

OBLIGATORY HEALTH INSURANCE RIGHTS AND THEIR PROTECTION

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Abstract: *Obligatory health insurance is a heritage based upon which we determine whether some country is at a high level on the civilisation ladder or not. Those countries which have a libertarian health security system, i.e. USA, expect their citizens to take care of their health insurance by themselves and they do not invest in the public health insurance. Because of this, obligatory health insurance rights in these countries are accordingly modest. On the other hand, Serbia is a European country and an ex socialist country where a Soviet health insurance model was present, and the psychological profile of the citizens of Serbia is egalitarian. They expect many rights which they will use considerably. Naturally, in a situation where the residents are getting older, the birth rate is decreasing and with the economic crisis, the scale of these rights is difficult to expand, even maintain. But still, the citizens have their rights according to the Law on health insurance (Official Gazette RS, no. 107/2005, 109/2005 - rev., 57/2011, 110/2012 that health services be provided to them and their rights guaranteed, for this purpose the peer rights monitor is there to protect the citizens who believe that they are being deprived of their rights. The aim of this work is to point out the global trends in obligatory health insurance, their repercussions on Serbia and the rights of the policy holder in our country, as well as to predict how this dynamic field might change in the future.*

Keywords: *insurance, health insurance, health, rights, insurance, trends*

1. INTRODUCTION

It is believed that the right to health insurance is a universal human right and that it can be considered a legacy of the modern society, as well as the fact that the society is civilised. Libertarian logic according to which 'everyone is responsible for themselves', is no longer considered a logic that should be followed even in the most libertarian countries

of the world, such as the USA, where Hillary Clinton (unsuccessfully through her husband, Bill Clinton), and Barack Obama (successfully, though not in all aspects, through health insurance system popularly known as 'Obama care') have tried to establish a state prepared health care and insurance system in the USA. Due to this in most countries health insurance is considered obligatory and is performed through mandatory health insurance systems. The state itself commits to provide health insurance with its regulations, as a debt to its citizens [Along with debts such as obligatory education, pension fund and alike.] for their citizenship, paying of taxes and other obligations and duties which they have towards the country (military service and similar). It is interesting that the critical public opinion in the USA has always raised questions about the lack of obligatory health insurance, and even though the services (which are paid for) are one of the best in the world, a lot of people cannot afford it. Health insurance in the USA is one of the biggest business branches and it is difficult to expect, that when a business 'metastases' to that level, that companies will reach that state of consciousness regarding obligatory social health insurance and renounce their immense profit.

2. OBLIGATORY HEALTH INSURANCE IN THE WORLD AND POLICY HOLDER'S RIGHTS

When it comes to obligatory health insurance in the world, in most cases the insurance was founded by the state itself, but it is not rare to come across insurances whose founders are health institutions, citizens associations and unions. Still, even though state-provided health insurance is considered today to be something that is taken for granted, that was not always the case. The establishment of health insurance and medical care is connected with labour movements in the second half of the nineteenth century. Even today, in most countries, unions through their representatives have a significant role in creating the state health insurance policy.

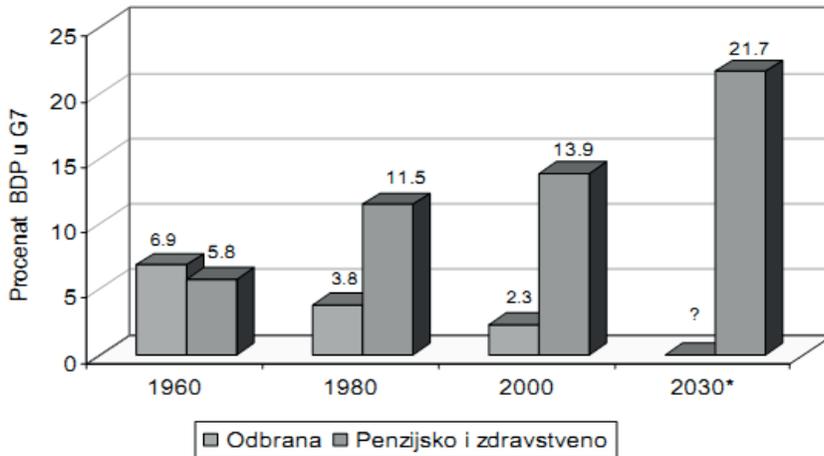
When World War II ended, most Eastern European countries came under the influence of the USSR and introduced the socialistic social system. The entire medical care and insurance system was modelled according to the Soviet model. This model was on the other hand created upon the idea that all citizens were entitled with the right to receive free medical care, based upon the model of obligatory health insurance. England and Italy have systems of 'national health services', which include all citizens. This is one of the systems which enable the forming of the pillars of a responsible social state. After 1945, in most Western European countries social-democratic ideas were very omnipresent and established in state strategies, from Sweden to Italy.

