

Chapter 6.

CHALLENGES IN THE FUNCTIONING OF THE HEALTH INSURANCE SYSTEM IN SERBIA

Health insurance represents a vital segment of population protection regarding the risk of illness, injury, or disability. The most important part of health insurance is healthcare which can be defined as a comprehensive activity of a human society aimed at preserving and improving the health of the population. The health insurance system in Serbia consists of compulsory (public) and voluntary health insurance. The subject of the analysis in the chapter is the challenge in the functioning of the health insurance system in Serbia. The aim of the chapter is to propose appropriate solutions for overcoming the identified challenges based on the analysis. The chapter consists of three sections. The first section of the chapter presents the basic features of the compulsory health insurance system in Serbia. Voluntary health insurance is analyzed in the second section of the chapter. In the third section, some of the key issues were underlined, focusing also on the fulfillment of certain prerequisites in order to overcome them.

1. BASIC FEATURES OF COMPULSORY HEALTH INSURANCE IN SERBIA

Compulsory health insurance in Serbia is regulated by the Health Insurance Act²¹⁷ and the Law on Healthcare²¹⁸. Pursuant to the Health Insurance Act, compulsory health insurance is "the insurance that provides the insured and other persons with the right to healthcare and the right to monetary benefits pursuant to the law."²¹⁹ It includes insurance in case of work-related and non-work related illnesses and injuries. The principles of compulsory health insurance are: the principle of obligation, the principle of solidarity and reciprocity, the principle of publicity, the principle of protecting the rights of the insured and the protection of public interests, the principle of continuous improvement of the quality of compulsory health insurance, and the principle of economy and efficiency of compulsory health insurance. The insured persons

²¹⁷ Health Insurance Act. *Official Gazette of the Republic of Serbia*, No. 25/2019 and 92/2023.

²¹⁸ Law on Healthcare. *Official Gazette of the Republic of Serbia*, No. 25/2019 and 92/2023.

²¹⁹ Health Insurance Act, op. cit., article 3.

who use compulsory insurance are: employees, entrepreneurs, priests and religious officials, persons receiving unemployment benefits and pension benefits, farmers over 18 performing agricultural activities as their only or basic primary occupation, etc. One of the basic rights provided by compulsory health insurance is, as already mentioned, the right to healthcare implying a wide set of measures, for instance, health promotion, prevention aimed at eliminating the possibility of any health disorders, timely diagnosis, adequate treatment, and rehabilitation.²²⁰ The focus is on the health of the population, which represents, according to the definition of the World Health Organization, "a state of complete physical, psychological and social well-being fulfilled by achieving a balance between the processes taking place within people's organism, their personality, and the relationship with the environment".²²¹

The right to healthcare includes the measures of prevention and early detection of diseases, check-ups and treatment of patients (diseases and injuries, diseases of the mouth and teeth, etc.), the use of medicines, medical aids, rehabilitation, etc. The principles of healthcare are the principles of accessibility and fairness of healthcare, the principle of comprehensiveness of healthcare, the continuity of healthcare, the continuous improvement of healthcare quality, and the efficiency of healthcare. In addition to the right to healthcare, within the framework of compulsory health insurance, the insured are entitled to salary compensation during temporary incapacity for work and the compensation for transportation costs related to the use of healthcare. Beneficiaries are entitled to salary compensation during temporary incapacity for work if they are experiencing temporary incapacity for work due to work-related and non-work related illnesses and injuries; as for women due to problems during pregnancy; incapacity to work if the insured is taking care of a sick family member; if he/she is a germ carrier and needs to be isolated, etc. The reimbursement of the transportation costs related to the use of healthcare is provided to the insured and, if necessary, to his/her companion, when the travelling to and from ends. This compensation is approved if, according to the doctor's instructions, the insured person (with an accompanying person) has to travel for treatment or rehabilitation to a place 50 kilometers or more away from the place of residence. Healthcare activities are performed at the primary, secondary, and tertiary levels. At the primary level, the following activities are conducted: healthcare, health promotion, prevention and early detection of diseases, the prevention for groups of the insured who have an increased risk of certain

²²⁰ Rakonjac-Antić, T., & Koprivica, M. (2020). Specifičnosti privatnih izvora finansiranja zdravstvene zaštite. *The Review of the Kopaonik School of Natural Law*, 2020(1), pp. 83-97.

