Country profile: Hungary

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

AmCham EU
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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 Hungary.

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 Hungary

Reduce OOP payments

The Hungarian government should follow up on reforms to penalise informal payments with a commitment to reduce the burden of out-of-pocket payments (OOP), which will also relieve the current pressure on consumption and purchasing power due to the cost of living crisis. The government should adopt a renewed commitment to universal health coverage (UHC) with a particular focus on improving primary healthcare services, increasing financing for outpatient care and expanding access to medicines with a review of current HTA cost-effectiveness and reimbursement thresholds.

Implement policies that tackle the biggest risk factors of noncommunicable diseases

Funding should be directed towards improving integration across care systems (primary, secondary and social) and developing patient pathways for chronic diseases to support prevention, early detection and eliminate waste. Early diagnosis will result in less costly treatment, reduce pressure on the health system and improve quality of life. Investment should also be made in public health promotion efforts to tackle tobacco use and obesity. While the tobacco reforms and smoking ban introduced in the early 2000s have reduced the number of active smokers, increasing awareness of the harms tobacco causes to health should further reduce tobacco-related mortality. Introducing healthy eating programmes in schools could help offset growing obesity rates.

Continue to invest in the healthcare workforce

While wages increased significantly over the past two years, wage increases must be dynamic and continue to rise gradually to combat wage increases in Western Europe. Attracting young individuals to study medicine and enter careers in the healthcare sector is also essential to ensure the sustainability of the workforce. Retaining healthcare staff through financial support and additional incentives for working in rural or underserved areas of the country will further support progress toward universal healthcare.

1. Healthcare financing

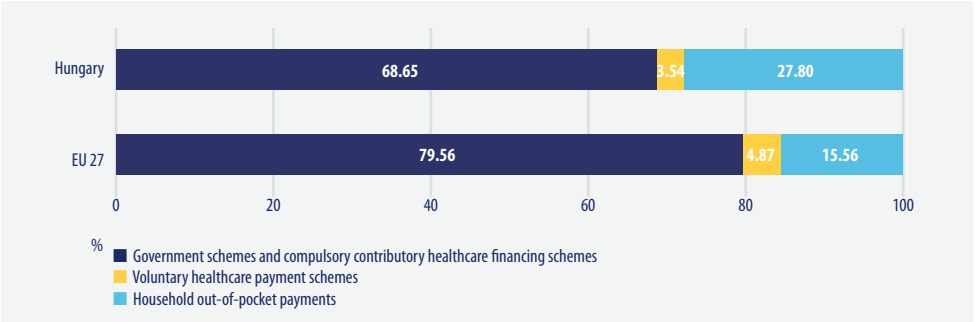
Hungary spent 6.3% of GDP on healthcare in 2019, rising to 7.25% in 2020, which is among the lowest of the countries in this study and just above Romania. Healthcare spending at €942 per head (€1,532 per head in PPS terms) is well below the EU average of €3,104 per head (€3,206 in PPS terms), but slightly higher than Croatia, Romania and Bulgaria.[1]

Healthcare spending per head increased by 7.8% (or 11.3% in PPS terms) from 2019 to 2020 in response to the covid-19 pandemic. However, like other countries in this study, healthcare spending is anticipated to stabilise or decline from 2022 due to the economic slowdown and war in Ukraine.[2]

