

# THE PARADOX OF THE VOLUNTARY HEALTH INSURANCE IN THE REPUBLIC OF MACEDONIA

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## **Abstract**

This working paper explores the position of the voluntary health insurance within the scope of the mandatory health insurance as a main tier of health insurance in the Republic of Macedonia. The main subject of research is the legislation regulating this issue (Law on voluntary health insurance), the application and functionality of its provisions; and also the accomplished results considering the fact that this law has been in force almost 4 years. For this purpose an analysis will be made of the statistical data on the number of insured persons under the voluntary health insurance. A brief comparison with several Balkan countries will be made in terms of the legal solutions for voluntary health insurance and also in the development of the voluntary health insurance through the statistical data of the insured persons under the voluntary health insurance scheme. This paper will also address some of the positive experiences in the countries in which the voluntary health insurance functions appropriately and simultaneously with the mandatory health insurance. The goal of this working paper is to point out the shortcomings of the voluntary health insurance system in Macedonia and to provide some ideas for improvement, to develop better, cheaper and more accessible health services for the Macedonian citizens. This goal can be accomplished with deregulation and liberalization of the health insurance sector, through amendments to the Law on health insurance aimed at balancing the basic and additional package of health care services and amendments to the Law on voluntary health insurance aimed at providing a greater freedom for all market participants in the health insurance system. Also, the idea of this paper is to examine the possibility to allow some citizens that would fulfill the necessary conditions, to abandon the mandatory health insurance system and join the voluntary health insurance system.

**Keywords:** *voluntary health insurance, voluntary health insurance laws, conflicting provisions, insurance data analysis, Macedonian paradox.*

## **Introduction**

The citizens of the Republic of Macedonia deserve good health and the existence of a good quality health insurance system can be a part of the system that helps them achieve this goal. The purpose of having healthy population is not only a well-intentioned social goal, but in addition to educating the population, it is the main prerequisite for developing a strong economy and improving economic productivity. Therefore, healthcare is an important element of the foundation of every society. However, if a country wants to have a healthy population, it must establish well-organized and functional health system. The health system should provide public healthcare services to individuals, have an efficient organization and management and should create human and financial resources which enable regular implementation of the projected tasks.

The right to health is guaranteed with the Universal Declaration of Human Rights<sup>1</sup> and other international conventions<sup>2</sup>. In Macedonia, the right to healthcare protection of every citizen is guaranteed with the Constitution of the Republic of Macedonia<sup>3</sup>.

The health insurance, on the other hand, as one of the main links of healthcare systems, is an essential element of a healthcare system. It represents insurance against risks related to individuals bearing medical costs. This helps to avoid the catastrophic financial losses which may be related to certain serious diseases or injuries, under the principle of risk distribution among many insured parties.

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<sup>1</sup>See: UN Universal Declaration of Human rights, article 25, <http://www.un.org/en/universal-declaration-human-rights/index.html>.

<sup>2</sup>See: UN International Covenant on Economic, Social and Cultural Rights, article 12, <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx> and UN Convention on the Rights of Persons with Disabilities, article 25, <http://www.un.org/disabilities/convention/conventionfull.shtml>.

<sup>3</sup>See: Article 39 of the Constitution of the Republic of Macedonia, Official Gazette of the Republic of Macedonia, no. 51/1991.

Voluntary health insurance schemes are those where the decision to join and the payment of a premium is voluntary. Together with out-of-pocket payments, premiums are considered a private revenue source (World Health Organization, 2016), while the mandatory health insurance usually relates to the health services covered by the public health insurance fund. Almost every country in the world has a parallel system of mandatory (public) and voluntary (private) health insurance. Exception of this rule is the Netherlands, which has abandoned the public health insurance in 2006 with the abolition of the sick fund insurance and adopted the Dekker Committee proposal for healthcare reforms, towards full privatization of the healthcare system of Netherlands, including a completely private health insurance system. The positive experiences of the health insurance system in Netherlands are not pointed out, because in Macedonia there are still no conditions for their implementation.

The Republic of Macedonia aspires to become a member of the EU, but, compared to the EU member countries, it is the only country which, beyond the mandatory public health insurance, has no real and functional model of voluntary private health insurance.