²²¹ www.who.int

diseases, timely diagnostics, treatment and rehabilitation, health education, etc. Specialist consultative and hospital healthcare activities take place at the secondary level. The most complex forms of specialist consulting and hospital activities, as well as scientific educational and research work, are performed at the tertiary level. Among the most important rights of patients, as participants in the healthcare system, the following ones stand out: the right to access healthcare, the right to information, the right to be notified, the right to free choice, the right to privacy and confidentiality of information, the right to decide on one's own and give consent, etc. Patients are obliged to: actively participate in the protection, preservation and improvement of their health, fully and correctly inform a competent health worker about their health condition, adhere to the instructions and undertake the prescribed therapy measures by a competent health worker, etc.²²²

Table 1. Causes of death of the population in most frequent non-communicable diseases in % in 2013 and 2022

Causes	in 2013	in 2022
Circulatory system diseases	53.2	47.3
Malignant diseases	21.0	17.7
Diabetes	2.8	2.8
Injuries and poisoning	3.2	2.3
Chronic obstructive pulmonary diseases	2.6	2.2
Other causes of death	17.2	27.7

Source: Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2023). Health Statistical Yearbook of the Republic of Serbia 2022, Belgrade, p. 82.

The organization and implementation of compulsory health insurance in Serbia are performed by the Republic Fund of Health Insurance. In 2022 (31st December), a total of 6,714,689 persons were insured (3,103,832 employed persons, 1,863,195 pensioners, 1,122,638 insured at the expense of the budget, other persons (persons receiving unemployment benefits, insured persons in self-employed activities, farmers, etc.)), etc.²²³ The number of active insured persons has been decreasing over the few years. For example, in 2017 (31st December), there was a total of 6,901,482 insured persons (4,906,237 beneficiaries and 1,995,245 participants), and in February 2024, 6,658,172 people were insured. In 2022, more than two-thirds of all deaths in Serbia were caused by heart diseases, blood vessel diseases, and malignant diseases. Out of all fatal outcomes, a little less than half (47.3%) were the result of dying from

²²² Health Insurance Act, op. cit., Law on Healthcare, op. cit.

²²³ www.rfzo.rs

circulatory system diseases (53.2% in 2013), while every seventh person died as a result of malignant diseases (17.7%) (Table 1).²²⁴

In 2022, there were 797,873 people suffering from infectious diseases. According to the records of the Republic Fund of Health Insurance on 12th April 2024, there were 69,620 persons on the waiting list for health interventions. The majority of them, that is 18,940 people, are on the waiting list for knee replacement implants, 9,775 people are on the waiting list for cataract surgery with an intraocular lens, etc.²²⁵ About two-thirds of the population (66.5%) assessed their general health as good in 2019. 22.8% of the population rated their health as average, whereas 10.7% of the population considered their health to be poor. In the same year, 55.3% of the population assessed the condition of their teeth and oral cavity as good (27.8% in 2006, and 45.6% in 2013).²²⁶ The average score of the users' general satisfaction with primary healthcare services in 2019 was 3.97 (in 2017 it was 3.94, and in 2018 it was 3.96).²²⁷

In Serbia in 2022, there were 333 public healthcare institutions (158 health centers, 4 clinical centers, etc.). There were 105,601 healthcare workers employed in the healthcare system. Primary healthcare was provided in 158 healthcare centers. In the general medicine service, the average number of adult residents²²⁸ per doctor amounted to 1,509. Healthcare services for children and youth were provided by 1,222 doctors in 2022. The average number of children and youth per doctor was 1,062.²²⁹ The hospital service was provided by 122 healthcare institutions. There were 42,634 beds in the institutions. It is estimated that 2,868 private healthcare institutions with 8,245 employees operated in Serbia in 2018.²³⁰ According to the job satisfaction survey of the employees in state healthcare institutions of the Republic of Serbia in 2019,

²²⁴ Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2023), op. cit., p. 82.