FIGURE 1: HEALTH SYSTEM AND FUNDING SOURCES

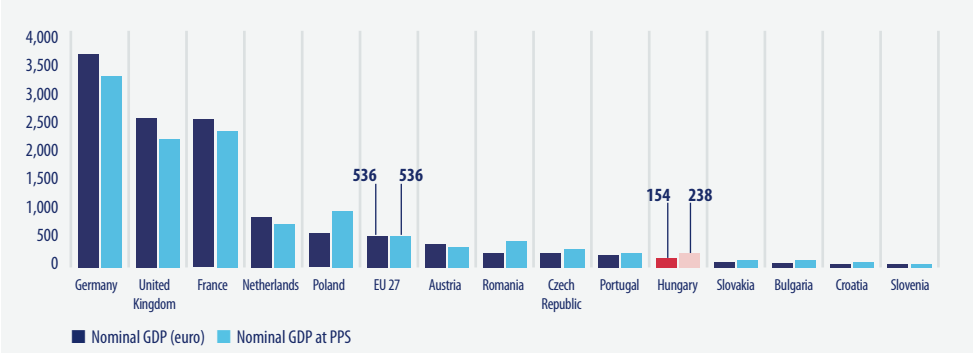
Healthcare system	Bismarck model - SHI based system based on mandatory employment contributions
Coverage and enrolment	Participation in the country's social insurance scheme (the OEP) is compulsory for all citizens. While SHI coverage is high, 5% of the population or 500,000 people has an unclarified SHI status, although it is estimated that half are Hungarian citizens working outside the country.[3]
Core services covered	The OEP covers most medical treatment, three-quarters of pharmaceutical costs, and some health-related benefits. The remainder of public funding is from the national government, with a small share coming from EU funding.
Co-payment and user charges	OOP spending, which includes co-payments, cost-sharing and informal gratuities, accounted for almost 27.8% of healthcare spending in 2019. OOP spending predominantly goes towards pharmaceuticals and outpatient care. Reforms were introduced in 2020 to penalise healthcare professionals for accepting informal payments.[4]

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



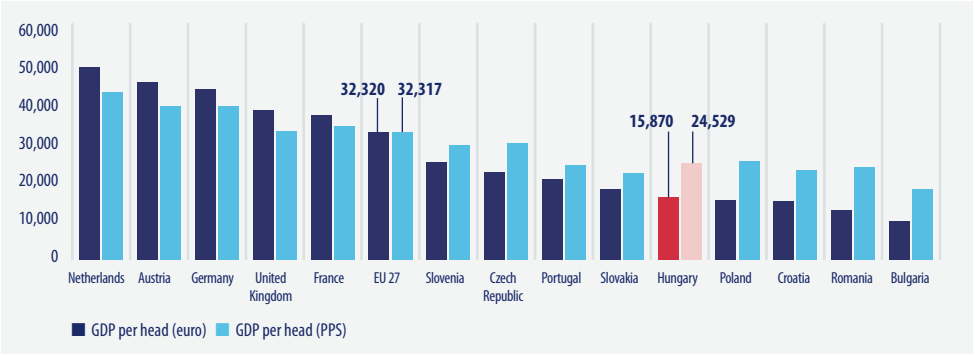
Source: Eurostat. Health care expenditure by financing scheme. 2019. EU 27 data from 2018 (latest available year)

FIGURE 3: NOMINAL GDP, 2021



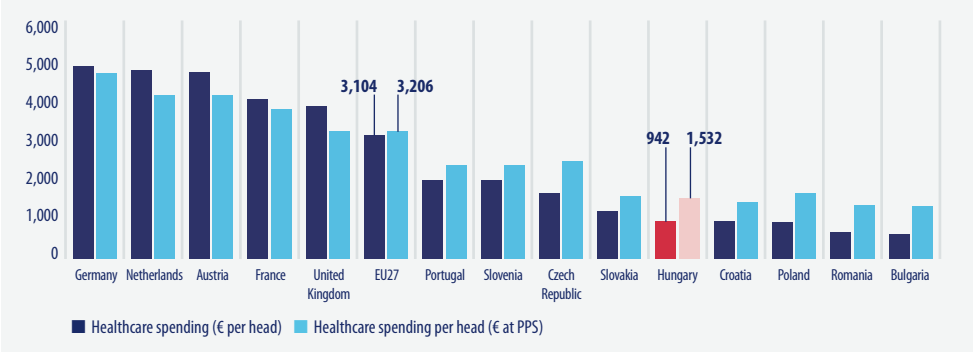
Source: Eurostat. . Gross domestic product (GDP) at current market prices in € bn and Purchasing Power Standard (PPS). 2021