But, insurance companies have realized that potential profit has increased in the health insurance sector, making various forms of voluntary health insurance very common in highly developed countries. In most cases it has to do with insurances which imply a wider scope and higher standard of medical services (so called parallel health insurances) and insuring those rights which are not covered by the obligatory health insurance (so called additional health insurances) - this includes Austria, Germany and other European countries. Also, insurance systems which completely substitute state insurances are not rare, as is the case in the USA.

However, the entire medical care system has a couple of major difficulties in front of it. One of the key problems which Europe as a whole, and not just its Eastern Europe, faces, is the ageing of the population. This unfortunate circumstance has caused a change in think-

ing towards the model for basic society insurance (Rorbah, 2007, 123). The basic problem is that every year there are less work-able people, and the number of pensioners is increasing and the number of workers contributing to the state health funds is decreasing, because the working life is longer. On one hand, this is inevitable, because a large number of pensioners is something to be avoided. On the other hand, this situation is impeding many young people to find employment and start contributing to social programs such as health insurance. An additional problem in the last five years have been budget deficits. They force governments of the affected states to budget cuts, which again lead to the decrease of quality and availability of state medical care. Further reflections in this text show that all of these challenges bring to serious consequences and initiate considerations on chain reactions which every change in the chain causes.

Figure 1: Estimation of investments in obligatory health insurance until 2030 in G7 states



Source: Skipper, D. H., Kwon, W. J., (2007). Risk Management and Insurance, Perspectives in a global economy, USA, UK, Australia, Blackwell Publishing, p. 157.

Namely, in the old system during the bigger part of the 20 century, Central Europe saw, either under the influence of the socialistic model, or under the influence of the Soviet model that almost every citizen was 'covered' with health insurance which had a so called redistribution procedure. This procedure meant that actively employed workers paid certain contributions to the state which then redistributed these to those not work-able persons (sick, old, injured, children). This was called a 'generation contract' and represented the foundation for social security.

The essence was in the obligatory health insurance, which prevented some people to speculate with the system and act upon the model 'I won't get sick; my health is great; I do not want to pay health insurance so that I can have bigger income and I do not want to pay for the sick, old and weak.' So the entire principle was well grounded that is those who have income make payments to the health insurance fund for those 'less fortunate' as they call them in the Anglo-Saxon literature, that is those without or with little income. In the USA Libertarians announced a theory to the world that this type of obligatory health insurance is a distinctive manner of destroying companies and free economy, and that it is a form of

a class struggle or that it is in fact a 'socialist gimmick', as they have been accusing Barack Obama lately, calling him pejoratively - a socialist and a European.