Can the essential elements of voluntary health insurance be created in a developing country? The answer depends on consideration of three factors: geographic environment, regulation and reinsurance, and organizational and institutional capacity. The specific features of each environment will shape the design of any health insurance scheme. These features include political, social, economic, and infrastructural conditions; the presence or absence of a functional public health system; and the epidemiological factors that determine health priorities<sup>4</sup> (Preker, Scheffler and Bassett, 2007). This paper will especially address the regulation of the health insurance.

The Republic of Macedonia has a non-competitive and highly centralized social system of mandatory health insurance. The insurance amount relates to the insured person's earnings and to a certain extent education, and it does not depend on other more significant factors such as: age, sex, family size, different occupations, chronic diseases, addictions, etc.. An additional problem is the fact that all employees deposit different amounts of money for social insurance, depending on their earnings, and they are provided with the same services. Therefore, it can be concluded that Macedonia has unfair system of mandatory health insurance.

The voluntary health insurance system cannot be drastically changed without a fundamental change of the main tier of the health insurance system

and that is the mandatory health insurance. This type of essential change in the health insurance system, besides benefits, could bring many dangers. It could take off the veil of the Health Insurance Fund and reveal issues with its position, as the only state body in charge of collecting funds from the contributions for health insurance. The Health Insurance Fund also has the monopoly over the health insurance users and determines the price of the base package of services, both for the public and for the private institutions.

The implementation of a Law on voluntary health insurance in Macedonia was necessary process, due to the absence of regulations in this area of the Macedonian legislation as well as the small number of citizens that had bought a health insurance policy. Actually, two solutions were possible, adoption of amendments in the existing Law on health insurance or adoption of a new law that would specifically regulate the voluntary health insurance. Either way, a step in direction of regulating this issue was a necessity.

The central focus of this research is the legislation regulating the voluntary health insurance, especially the Law on Voluntary Health Insurance and its application in the Macedonian legal system.

### **1. Voluntary health insurance legislation in the Republic of Macedonia**

The Law on Voluntary Health Insurance in the Republic of Macedonia was adopted by the Macedonian Assembly in 2012, in a soundless manner, without much controversy, unlike the other not so important legal issues that are discussed for months. “This Law regulates the type and conditions of organization and implementation of voluntary health insurance” (Article 1 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). What needs to be emphasized is that this law contains several provisions that are controversial, contradictory and to a certain extent inapplicable given the layout of the system of health insurance in Macedonia.

Instead of improving the efficiency and applicability of the Law on Voluntary Health Insurance, with the implementation of the amendments to the Law in 2015, another confusing provision was adopted that additionally and unnecessary complicated and increased the level of paradox of this Law. Therefore, “insured persons may also be foreign citizens who are not covered under the mandatory health insurance, for health service expenses not covered by mandatory health insurance and for use of health services in health institutions outside the network of health institutions and legal entities

performing construction, issuing and servicing of orthopedic and other devices” (Article 13, paragraph 3 of the Law on Voluntary Health Insurance, of the Republic of Macedonia, 2012). The vagueness of this provision is reflected in the fact that which foreign citizens, those that have residence in Macedonia or not, will have this legal opportunity is not regulated. Considering the fact that the Law does not declare regarding this question, we can conclude that each foreign citizen has this option at his or her disposal. The paradox of this Law can be seen in it treats foreign citizens. If they pay the mandatory health insurance, they cannot legally buy the voluntary insurance which would allow them access to the additional package of health services. But if they buy voluntary insurance, they can only access the additional package of health services. But “the foreigner who is employed or educates himself in the Republic of Macedonia is obliged to pay the contributions for mandatory health insurance”. (Article 10, paragraphs 11 and 12) of the Law on Contributions for Mandatory Social Insurance of the Republic of Macedonia, 2008). The foreigner who has mandatory health insurance to not be eligible for voluntary health insurance, while in turn the foreigner must not have mandatory health insurance in order to be eligible for voluntary health insurance, which is absurd.

The Law on Voluntary Health Insurance in Macedonia divides the voluntary health insurance into supplementary and private health insurance. “Supplementary health insurance covers the costs for participation with personal assets when using health services of the mandatory health insurance under the legislation of mandatory health insurance and health care” (Article 4, paragraph 1 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012).

“Private health insurance covers expenses for medical services not covered by mandatory health insurance, a higher standard of health services arising from the mandatory health insurance, the costs of coverage of health services used in additional activity, as well as utilization of health services in health care institutions outside the network of health care facilities in which the health activity is performed and legal entities that are performing construction, issuing and servicing of orthopedic and other devices” (Article 4, paragraph 2 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012).

