



International Association for the  
Study of Insurance Economics

# Études et Dossiers

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Extract from

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Health and Ageing Conference

“Health and Long-Term Care Insurance in  
Eastern and Central European Countries”

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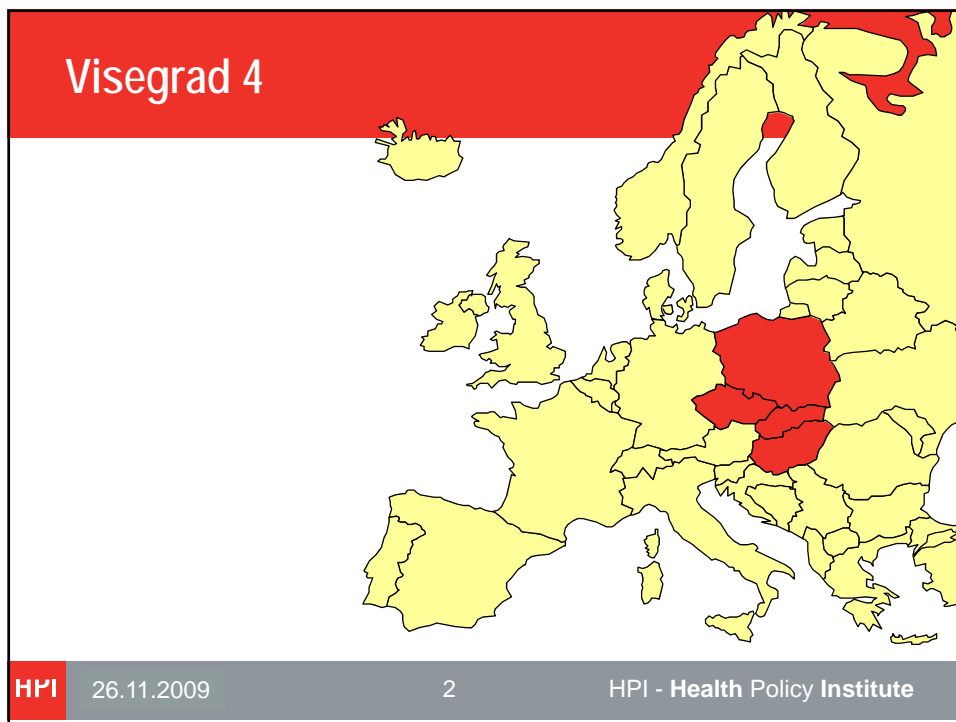
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Layout & Distribution: Valéria Kozakova

# Ageing and Long-Term Care in Slovakia

Peter Pažitný



## Content

1. Where we are?
2. Driving forces
3. Modelling the impacts
4. Conclusions and policy implications

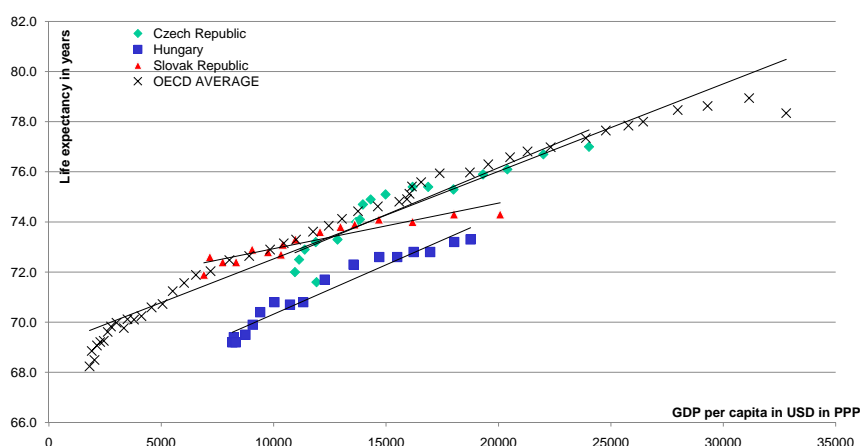
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## 1. GDP and Life Expectancy – the gap is 15 years



