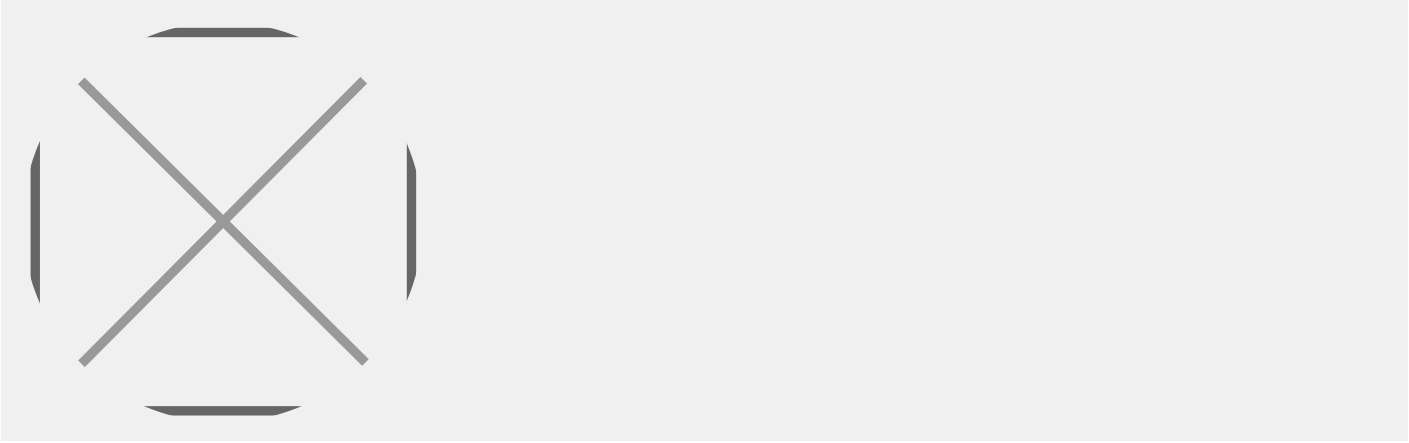
Interview with Leoš Heger, Minister of Health, Ministry of Health Czech Republic



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Dr. Heger, you were appointed as the Czech Minister of Health in July of 2010. What challenges did you see for the Czech healthcare system, and what has been your overall vision for reform?

I believe that we continue to face the same difficulties today that we have faced for the last twenty years. From an economic perspective, the major problem is that the limited system of income is not evenly distributed. The system of general insurance within the healthcare budget definitely reaches the provider through a much weaker channel than it does the supplier. The economical situation of the supplier companies—not only pharmaceutical players, but also producers and distributors equipment, materials, and etc.—is much better than that of providers and that of insurance companies.

Of course, this state of affairs is not very unusual, if we look across the world. Nonetheless, the discrepancies here are very strong, and our providers of care are, in general, very unsatisfied. This makes the healthcare system quite unstable.

The state of course has a regulatory role in the system—but it does not have much power, because one way to mitigate this challenge would be to decrease healthcare consumption, and that is very difficult to do. Constitutionally, every Czech citizen has the right to care. To limit their access would be to broach the barriers of legality. The space, therefore, for balancing the system is quite limited. The economical imbalance between providers and suppliers also becomes more difficult to address once provision is scattered across a range of players.

On the other hand, the provision of care is very strong in this country, and the quality is quite reasonable. If we compare ourselves to the much wealthier world, we are doing well for our patients. Patients have access to the same standard of care that we find in Germany or France. This contributes to the tension we see on the side of providers. They feel that they are in a sort of trap—they must provide a certain level of care, but they feel that they are not adequately paid to do so: not only in terms of salary, but in terms of the ability to cover the cost of care to a full extent.

As the Ministry of Health, we are trying to solve this problem. Of course, the solution is not easy. Firstly, we are trying to implement new technologies within the system. For instance, in this country, health technology assessment (HTA) has theoretically been in place for two decades. However, there has been little implementation of this approach. We are now in the process of forming a new agency to oversee HTA, covering a whole spectrum of technologies: not only heavy equipment, but also materials, the algorithm for care provision, pharmaceuticals, and etc. I believe this system has good potential to increase the efficiency of the system.

Efficiency is key, because, given the financial crisis in Europe, it is today very difficult to increase the amount of capital flowing into the system. Of course, it is furthermore the case that in the Czech Republic, the proportion of GDP going towards healthcare provision is much lower than we see in the E15 countries: the percentage for us is around 7.8%. The Czech Crown is also weak today relative to the Euro, so our purchasing power is diminished.

