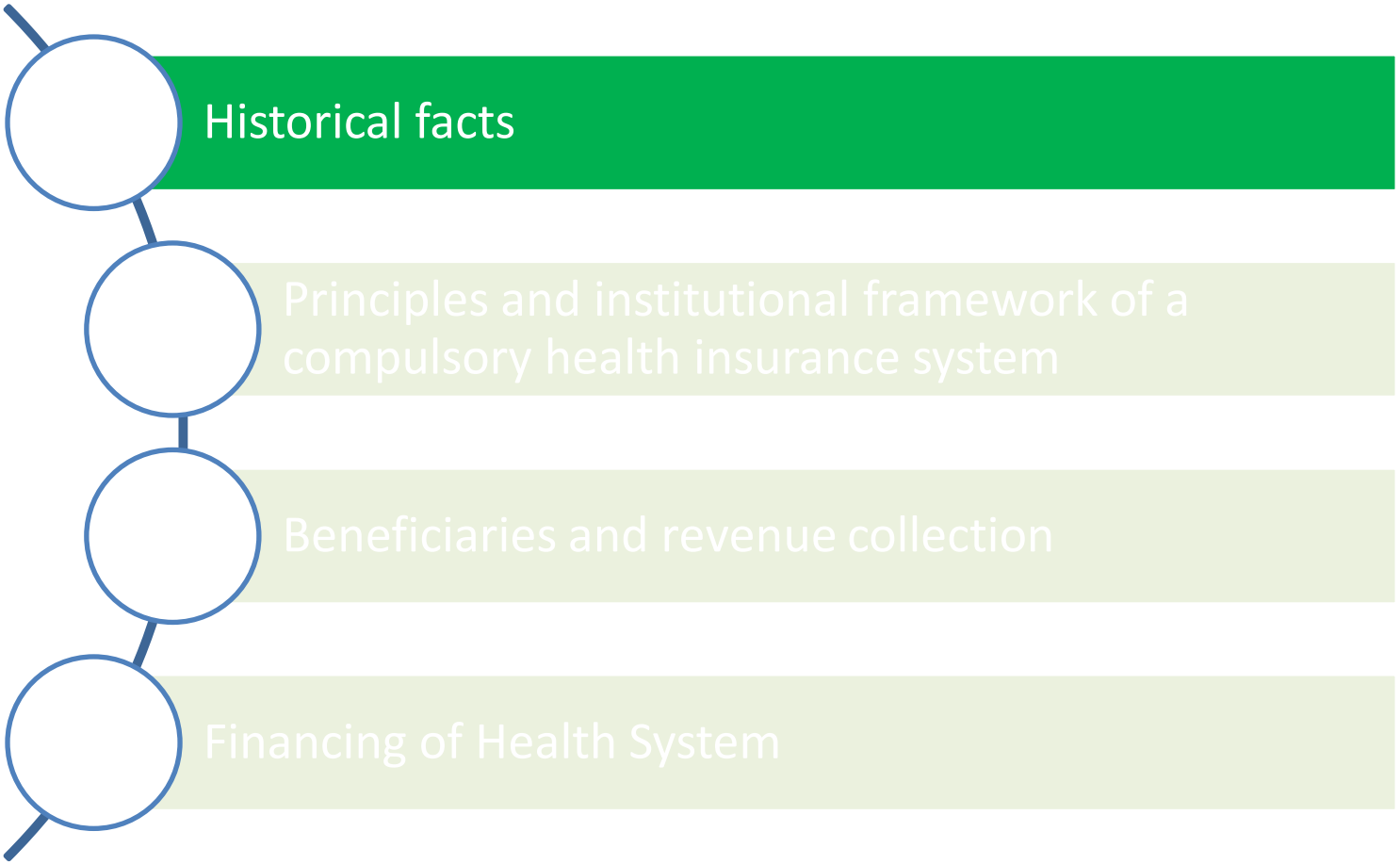
Compulsory Health Insurance in Lithuania

NATIONAL HEALTH INSURANCE FUND

Vilnius
2022

Content

- Historical facts
- Principles, institutional framework of compulsory health insurance system and main functions of the NHIF
- Beneficiaries and revenue collection
- Financing of Healthcare


Historical facts
Principles and institutional framework of a compulsory health insurance system
Beneficiaries and revenue collection
Financing of Health System

Origin of Compulsory Health Insurance in Lithuania (1906 – 1940)

- In 1906 the first Health Insurance Fund was established in Kaunas in the factory owned by brothers Shmit.
- On 9th December 1925, the Parliament adopted the Health Insurance Act.
- In accordance with this act the first Health Insurance Fund was established on 28th October 1928 in Kaunas.
- Since October 1932 Health Insurance Funds were subordinated to the Ministry of Interior



- In 1938 5 % of the population were covered
- In 1940 Soviet government abolished the Health Insurance Funds

Health Care Financing in Lithuania

Before 1991

- State Budget

1992

- State Social Insurance Fund (pharmaceuticals, sanatorium treatment and rehabilitation services)
- State and municipality budgets (out-patient and in-patient healthcare services)

1993-1996

- The NHIF (healthcare services at state owned institutions)
- State Social Insurance Fund (pharmaceuticals, rehabilitation services)
- Municipalities (healthcare services provided at local healthcare institutions)

1st July 1997

- The Law on Health Insurance was adopted on the 21st May 1996 and came into force on the 1st July 1997.

Revenue collection

Before 2009

- 3 % of social taxes
- 30 % of gross income tax paid by employer
- contributions from the State budget on behalf of people insured by the State
- additional allocations from the State budget
- contributions of self-insured people

Since 1st January 2009

- Separate health insurance contribution
- Uniformed tariff. The rate - 9% from income which were subject to social security: 3% paid by employer and 6% - by employee.

Since 1 January 2019

- The rate of the Compulsory health insurance contribution is 6,98 % from gross salary (with some exceptions)

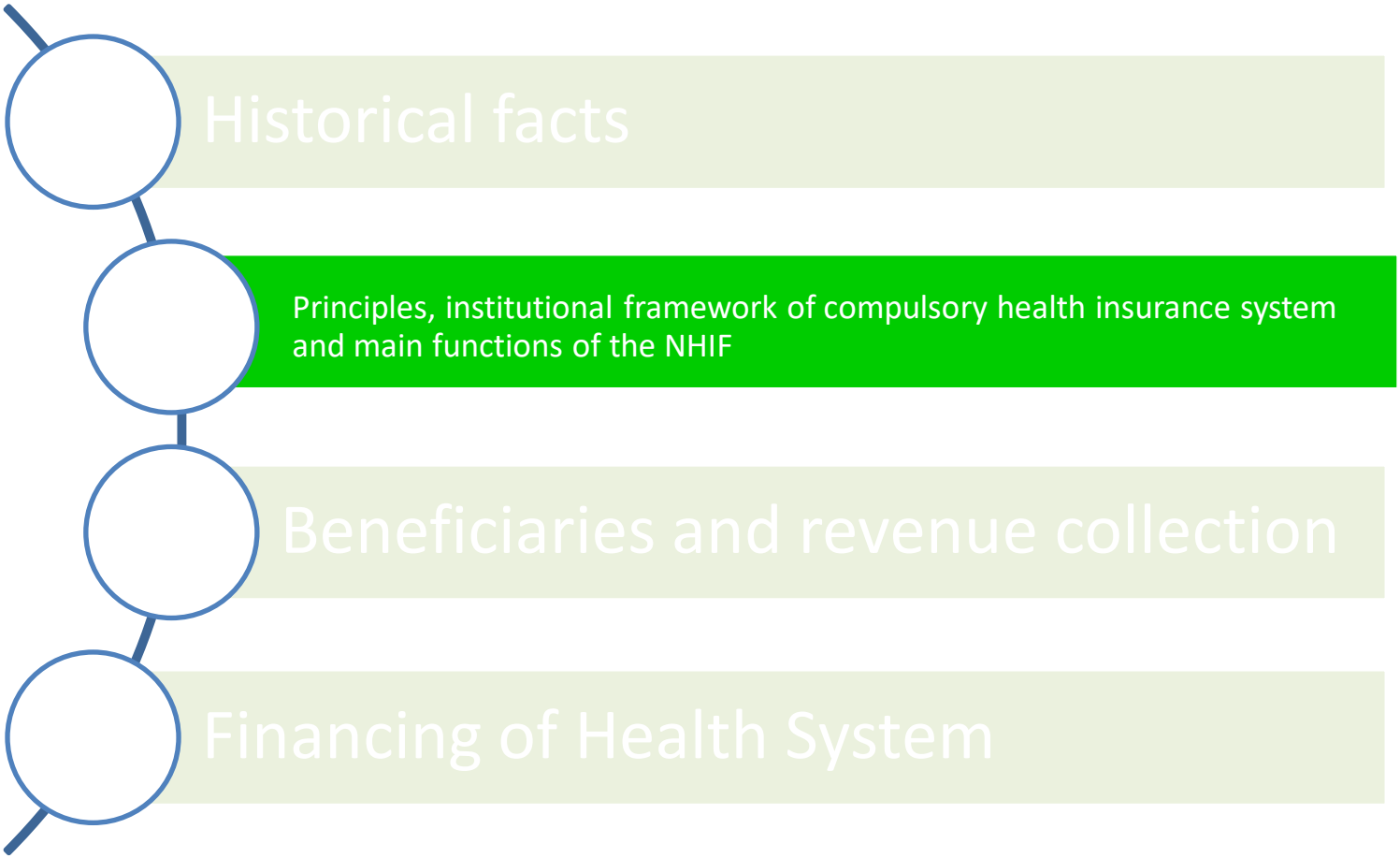
Governance of the Compulsory Health Insurance System