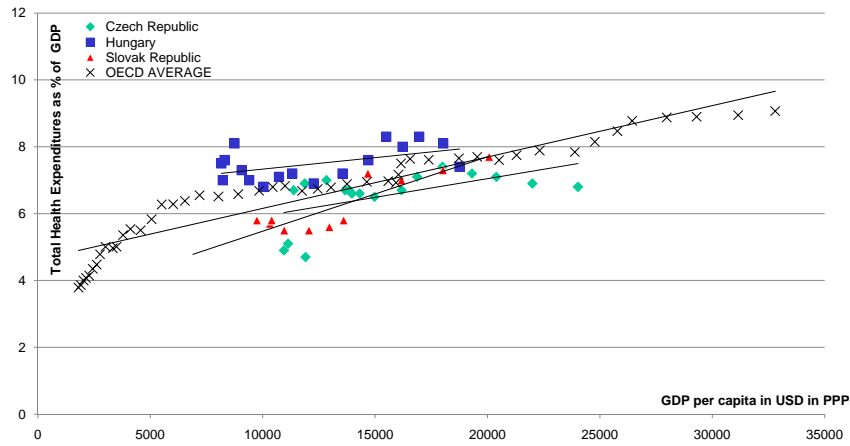
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## Health Expenditures are proportionate to economic performance



Source: OECD Health Data 2009

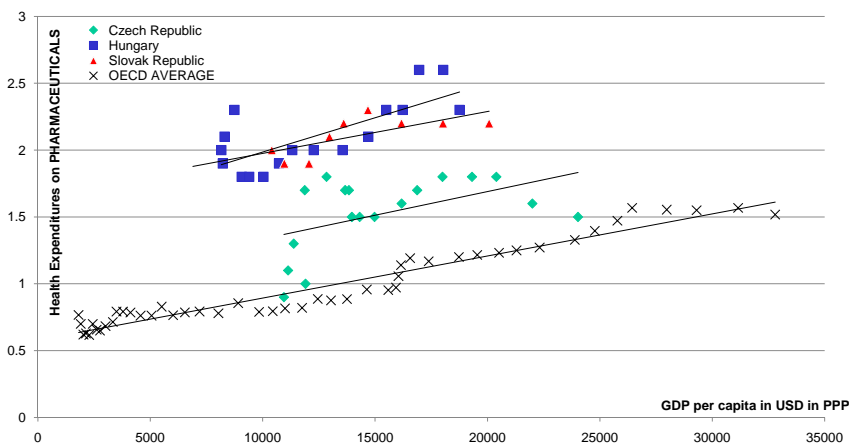
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## Pharma Expenditures are much higher than economic performance



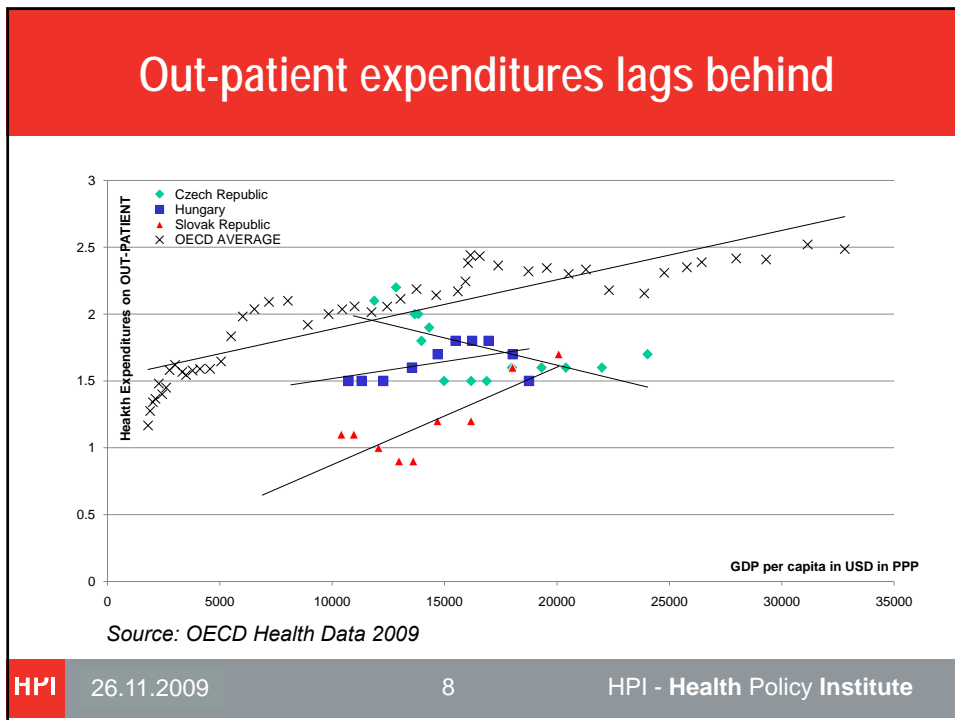
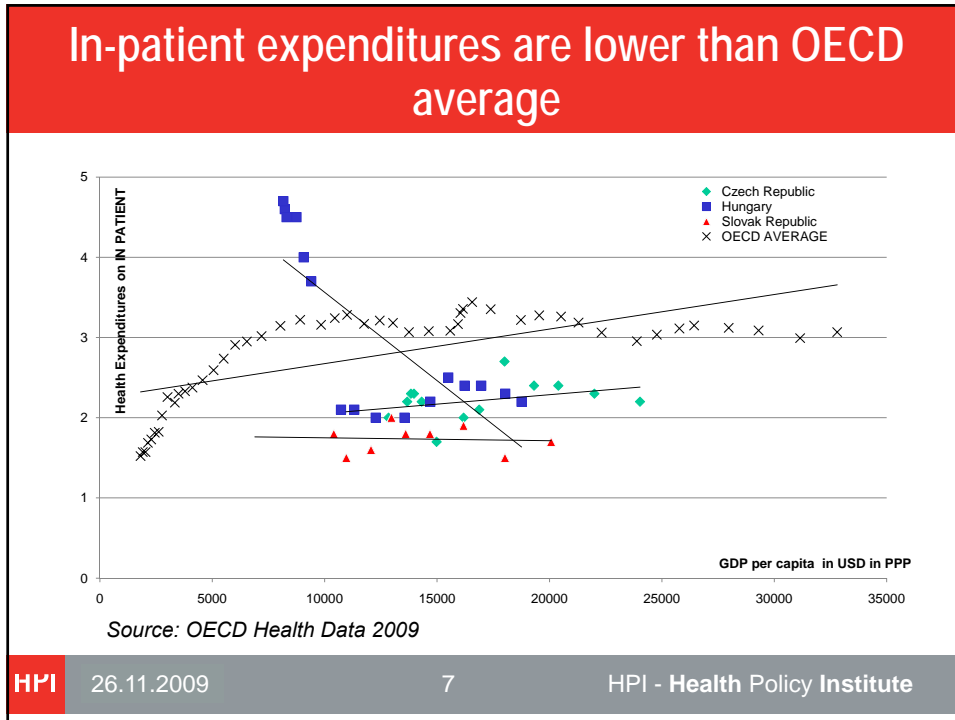
Source: OECD Health Data 2009

