

INTRODUCTION

Healthcare is one of the sectors in Bulgaria in which structural reforms have stalled. One incontestable achievement of the past nine years has been the transition from central budget financing of healthcare to a health insurance system. The gain, however, has largely been for the budget. Health-service users have still not fully felt the advantages of the change. On the contrary, a considerable portion of the population has lost access to health services and the rest are dissatisfied with the quality of medical assistance. The equipment is outdated, the staff not motivated enough, and corruption is prevalent. In the first 17 years of the transition, the system lost the advantages of state healthcare, namely, universal coverage and access, without tangibly benefiting from the advantages of market-based healthcare: more competition and customer choice, technological innovation, and higher quality of services.

The ultimately negative balance of results achieved by the healthcare reform is evident from the deteriorating general public health indicators. The combination of a falling birth rate and a mounting mortality rate, together with the rising number of young people migrating from Bulgaria, further aggravate the problem with population ageing.

The high mortality rate is largely accounted for by cardiovascular disorders. Two-thirds of deaths are due to heart attacks and strokes. These are followed by cancer diseases, which are increasing in number at a fast pace. Respiratory conditions are the most common reason for hospitalization, with nearly half of the cases with lethal outcome in this category being caused by pneumonia. Another alarming tendency is the increasing incidence of mental disorders. Since they are relatively less likely to cause premature death, they tend to remain outside the focus of attention of health statistics in Bulgaria. It is also the reason why their high social and economic price is often overlooked.

The number of people with disabilities has increased three times in the years of the transition, with the incidence of newly registered cases being twice higher than the average rate in the European Union and among the highest worldwide. As with mortality, cardiovascular diseases are a major cause of disability.

One important indicator of healthcare effectiveness is the infant mortality rate. At the outset of transition, Bulgaria used to rank close to the countries of Central and Eastern Europe, ahead of Poland and Hungary. Fifteen years later Bulgaria is at the bottom of the rating. In the Balkans, Albania and Romania are the only countries with higher infant mortality rates. In this country, the probability of a child dying before the age of five is three times higher than in EU-15

and about twice higher than in the new EU member states from Central and Eastern Europe. The most common causes of infant mortality are premature births, prenatal complications, respiratory diseases and various infections. The years of the transition have also been marked by deterioration of certain health indicators reflecting problems typical of low-income countries, such as the spread of tuberculosis and hepatitis.

Yet it should be noted that these health indicators represent mean values, i.e. they tend to obscure the critical situation in some regions of the country. The mortality rate, including infant mortality, is far higher in the countryside and the regions with geographically compact ethnic minority population.

The deteriorating health status indicators in Bulgaria are in part due to the adverse demographic tendencies, as well – falling birth rate, increasing number of young people migrating abroad, etc. The chief reason for the poor indicators, however, remains the limited access to health services. In this respect, the main obstacle to providing generally accessible medical care is posed by the drop in incomes and the increasing economic vulnerability of the population combined with the transition to a health-insurance system. Poverty and deteriorating health are creating a vicious circle where, due to lack of financial means, people are left outside the reach of the health service system and in turn, poor health undermines their prospects in the labor market and ultimately leads to deepening poverty and social exclusion.

The healthcare reform has so far failed to come up with adequate solutions to the challenges facing healthcare in Bulgaria. The government has withdrawn from health service delivery to concentrate on the management of the health insurance system. The existing disease prevention programs largely rely on external financing, which makes them projections of international programs rather than of the public healthcare agenda in Bulgaria. The high infant mortality rate and the increasing incidence of infectious diseases may be attributed to the limited scope of immunization programs. The transition from a state-financed healthcare system to health insurance has reduced the scope and reach of prophylactics and medical assistance, particularly as regards the increasing number of Bulgarians not covered by health insurance.

The unemployed and the low-income groups are not the only ones exposed to higher health risks. In varying degrees, this applies to society as a whole. The liberalization of prices and private enterprise were not accompanied by adequate legal and institutional measures to safeguard the rights of employees and consumers. This led to increased health risks in the workplace and the home. The state is not yet fully effective in implementing work and food safety standards, or environmental protection standards, and does not have a clear-cut policy for the protection of medicine consumers against monopoly or oligopoly prices. The high social and economic stress combined with weaker employee and consumer protection have brought about a sharp deterioration of the health status and quality of life of a large portion of the population in Bulgaria.

In addition to the social and economic difficulties of the transition, the problems with Bulgarian healthcare to a great extent stem from deficiencies in the

management of the health system. The present report examines the institutional problems and corrupt practices conducive to the poor quality of medical care in Bulgaria. The results of the transition from state-financed health system to health insurance have been analyzed with a view to identifying the sources of corruption risk and their relative weight.

Chapter one deals with the healthcare problems related to poor management. They essentially fall into three groups: lack of political will to bring the health reform to successful completion; insufficient state funding; and insufficient managerial and administrative capacity. These problems provided a fertile breeding ground for corrupt practices and non-compliance by health service consumers and providers. Chapter two outlines the dimensions and dynamics of corruption in the health sector and the most common corrupt practices. Chapter three is concerned with the specific driving forces of corruption in the outpatient sector and chapter four, in the hospital sector. Chapter five formulates the main conclusions and policy recommendations. It also presents a system of indicators for the monitoring and assessment of corruption risk in the healthcare sector in Bulgaria.

The Center for the Study of Democracy would like to thank **Gergana Kirova**, head of the Inspectorate Division of the Ministry of Health and **Denitsa Sacheva** from the International Healthcare and Health Insurance Institute for their comments on earlier drafts of the report. Responsibility for any errors or omissions rests solely with the author.