Since 1997

- The NHIF was accountable to the Prime Minister
- 10 THIFs in each county
- Legally binding decisions of Compulsory Health Insurance Council regarding the legal acts regulating the compulsory health insurance

Since 2003

- The NHIF operates under the Ministry of Health
- Number of THIFs has been reduced up to 5
- Compulsory Health Insurance Council provides recommendations to the Minister of Health


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Lithuanian Compulsory Health Insurance (CHI) Model

- Universal insurance for population is provided

- The CHI fund pools more than 85 % of total health expenditure.

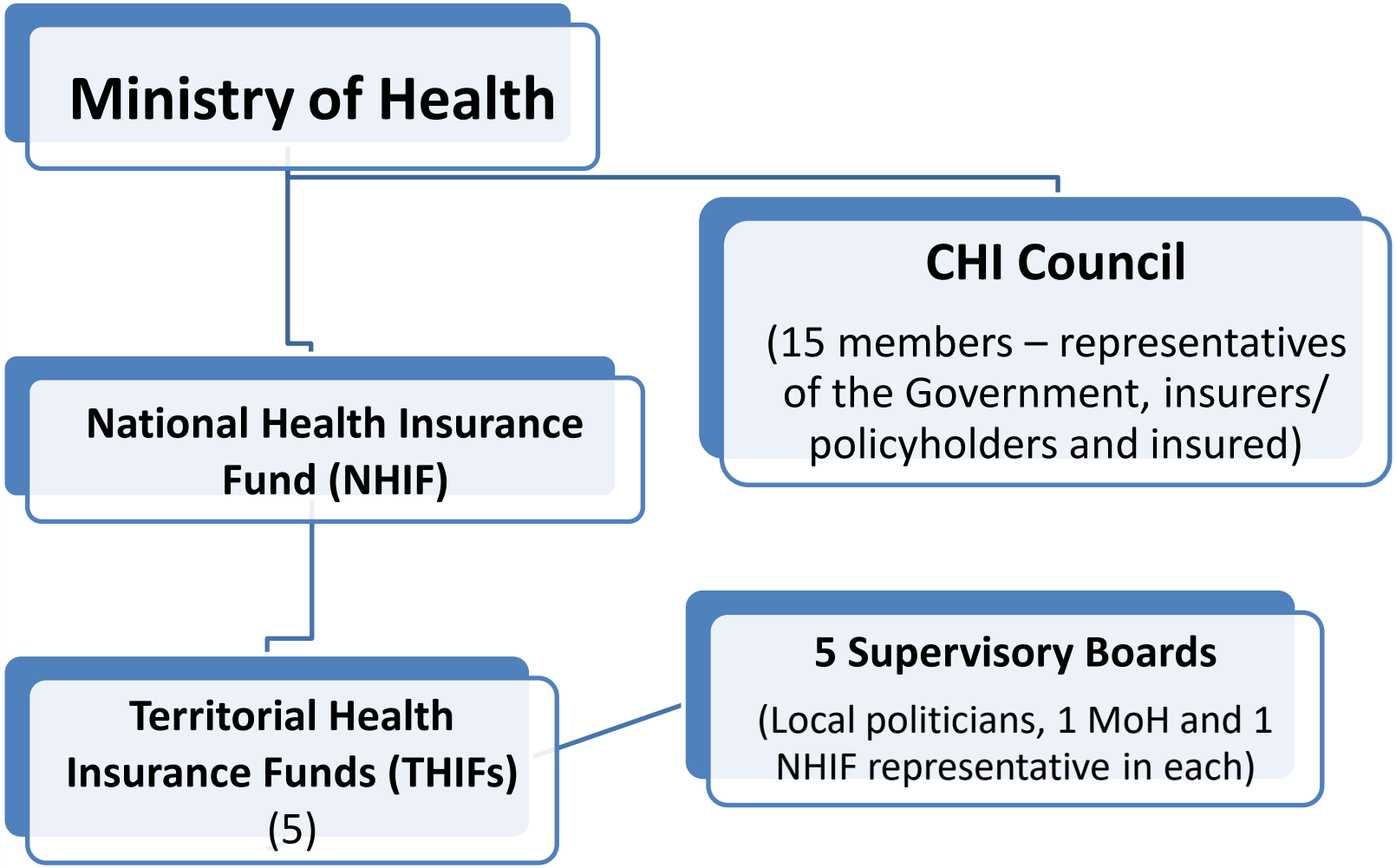
- The model is based on the principles of:

Universality (obligation) - all permanent residents of the Republic of Lithuania are eligible for the Compulsory Health Insurance. They are covered by CHI on individual basis.

Solidarity – residents contribute to the financing of the healthcare by paying CHI contributions from their income, but all insured are guaranteed equal access to health care services.

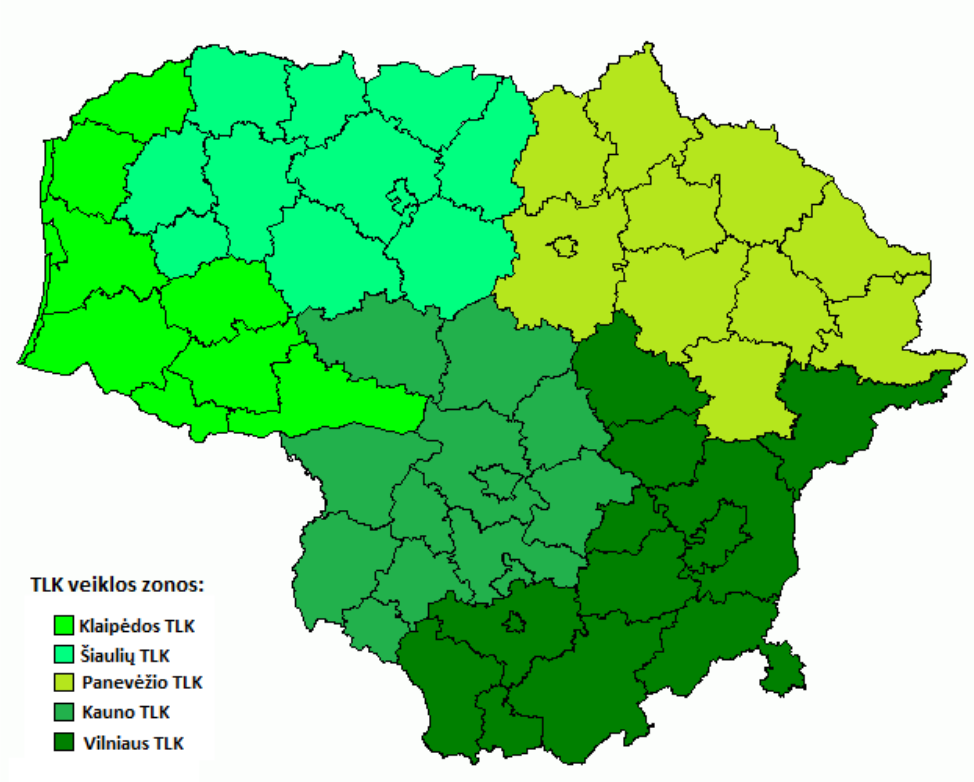
Equity - guaranteed equal right of insured to healthcare without discrimination on the grounds of health, sex, race, nationality, citizenship, language, origin, social status, income, beliefs or opinions, age, religion, ethnicity or other circumstances.

Compulsory Health Insurance System: institutional framework



Human Resources and Catchment Area

469 employees (162 of them in the NHIF)



The main goals and challenges

- To ensure financial protection of the population and represent their interests in the field of CHI: access to affordable and high quality healthcare
- To encourage the quality of healthcare and eliminate inefficiencies through the payment instruments
- To balance the growing needs of the population (healthcare services, pharmaceuticals, devices, etc.) and capabilities of the CHIF
- To ensure legal and transparent financial management of the CHIF.