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## 2. Driving forces

- Expectations
- Ageing
- Technologies
- Limited ability to pay

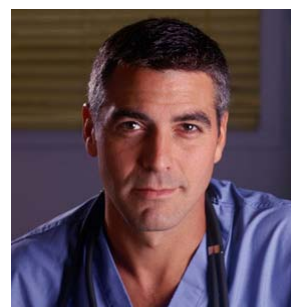
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## Endless Expectations

DR. HOUSE  
MEDICAL DIVISION

ER

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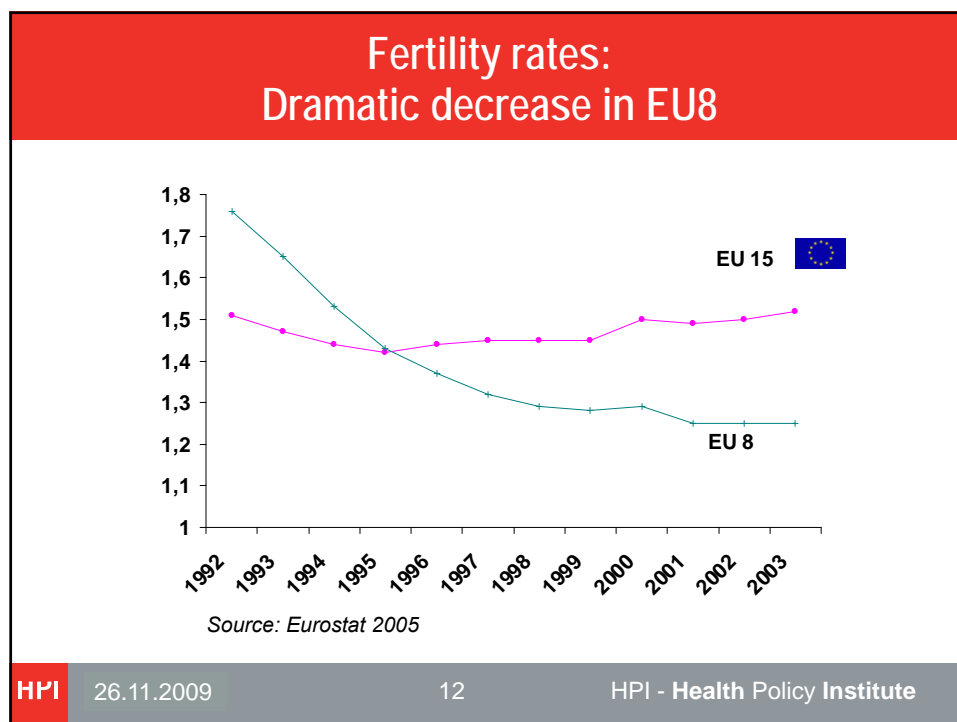
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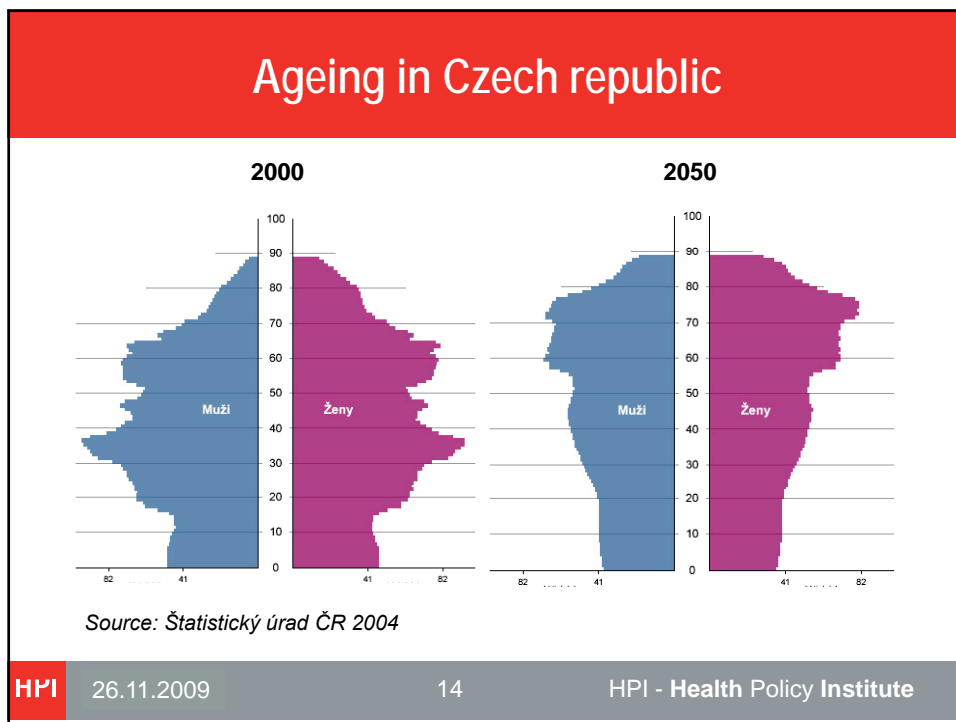
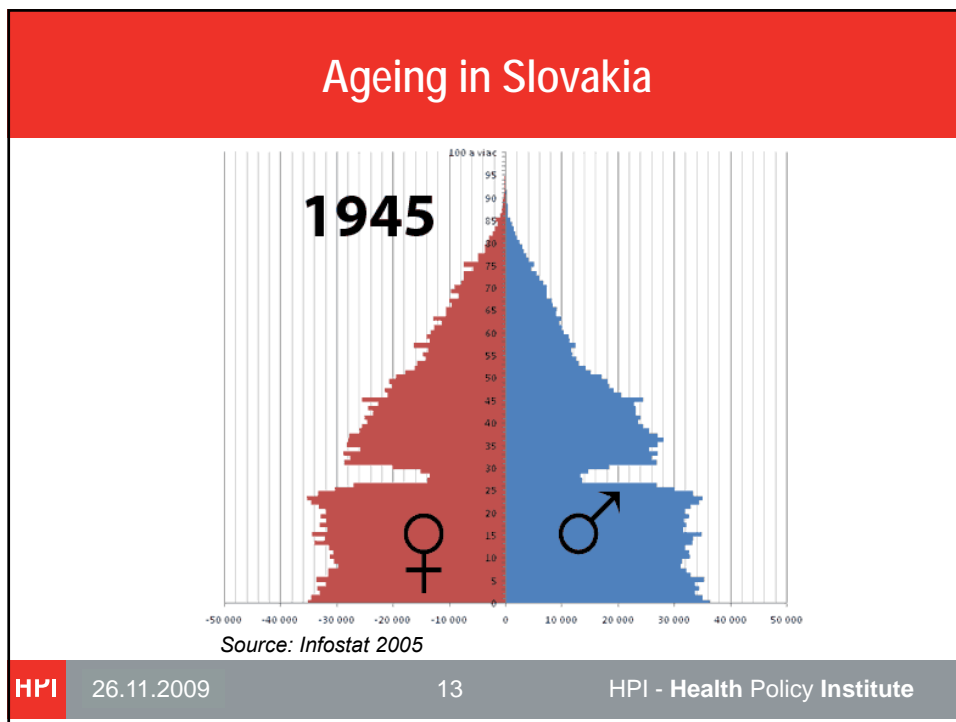
### Age groups: Gap 11 years