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



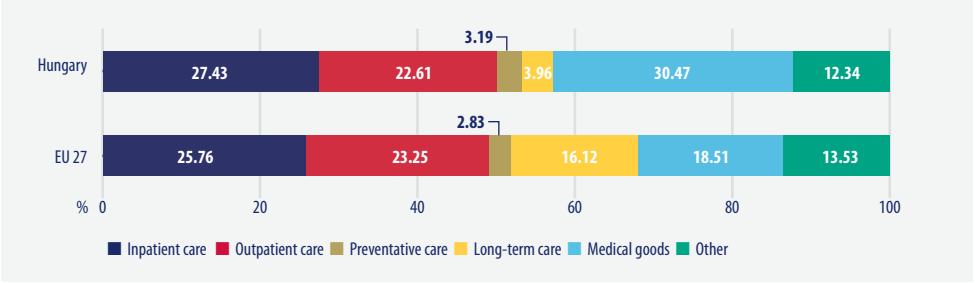
Source Eurostat. Healthcare spending per head in € and PPS. Healthcare spending as a % of GDP, 2019

2. Healthcare resources

2.1. Healthcare expenditure by function

Spending on inpatient care at 27.43% of current healthcare spending is just above the EU average but lower than other CEE countries including Bulgaria, Poland, Slovakia and Romania. While spending on long-term care at 3.96% of CHE falls well below the EU average of 16.12%, spending on preventative care is among the highest of the CEE countries and higher than the EU average.[5]

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

Hungary had 3.14 practising physicians per 1,000 people in 2020, a decline from 2019 figures at 3.49 per 1,000 people and below the EU average of 3.8. Hungary also faces a shortage of some healthcare professionals, especially nurses, partly due to emigration to Western Europe and comparatively lower wages. Access to healthcare in rural areas has suffered as a result.[6]

Basic wages in the healthcare sector increased by 65% between 2016-2019, following government action after widespread strikes in 2016. Doctors also received a one-off pay rise during the pandemic, with base pay set to double between 2021 and 2023, while nurses' salaries were set to increase by 21% from January 2022. Recruitment challenges are expected to continue despite these recent wage reforms.[7, 8]

2.3. Healthcare infrastructure

Hungary has 6.9 beds per 1,000 people, above the EU average of 5.3 (based on 2019 Eurostat data) and indicative of a high reliance on inpatient care.[9] While the excess hospital beds served the country well during the pandemic, estimates from 2018 indicate an occupancy rate of around 65%.[10]

3. Access to medicines

Spending on medical goods at over 30% of CHE is among the highest in the EU and significantly above the EU average of 18.4%, however spending on medical goods is relatively low in euro terms at €2.8bn in 2019, compared to the EU average of €9.1bn.[11]

Hungary uses a combination of international reference pricing, rebates and regulated reimbursement rates to control prices paid by the public sector to drug producers.[12] The price of new pharmaceuticals is determined using external reference pricing, which considers all EU members as well as Norway and Switzerland. Hungary's early access programme, the Compassionate Use Program (CUP), is intended to facilitate the availability of new medicines to patients with life-threatening disorders or diseases.[13]

3.1. Access to innovative therapies

According to the EFPIA Patients W.A.I.T Indicator 2021, Hungary's rate of availability of access to innovative new therapies approved in the EU is lower than the EU average across all categories, while the average time to availability is faster overall and across oncology, orphan and non-oncological orphan categories.[14]

The EFPIA. W.A.I.T. study provides an overreaching snapshot of average access and wait times to innovative medicines across Europe, focusing on a retrospective cohort and first patient access. This analysis can fail to account for differences in reimbursement systems. In Hungary, named patient programs (NPP), a reimbursement method that provides patients and physicians access to medicines that are not available in their country, play a dominant role. The time to availability figures in the EFPIA W.A.I.T. 2021 study distorts the actual reality of wait times in Hungary.

