

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Tomáš Pachovský
Advisor:	Mgr. Bc. Petr Janský, M.Sc.
Title of the thesis:	Estimating the Extent of Inefficiencies in the Czech Health Care System

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

The author tries to estimate an approximate value of inefficiencies in the Czech health care system. He summarizes foreign empirical literature estimating various inefficiencies (corruption, overtreatment, prescription drug abuse etc.) and then he uses cited methodology to estimate inefficiency for the case of the Czech Republic. Generally the thesis has very clear topic and structure. The author provides us with very good literature review. The estimation is not done by sophisticated statistical or econometric techniques but I do not regard it as a problem, because more rigorous estimation is seriously limited due to unavailability of key data for public and also the "soft" nature of the problem (financial representation of various forms of corruption in the health sector). Hence I appreciate author's approach to use results from foreign empirical studies, collect required Czech data and estimate inefficiencies in the Czech health sector. The result itself is very contributive and similar studies for the case of the Czech Republic are missing. I grade the thesis as excellent.

Beside of this, I have several comments which are rather discussion points than critique.

1) Types of leakages

I am not sure whether VAT should be regarded as some sort of inefficiency. It seems to me very different type of "leakage" (I personally would not call it that way) than the other estimated leakages.

Similarly I would be careful to put administration costs of insurance companies as leakages. I have also doubts about the assumption that all remaining 7,5 mld. Kč are administration costs (p.15). This assumption is not necessary because costs structure can be found in annual reports. There you can find that the cost structure of health insurance companies is not so straightforward.

2) Price differences

Efficiency of the "price differences" (reviewed in chapter 2.3) approach critically depends on the homogeneity of compared providers. For example Czech hospitals form several groups which are very heterogeneous in their costs for the same "treatment" and I would not regard it as corruption or result of bad management. I am also curious about the methodology behind the statement of Háva (2012) on page 9 and 17. It seems to me strange because there are objective reasons for heterogeneous payments per the "same case" and heterogeneous quality in Czech hospitals.

3) DRG data

DRG weights and codes are publicly available. They are published every year by the Ministry of Health. The regulation for the year 2013 (475/2012 Sb.) can be found on the Ministry web.

4) Data Sources

I would also recommend exploring cost data from annual reports of health insurance companies. Their data on remuneration (health insurance) are more reliable than data from UZIS and well structured.

5) Low healthcare expenditures compared to other OECD countries

I would claim that the main reason for low healthcare expenditures in CZ is low income or healthcare funding. The cost cannot rise because the payments are regulated by Ministry reimbursement regulations. It is in line also with author's conclusion (page 22).

6) C-sections

This estimation seems to me very interesting and also provocative (in positive sense). I can imagine that the rising number of CS can be caused also by rising demand for this type of treatment. Then it is

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not “leakage” or “inefficiency” in the strict sense. It would be very informative to estimate the portion of the demand for this treatment.

SUMMARY OF POINTS AWARDED:

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	95
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Mgr. Michal Paulus

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Referee Signature