“Those insured under supplementary and private health insurance may be only persons who have status of insured persons in the system of mandatory health insurance under the legislation of mandatory health insurance” (Article 10, paragraph 2 and article 13, paragraph 2 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). This article shows the unequal

treatment of voluntary health insurance and its dependence on the mandatory health insurance.

“The insured under supplementary and private health insurance, with the loss of the status of insured persons in the system of mandatory health insurance, lose the status of insured in the supplementary and private health insurance” (Article 10, paragraph 3 and article 13, paragraph 4 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). This is one of the two most disputable articles of this Act, if the insurers become unemployed despite losing mandatory health insurance they lose the voluntary health insurance for which they have paid high insurance premiums. It is as if you buy a product and because the loss of another product, which may happen without your fault, you lose the first product. We should not forget that it can happen very easily, especially in the current conditions of economic instability, citizens to lose their job, often without their fault.

The positioning of mandatory health insurance and voluntary health insurance in a discriminatory relation is obvious and evident. Discrimination also occurs against the users of voluntary health insurance. In addition this Law allows the confiscation and restriction of the rights on voluntary health insurance of citizens.

“The insurance company according to the insurance conditions and rates of premiums for voluntary health insurance shall conclude an insurance contract with any insured seeking to ensure the rights of the supplementary and private health insurance” (Article 11, paragraph 3 and article 14, paragraph 3 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). This provision of obligatory acceptance of all clients as insured persons by the insurance companies violates the basic definition of insurance-not to undertake a risk that is certain.

“A fine of 5,000 euros shall be imposed on the insurance company if enters into an agreement for voluntary health insurance with persons that do not have the status of insured persons in the system of mandatory health insurance or do not terminate the status of insured of the persons who have lost the status in the system of mandatory health insurance (Articles 10 and 13 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012); and fails to conclude a voluntary health insurance agreement with every insured and insured person wishing to ensure the rights of voluntary health insurance” (Article 16, paragraphs 4 and 5 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). The amount of the penalty provisions,

especially for the contentious issues, have additional negative impact on the development of voluntary health insurance in Macedonia.

### **1.1. A brief comparison with several Balkan countries regarding in particular the provisions which are disputable in the Macedonian Law on Voluntary Health Insurance**

The disputable provisions of the Macedonian Law on Voluntary Health Insurance discussed above will be compared to the provisions that regulate the same issues in Serbia, Montenegro and Croatia.

In Serbia, according to the Decree on Voluntary Health Insurance, “the performance of activities of voluntary health insurance is regulated by the Republic Institute and insurance companies may organize and implement voluntary health insurance in accordance with the Law governing the mandatory health insurance and this Decree” (Article 9, paragraphs 1 and 2 of the Decree on Voluntary Health Insurance of the Republic of Serbia, 2008).

There are 3 types of voluntary health insurance in Serbia: parallel, supplementary and private. The parallel health insurance can be equated with the supplementary health insurance in the Macedonian Law and supplementary health insurance with the private health insurance. “Private health insurance is the insurance of persons who are not covered by mandatory health insurance or that are not included in the mandatory health insurance, for covering the costs for the type, content, scope and standard of rights contracted with the provider of insurance. Under the voluntary health insurance shall be considered the types of voluntary health insurance contracted in case of use of health care for the insured person during the stay abroad, if this insurance is provided as the only service in accordance with the law” (Article 30 of the Decree on Voluntary Health Insurance of the Republic of Serbia, 2008).

In Montenegro, the voluntary health insurance is regulated by the Law on Health Insurance and is very concisely and clearly regulated by fewer provisions. So, “this insurance can be conducted by the Health Insurance Fund and insurance companies for health care costs at secondary and tertiary level, for people who have the status of insured in the compulsory health insurance” (Article 68, article 69, paragraph 1 and article 71, paragraphs 2 and 4) of the Law on Health Insurance of Montenegro, 2016).

In Croatia, although far from perfect, voluntary health insurance in the Law on voluntary health insurance is better and more liberally arranged than it is in Macedonia and Serbia.