When adjusted to reflect only regular reimbursement decisions, the average time to availability increases from 480 days to 693 days, moving Hungary towards the bottom of the table. The time to availability for new medicines included after the 2021 analysis indicates a longer wait time with 1,477 days between E.U. authorization and reimbursement decision for ten new molecules, up from 968 days in 2020.

FIGURE 7: EFPIA PATIENTS W.A.I.T INDICATOR 2021, TIME TO AVAILABILITY, ADJUSTED FOR HUNGARY[15]

	EFPIA Patients W.A.I.T Indicator 2021	Adjusted to reflect regular reimbursement decision only
Average time to availability	480 days	693 days
Orphan products	378 days	1,458 days
Oncology products	410 days	852 days
Non-oncology products	370 days	1,454 days

3.2. Digital health

The Electronic Health Service Area (EESZT), a centralised database of patient records and health interventions introduced in 2017, is among the first notable steps towards the digitisation of healthcare in Hungary. The service aims to provide citizens with more efficient and service-oriented care by allowing patients to track their healthcare and view referrals and prescriptions.[16]

Further measures to increase the use of digital services were introduced during the pandemic. As part of efforts to prevent the spread of the covid-19 virus, the government issued a decree allowing doctors to provide healthcare services online. Between March 2020 and early 2021, 71% of people in Hungary accessed a doctor online or by telephone for prescription purposes, a figure higher than the 53% recorded by the EU.

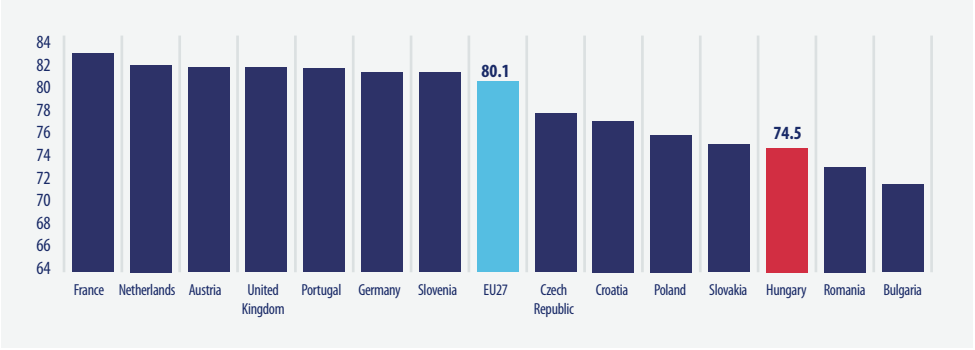
Hungary ranks 23 out of 27 EU countries on the Digital Economy and Society Index (DESI), which measures and tracks digital performance and progress across four domains. While Hungary performs above the EU average on measures of connectivity, the country is among the lowest on measures of integration and digital public service.[17]

4. Health system assessment

4.1. Population health

Average life expectancy in Hungary has declined over the past five years from 76 in 2017 to 74.5 in 2021. The decline over the past two years can be partly attributed to covid-19 related deaths which were 4.72 per 1,000 confirmed cases, as of March 2022, the second highest of the countries in this study.[18] Infant mortality has declined steadily from 4.9 in 2012 to 3.6 in 2019.[19]

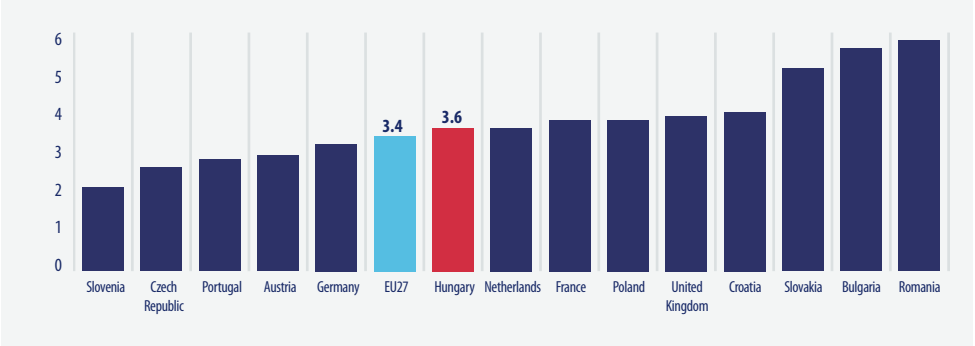
FIGURE 8: LIFE EXPECTANCY, AVERAGE (YEARS), MALE AND FEMALE, 2021



