



Orvostechnikai Szövetség

Association of Medical Devices Manufacturers, Hungary

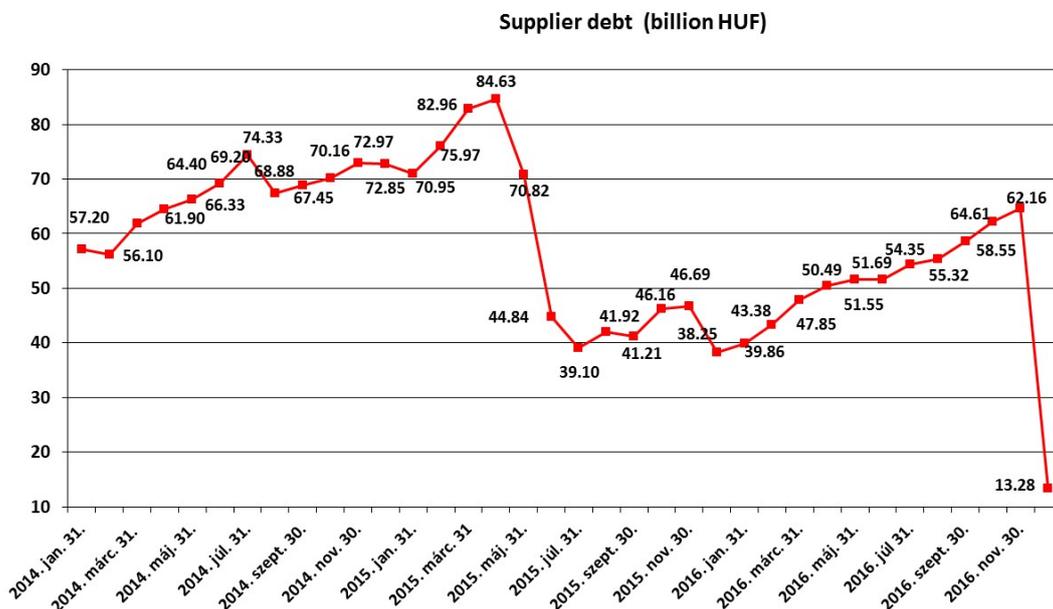
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Late Payment situation in Hungary – March 2017

There has been a major improvement in the situation over the past years due to two high capital injections.

It was achieved this mainly through the following two components:

- 1) Biggest debtors: university hospitals: a chancellor system was introduced and a part of the education budget was transmitted to the financing of the healthcare.
- 2) Influencing through media: due to a 2015 press campaign, where they were emphasizing patients' rights, highlighting, that procurement procedures were influenced in such a way that patient did not have access to certain medication.



The situation in Hungary is driven by a restrictive approach. The healthcare budget was decreasing as of 2007, but since 2010 there is a significant increase. Although it has been steadily increasing ever since, most of this is spent on increasing wages of healthcare employees.

The two major component of the problem are:

- 1) The Hungarian forint (HUF) value of the diagnosis-related groups hasn't been increasing significantly
- 2) Limitation on performance-volume: only a certain amount of interventions are financed.

As of 2012 healthcare institutions are municipalized and the government gave 64 billion HUF to start from null-saldo, which was partially used (approximately half of it) to finance government loans, while the other half was spent on supplier debts. During this those hospitals were rewarded, who had a big debt, and even then, 12 billion HUF even had to be paid back. The problem is that this supported further suppliers debts, expecting that the government would pay it back. As a result, hospitals started to accumulate further debts towards the suppliers.

Result: by the end of 2014, the value of the debt was 70 billion HUF, which further grew to 85 billion HUF by April 2015, but then decreased down to 40 billion HUF after a capital injection of 60 billion HUF and later by the end of 2016 to 13.2 billion HUF due to a second high level capital injection.

Sustainability:

Positive development: the monthly increase of the debt slowed down to 1-1.5 billion HUF, due to the fact, that healthcare state secretary ordered the prioritization of payment of supplier debts.

In order to keep up this development:

- more funding is needed on public service
- DRGs needed to be increased
- EU Directive on Procurement shall be implemented