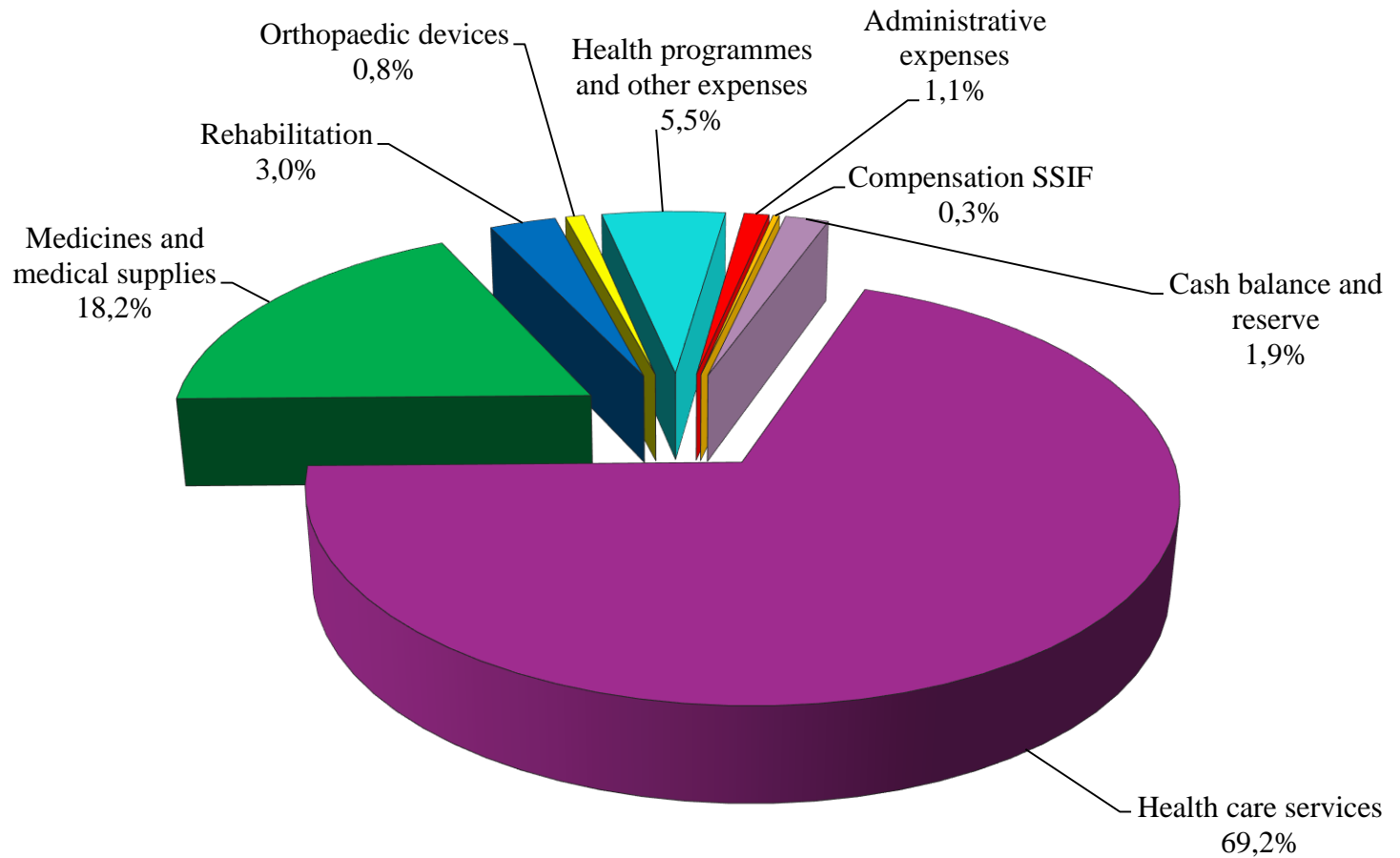
Single payer system

Lithuania has a single payer system

The resources to the THIFs are allocated by the NHIF according to the risk-adjusted formula that takes into account the number, age and gender of the population.