In Croatia there are three types of voluntary health insurance. Similar to Serbia, “supplementary health insurance covers the health care costs for mandatory health insurance, additional health insurance for a higher standard of health care than the standard of health care in the mandatory health insurance and greater range of rights in relation to the rights from the mandatory health insurance, and private health insurance for individuals residing in Croatia that are not required to insure themselves in the system of mandatory health insurance” (Articles 5, 6 and 7 of the Law on Voluntary Health Insurance of Croatia, 2006). In comparison with the Macedonian law, the difference in the definition of private health insurance is especially evident. The Croatian Law more accurately defines the category of people who can be insure in the system of voluntary health insurance, unlike the Macedonian Law, where it is not entirely clear.

There are some crucial differences between Croatian and Macedonian Law on voluntary health insurance. “Supplementary and additional health insurance in Croatia can be arranged by the insurance companies and the Institute for Health Insurance”(Articles 11 and 17 of the Law on Voluntary Health Insurance of Croatia, 2006). For the citizens to be able to buy any of these insurance types it is necessary for them to be a part of the system of mandatory health insurance<sup>5</sup>, and the insurers are obliged to insure all persons that have the desire<sup>6</sup>, but only the citizens who have supplementary health insurance lose the insurance if they lose the mandatory health insurance<sup>7</sup>, which is somewhat logical because supplementary health insurance refers to services of mandatory health insurance. This provision is not applied for the additional health insurance. Private health insurance is performed exclusively by insurance companies<sup>8</sup> which are free to regulate the insurance with its customers, i.e. they are not limited with some of the previous provisions, such

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<sup>5</sup>See: Article 13 (2) and article 19 (2) of the Law on Voluntary Health Insurance, Official Gazette of Croatia, no. 85-2016/2006, 150-4099/2008 and 71-2140/2010.

<sup>6</sup>See: Article 14 (3) and article 20 (2) of the Law on Voluntary Health Insurance, Official Gazette of Croatia, no. 85-2016/2006, 150-4099/2008 and 71-2140/2010.

<sup>7</sup>See: Article 13 (3) of the Law on Voluntary Health Insurance, Official Gazette of Croatia, no. 85-2016/2006, 150-4099/2008 and 71-2140/2010.

<sup>8</sup>See: Article 26 of the Law on Voluntary Health Insurance, Official Gazette of Croatia, no. 85-2016/2006, 150-4099/2008 and 71-2140/2010.



as, to be obliged to insure all persons who show interest for it, regardless the risk.

Macedonia has managed in recent years to develop a private sector of healthcare services that other neighboring countries and the Balkan countries do not have. Macedonian legislation was extremely liberal for entrance of private capital in healthcare i.e. for opening private hospitals. Macedonia has a top quality private hospitals that offer health services of the highest level. After stimulating the opening of a large number of private hospitals, it is absurd to adopt a Law on Voluntary Health Insurance that is restricted in every sense.

In Macedonia health services that can be included in the mandatory and voluntary health insurance are listed in the Law on Health Insurance<sup>9</sup>. It can be noticed that the package of services under mandatory health insurance is too wide, too extensive and incompletely defined. The package of services that are not covered by mandatory health insurance consists of health services that citizens do not show great interest for and have no great need of, which shows itself in practice, i.e. low number of Macedonian citizens who possess voluntary health insurance.

For comparison, in Montenegro, in health services that can be covered by voluntary health insurance are included: dental care which is necessary for every citizen, examinations, diagnosis, treatment, hospitalization, treatment in day hospital, outpatient rehabilitation etc<sup>10</sup>.

Health care that is not provided with the mandatory health insurance under the Health Insurance Law of Serbia includes dental services, treatments for weight reduction, surgical procedures to improve vision, psychological counseling, long-term care and home care, and others.<sup>11</sup>

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<sup>9</sup>See: Article 9 and article 10 of the Law on Health Insurance, Official Gazette of the Republic of Macedonia, no. 25/2000, 34/2000, 96/2000, 104/2000, 30/2001, 48/2001, 50/2001, 11/2002, 31/2003, 84/2005, 37/2006, 109/2006, 18/2007, 36/2007, 88/2007, 88/2007, 106/2007, 82/2008, 98/2008, 6/2009, 45/2009, 67/2009, 14/2010, 50/2010, 156/2010, 53/2011, 166/2011, 26/2012, 16/2013, 91/2013, 187/2013, 43/2014, 44/2014, 97/2014, 112/2014, 113/2014, 188/2014, 20/2015, 61/2015, 61/2015, 98/2015, 129/2015, 150/2015, 154/2015, 192/2015, 217/2015, 27/2016, 37/2016, 120/2016 and 142/2016.