We have to make an adequate conclusion that with this system the entire economy made a significant profit. The basic neglected circumstance which the conservatives and the libertarians such as Ayn Rand never saw was that even the least paid worker can get adequate medical care and be, as a tax payer, fully at the disposal and capable of working. Once it was completely the opposite: a lot of workers in old Britain, for example, or today in the USA had a great chance of becoming unable to work or die when ill, and so damage the entire society's workforce. The problem in Great Britain was that the employers and the state did not care about that, because they had problems with high birthrate, and beside that, they sent citizens into colonies from overpopulated British cities. So, the ageing population was not a problem at the time, let alone a primary one. The situation was like in the Islamic countries, Africa or India, where there are a lot of young people, unqualified work force and the more the situation is like that, the lesser the employer's interest to introduce health insurance, because there is plenty of workers (workers work until they die). This slightly looks like a soft type of a Nazi concentration camp, where the citizens are killed slowly from work, and there is no medical care. As an additional plus the expansion of the states in that period and sending the workers surplus into colonies or to the West or Siberia, in the case of Russia, we can state that the people and their families were preserved. Preserving people's lives contributed to the increase in demand for groceries, clothes, shoes, merchandise and services, and this generated a return influence in which the entire economy gained new momentum. Having an alive and healthy person who wishes to enjoy the consumer goods means having a potential consumer, and that is the wish of every manufacturer and service provider. This is how the consumer society develops and expands the consumer and client base.

It has always been implied that a citizen, by being a citizen and paying taxes, has the right to a return favour from the state, and that return favour is health insurance, children's allowance or disability pension. In this way the state powers important lever of economy and the state develops both socially and economically.

On the other hand, in the USA we encounter an unusual phenomenon which we could also see at the demonstrations against Barack Obama's health plan. Some Americans show that they are in fact, paradoxically, frightened of a state health insurance. There are a few reasons, and no matter how unexplainable and incomprehensible they are to the Europeans, for the Americans they are very and painfully real. This has to do with the entire idea that Americans resulted from breaking off and not continuing the tradition of their parent country, and that Australians and Canadians resulted by keeping the tradition of their parent country, thus they have a strong social state, even though they are capitalist countries. Let us state the main reasons:

- 'State insurance is a burden for the healthy. If I wish to get insurance, I will do that on my own, where and when I want. If I do not wish to do this, that is my Libertarian right. The state intrudes too much, there should be less state influence. Insurance is a lifelong slavery.'- 'Little state' as is the non-interventionist state laissez-faire type in American literature, is considered to be better than the 'big state'.
- State insurance will ruin insurance companies, because private insurance will become unnecessary.
- State insurance will be used by the minorities ('lazy minorities', immigrants, African Americans and similar), drug addicts who are willingly destroying themselves 'so they deserve it', people with AIDS who were willingly promiscuous 'so they

deserve it', and pregnant women who wish to have an abortion. 'The major part of the state's money will go for these purposes, and not to those who need help the most and who have given the most money, and that is the healthy white middle class of Americans' (<http://obamacarefacts.com/obamacare-pros-and-cons.php>,

- date of availability 12/05/2014).

However, the reverse prognosis did not come true: that a developed social state would make private insurance become unnecessary. What is needed for the revitalisation of private insurance is to create and offer modified insurance products, and it is easy to apply the business model with 'a product which has its own buyer'. An interesting phenomena, which has been noticed since the 50s in Austria and Germany, is that a newly founded social state which was in expansion, led to private insurance [Considerably older than state: in Vienna, private insurance is based upon 'fraternity' or '*Cofraternitaei*' from 1729.] being considerably developed.

In the beginning, the following applied: when there is no obligatory health insurance, everyone feels insecure and they value the introduction of obligatory health insurance. But when the social state began to look after the medical care of its citizens and insured them from the basic illness risks, a lot of Germans and Austrians began to realise the true value of insurance and wished to do something more for their health. Since the social state of the 70s of the XX century de facto enables everyone's treatment in case of illness in the basic sense of the word, it was possible to offer additional private insurance at an affordable price in the healthcare area. The development of medical science enabled advanced methods of treatment, but also new prophylaxis programs, and the private medical care pursued this more and more.