The under-financing of the system is being compensated for by the salaries of our healthcare workers—along with some inequalities within the healthcare provision environment. Yet I would like to note that this part of the game is improving: there are plenty of new hospitals, new safety and hygienic rules, etc. Salary is the major problem, on one side; and the other problem is the significant pressure applied to providers to offer more and more care instead of saving money.

In today's economic climate, the sustainability of a system that offers 'free' care to its entire citizenry is certainly under question. However, as you mentioned, it has historically been quite politically unpopular in this country to increase the burden of payment on the patient. Is this an idea that you can sell to the public—that they must increasingly pay greater out-of-pocket costs for healthcare services? Or is there some other way to find capital for the system when the state is under cost pressure?

I believe that the steps that were taken under our previous Ministers, and the further steps taken under our own tenure, have driven co-payment by the patient to its maximum point. Politically, it will be very difficult to go further—in spite of the pressure that the Coalition parties are putting on the Ministry to do so.

Our social system, furthermore, does not cover the poor very well. For instance, we have increased the daily copayment for a hospital stay from 60 Crowns to 100 Crowns. This particular fee is not

covered by the social ceiling, so there are many stories now being narrated in the media about how poor people are not able to cover these fees—unless they are very impoverished and manage to get an exception.

Hence, according to my opinion, we are already at the upper limits of co-payment. Instead of increasing it further, it would be much better to spread the burden of payment. We can extend it to healthy members of the population, instead of requiring it only of those that are ill.

This means increasing the insurance premium—although this too is not very popular. Half of the insurance payment put into the system comes from employers. We are discussing, within the political scene, the possibility of a nominal insurance fee. There is drawback to this, because it would suppress the fixed fee paid by all stakeholders, and thereby decrease solidarity. To find a tradeoff amongst these variables is very difficult—but I believe the only effective solution is to ultimately implement these nominal co-payments; instead of charging the two million people that are seeing doctors per year, we can charge the whole population of ten million.

Moving specifically to the concerns of pharmaceutical companies, we would like to raise a criticism that we have heard from members of the sector: some managers have commented that the government sees only the short-term costs of healthcare, but does not consider the greater benefits of having a healthy population—i.e. savings in the broader social framework, and a more economically competitive society. What is your response to such concerns?

I understand well the viewpoint of the industry in this sense. However, I believe that there is a lack of proof of this statement. If a drugs provider introduces a new product, it must really demonstrate efficacy that is much higher than existing medicines if we are to assign it a higher price. Usually, the criteria for assigning higher price looks at whether the drug truly treats patients faster or with greater success. Proof of this is often lacking.

To consider a picture beyond drugs, let us imagine that a healthcare company releases a new diagnostic tool: say, a new type of imaging device. Let’s say that this imaging machine consolidates a range of applications into a single unit. The company can then easily prove that this machine saves costs overall, and therefore deserves a premium price. In such a clear-cut example, we have a simple, calculable business case.

But measurement of added value is not always so easily done with new drugs: value is sometimes discernable in side effects; or, say, in the case of psychiatric drugs, added value can be measured in something rather abstract like ‘clarity of mind.’

You said it: it is very difficult to measure the value brought to the market by such drugs. The notion that the government is short-sighted, and ineffective from a strategic perspective, is essentially just

a matter of politics. We must have proofs. Where the proof is available, the decisions can be made. What is sure is that drug companies always ask for a higher price for their new products, but we cannot afford to pay a premium for incremental innovation. We can instead help companies to demonstrate value: for instance, by running pilot projects in a small proportion of the population.

To illustrate, I can think of a case involving surgical robots. The originator company claimed that when doctors learn to work with these products, everything would become cheaper, faster, and safer for patients. We utilized these robots for ten years, and it cost a tremendous amount of money—and the result was that it was more costly to implement these technologies, and there was only a narrow spectrum of diseases that were addressed.

Of course, each new product is innovative. It would be unfair not to treat it as such. For instance, look at cars: these days, we have much improved automotive technology than we did twenty years ago. Cars now are more convenient. However, when we think, on a basic level, of the purpose of the car—to get from point A to point B—we see that cars today affect the same ultimate result that they have in the past.