<sup>10</sup>See: Article 18 of the Law on Health Insurance, Official Gazette of Montenegro, no. 006/16.

<sup>11</sup>See: Article 61 of the Law on Health Insurance, Official Gazette of the Republic of Serbia, no. 107/2005, 109/2005, 57/2011, 110/2012, 119/2012, 99/2014, 123/2014, 126/2014, 106/2015 and 10/2016.

All these services, which may be subject to voluntary health insurance in Montenegro and Serbia, are covered by the mandatory package of health services in Macedonia. The point of having a wider package of health services under the voluntary health insurance will provide a more balanced health insurance system in Macedonia.

## 1.2. Comparison of the statistical data for voluntary health insurance

Given the similarity in the legislation that regulates the voluntary health insurance in Macedonia and in several countries of the region subject to this analysis, it should be expected that the development of this insurance in Macedonia is at the same level as in these countries. But the following table speaks otherwise.

	2011		2012		2013		2014		2015	
	Amount (000€) and market share (%)	Number of contracts	Am. (000€) and market share (%)	N. of contracts	Am (000€) and market share (%)	N. of contracts	Am (000€) and market share (%)	N. of contracts	Am (000€) and market share (%)	N. of contracts
Macedonia <sup>12</sup>	0.106 (0,1)	1.041	0.039 (0,03)	87	0.34 (0,03)	0	0.75 (0,06)	269	0.102 (0,08)	368
Croatia <sup>13</sup>	33.000 (2,8)	91.609	31.000 (2,6)	85.877	33.000 (2,7)	69.094	36.000 (3,3)	166.392	43.000	/
Montenegro <sup>14</sup>	/	/	0.973 (1,45)	/	0.824 (1,13)	/	0.972 (1,34)	/	1.367 (1,78)	17.143
Serbia <sup>15</sup>	/	/	/	/	0.332(1,8)	/	2.635 (1,9)	/	3.300 (2,0)	/

<sup>12</sup>Source: Reports by the Insurance Supervision Agency of the Republic of Macedonia [http://www.aso.mk/index.php?option=com\\_fjrelated&view=fjrelated&layout=blog&id=0&Itemid=93&lang=en](http://www.aso.mk/index.php?option=com_fjrelated&view=fjrelated&layout=blog&id=0&Itemid=93&lang=en)

<sup>13</sup>Source: Annual reports by the Croatian Financial Services Supervisory Agency HANFA <http://www.hanfa.hr/en/mainpage.html> and insurance data by Insurance Europe (European Insurance Federation) <http://www.insuranceurope.eu/>

<sup>14</sup>Source: Reports by the Insurance Supervision Agency of Montenegro <http://www.ano.me/en/>

<sup>15</sup>Source: Insurance Sector Reports by the National Bank of Serbia [https://www.nbs.rs/internet/english/60/60\\_6/index.html](https://www.nbs.rs/internet/english/60/60_6/index.html)

Table of health insurance premiums and concluded health insurance contracts in several Balkan countries.

From the displayed data it can be noticed the low level of development of voluntary health insurance in Macedonia before the adoption of the new Law on Voluntary Health Insurance, and after its adoption i.e. the complete inefficiency and ineffectiveness of the Law. If we make comparison with several countries in the region which have similar regulations for voluntary health insurance as Macedonia, the difference in favor of these countries is obvious, both in terms of earned premiums for health insurance and its share in total gross written premium for insurance; and in the number of concluded contracts for health insurance. The fact that Montenegro, as relatively newly established country, shows significant progress and is far ahead of Macedonia in terms of the level of development of health insurance is astonishing. Yet it must be noted that legislation in Montenegro regulating health insurance contains provisions aimed at encouraging the development of the voluntary health insurance. For 2016, even though the data is incomplete, Montenegro has the best result for health insurance since its independence, so by the third quarter of the year 1.251.000 € have been paid in health insurance premiums and a share of 2.11% in the total insurance premiums of Montenegro.