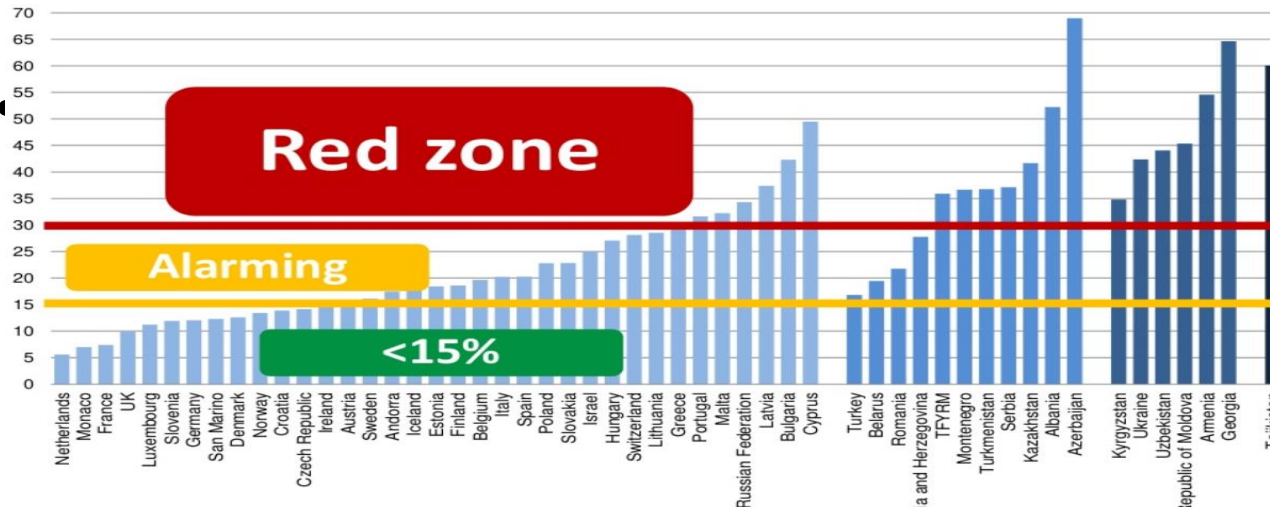
Structure of the CHIF Expenditure, 2017 (plan)



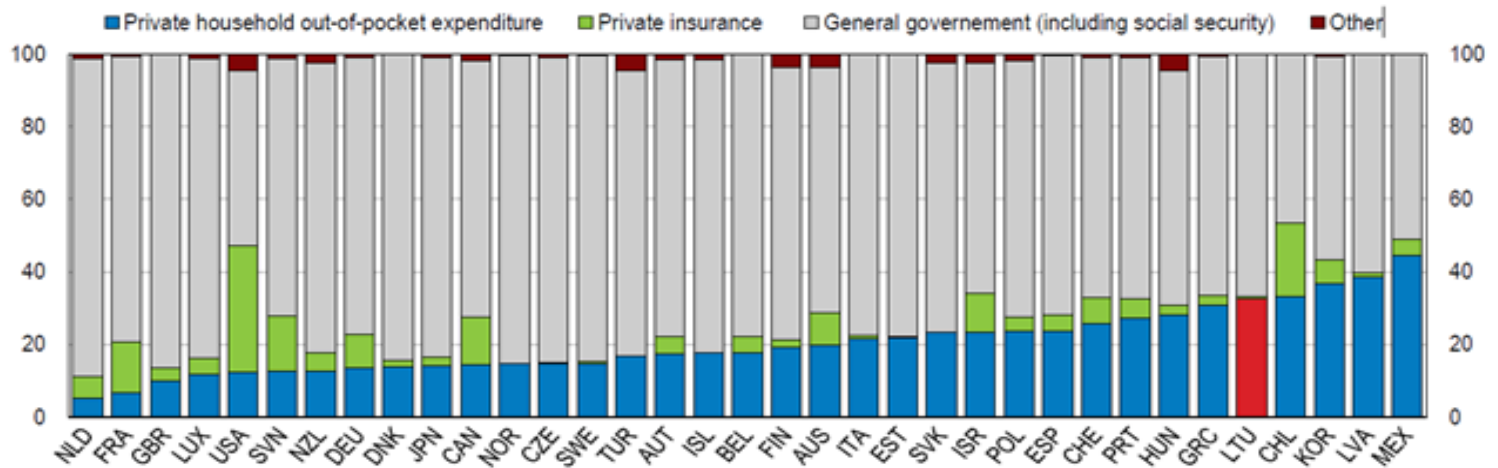


High Out-of-pocket Spending on Health

OOPs as % of total health expenditure by income country group in 2011 (high, upper-middle, lower-middle and low)



Expenditure on health by type of financing, % of current expenditure, 2013 or last available year





Thank You for Your Attention