

# PRIVATE HEALTH INSURANCE IN ROMANIA A RETROSPECTIVE VIEW

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**Keywords:** health insurances, sanitary reform

**Abstract:** In Romania the degree of diffusion of the assurances (for all the categories) is low but it has been observed a tendency of increasing in the last years, even in the context of this economic recession. Once with the apparition of the Law 95/2006 regarding the reform in the sanitary field it has been observed a certain effervescence in the favour of the implementing the private health insurances; with a complementary role, as a supplementation of the available funds through the compulsory contribution at the CNAS funds.

**Cuvinte cheie:** asigurări de sănătate, reforma sanitară

**Rezumat:** În România, gradul de penetrare al asigurărilor (toate categoriile) este redus, dar se înregistrează o tendință ușor crescătoare în ultimii ani, chiar în contextul acestei recesiuni economice. Odata cu apariția Legii 95/2006, privind reforma în domeniul sanitar, se constata o anumită efervescentă, în favoarea implementării unor asigurări private de sănătate, cu rol complementar, ca o suplimentare a fondurilor disponibile prin contribuția obligatorie la fondurile CNAS.

## SCIENTIFIC ARTICLE OF BIBLIOGRAPHIC SYNTHESIS

The increase of demand for healthcare services from patients, which tend to be more and more informed about diagnosis and therapeutical procedures, and the ceiling imposed by the National Health Insurance House on medical expenditures, will result clearly in an increase of health care costs, which cannot be entirely covered using the public resources. In a first stage, that ended in 2003-2004, the extra money needed for filling this gap was covered directly by patients themselves, by direct voluntary payment. In recent years, with a new healthcare legislation in place, that is Law 95/2006, the private health insurance developed mainly as a complementary system, regarded as extra contribution, on top of the compulsory social healthcare contribution

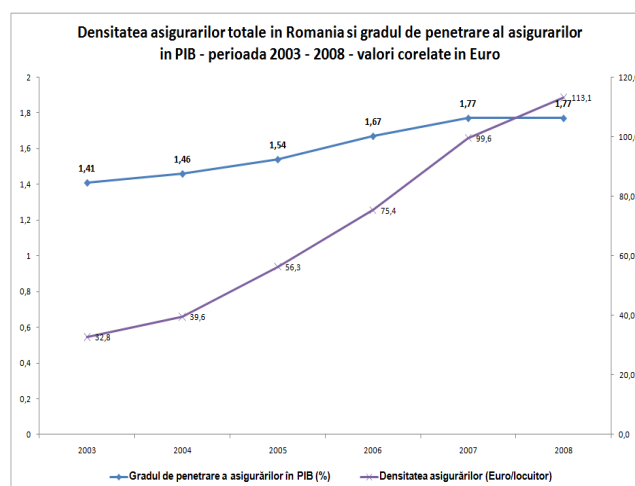
**Tabel no 1. The evolution of the indicators that define the economic context of the assurances during 2003-2008**

| Indicator                           | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
| Insurance to GDP ratio (%)          | 1,41   | 1,46   | 1,54   | 1,67   | 1,77   | 1,77   |
| Insurance density (RON/inhabitant)  | 123    | 160,4  | 204    | 265,7  | 332,4  | 416,62 |
| Exchange rate Euro/leu              | 3,7555 | 4,0532 | 3,6234 | 3,5245 | 3,3373 | 3,6827 |
| Insurance density (Euro/inhabitant) | 32,8   | 39,6   | 56,3   | 75,4   | 99,6   | 113,1  |

Neither in the past, when it was a slightly economical boom, nor today, when recession strikes, the percentage of people actually covered by this type of insurance did not

reached an optimal level, compared with a two-digit yearly development of private healthcare providers.

It is important to be mentioned that, for the moment, in Romania, the overall insurance-to-general population ratio is still low compared to EU, but had a positive trend.