Main Functions of the NHIF

Administration of the Compulsory Health Insurance Fund‘s budget

- Preparation of the project
- Preparation of reports
- Establishment and utilisation of the reserve

Keeping the register of persons eligible for the compulsory health insurance

Reimbursement of healthcare cost

- Healthcare services
- Subsidised medicines
- Purchasing and delivery to providers of some expensive pharmaceuticals and medical devices
- Orthopaedic devices
- Rent of medical devices
- Cross-border healthcare and
- Coverage of healthcare services in the EU MS

Calculation of reference prices of health care services

Supervision of the activities of the THIFs

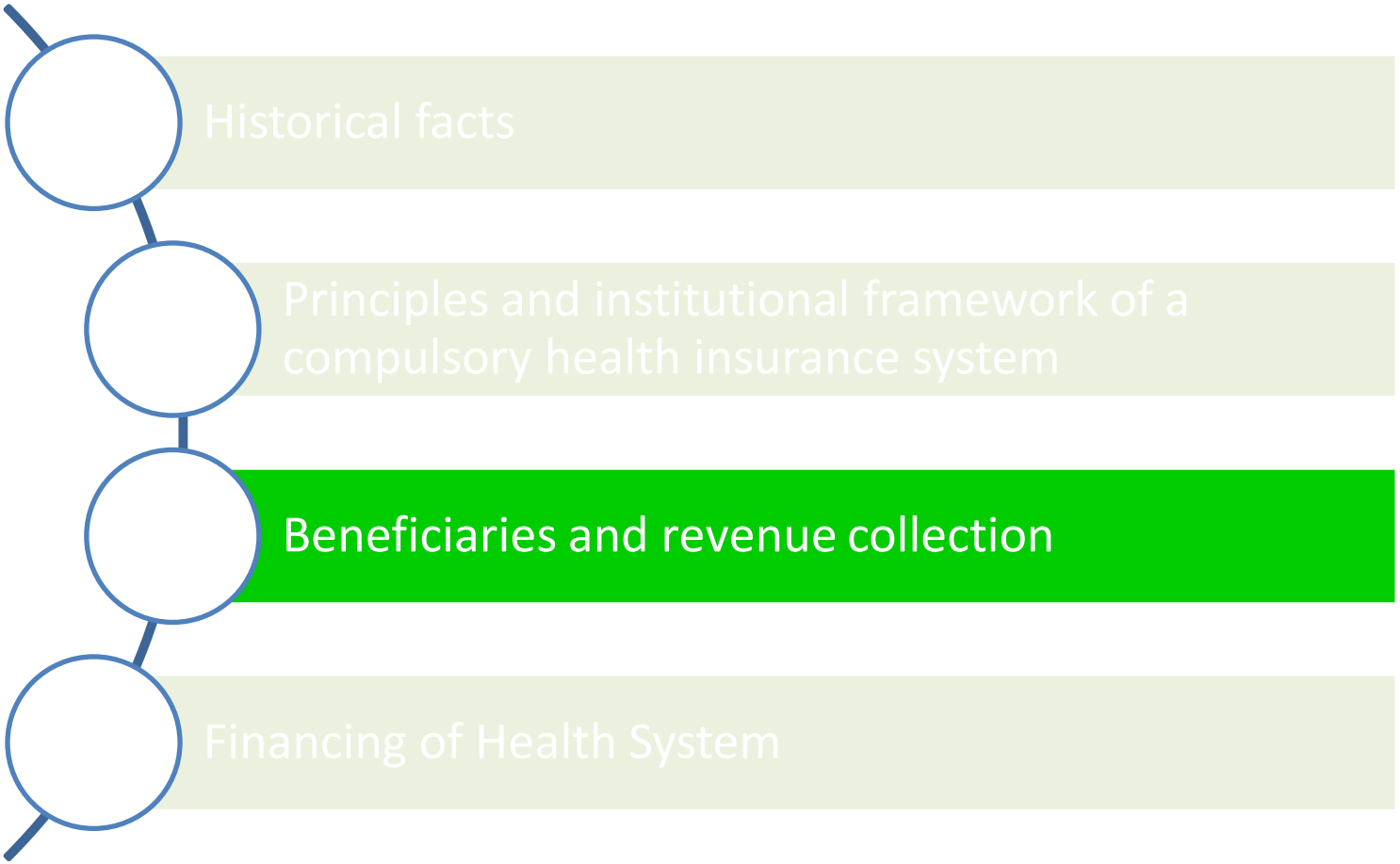
Main functions of the THIFs

Conclude contracts with health care institutions and pharmacies and reimburse the cost of healthcare provided to the insured.

Supervise and control healthcare providers and pharmacies

Consult residents regarding CHI issues and provide them with administrative services

Issue entitlement documents proving persons right to healthcare in the EU MS and reimburse cost of cross-border healthcare


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Persons Eligible for the Compulsory Health Insurance

- Citizens of the Republic of Lithuania and foreign nationals permanently residing in the Republic of Lithuania
- Foreign nationals temporarily residing in the Republic of Lithuania, provided that they legally employed in the Republic of Lithuania as well as under-age members of their families
- Foreign nationals who have received additional protection in the Republic of Lithuania and unaccompanied under-age foreign nationals
- People to whom the Lithuanian legislation is applicable in accordance with the European Union Regulations on social security coordination and international agreements

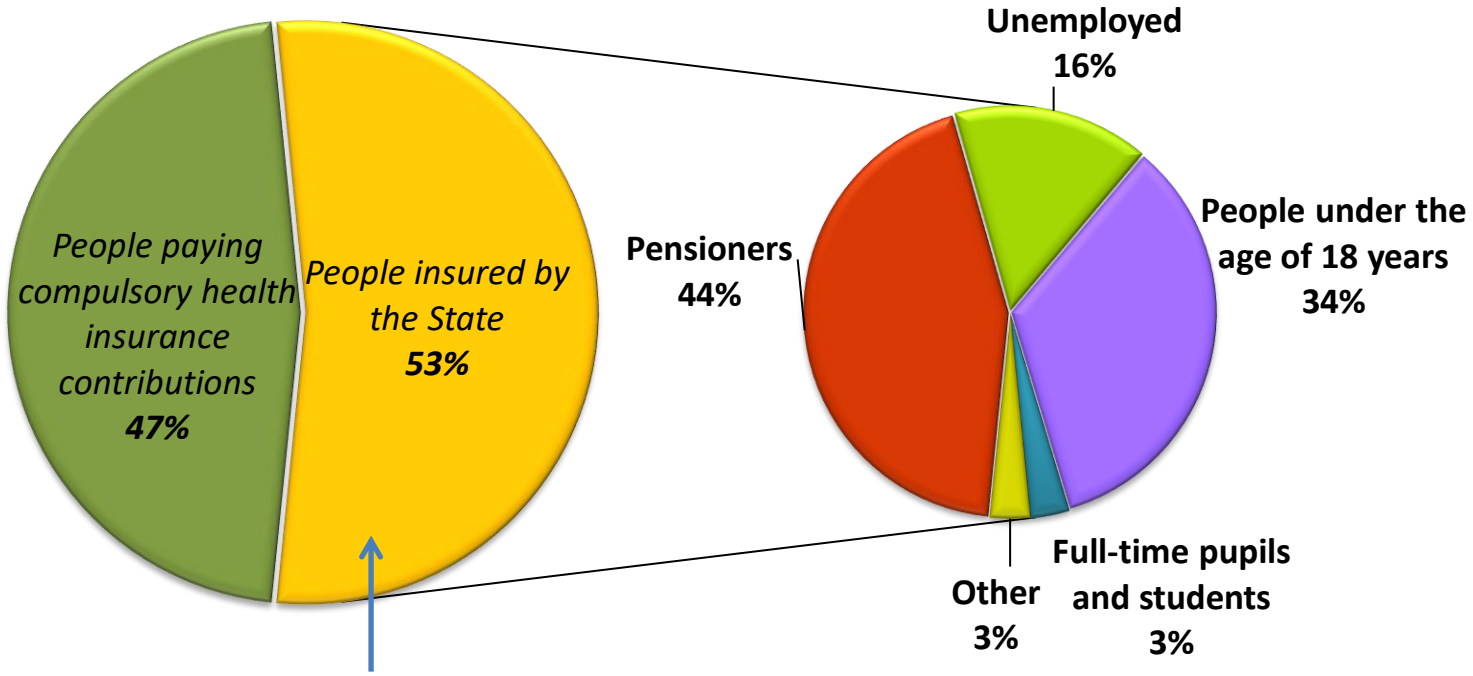
People Insured with the Compulsory Health Insurance by the State

Residents depending to socially vulnerable categories defined by the Law on Health Insurance are exempted from payment of CHI contributions. The States pays contributions on behalf of them:

- persons who receive any type of pension;
- unemployed persons of the working age who are registered with the employment service;
- one of the parents (adoptive parents) raising a child under 8 years of age as well as one of the parents (adoptive parents) raising two or more under-age children;
- persons under the age of 18 years;
- full-time pupils and students;
- persons supported by the State who receive social benefit;
- persons who have been recognized as disabled in accordance with the procedure laid down by legal acts;
- persons ill with publicly dangerous communicable diseases which are entered into the list defined by the Ministry of Health
- Other (22 categories in total)

Persons Covered by the Compulsory Health Insurance

Total population in 2021 accounted to 2,9 million people.
98,8 % of population was insured with CHI.