²²⁵ www.rfzo.rs

²²⁶ Milić N. et al. (eds.) (2021). *Istraživanje zdravlja stanovništva Srbije 2019. godine*. Belgrade: Statistical Office of the Republic of Serbia, p. 35.

²²⁷ Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2020). *Analiza zadovoljstva korisnika zdravstvenom zaštitom u državnim zdravstvenim ustanovama Republike Srbije 2019. godine*, Belgrade, p. 21.

²²⁸ Older than 19.

²²⁹ Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2023), op. cit.

²³⁰ Rakonjac-Antić, T. (2024). *Penzijsko i zdravstveno osiguranje*. Belgrade: Faculty of Economics, University of Belgrade, pp. 251, 252, according to Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2023), op. cit., p.26, Serbia-Report, Ahead Health, June 2022, p. 29, www.rfzo.rs.

approximately 48% of the employees of all profiles were satisfied or rather satisfied. The greatest dissatisfaction was expressed by dentists, about 27.4%, doctors 22%, pharmacists 19%, nurses 18%, etc. The employees in primary healthcare were the most satisfied.²³¹

According to the Financial Plan of the Republic Fund of Health Insurance for 2021, a total of 353.2 billion dinars was accumulated as part of income and social contributions. The most was accumulated in the category of social contributions, 211.4 billion dinars (59.85% of the total amount of income and social contributions); followed by the category of donations and transfers, 69.201 billion dinars (about 19.59% of the total amount of income and social contributions). Within the transfers between budget users at the same level, approximately 62.62 billion dinars (17.73% of the total amount of income and social contribution) were accumulated, etc. It was planned to spend around 13.75 billion dinars (3.89% of the total expenditures and expenses) for the support and implementation of the activities under the jurisdiction of the Republic Fund of Health Insurance; about 111.4 billion dinars (31.54% of the total expenses and expenditures) for primary healthcare; for secondary and tertiary healthcare about 180.23 billion dinars (51.02% of the total expenses and expenditures); and for other rights from social insurance about 47.8 billion dinars (13.55% of the total expenses and expenditures).²³²

The contribution rate for compulsory health insurance is 5.15% on the account of the employee (from employee's gross salary - from the base) and 5.15% charged to the employer (from the employee's gross salary - to the base).²³³ In addition to contributions, to make up for the missing funds mostly for healthcare, participation funds are also used as the insured's personal participation in covering the costs of healthcare. Participation, by the way, can be defined as: "fixed participation" (for example, a certain amount of money is paid for each visit to a general practitioner), or "percentage participation", expressed as a percentage of healthcare costs. In the USA, for example, the so-called deductibles system is used, i.e. the amount that participants have to first spend on healthcare so that after a certain amount is spent, the insurance company can start reimbursing the costs on the basis of health insurance.²³⁴ In

²³¹ Institute for Public Health of Serbia 'Dr Milan Jovanović Batut' (2020), op. cit., pp. 6, 34.

²³² "The Financial Plan of the Republic Fund of Health Insurance for 2021" (retrieved from www.rfzo.rs 19.04.2024).

²³³ Law on Contributions for Compulsory Social Insurance. *Official Gazette of the Republic of Serbia*, No. 84/2004 and 92/2023, 6/2024, article 44.

²³⁴ Rakonjac-Antić & Koprivica (2020), op. cit., p. 88.