It is worth noting that this year Macedonia has made a little progress in the first half of the year with half million euro's gross written premium for health insurance, but the number of contracts is still too low, with barely 1,000 citizens having voluntary health insurance currently, which is 0.05% of the population of Macedonia.

The content of the voluntary health insurance regulative in the few examples in the region is understandable to some degree taking into account the level of development of the voluntary health insurance in these countries, which are unlike Macedonia, where this class of insurance is at the lowest possible level. If Macedonia wants to develop the voluntary health insurance, it cannot copy and paste the provisions relating to private health insurance in the neighboring countries. It is necessary for the legislature to take into account the level of development of this insurance as well as the socio-economic conditions in which Macedonian citizens live when creating the laws. Of particular importance is recognizing the existing regulation as some kind of foundation for the development of this insurance.

### **1.3. Positive experiences of countries where mandatory and voluntary health insurance function together**

Parallel systems of mandatory and voluntary health insurance that contain elements that could be implemented into Macedonian system of health insurance, which would significantly improve the state of health insurance in Macedonia, are primarily the systems of Germany, Slovenia and Croatia. Health insurance like this could find application in Macedonia only if it is adapted to the geographic, demographic, political and economical circumstances in Macedonia that significantly differs from the countries taken as an example.

The main idea of the statutory health system in Germany is the principle of solidarity. Membership in statutory health insurance is compulsory. The contributions are based on income in order to ensure that the cost of health care is shouldered primarily by the better-off, and everybody is able to access services. However, employees with an income above a certain threshold and the self-employed can opt out of the statutory system and insure themselves privately<sup>16</sup> (Obermann, Müller, Schmidt and Glazinski, 2013, p. 20), which gives them the opportunity to pay less and be insured by a private company which is expected to offer a degree of higher quality and better customer oriented service. In Macedonia such a possibility does not exist.

There are a growing number of social funds in Germany and citizens can choose which fund to join. All funds have non-profit status and are based on the principle of self-management. Autonomy of funds in Germany is a feature that is lacking in Macedonian Health Insurance Fund.

The organizational and financial structure of the health care system in Germany is based on traditional principles of social solidarity, decentralization and self-regulation. The role of the Central Government is limited to the adoption of legislation on health services, while much of the responsibility lies in the administrations of the individual states, which means that in the German federal system there is no single body that has a comprehensive legislative authority over the health system. Competence is distributed between the Federal Government and individual states (Busse, Riesberg, 2004, pp. 29-39).

What is worth noting is that the mandatory health insurance in Macedonia which is equivalent to the statutory health insurance in Germany, offers the same services for all categories of insured persons, not taking their

age into account. In Germany, for example, this is not the case. Thus, persons up to 30, 35 years of age do not have the right to use some health services because up to that age they do not have a real need for the use of those services, except in rare cases, such as examining the amount of fat and triglycerides in the blood. In Macedonia, the examination of the amount of fat, which we took for example, falls into the basic package of health services. This suggests that the structure of the health package in Macedonia, might lead to the use of health care services that Macedonian citizens have no real need, thus increasing the state health care expenses.

Voluntary health insurance in Slovenia is conducted by insurance companies that are completely independent from the Institute for Health Insurance. These types of insurance companies are nonprofit public companies bound by the law to conduct voluntary health insurance, regarding the costs for participation with personal assets when using health services of the mandatory health insurance (Albreht, Turk, Toth, Cegljar, Marn, Brinovec and Schafer, 2009, pp. 55-56).

In Croatia, health reforms are aimed at creating a sustainable relationship and balance between mandatory and voluntary health insurance, standardization (categorization and franchise), and de-monopolization and deregulation. The relationship and balance between these elements is fundamental lacking in health insurance system in Macedonia.

The package of voluntary health insurance in Croatia is sold in several varieties and is primarily marketed and sold to groups of employers, such as banks and large companies. Increasingly, these packages attract international companies with domestic and international workers (Chao, Dzakula, Golna, Jemiai, Maeda, Merkur and Vancina, 2006, p.38).

In Macedonia this type of health insurance did not enter in the market for health insurance, because sufficient efforts for its development by the state and the insurance companies were lacking.

Common to most systems of health insurance in the EU Member States is the categorization of insured and health services, which is necessary for health insurance system in Macedonia. There should be a basic health insurance for everyone, with the additional assurance that if they want it some policyholders could have a greater coverage of health services which means that they would also pay a higher amount of contributions. In order to do that, the package of health services, basic and additional, must be specified.

