



GAZDASÁGI
VERSENYHIVATAL

THE HUNGARIAN COMPETITION AUTHORITY

GVH starts debate on health system reform

Since months there is a heated debate over the reform of the public health system. The introduction of competition into this sector generated heavy reactions in the public dispute. This encouraged the Hungarian Competition Authority to prepare a discussion paper concerning the topic.

Certainly the Hungarian Competition Authority (Gazdasági Versenyhivatal, hereinafter: GVH) is fully aware of the fact that competition in the health sector is limited for various reasons. While regulating the health markets, several health care policy, social and consumer protection aspects must be considered. Often these goals are in contrast not only with the idea of competition, but also with each other. Nevertheless, the GVH believes that representing the public interest relating to competition may be beneficial during the debates. Pursuant to the position of the GVH, a balance should be found between the idea of a state-run health sector and that of a fully competitive health market run by private insurance companies.

In the discussion paper, the GVH attempted to systematise the functionality and operability of the health care and health insurance market. The GVH took into consideration the following aspects: areas for competition, why competition alone cannot solve the existing regulatory problems, solutions for generating a well functioning competition, suggestions on where market- and competition-effects would need to be stronger.

The GVH is aware of the fact that its recommendations and analyses are disputable in many points. In the course of making the analyses, completeness was not one of our aims; rather those analyses are intended to introduce the problems and describe particular approaches to them. Based on our conclusions we outline possible target models and the ways to realize them. The ultimate objective would be the promotion of social welfare through competition. The GVH took into consideration not only the peculiarities of the present market structure and regulatory environment, but also the political priorities. It wished to make a proposal, which expected competition to play a great part in more fields than it did. The GVH would like to give place to a differentiated professional debate. For this reason, the discussion paper will be available on the website of the GVH (www.gvh.hu). Remarks over this subject matter can be sent us until 10 May 2007. We envisage organising an open debate in the second half of May, for which we are inviting interested persons to participate.

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