Serbia, in 2020, about \$672 was allocated per capita for healthcare. In the same year, the total expenditure on health was 8.73% of GDP. From 2015 to 2020, it was less than 9% (see information presented in Table 2).²³⁵

Table 2. Total healthcare expenditure expressed as a percentage of GDP in Serbia from 2012 to 2020

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total healthcare expenditures expressed as a percentage of GDP	9.33	9.31	9.25	8.81	8.46	8.22	8.53	8.67	8.73

Source: www.data.worldbank.org

Globally, in 2020, the total expenditure on healthcare amounted to 10.89% of GDP (9.83% in 2019, and 9.68% in 2018). The costs of healthcare both globally and in Serbia are affected by the stronger dynamics of population aging (higher demand for health services), investing in new methods of treatment and medical equipment, and the emergence of new diseases which slows down the need for greater investment in finding the ways to cure them, etc.²³⁶

2. VOLUNTARY HEALTH INSURANCE IN SERBIA

Voluntary health insurance in Serbia is regulated by the Health Insurance Act²³⁷ and the Insurance Act²³⁸. This type of insurance is optional. Overall, a voluntary health insurance contract can be also signed by persons who do not have compulsory insurance, as well as the persons participating in the compulsory health insurance system who want a higher level and quality of insurance services as well as the services that are not provided in the compulsory health insurance system. The financing of the voluntary health insurance system is based on paid insurance premiums. The amount of the insurance premium is calculated based on the level of risk and often depends on: gender, age, and state of the health of the insured, etc.²³⁹ The basic feature of voluntary health insurance is, as already mentioned, the freedom to choose participation and the freedom to choose health services. Within this health insurance system, the

²³⁵ www.data.worldbank.org

²³⁶ Rakonjac-Antić (2024), op. cit., p. 171.

²³⁷ Health Insurance Act, op. cit.

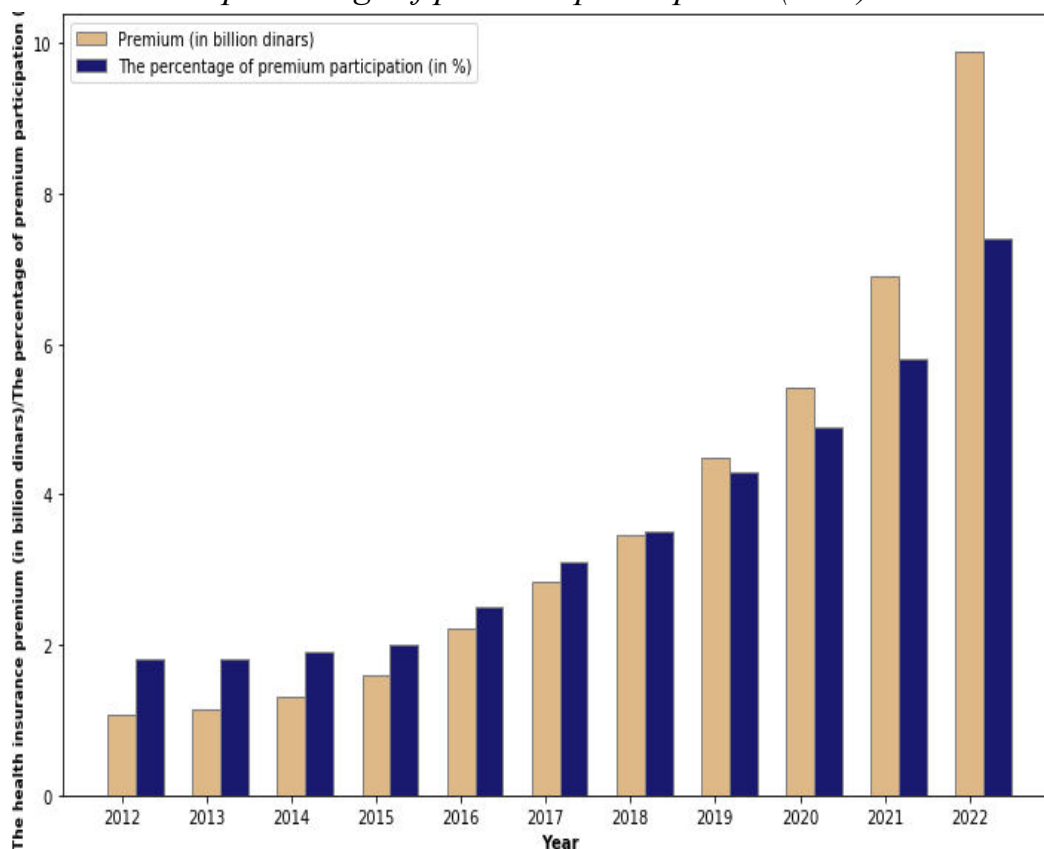
²³⁸ Insurance Act, *Official Gazette of the Republic of Serbia*, No. 139/2014, 44/2021.

