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Title of the Thesis:	Tax and Health Care Challenges in Economic Policy – Three essays
Type of Defense:	PRE-DEFENSE

Content of the Report:

The submitted thesis is a collection of three papers. The first paper is focused on the Slovak tax policy, the other two papers are focused on the Czech health policy. This is rather an unusual combination of topics.

The paper on tax reform in Slovakia describes the legislation that came into effect on January 1, 2004. It is a theoretical paper that uses theory of optimal taxation and argues that flat rate tax introduced in Slovakia is consistent with optimal taxation. This tax legislation was proposed by right-wing government, but since then, the political as well as economic situation in Slovakia have changed. Considering the real experience with a new legislation, would you change something in your evaluation of the tax reform?

The paper on risk adjustment addresses the problem of potential risk selection in competitive health insurance model. The author discusses possible alternative options of risk adjustment. In my view, the Figures 5 and 6 do not represent exactly the description that the cost of low risk is α , and the cost of high risk $\alpha+\beta$. The cost of higher risk patients on the Figure are higher than $\alpha+\beta$.

Having available the data from one health insurance fund, the author experiments with Pharmaceutical Cost Groups (PCGs). The results show that this PCGs model can significantly improve explanatory power of the age-sex model that is used now in the Czech Republic. It has to be said, however, that any new variable must improve explanatory power. Are really PCGs the best alternative?

In the last paper included in the thesis, the author deals with the problem of risk sharing in competitive health insurance model. In his Monte Carlo simulation experiments, the author shows that outlier risk sharing is not budget neutral, depending on risk structure of insured population.

To summarize, the dissertation thesis brings new original contributions of the author. The relevant literature is used and cited. We have to also take into account that two papers were already reviewed in two Czech journals of high quality that are included in ISI Web of Knowledge (Czech Journal of Economics and Finance, Prague Economic Papers). In my view, the doctoral thesis fulfils criteria for defending PhD successfully. Only minor changes are needed.

Date:	April 4, 2010
Opponent's Signature:	
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