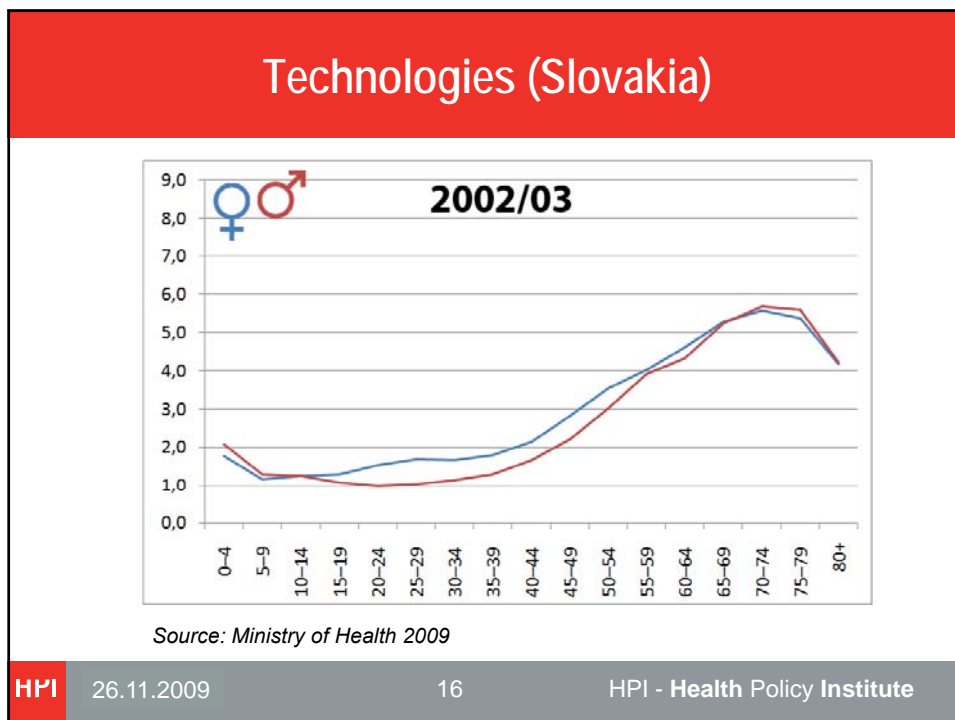
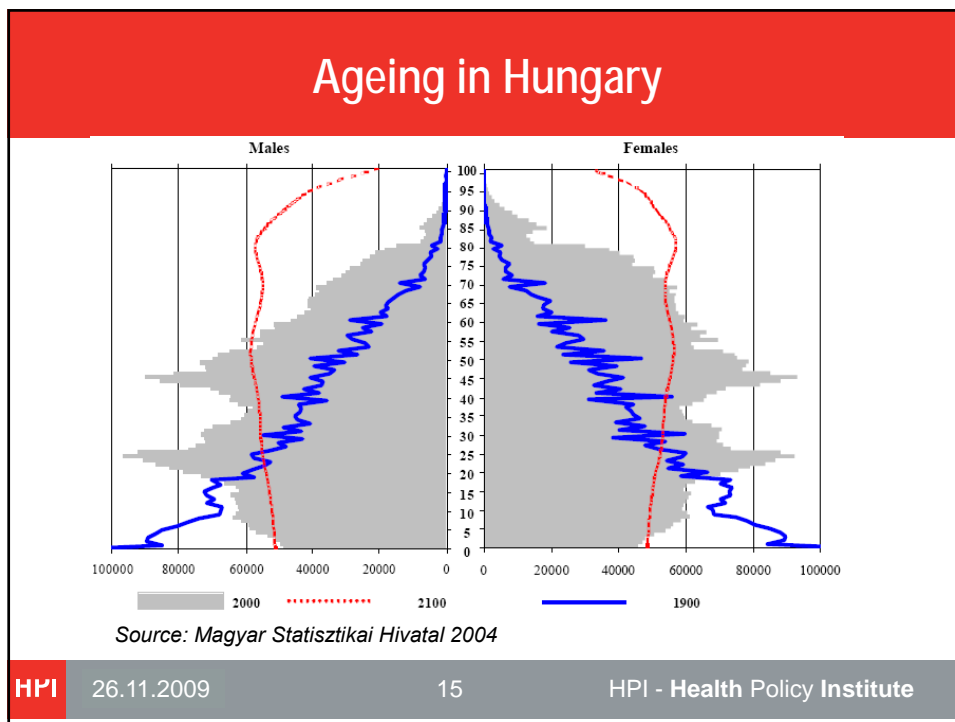
	Age groups	1993	2004
EU15 (old countries)	0-24	32,0	28,5
	25-64	53,0	54,5
	65+	15,0	17,0
EU8 (new countries)	0-24	36,3	31,3
	25-64	51,7	54,3
	65+	12,0	14,5