²³⁹ Rakonjac-Antić (2024), op. cit., p. 180.

diversity of the healthcare system is ensured. Generally speaking, within this health insurance system, the full potential for effective provision of health services can be realized as well as the reduction of "moral hazard", i.e. preventing the excessive use of health services. Competition is also enhanced, resulting in improving the health service quality. As the voluntary health insurance system is strengthened, corruption in the health sector is reduced, the level of investments in the healthcare sector is increased, etc.²⁴⁰

Legislators do not oblige their participants to sign a voluntary health insurance contract, but often encourage them with tax incentives. In Serbia, in 2024, employers are exempt from paying personal income tax and contributions for compulsory social insurance up to the sum of contributions; in total for both voluntary pension and voluntary health insurance up to 8,101 dinars. The payments made by employers by an administrative ban on employees' salaries are also exempt from personal income tax up to the aforementioned amount.²⁴¹

Figure 1. Voluntary health insurance premium (in billion dinars) / The percentage of premium participation (in %)



Source: *www.nbs.rs*

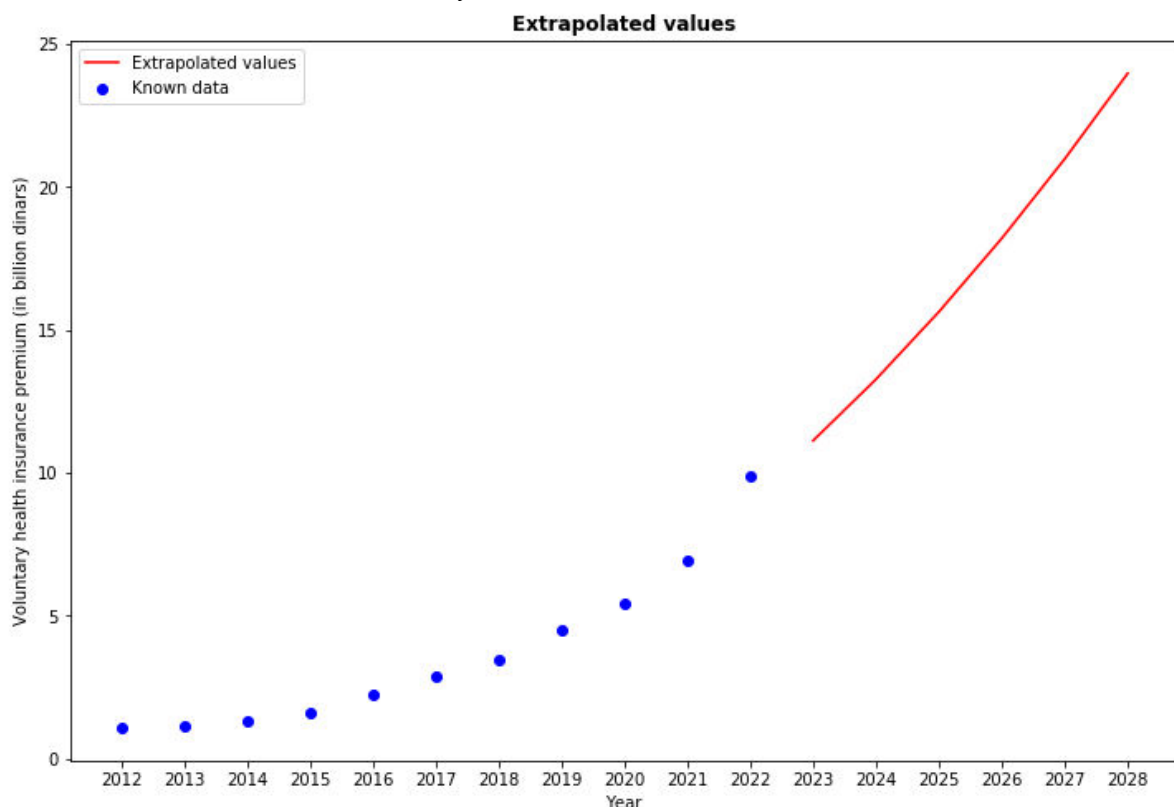
²⁴⁰ Rakonjac-Antić & Koprivica (2020), op. cit.