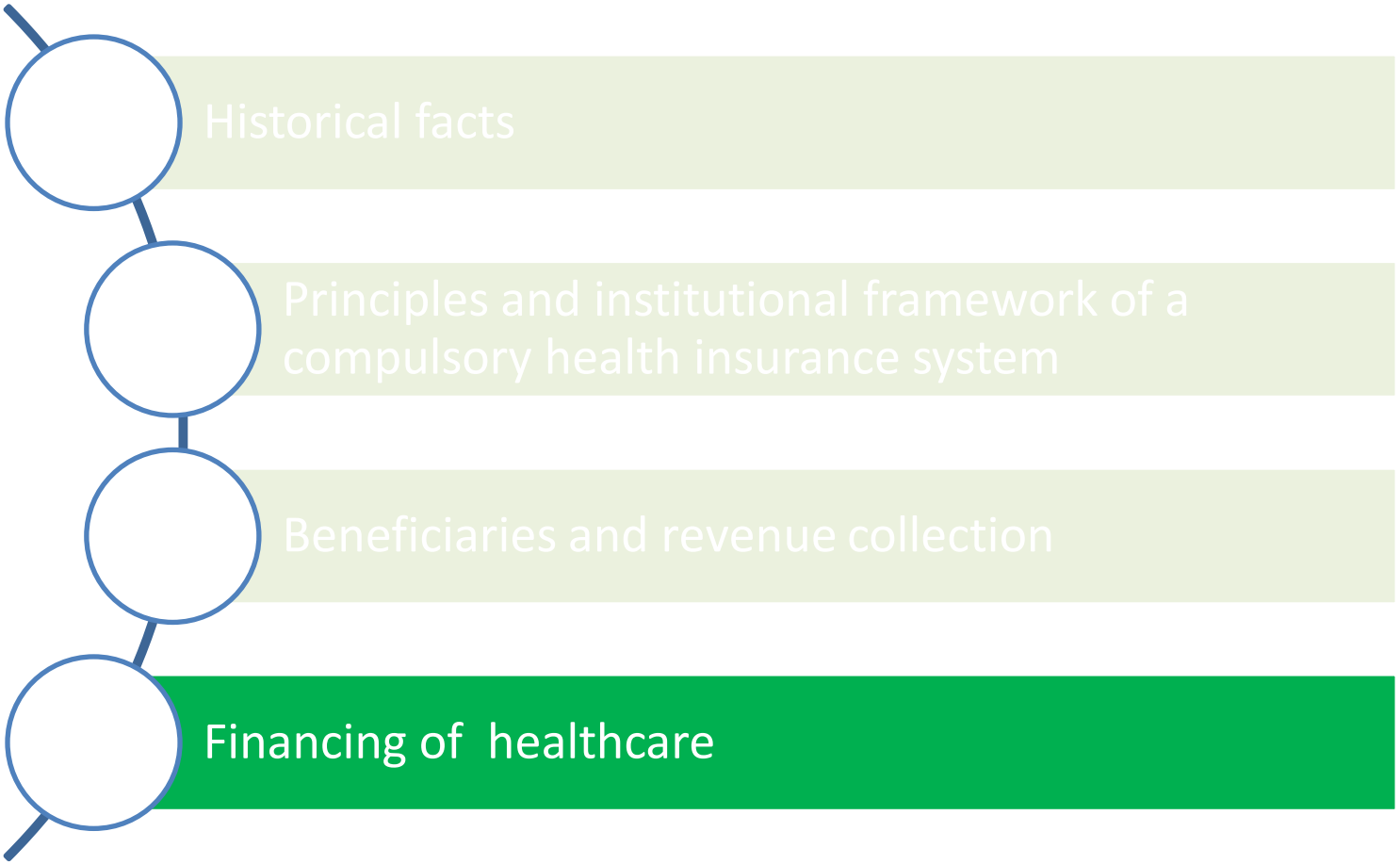


Prognosis for the year 2022– 1,52 million people

Current Tariffs of CHI Contributions

Category	Tariff
Persons on employment contract	**6,98% (employee)**
Persons on copyright agreement, sportsmen, etc.	6,98% from 50% of income
Self-employed without business license	6,98% from 90% of income
Self-employed with business license	6,98 % of minimal monthly salary
Owners of individual companies, members of agriculture communities	6,98% from 50% of income
Other persons paying contributions by themselves	6,98% of minimal monthly salary

But not less than 6,98% of minimal monthly salary (730 EUR since 01/01/2022)
Minimal rate of CHI contribution 50,95 EUR

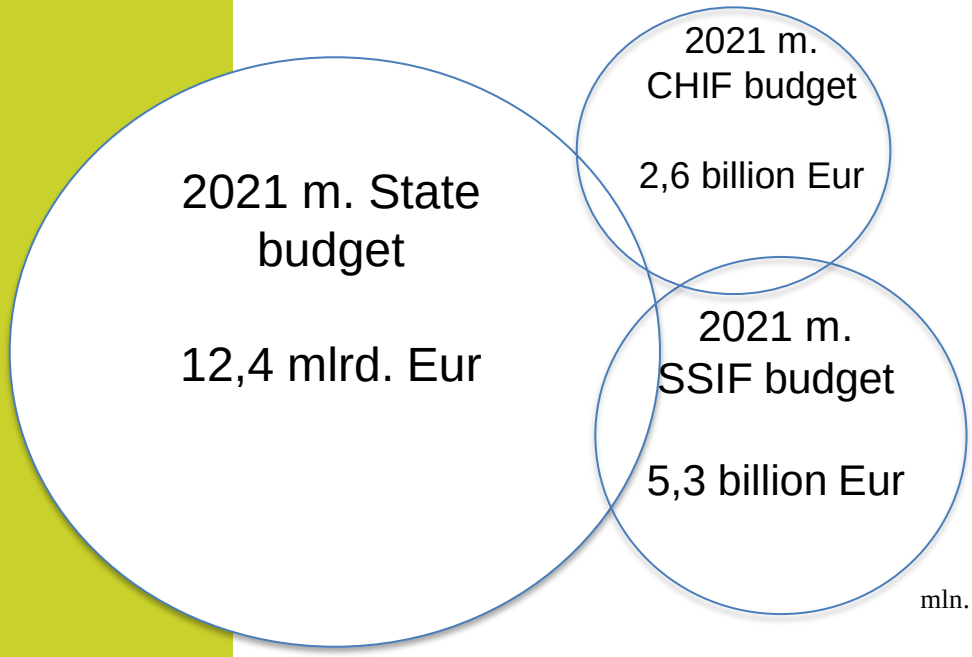

Historical facts
Principles and institutional framework of a compulsory health insurance system
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Main Indicators of Health Financing in Lithuania, 2020*

