

# Chapter 10

## Evaluating Cost Sharing Measures in Public Primary Units in Greece:

### Cost Sharing Measures in Primary Care

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#### ABSTRACT

*The mission of this paper is to investigate the economic viability and the workload imposed on nurses of the introduction of a cost sharing mechanism (€5/visit) in public primary health care units. The Ministry of Health provided administrative data for 2011 and 2012. Results highlighted the economic viability of the introduction of a cost sharing mechanism in Outpatient Departments of NHS Hospitals, as an annual economic benefit of €11.5 mil was reported. On the other hand, an annual deficit of €1.4 mil was estimated for Health Centers. Moreover, in the majority of Health Centers, nurses were put under altering employment in order to collect the fees. In times of economic recession, such as currently the case in Greece, negative consequences of cost sharing mechanisms may outweigh the positive ones. The decision on whether or not to introduce cost sharing arrangements is largely a political one and many factors (e.g. accessibility, equity, clinical outcomes) have to be taken into account, apart from economic results.*

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## **INTRODUCTION**

### **Rationale of Cost Sharing Arrangements and Their Effects on Accessibility**

A major problem hindering the development of Primary Health Care is its underfunding from public schemes, which inevitably leads to its deterioration. Cost sharing arrangements is a mechanism considered as likely solution to this problem, which aims to upgrade quality of services, reduce moral hazard and, in long term, to minimize the use of private health care providers.

Considering cost sharing arrangements, there are three issues that should be taken into account: efficiency, due to limited demand for health services with low diagnostic and therapeutic value, additional likely revenues for the National Health System (Mossialos et al., 2002) and impact on accessibility.

Medical fees can yield positive or negative results. To elaborate on this, a reduced level of cost sharing for health services may not lead to significant reduction of health services utilization, but it may cause disproportionately high administrative cost. On the other hand, high levels of cost sharing may reduce moral hazard, but could also result in unsatisfied health needs resulting to “explosion of morbidity” (European Commission, 2009).

Another important issue to consider is social groups exempted from cost sharing. Exemption criteria include wages (ability to pay) and health condition. Specifically, low-income patients (unemployed, elderly, retired) and chronically ill patients are not obliged to pay for health care services, because cost sharing has a negative impact on them. Moreover, the implementation of cost-sharing exemptions requires integrated information systems, which increase administrative cost and minimize expected revenues due to high levels of health care services utilization (Krutilova, 2013; Swartz, 2010).

A matter of concern regarding effectiveness is the specific implementation of cost sharing for each patient according to his/her status. Although, this is a measure nearly impossible to introduce, it points out the social, economic and health consequences of cost sharing for different groups of people. The goal is to reach the so-called balance point of adequate financing of the health care system and equal access to qualitative health care services, without adding excessive burden on the insured patients and without producing negative effects on health conditions (O’Brien et al., 2000, Mossialos et al., 2002). Concerning the impact of cost sharing on health services utilization, Swartz (2010) concluded that the demand for health care depends on the price of that service. For the average person, an increase of cost sharing levels is not likely to have a negative effect on his/her health, but for vulnerable groups it is probable that there will be deterioration in health status. Swartz found that people with low income were disproportionately affected by an increase in health care cost and patients with poor health status respond differently to such an increase compared to healthy people. Similar results were found in another study conducted in Switzerland by Huber et al. (2012). Specifically, people with poor health and low socioeconomic profile referred that cost sharing had a strong negative effect. This study concluded that cost sharing reduces the use of health care services.

### **Administrative Expenses of Cost Sharing**

According to the World Bank (2008), successful cost-sharing policies are those that are administratively cost-effective, feasible and practical. Effective exemption systems must be simple, transparent and easy to apply in order to have a positive impact, reach their goals and be administratively and economically achievable. The more complicated the system of exemptions is (e.g. various forms of cost sharing,

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