We have to discern what we mean when we say ‘innovation.’ In a car, or in a robot-assisted surgery, it is important for the user to feel convenience. But for the patient, the result is important. Of course, we measure results not only in terms of survival, but also in quality of life—and we are back to the notion that to measure such elements is very difficult. To make it objective, and evidence-based, is very difficult. This is why the development of medical care is very painful!

There will perhaps always be some measure of contention between the state and the pharmaceutical industry—this is simply the nature of the business. And yet, in the end, pharmaceutical companies provide the products that keep Czech citizens healthy. What is the Ministry of Health doing to create an attractive environment for these companies?

A good measure of attractiveness is in the number of drugs that are not available on the market due to poor business conditions in the country. This has happened in the pharma industry in the past: approximately twice a year, a particular drug has disappeared from the market. One reason is parallel export, of course—but there are also some companies that do not come to the market or chose to exit the market because of a lack of economical attractiveness. We see that the number of drugs absent from the market is not increasing, and the broader supply of drugs is quite stable. Looking at this measure, I would argue that the business environment is reasonable.

Do you feel that the Ministry is open to establishing channels of dialogue with the industry?

The Ministry tries to do so. We are convinced that the level of dialogue is reasonable. From the industry side, perhaps you will hear the opposite—but we are doing our best. At the same time, dialogue is one thing; another thing is our willingness to accept all requirements from the industry.

We have constructive conversations, but the decisions are, in the end, ours to take.

What I have learned in high politics is that you can easily be attacked by third parties, in all situations, with two basic arguments. The first occurs when you try to push through some new idea: people will say that you have not analyzed the relevant factors deeply enough. There is no way to respond to this—you can, of course, always do more analysis. The other argument against you is that you have not communicated enough with other stakeholders—this is also very hard to address, because of course we can always communicate more. Hence, the idea of whether the level of communication is adequate is very subjective.

We see that the Czech government is making great efforts to establish this country as a center of excellence in research—a number of major facilities are springing up in the biotech and life science sector, and the market has long been a hub for clinical trials. As someone that is himself a longtime researcher and lecturer, do you believe the Czech Republic can be competitive within Europe as a center for progressing medical R&D?

This is certainly the idea behind our investments. The Czech Republic has named the supply of innovation as one of its developmental priorities. The budget for education, in this vein, has not been cut as much as budgets in other sectors. The budget for innovation, and R&D, has been increased. Needless to say, however, the proportion of the budget dedicated to these efforts is still quite low within the overall financial plan of the state. The approximately 30% increase that we have seen will still not be enough to reach critical mass—but, at least, we are demonstrating our commitment to the sector.

Do you believe that the preconditions exist in this country to create a flourishing research industry—keeping in mind that the Czech Republic has traditionally focused its economy on manufacturing?

It is difficult to answer this question. Certainly, the feeling of people in this country is that our education level is quite reasonable to facilitate this trend. The innovative potential of our populace is also quite high. In communist times, so many things were unavailable—materials, even basic household items—and people were pushed to innovate them on their own. This innovative spirit is hence our heritage.

On the other hand, while research in our institutions has many peaks that we can be proud of, the efficacy of this work is quite low. For many years, research was geared only toward academic use. It would end up in academic papers, and stay there. We did not utilize our research commercially. We hope that the new innovative parks will bridge the gap.

Looking towards the future, what is your vision for the next five years of Czech healthcare?

We have to change the behavior of insurance companies. We must make them a bit more active, and give them the space to work on the efficacy of the system. They have been limited in their possibilities to, for instance, influence the network of providers. Now there are large debates on reducing hospital beds in smaller facilities, and this is one example of what we can do to increase the pressure on insurance companies to take a guiding hand in the system.

Another development is to put more pressure on the citizens of this country to take better care of themselves, and live a better lifestyle—to decrease smoking, alcohol consumption, and etc. We see obesity on the rise, and physical activity diminishing. Our budget is somewhere between 200-300Bn CZK, and there are studies that show that the potential savings if we affect these lifestyle changes is in the realm of 10-20% of costs. To influence the behavior of the population, however, is a difficult task! It is a matter of changing the culture.

I used to work as the chief of a large university hospital for almost 15 years. I remember that when I started the job in my younger years, I too was not very unsatisfied. It took five years for me to see the first results. The bigger the system, the slower the changes. The changes demanded in Czech healthcare often border on revolution. But I do not believe a revolution is necessary. Instead, I believe that after these last twenty years, what we need to do is tune up the system, with hundreds of small steps. This is a long-distance run—although in this country, a long-distance run is a tough bet, because we never know what will come next month.

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