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

Population ageing will have a significant impact on future healthcare spending patterns. The old-age dependency ratio, the ratio of older dependents—people older than 64—to the working-age population—those aged 15-64, is expected to increase from 30.8% in 2020 to 34.5% in 2030.[20] Financial incentives introduced in 2017 to encourage families to have more children have failed to increase the birth rate. These demographic factors may add a further strain to economic growth.

FIGURE 9: 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

Around half of all deaths in Hungary can be attributed to behavioural risk factors. Tobacco and dietary risks were the highest contributors to mortality in 2019. Around one in four Hungarian adults smoke daily, the third-highest rate in the EU. Obesity is also a major public health issue among children and adolescents in the country.[21]

Hungary's death toll from cancer and ischaemic heart disease is the highest among all study countries at 181.77 deaths and 367.48 deaths per 100,000 people, respectively.[22]

Mental health remains a significant public health concern. Hungary previously reported the highest suicide rate in the world. While the annual death toll halved between 1990 and 2013, the country's suicide rate, at 14.2 per 100,000 people in 2019, remains among the highest in Europe.

FIGURE 10: LEADING CAUSES OF MORTALITY

Cause of mortality	Total number of deaths in 2018	As a % of total deaths for 2018
Ischaemic heart disease	32,102	24.5
Stroke	11,267	8.6
Lung cancer	8,716	6.7
COPD	6,144	4.7
Colorectal cancer	5,034	3.8
Diabetes	3,098	2.4
Liver disease	3,092	2.4
Pancreatic cancer	2,153	1.6
Breast cancer	2,149	1.6

Source: Eurostat, 2018. Extracted from OECD/European Observatory on Health Systems and Policies (2021), Hungary: 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 from preventable deaths are the highest in the study at 315.3 per 100,000 people in 2019. While Hungary spends more than the EU average on preventable care as a percentage of CHE, the high ratio of preventable deaths indicates a need to focus on the wider determinants of health and key risk factors for common causes of mortality such as behaviour and lifestyle factors, socioeconomic status and environmental factors. Mortality from treatable deaths at 173.2 per 100,000 people in 2019, is also significantly higher than the EU average of 92.1, indicating a need for further investment in screening and early diagnosis.[23]

The level of satisfaction with health services is below the EU average (5.7 on a satisfaction scale from 1 to 10 in 2016). A study in 2019 specific to patients' experiences with outpatient care found that the positive experiences fall behind the OEDC average when referring to patient-doctor communication and patient involvement. Waiting times for outpatient services were favourable for family doctors and private specialists but longer for public specialist visits, with one-third of respondents waiting longer than a month for an appointment.[24]

5. Future outlook

Despite current economic challenges, the government remains keen to reduce Hungary's national debt, which will likely constrain health spending. Social taxes (including healthcare contributions) were cut in July 2020 and again in January 2022 as part of the economic support package. EU funding for healthcare may also decline, as the EU has not yet approved Hungary's €7.2bn recovery plan amid disputes over the rule of law in the country.[25]

Hungary is also providing access to medical care to the over half a million Ukrainian refugees who have entered the country since the beginning of the war.[26] The risk of infectious disease transmission is now a concern as vaccination rates against mumps, measles, and rubella is low, with approximately 35% of Ukrainians fully vaccinated. The country has responded with vaccination and temperature checks on the border, as well as offering free vaccination.

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