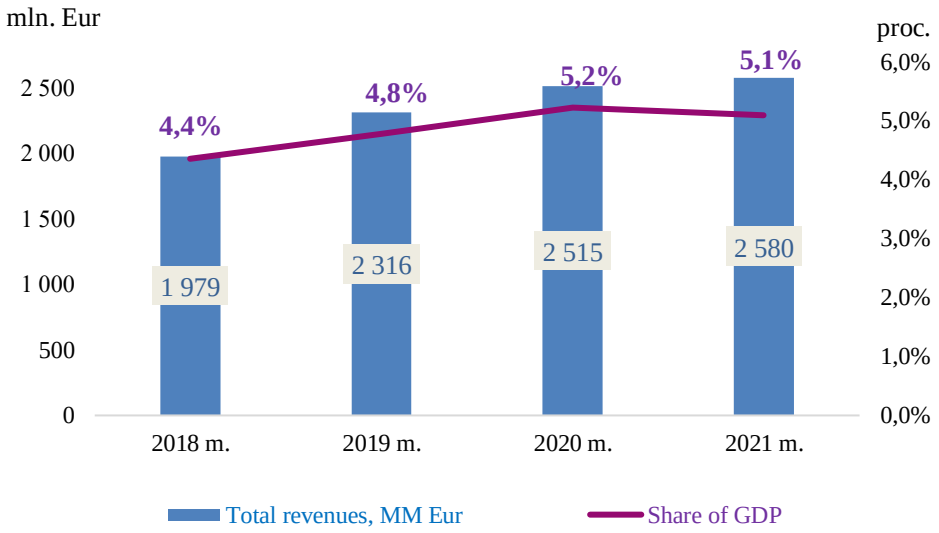
	2020
Total health expenditure (THE) (€ million)	3732.1
Public expenditure (€ million)	2617.5
of which Compulsory Health Insurance (€ million)	2228.6 (85,14%)
Private expenditure (€ million)	1113.6
of which private households OOP (€ million)	1070.9
THE as % of GDP (%)	**7.54%**
Public expenditure on health as % of GDP (%)	**5.29%**
Private expenditure on health as % of GDP (%)	**2.25%**
Public expenditure on health as % of THE	**70.13 %**
Private expenditure on health as a % of THE (%)	**29,87%**
THE per capita (in €)	**1335.3**

- https://hi.lt/php/spf3.php?dat_file=spf3en.txt

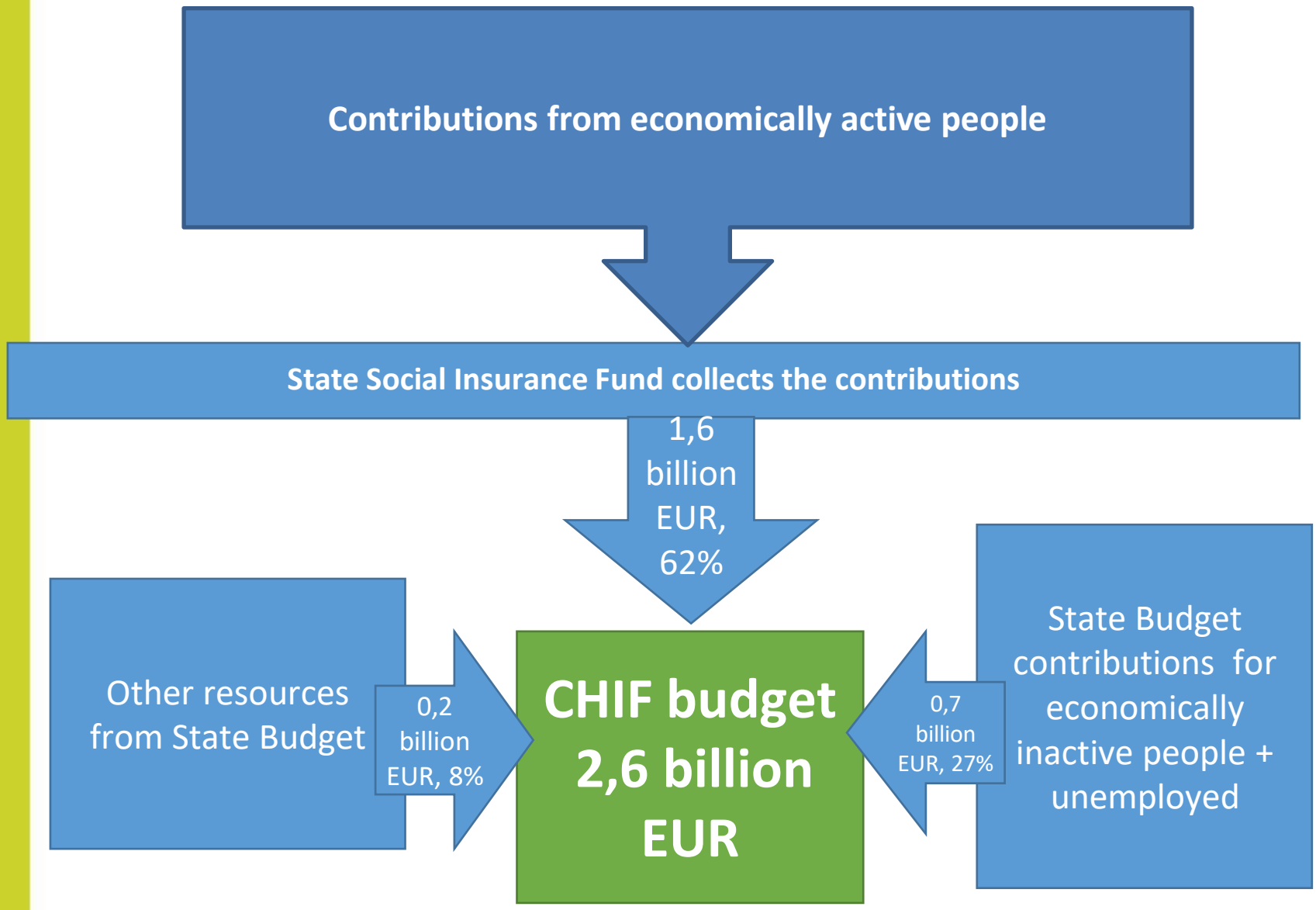
CHIF budget size and comparison with other budgets in 2021



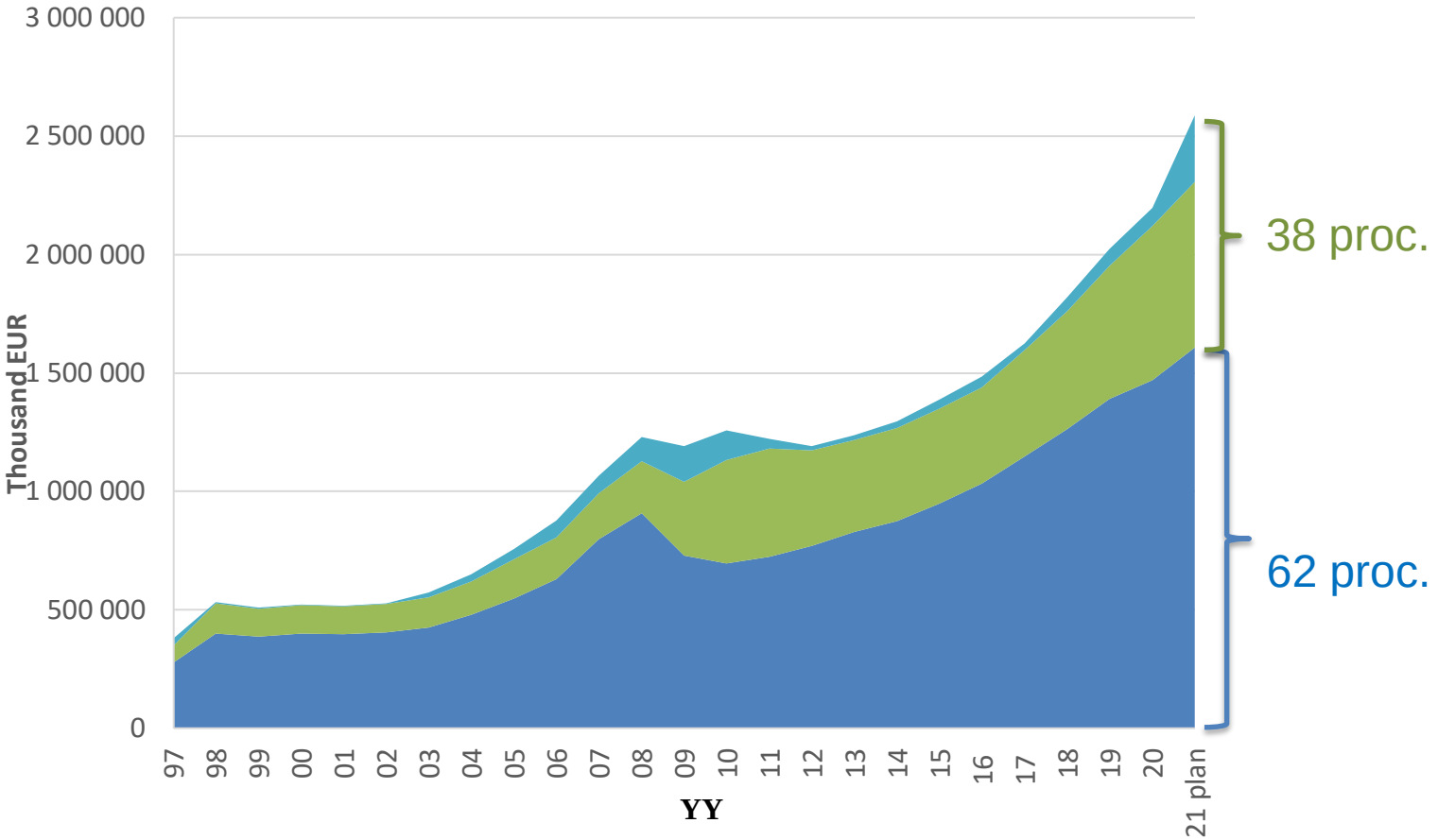
CHIF revenue+reserve constitute 5% of GDP