*Source: Eurostat, 2005*

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### 3. Modelling the public expenditures

- Expenditures (EC prediction)
- Relevant expenditure scenarios for Slovakia:
  - EU10 convergency scenario for health care
  - Scenario for growing relevance of formal home care

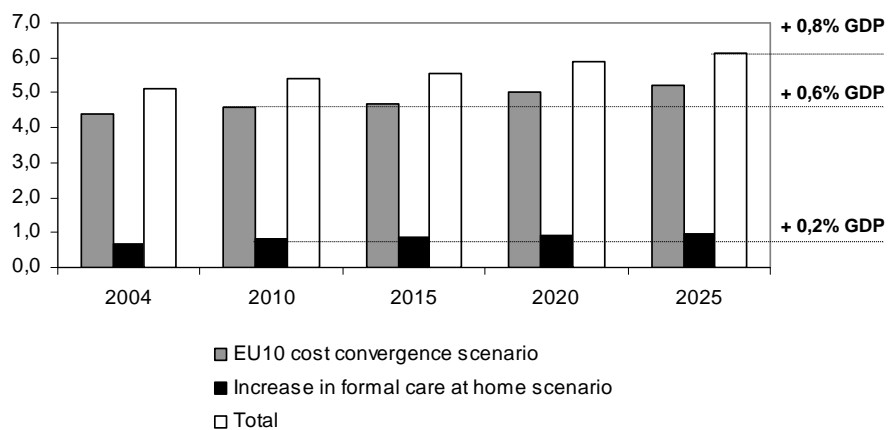
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### Future expenditures as % of GDP