#### **1.4. Health insurance questionnaires**

In the search for the causes of the underdevelopment of voluntary health insurance in Macedonia it was necessary to examine the need of citizens for this type of insurance. So, in addition to the results of two surveys conducted in 2015, a questionnaire concerning health insurance was disseminated on social networks. Fifty-five respondents were asked three questions. In addition, a questionnaire concerning health insurance given to 20 respondents through direct contact. They were asked 4 questions.

A random sampling was used for the first questionnaire placed on social networks. The sample size was 55 i.e. the questionnaire was filled by a total of 55 people. Two types of questions were asked, dichotomous or two-point questions (e.g. Yes or No) and multiple choice questions.

On the first question "Is there voluntary health insurance in Macedonia?", 18 (34.6%) answered "yes", 13 (25.0%) responded "no", while the majority of respondents, 39 (75%) gave the answer "I do not know". From these results it can be concluded that the majority of Macedonian citizens are not even aware of the existence of voluntary health insurance in the country. On the second question "Would you use the voluntary health insurance if you have a chance for that?", 39 (75.0%) answered "yes", and 13 (25.0%) "no",- which indicates the desire and the need of Macedonian citizens for voluntary health insurance. On the third question, "Where can you voluntarily insure your health?", 9 (17.6%) responded "In the Health Insurance Fund", 27 (52.9%), "In an insurance company", 2 (3.9%) "In a bank" and 17 (33.3%) had no response, indicating that nearly half of the citizens, even if they want to buy voluntary health insurance, do not know where to get it.

Table display of the results of the questionnaire for health insurance on the social networks<sup>17</sup>

1			2		3			
Yes	No	I don't know	Yes	No	In the Health Insurance Fund	In an insurance company	In a bank	I don't know
18 (34.6%)	13 (25.0)	21 (40.4)	39 (75.0)	13 (25.0)	9 (17.6%)	27 (52.9%)	2 (3.9%)	17 (33.3%)
Total of 55 respondents (3 respondents didn't give answer on the first and second question)								

Due to the supposed partiality, lack of motivation and lack of seriousness in giving answers by the respondents in surveys performed on social networks, and the inability to divide respondents into appropriate categories of, age, sex and education, the need for checking the obtained results on field and establishing direct contact with citizens emerged.

A standardized questionnaire was used again, therefore allowing greater objectivity, decreased possibility of subjectivity, unlike standardized questionnaire. Standardized questionnaire is easy to process, economical, precise, focused on a specific goal, efficient and subjected to simple mathematical and statistical processing.

A stratified sampling was used because the sampling error is usually lower in stratified sampling than in random sampling. A small group of respondents open to cooperation was selected and were asked 4 questions that are essential for this research. The questionnaire was conducted in two cafes in Skopje. The surveyed population was between 20-40 years of age. Some of them were employed, some unemployed. The sample size of surveyed respondents was 20. They were asked dichotomous or two-point questions (e.g. Yes or No).

<sup>17</sup>Source: Dacev. N. (2015), Model of parallel and harmonized system of public and private health insurance in the Republic of Macedonia, Doctoral dissertation, Faculty of Law "Iustinianus Primus" University "Ss. Cyril and Methodius" Skopje, p. 309.

Table display of the results of the questionnaire for health insurance on field<sup>18</sup>

1. Do you know that there is Law on voluntary health insurance in Macedonia?		2. Would you use voluntary health insurance if you have a chance?		3. Do you know that for that type of insurance you need an agreement with insurance company?		4. Do you know that with the loss of the mandatory health insurance you lose the voluntary health insurance?	
Yes	No	Yes	No	Yes	No	Yes	No
0	20	20	0	8	12	0	20
Total 20 respondents							

1. Regarding the first question, a complete lack of information regarding the Law.

2. Regarding the second question, all respondents would use voluntary health insurance, but non- standardized interview noted the dilemma of the amount of the premium (how much would cost).

3. Regarding the third question there was a doubt about which insurance company they would choose, which of the companies performs business activity that meets ethical and legal principles of insurance operations. The interviewed thought that every insurance company that operated on the Macedonian insurance market offered voluntary health insurance. They were not aware of the fact that only a few insurance companies sell voluntary health insurance at the moment. Also, some of them believed that such insurance can be bought in a bank, initiated by the experience of the second pension pillar, or realized through banks.