Revenue of CHIF budget (2021)



Dynamics of CHIF revenue 1997–2021

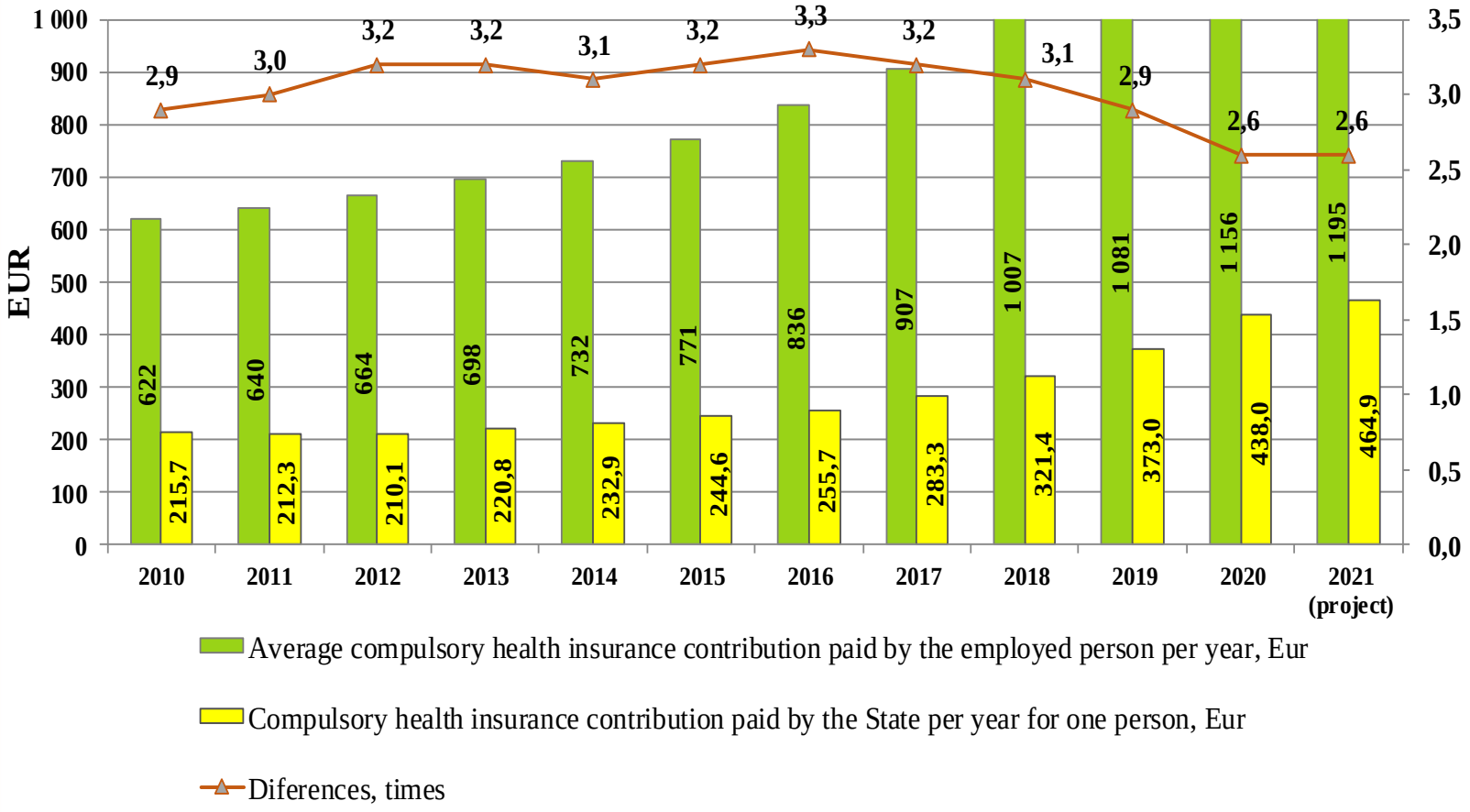


Contributions paid by economically active people

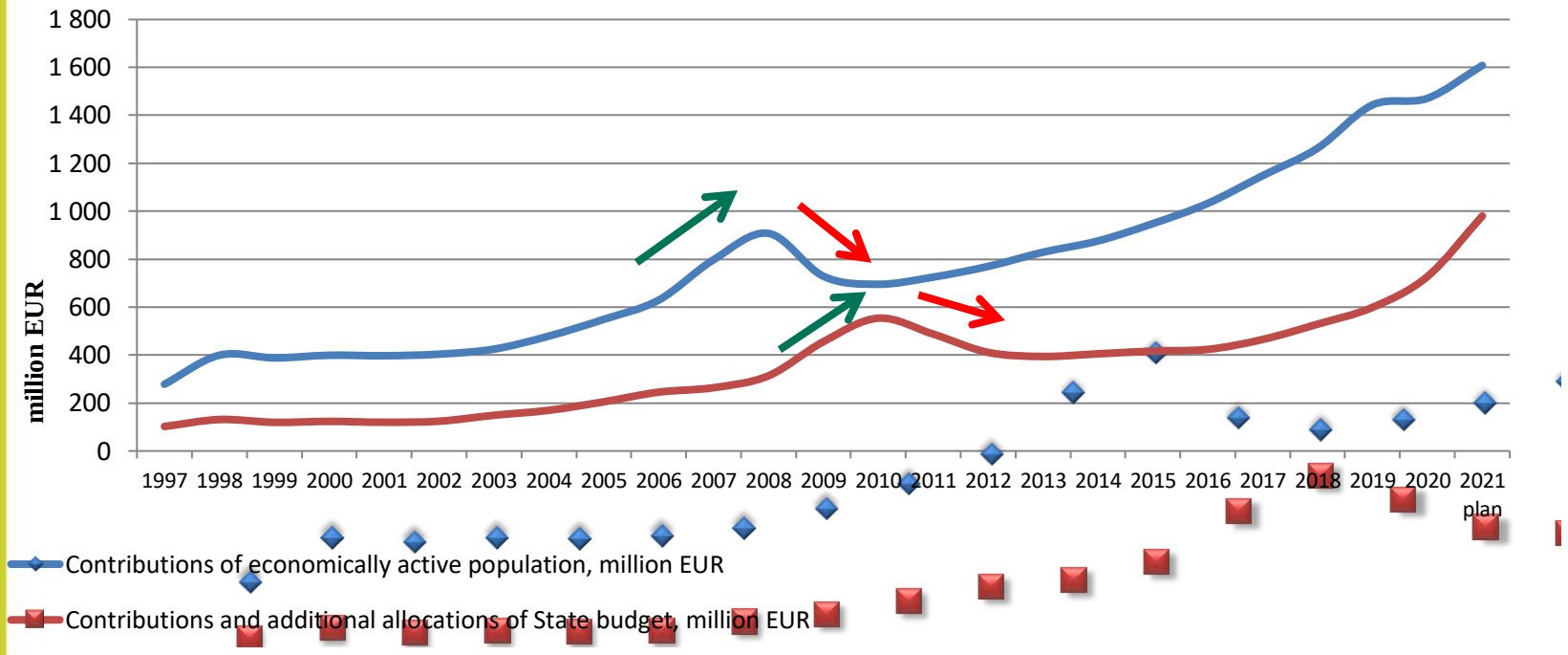
Contributions paid by the State for economically inactive population