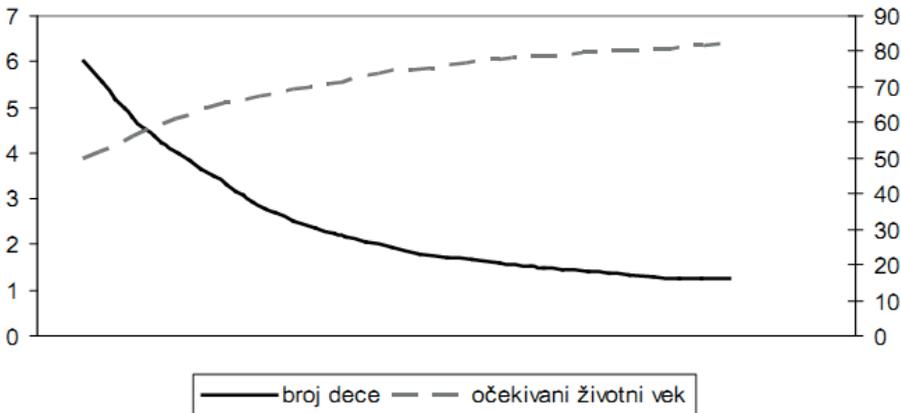
The ageing of the European population represents a big burden for all budgets in the European countries, including ours. It is expected that the age structure will change as well, except in Kosovo. The number of citizens over the age of 60 will increase, and the number of people under 15 years of age will decrease. Many Eastern European countries have similar problems. Bulgaria lost 2 million people in 20 years from the beginning of the transition (from 9 million citizens the number has fallen to 7 million (http://en.wikipedia.org/wiki/Demographics_of_Bulgaria, date of availability 12/05/2014) with the lowest birth rate in the EU, where only Estonia is worse, and it is dying out (http://en.wikipedia.org/wiki/Demographics_of_Estonia, date of availability 12/05/2014). Also, Riga the capital of Latvia, even though one of the most beautiful cities in Europe, continuously loses citizens because the number of Latvians is decreasing. These countries are quite nationalistic and relatively poor compared to others in the EU and are not eligible destinations for emigration. This has several causes:

- the baby boom generation is retiring;
- getting married and having children at a later age;
- emotional and sexual freedoms (deciding to be in a same-sex relationship who in Serbia legally do not have the right to adopt children nor use in vitro fertilisation, thus they cannot start a family with children, or deciding to lead a solitary life);
- longer life span of older people;
- low birth rate;
- large number of abortions and similar.

Whatever the reasons for the ageing of population might be [For example, Italy and Spain have drastic problems with the ageing of the population, as well as Serbia, due to the

abrupt cut off from the tradition of their people (large families with a lot of children where three generations live together) which applied until the second part of the XX century: today all countries rely on emigration, on which Serbia cannot count on too much.], an interesting trend may be observed - less young people in the world get educated in the same manner their parents did, because they lack ambition. It is possible that the number of elderly rises in Serbia and that the number of children drastically decreases, which is shown in the graph.

Figure 2: Demographical movements in the world in the future and estimation of population participation with and above 65 years in the developed and developing countries until 2050



Source: Skipper, D. H., Kwon, W. J., (2007). Risk Management and Insurance, Perspectives in a global economy, USA, UK, Australia, Blackwell Publishing, p. 154.

3. LAW ON HEALTH INSURANCE IN SERBIA

The law on health insurance regulates the obligatory health insurance rights, the groups of people included, manner and procedure for exercising those rights, their content and scope, organisation and financing, as well as other questions of importance for the health insurance system. The law determines groups of people who are provided with the right to obligatory health insurance, incorporation into obligatory health insurance, as well as the possibility for voluntary health insurance which provides a larger scale and content of health insurance rights or release from participating (participation) when using medical care (www.zso.gov.rs/prava-iz-zdravstvenog-osiguranja.html, date of availability 12/05/2014).

The law determines the establishing of priority foundation for enrolling persons into obligatory insurance system (employment, performing independent activities, i.e. agricultural activities, being submitting entity for the payments of contributions). For the first time property census was introduced which enabled persons who belonged to the socially threatened categories of citizens to exercise their rights in health insurance more easily. Obligatory health insurance includes (www.zso.gov.rs/prava-iz-zdravstvenog-osiguranja.html, date of availability 12/05/2014).

1. insurance in case of illness and injury outside work or
2. insurance in case of injury at work or professional disease.

Basic rights in health insurance are:

1. the right to medical care;
2. the right to wage allowances during temporary inability to work of the insured party and
3. the right to get travel expenses regarding medical care.

