The first paper evaluates tax legislation in Slovakia, effected January 2004 and major changes in the period 2005 – 2010, according to principles of optimal taxation and optimal tax systems. The author evaluates the Slovak system with particular regard to taxes on labour, taxes on capital and taxes on consumption. The adoption of a flat personal-income-tax rate and a uniform VAT rate is viewed as in line with the optimal taxation theory, and the projected lessening of administrative costs and degree of tax evasion is positively evaluated. However, it is concluded that there is still room for improving the system by further shifting the burden away from taxes on labour to higher taxation of consumption and capital.

The second paper analyses possible options to improve the risk adjustment of the health insurance system in the Czech Republic. Out of possible options it argues for including Pharmaceutical Cost Groups (PCGs) as additional risk factors since it is an improvement that can be implemented almost instantaneously. On real data from an anonymous sickness fund it confirms that predictive performance of PCGs models is consistently better than the performance of the demographic model that is currently used. The study also describes and examines the Czech health insurance market and implications of proposed changes of policy makers. Based on experience from other countries we point to a problem of risk selection if the changes are not accompanied by a tighter regulation, specifically in the form of an improved risk adjustment formula.

Outlier risk sharing is used in competitive health insurance schemes as a tool to mitigate incentives for risk selection. A simple alternative of outlier risk sharing, however, is not budget neutral to each of risk groups and hence it might significantly distort an allocation of financial resources between insurers.