Other revenue

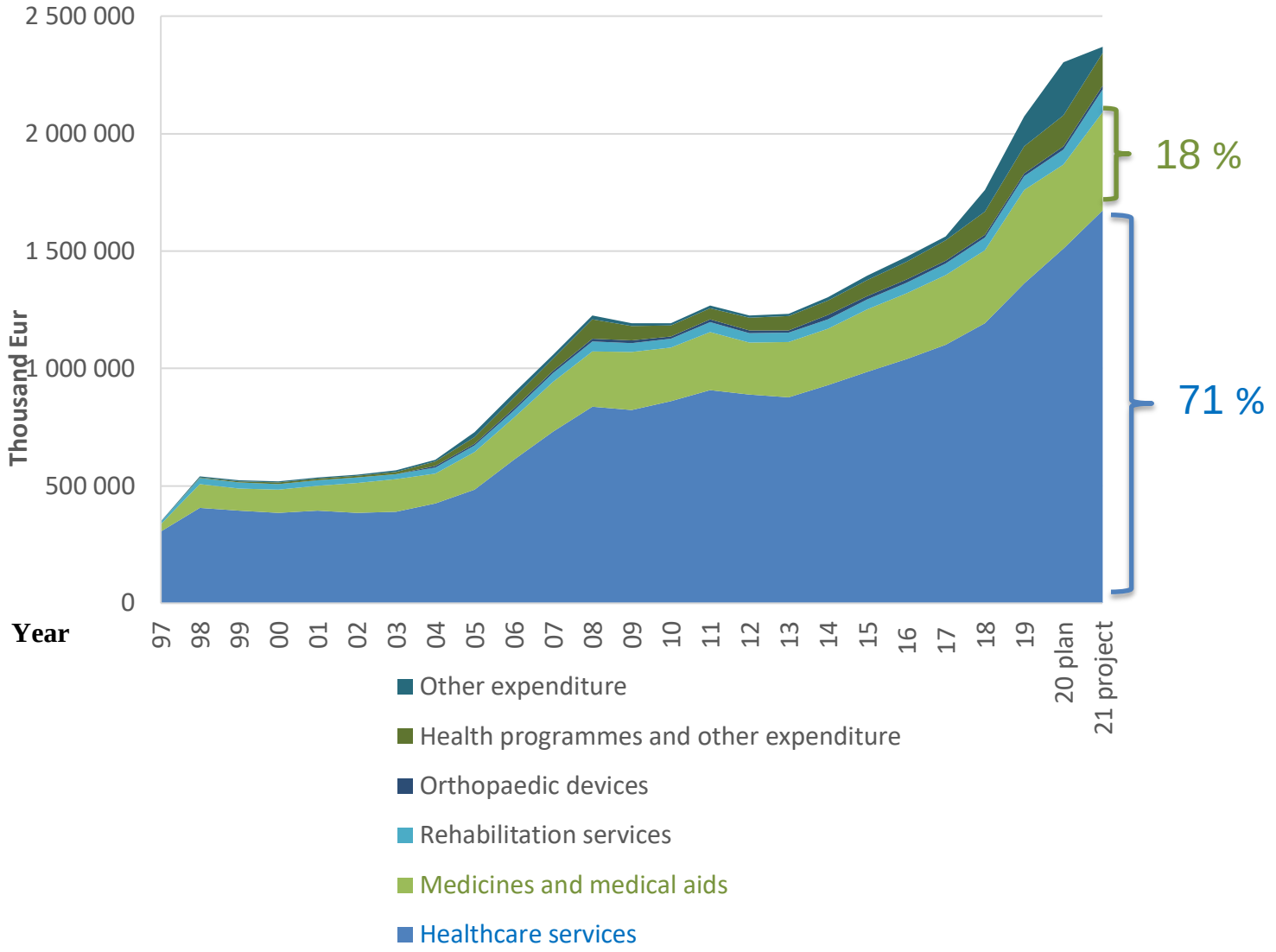
Comparison of Compulsory Health Insurance Contributions, from 2010 until 2021



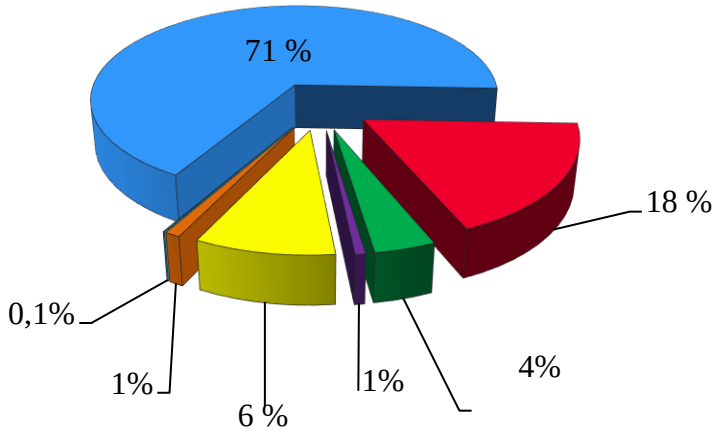
Counter-Cyclic Mechanism of CHIF Revenue guarantees the sustainability of the CHI Fund in Lithuania



Dynamics and Structure of CHIF Expenditure 1997–2021 m.



Structure of CHIF Expenditure (plan 2021)



- Healthcare services
- Medicines and medical aids
- Rehabilitation services
- Orthopaedic devices
- Health programmes and other expenditure
- Administrative cost
- Other expenditure (for reimbursement to SSIF)

Healthcare services:

- Primary healthcare
- Ambulance care
- LTC
- Out-patient consultations
- In-patient healthcare
- Expensive examinations and procedures

Medicines and Medical aids:

- Subsidised medicines and medical aids for out-patient treatment
- Reimbursement of medical equipment rental costs
- Centrally procured medicines and medical devices
- Treatment of ultra rare conditions

Health programmes and other expenditure:

- Breast cancer prevention program.
- Cervical cancer prevention program
- Cardiovascular disease prevention program.
- Prostate cancer prevention program.
- Colorectal cancer prevention program.
- Dental prosthetics.
- Free blood donation.
- Implementation of EU regulations on social security coordination
- Compensation for the increased salaries (due to COVID-19)
- Other

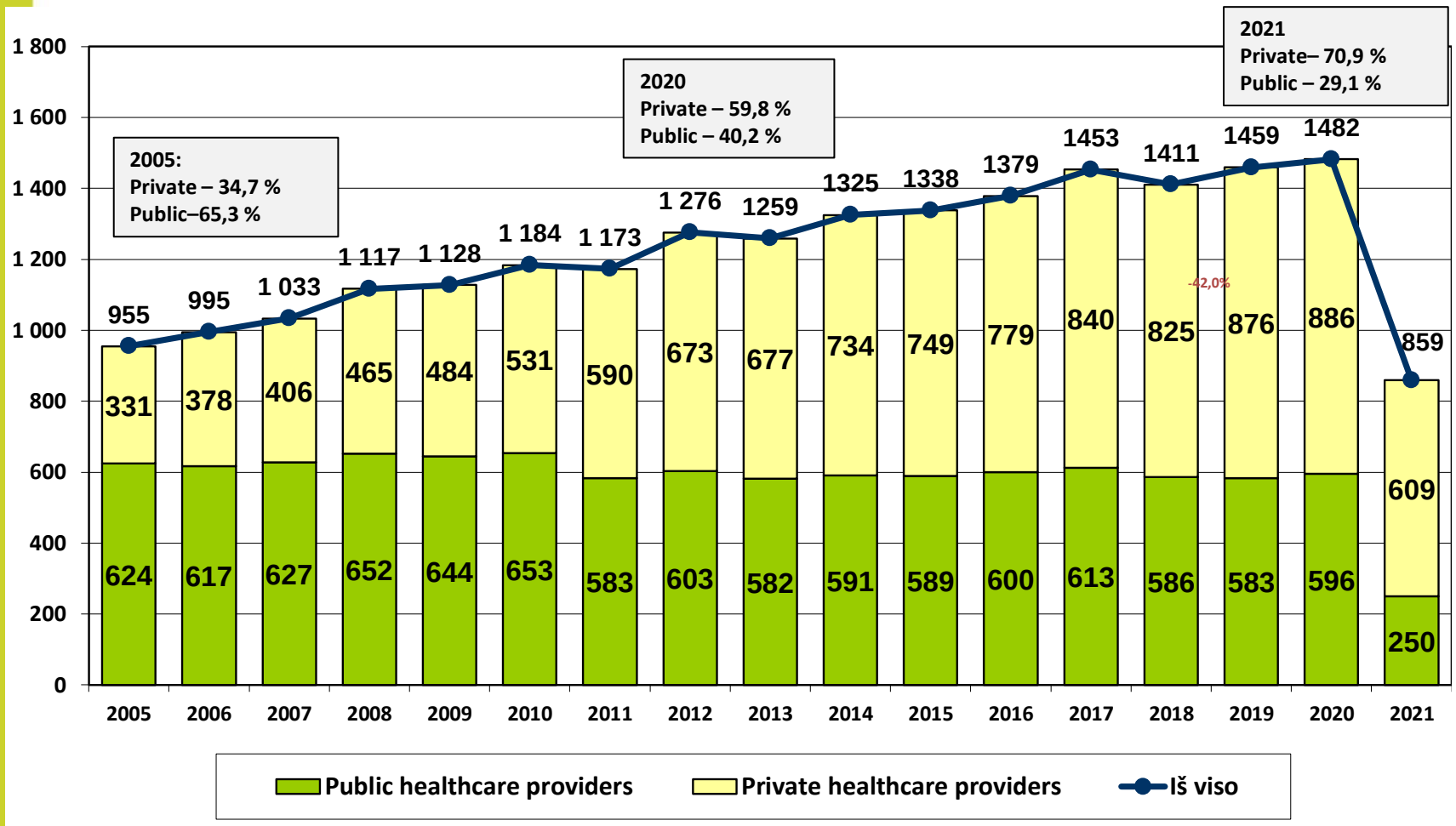
NHIF Publication on CHIF Budget Revenue and expenditure in 2017-2019

https://ligoniukasa.lrv.lt/uploads/ligoniukasa/documents/files/Statistin%C4%97%20informacija%20(EN).pdf