4. If the fourth question was asked before the second, there would not have been 20 positive responses, because none of them knew that with the loss of the mandatory insurance they lose the voluntary health insurance also. One thus gets the impression that voluntary health insurance is perceived as "saving card" where they would invest money that they can use in the future in case they remain without the mandatory health insurance. So, none of them, though

<sup>18</sup>Source: Dacev. N. (2015), Model of parallel and harmonized system of public and private health insurance in the Republic of Macedonia, Doctoral dissertation, Faculty of Law "Iustinianus Primus" University "Ss. Cyril and Methodius" Skopje, p. 311.



it was young and educated population, knew what voluntary health insurance essentially means in Macedonia.

### **Conclusion**

The existing model of parallel system of mandatory and voluntary health insurance in the Republic of Macedonia has its difficulties functioning and cannot give the expected results due to the improper position and regulation of the voluntary health insurance.

In order to encourage the development of the voluntary health insurance in Macedonia, deregulation and liberalization of the health insurance sector is needed, which would provide a greater freedom for all market participants in the health insurance system. This can be accomplished with amendments to the Law on Health Insurance and the Law on Voluntary Health Insurance. The amendments to the Law on Health Insurance should refer to the extension of the additional package of health services which means that the insured with voluntary health insurance to use much needed health services. The extension of the additional package of health services would mean reduction of the basic package of health services that is covered by the Health Insurance Fund. This would decrease the financial burden taken by the Health Insurance Fund for covering the mandatory health insurance services. The amendments to the Law on Voluntary Health Insurance should refer to the abolition of some unreasonable provisions such as, "with the loss of the status of insured persons in the system of mandatory health insurance, they lose the status of insured in the supplementary and private health insurance" (Article 10, paragraph 3 and article 13, paragraph 4 of the Law on Voluntary Health Insurance of the Republic of Macedonia, 2012). Also amendments should focus on giving the domestic and foreign citizens equal opportunity to use the voluntary health insurance, no matter if they have a mandatory health insurance, more freedom for the insurance companies in performing their activities, but with strengthen supervision by the Insurance Supervision Agency.

The biggest reform would be to allow some citizens that are eligible, to abandon the mandatory health insurance system and join the voluntary health insurance system, like in Germany. There are three options for health insurance in Germany: the government-regulated mandatory health insurance system, voluntary health insurance from a insurance company for those that have income above a certain threshold or are self-employed, or a combination of the two. There are two options for health insurance in Macedonia: mandatory health insurance system and a combination of mandatory and voluntary health insurance. If Macedonia adopts a health insurance system with three options

like in Germany, the main concern would be the implementation of a quality transformation of the health insurance from one system to another for those insured that fulfill the necessary conditions to abandon the mandatory health insurance system. What shall be done with the contributors who were paying contributions for years in the mandatory health system, but failed to take advantage of those funds? A possible solution would be to transfer the unused funds or part of them which insured persons were paying as contributions in the Health Insurance Fund if they want and meet the conditions for transfer from the public fund to private funds. In this situation the existing system would be tested i.e. whether there are records for the amount of contributions that insured have paid, as well as the percentage of utilization of these resources. The insurance companies also would be tested, in particular their skills in managing this insurance class. Due to the underdevelopment of the insurance business in Macedonia in general, It is a question of how competent the insurance companies would be to deal with health insurance, which as a class of insurance is more complex than the other classes. If the Health Insurance Fund is not capable to transfer the paid contributions to those contributors who wish to join the private funds, then a possible solution would be the Government to subsidize insurance companies to cover those insured that have chronic diseases, at least in the first couple of years, until the voluntary health insurance and the new system develops.

Finally, it can be concluded that the Law on Voluntary Health Insurance offers certain innovations in health insurance in Macedonia that are positive, such as the attempt to legally regulate the conditions and the type of organization and implementation of this insurance, the expansion of its scope - covering the costs of participation with personal assets while using medical services of mandatory health insurance, imposing the obligation to conclude a contract between the insurance company and health facilities for providing health services in the voluntary health insurance and others. However, the listed points are insubstantial. Therefore, it is necessary for many changes to be made to the Law on Voluntary Health Insurance in order to achieve the desired effect, i.e. to provide better, cheaper and more accessible health services to Macedonian citizens.

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