

# David Šmehlík - Deputy Director, VZP, Czech Republic

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*Among the seven insurance funds in the Czech Republic, VZP is the largest with six million clients and the widest network of health service providers. David Šmehlík, the organisation's deputy director, discusses its new focus on*

*creating a patient-centric healthcare system based on quality and accessibility, the government's primary care reform, increased investments in modern therapies to improve access while controlling costs, and his future vision for the Czech healthcare system.*

**At the end of last year, the government approved a record increase in public health insurance revenues available to health insurance companies. How will you leverage this funding to take Czech healthcare to a higher level?**

While an appropriate level of funding is crucial for the short and long-term sustainability of the healthcare system, increased cooperation between health insurance funds and providers in setting up reimbursement mechanisms is even more important.

For the second year in a row, the distribution of public health insurance funding was negotiated between health insurers and providers through Conciliation Proceedings, and not at the Ministry of Health. Through this open and transparent process, we were able to agree with representatives of providers in almost all healthcare segments about reimbursements and their terms and conditions. Conciliation is key to the development, structural transformation and stability of the healthcare

system.

This new mechanism is part of our larger focus on changing the organization of care to create a patient-centric healthcare system based on quality and accessibility. In collaboration with medical societies, we created quality programs in the different therapeutic areas such as oncology, cardiology, diabetes and central nervous system disorders. While previously the Czech healthcare system focused on financing large hospitals and the salary increases of healthcare professionals, achieving and financing the best care for patients is now the absolute priority. This is a dramatic change in mindset compared to the past.

**Minister of Health Adam Vojtěch wants to reform primary care by reinforcing the role of general practitioners (GPs), thus removing some burden from hospitals. How is VZP supporting these efforts?**

The aim of this reform is to mirror what is happening in European countries with strong primary care. In Denmark for instance, general practitioners have much broader competences, can prescribe almost all medicines and perform a number of examinations, take care of diabetics and other chronically ill patients, thus resolving 90 percent of cases. In contrast, the Czech healthcare system is heavily reliant on hospitals: we have 152 hospitals per 10.6 million inhabitants, while in Denmark there are only 21 hospitals per 5.7 million inhabitants.

What is important for VZP is that the role of primary care evolves from a simple gatekeeper to an actual guide for patients throughout the healthcare system, thus improving access to specialty care when necessary, in dermatology or oncology for instance.

Secondly, the reform should improve access to care equally for all citizens by creating a network of primary care centres throughout the country, as well as creating new programs for home care, outpatient palliative care, and hospice care.

The reform will provide savings to the healthcare system by making sure that only severe cases are treated at hospitals. We will end up with a more efficient system where patients can receive treatment at the appropriate level of care.

**The current system for assessing and reimbursing drugs was built for treatments of thousands of patients that cost tens of euros, but new innovative medicines, such as**

**cell & gene therapies, are targeted at tens of patients and cost hundreds of thousands of euros. As the biggest insurance payer in the country, how are you adapting to this paradigm shift?**

At VZP, we want to improve access to modern treatments and have increased investments every year in this area. In 2020, we will invest CZK 14 billion (EUR 555 million) in modern treatments, a 12 percent year-on-year increase, and 28 percent increase compared to two years ago. In addition, we will increase the capacity and number of specialized centres by increasing remuneration. We are ready to contract with new providers to expand the network of centres.

We have special proceedings for early access to modern treatments such as cell and gene therapies and orphan drugs. Last year, we negotiated access to two breakthrough CAR-T therapies: Gilead's Yescarta for large B-cell lymphoma and Novartis' Kymriah for B-cell acute lymphoblastic leukaemia. In cooperation with the Czech Haematology Society, we defined patients with whom there is a strong medical need for treatment and developed recommendations for both products.

Nevertheless, funding expensive modern therapies is an issue for every healthcare system. In the case of orphan drugs, their budget impact is very high while assessing their cost-effectiveness is extremely difficult due to the low number of patients. In order to contain costs and ensure the long-term sustainability of the healthcare system, we negotiated risk-sharing agreements and managed-entry agreements with marketing authorization holders and achieved substantial discounts, in many cases in the double digits. We have over 900 contracts with pharmaceutical companies. Moreover, we introduce biosimilars by working closely with specialist societies to tell us when and under what conditions patients can be converted to biosimilar products. As a result, the number of patients being treated with modern medicines has increased faster than spending. Thus, the yearly cost of modern treatment per patient has decreased. The negotiations are based on the shared interest of VZP, pharma companies, patients and physicians: improving access to highly innovative medicines. As state proceedings take a long time, these negotiations have allowed faster entry of these medicines in the system. This is part of our commitment to building a healthcare system based on quality and access.

**Last year, the AIFP released the *Innovation for Life* study which shows how innovative treatments bring significant economic, demographic and social benefits, and therefore should not be looked at as a one-off expense, but as a long-term investment. Many feel that healthcare and social budgets should be managed in sync to reflect this reality.**

### **What are your thoughts on this matter?**

Managing the healthcare and social system together is a political issue, and I think the government is not yet prepared for this change. It is, however, an important issue as it would impact how reimbursement decisions are made. We are going in this direction in the case of orphan drugs. The proposed amendment to the Act on Public Health Insurance would introduce a new system for assessing orphan drugs incorporating social considerations such as their impact on disability costs and tax income.

### **Does the Czech healthcare system have the capabilities to close the gap with Western Europe?**

In the Czech Republic, the quality and access to both acute and chronic care is comparable to other European countries, not just in the CEE region, but to Western Europe. We have made tremendous progress in many different therapeutic areas such as oncology, haematology, cardiology and diabetes. However, we lag behind in terms of the development of primary care, which the reform is trying to address. We must transform hospitals into highly specialized care centres while building a strong network of general practitioners across the country.

### **What do you hope this new decade will mean for the Czech healthcare system?**

I hope for progress in all areas through increased cooperation between all stakeholders. Together, I hope that we can change the organization of care for the benefit of patients. In this endeavour, I think the role of health insurance funds should be increased because, in my opinion, insurance funds have the strongest incentive and are the best positioned to improve patient care out of all other stakeholders.

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