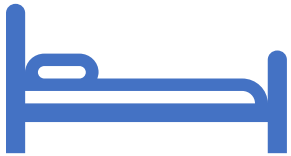
Statistical information on the execution of the Compulsory Health Insurance Fund Budget of 2019

Dynamics of Contracts with Healthcare Providers 2005–2021



From 2021 each THIF concludes contracts only with secondary and tertiary level institutions in its catchment area. Previously, each hospital had contracts with all 5 THIFs

Payment Methods for Health Care Services:



In patient treatment:

Acute care -DRGs (AR-DRGs v. 6.0)

Long term care – per bed day

Inpatient rehabilitation - per bed-day according to the terms and rules approved by the MoH



Out patient specialised care

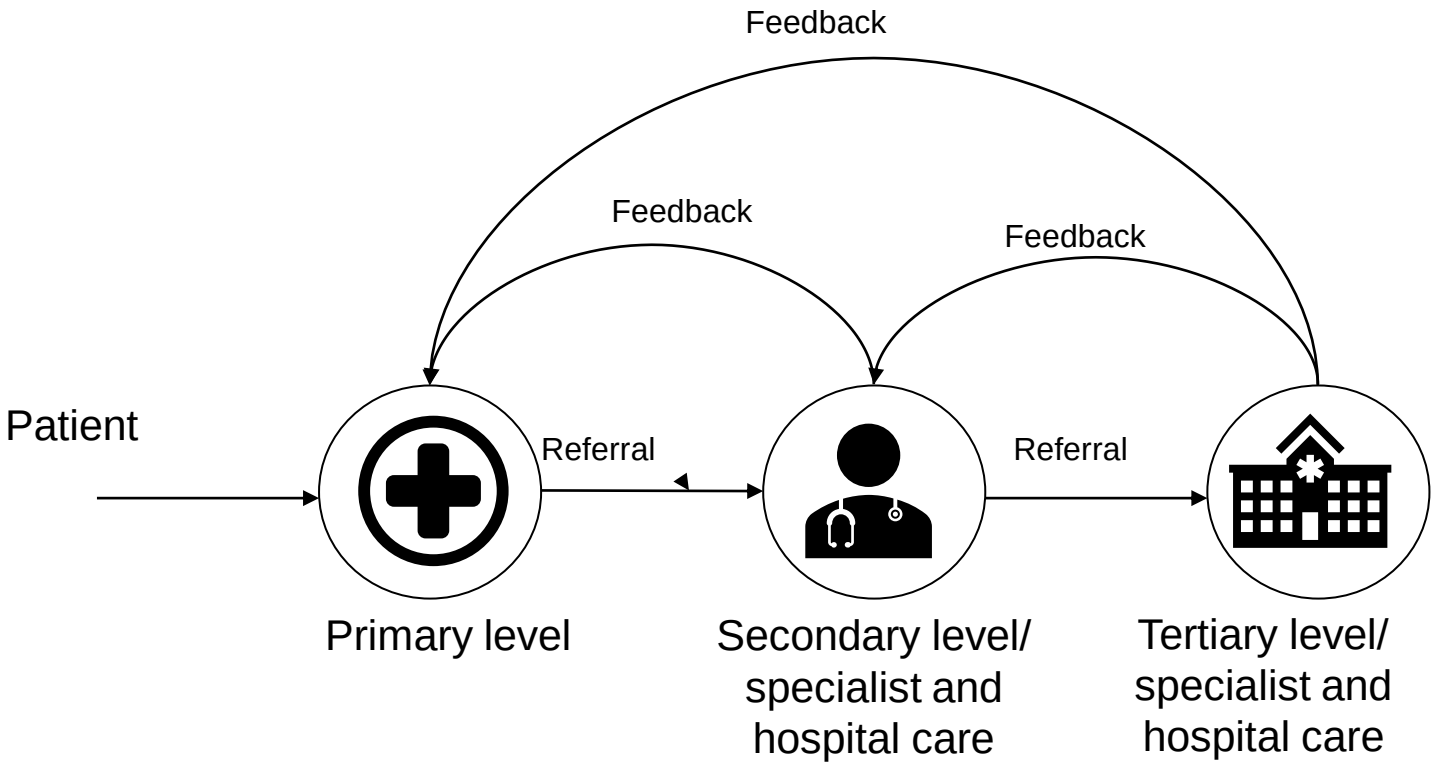
- Per episode consisting of up to 3 visits due to the same reason to the same speciality doctor
- Outpatient rehabilitation - payment per bed-day



Primary healthcare services

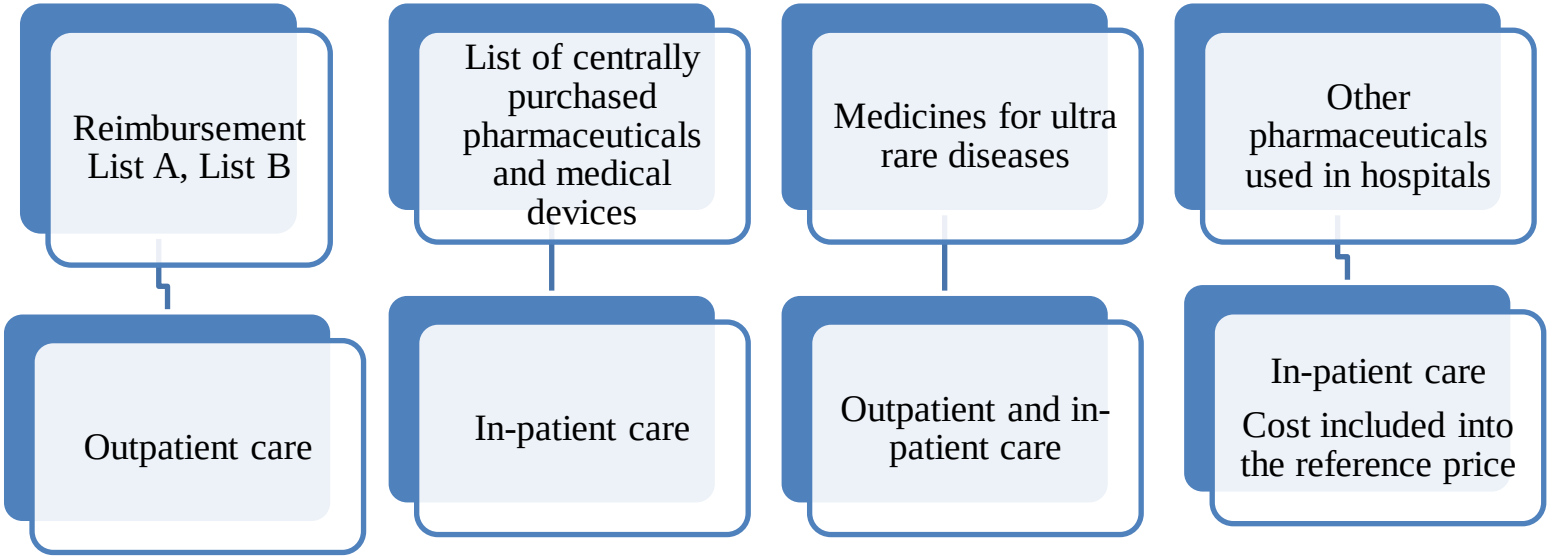
- Capitation
- FFS
- P4P

Coordination of care scheme



- Family doctor plays gatekeeping role in the system
- The referral is not necessary in case of emergency

Types of reimbursement of pharmaceuticals



Health Protection in the EU (+NO, LI, IS, CH, UK)

Lithuanian insured residing in other EU member states have a right to receive healthcare services on the same conditions as national of the country of residence



Upon decision of the MoH Lithuanian insured can receive planned healthcare services in other EU member states

NHIF :

1) covers the cost of services under the reference prices applicable in the MS of treatment;
2) reimburses personal expenditure on necessary healthcare according to the tariffs applicable in the MS of treatment
3) reimburses the cost of planned (cross-border) healthcare upon the tariffs applicable in Lithuania