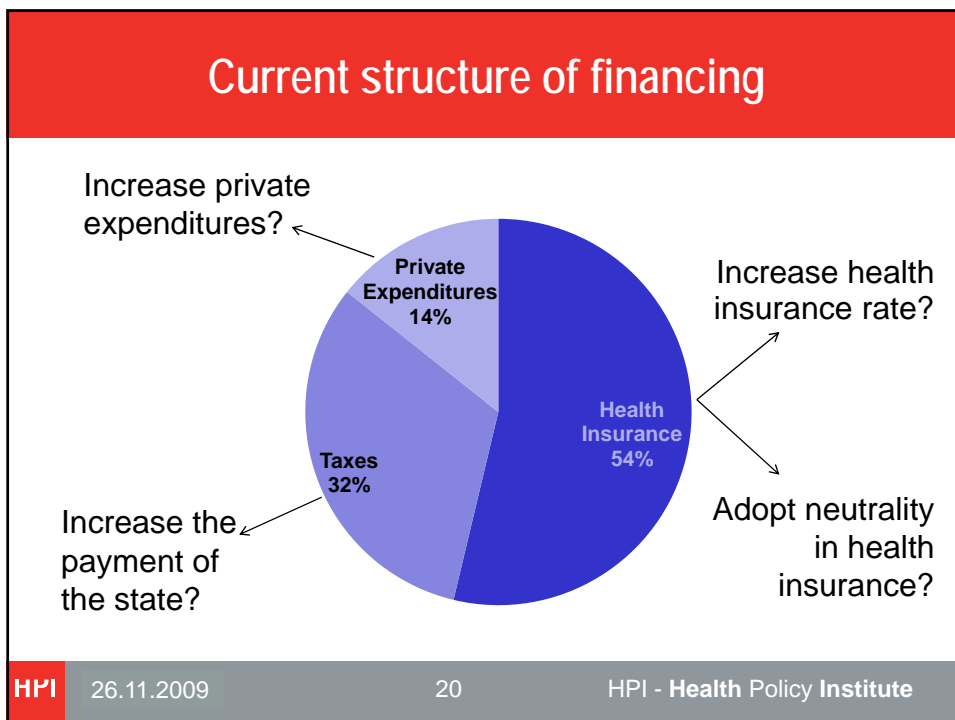
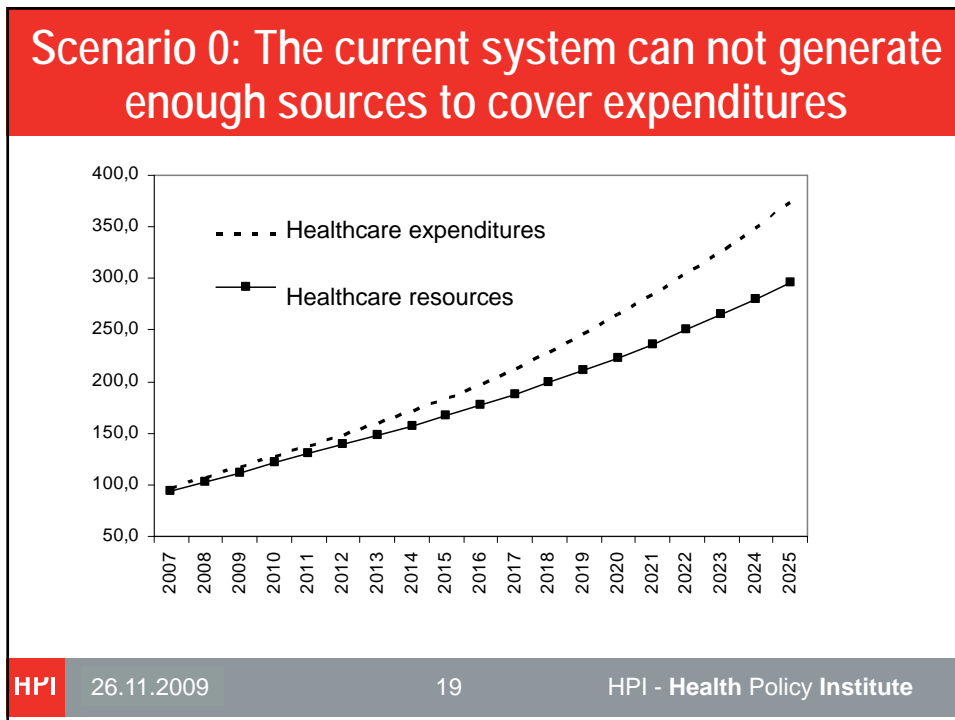


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### Each financing possibility was prepared in 4 macro-scenarios

	Lower expenditures	Higher expenditures
Basic macro-economic development	Best scenario	Mid scenario
Negative macro-economic development	Mid scenario	Worst scenario

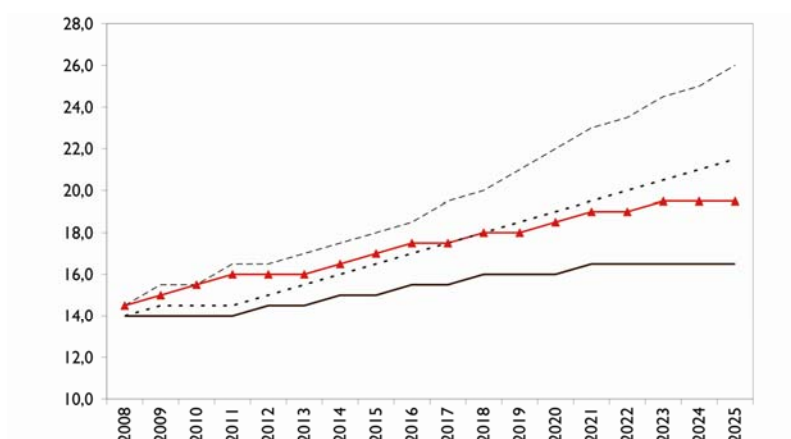
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### Scenario 1: increasing the insurance rate for employees in %



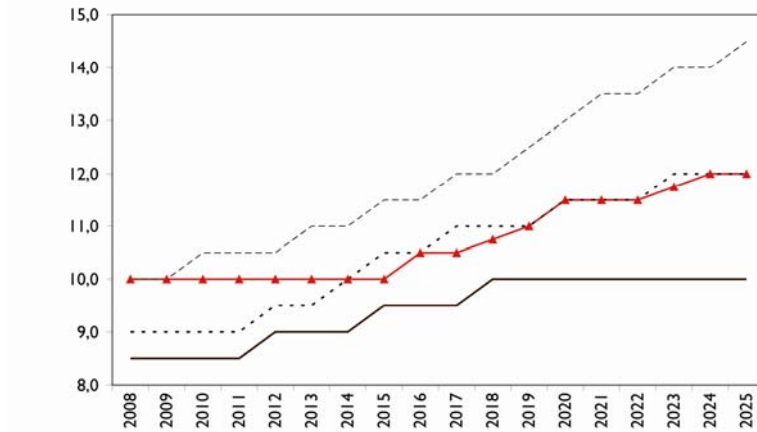
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**Scenario 2: adopting health insurance neutrality with possibility of initial decreasing of insurance rate – in %**