The policy sums paid by the insured to complete the sums paid by CNAS represents a brute sum, from which the emission and distribution expenses supported by the assurance company asigurator; the policy sums are paid directly by the insured self-employed or in the majority of cases by the employers for a group of employees.

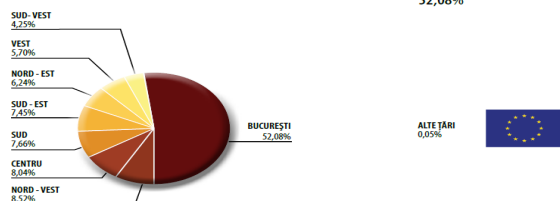
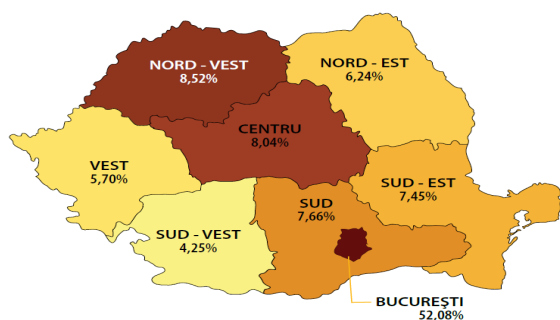
The city of Bucharest concentrate more than a half of total premium subscription, which is in line with a local GDP much higher than national average, but also with the distribution pathway for private health care insurance – that is – using as corporate employee benefits

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## PUBLIC HEALTH AND MANAGEMENT

### Distribuția primelor brute subscrise în România și alte țări în anul 2008



### Gross Premium written as on 31.12.2008 (RON)

| Non-life insurance type            | 31.12.2007 | 31.12.2008 | (%)Nominal increase | 31.12.2007Share at | 31.12.2008Share |
|------------------------------------|------------|------------|---------------------|--------------------|-----------------|
| I. Accident and sickness insurance | 66.163.121 | 62.500.806 | -2,57%              | 1,20%              | 0,88%           |
| II. Health insurance               | 23.728.045 | 28.209.304 | 18,73%              | 0,40%              | 0,40%           |

| Life-insurance type                 | 31.12.2007 | 31.12.2008 | (%)Nominal increase | 31.12.2007Share at | Share at 31.12.2008 |
|-------------------------------------|------------|------------|---------------------|--------------------|---------------------|
| B1. Accident and sickness insurance | 12.540.058 | 22.410.702 | 78,71%              | 0,90%              | 1,20%               |
| B2. Health insurance                | 4.518.787  | 6.791.043  | 50,28%              | 0,30%              | 0,40%               |

After a significant increase of private health care insurance during the economic boom, which reached its maximum in 2008, one can see a decrease trend in of subscription starting 2009, which correlates with a decrease of all type insurance subscription.

### Gross Premium written as on 31.12.2009 (RON)

| Non-life insurance type            | 31.12.2008 | 31.12.2009 | (%)Nominal increase | 31.12.2008Share at | 31.12.2009Share at |
|------------------------------------|------------|------------|---------------------|--------------------|--------------------|
| I. Accident and sickness insurance | 62.500.806 | 62.340.872 | -0,26               | 0,88%              | 0,86%              |
| II. Health insurance               | 28.209.304 | 24.854.679 | -11,89              | 0,40%              | 0,34%              |

| Life-insurance type                 | 31.12.2008 | 31.12.2009 | (%)Nominal increase | 31.12.2008Share at | 31.12.2009Share at |
|-------------------------------------|------------|------------|---------------------|--------------------|--------------------|
| B1. Accident and sickness insurance | 22.410.702 | 25.713.927 | 14,42%              | 1,20%              | 1,58%              |
| B2. Health insurance                | 6.791.043  | 4.401.750  | -35,32%             | 0,40%              | 0,27%              |

The caring for patients with private health assurances allows a constant flux of suplimentary revenues as payments for medical services that will ensure the rapid depreciation of the investments and also a fond of development.

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