Citizens that are insured in countries with which there is a signed international agreement on social insurance, exercise their rights in obligatory health insurance according to the law, unless stipulated otherwise by the international agreement on social insurance.

In order to exercise their rights, the insured have to fulfil the terms of the previous insurance, meaning that they have to be enrolled in the insurance service for at least three months.

4. CONSEQUENCES IN SERBIA

Having in mind the demographic and economic indicators and predictions we come to the final question and that is: what consequences will Serbia have regarding safeguarding the rights of obligatory health insurance?

Of course, we can say that every citizen of Serbia or any other country is in a position to demand the best possible medical care and that he may complain if medical care was not given. But having in mind the bad economic situation, overcrowding of hospitals, overburdened operating rooms and laboratories, it can be concluded that some will not get the medical care on time, for example, the operation will be scheduled too late or similar. The only solution is to increase investments in the obligatory health insurance. This is not simple to do, being that there are a lot of negative trends which we have discussed.

It is possible to intuitively deduce that according to the analysis of global trends, Serbia will in the following years and decades experience somewhat of structural changes, among which are:

- the return of the wealthy from abroad,
- immigrants from other regions (as Serbia becomes richer, it becomes more interesting as an immigrant country),
- immigration of experts and managers and their family members with the growth of investments.

A characteristic of Europe today is that the 'generation contract' is changing and the older are providing for the youth, which are threatened by unemployment all over Europe. In Australia, for example, the birth rate is good, the economy is expanding and people are moving into the country and these dangers do not exist, but Europe is facing a special kind of crisis. Private health insurance can be part of the solution. Should Serbia, as is predicted, be close to entering the European Union membership, it can be expected that the demands for the rights of medical care be defined at a higher level.

In this sense it is necessary for Serbia to form a new culture of medical care. A greater responsibility in the field of medicine, lifestyle and state social services is needed. When thousands of ex workers come back to retire in Serbia after spending their entire life abroad, they might start to dictate the terms to the market, that is demand the same conditions they had in Germany, Switzerland or Austria. They will demand medical and elderly care on a high level. Except from bringing capital into Serbia, they could bring standards and redefine the country. This is already happening in Turkey which is forming according to the standards of Germany, even though it is showing a lesser wish to formally be a member of EU.

Also, social motives should be considered: Serbia is a country with a strong egalitarian tradition, which is a mentality that can be traced unmistakably to the Old Slavs who lived in an egalitarian society, like the Vikings. This is why Nordic and Slavic countries are prone to Egalitarianism, weak private initiative and higher expectations from the state. The difference is that in Scandinavian protestant countries a much stronger horizontal bound can be seen, solidarity and investing in the state, whereas we often expect the state to help, avoiding taxes and similar. This is why it is anticipated that the citizens of Serbia expect their rights to medical care be protected on the highest level and that the state contributes to the protection of citizens' rights. Collective mechanisms serve to this effect such as peer rights monitor. Even though the state is in a crisis, there is considerable pressure on health care, and it has to provide medical care services stipulated by law. On the other hand, the market for private health insurance is useful and is influencing the citizens greatly, but it must not be allowed that these lobbies (because health has an enormous turnover) overpower citizens' rights by law.

5. CONCLUSION

The modern world comes across many problems which differ from place to place: some regions are facing a demographic boom while the developed countries of Europe and the world, and Serbia also, are seeing the population age and children are less. This is why the budget is facing strong pressure, because work-able citizens are less and the dependent budget users are more. The citizens still expect the state to offer adequate and strong medical care, including obligatory health insurance. Even states with a traditionally weak obligatory health insurance have made a step forward towards its improvement. The (un) popular Obama care program can be mentioned above all. A solution which might be a 'compromise' in the USA and here, in a society with an accented egalitarian character and under the strong influence of the former Soviet model, is to accept private insurance as well as an additional pillar of insurance, but still safeguard the rights of obligatory health insurance despite the costs. Social model changes, the change of the 'generation contract' and in the demographic structure, followed by economic oscillations are a great challenge for every public administration. However, examples of the developed countries, from Austria and Germany to Canada show that it is possible and indicate ways for future actions of the public administration as well as the citizens of Serbia.

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