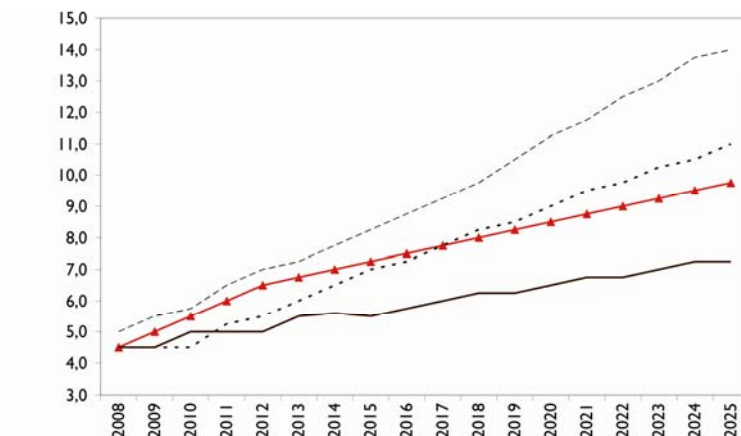
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**Scenario 3: increasing the payment of the state for economically non-active – in %**

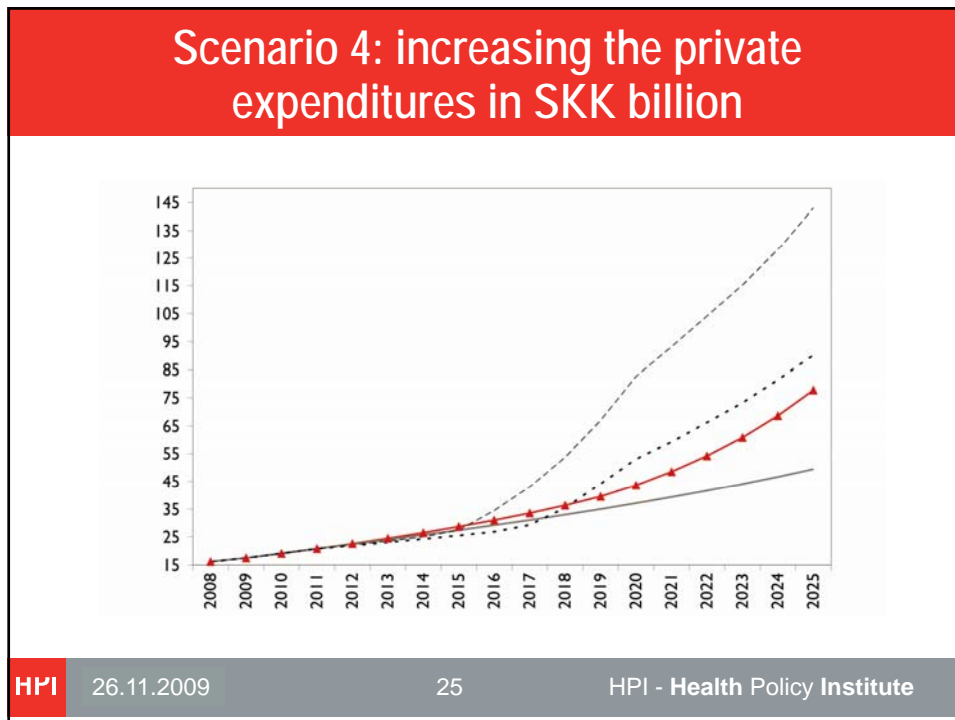


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### Conclusions and policy implications

	0. no change	1. higher rate	2. neutrality	3. state	4. private
Impacts on business environment	Neutral	Increase in labour costs (rate from 14% to 20%)	No increase in labour costs, burden on other incomes	Only budgetary impacts	Neutral
Impacts on fiscal position	High deficits in the future	Increase from 14% to 20%	Broader base, lower rate	Trade off with other budgetary priorities	-
Implementation	-	Easy, with certain political costs	Very complicated	Comfortable	Not attractive

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Thank you for your attention ...



**Nassim Taleb: we can not predict ...**

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