²⁴¹ Law on Contributions for Compulsory Social Insurance, op. cit., article 13.

Voluntary health insurance in the Republic of Serbia is performed by insurance companies and the Republic Fund of Health Insurance. The realized premium of voluntary health insurance in 2022 within insurance companies amounted to about 9.9 billion dinars, which was about 7.4% of the total insurance premium in the Serbian insurance market (the total premium amounted to approximately 133 billion dinars). Compared to 2012, there was a significant increase in the voluntary health insurance premium participation in the total insurance premium, rising sharply from 1.8% to 7.4% (Graph 1).

In 2022, as opposed to 2021, a voluntary health insurance premium rose by 43.5%.²⁴² It is to be expected that a voluntary health insurance premium will keep growing. The obtained extrapolated values (Figure 2) for voluntary health insurance premiums, for the years 2023-2028, are displayed respectively: 11.11 billion dinars, 13.27 billion dinars, 15.63 billion dinars, 18.20 billion dinars, 20.98 billion dinars, and 23.97 billion dinars.

Figure 2. Extrapolated values for voluntary health insurance premiums, for the years 2023-2028



Source: www.nbs.rs and the extrapolated values were measured by the authors

²⁴² www.nbs.rs

There are several types of voluntary health insurance: supplementary, additional and private voluntary health insurance. The coverage of healthcare costs that arise when the insured supplements the rights from compulsory health insurance in terms of content, scope and standard is realized within the framework of supplementary voluntary health insurance. Additional health insurance comprises the coverage of participation in healthcare costs, i.e. the coverage of the costs of health services, medicines, medical devices, i.e. monetary benefits not covered by the rights from compulsory health insurance. Private voluntary health insurance implies insurance for persons who are not covered by compulsory health insurance, and the types, standard and scope of services are arranged with insurance companies.²⁴³

Until the latest amendments to the Health Insurance Act came into force, according to the Decree on Voluntary Pension Insurance that was in force at that time, there were the following types of voluntary health insurance: parallel, additional, and private voluntary health insurance.

Four types of voluntary health insurance prevail in European countries: parallel health insurance for the provision of the health services already defined within the framework of compulsory health insurance (Spain, Great Britain, Portugal, etc.), supplementary health insurance to cover the insured's personal participation in the reimbursement of healthcare costs (Slovenia, Belgium, France, etc.), additional health insurance for the provision of the health services not covered by compulsory health insurance (Finland, Switzerland, the Netherlands, etc.), and primary or basic health insurance for the people who are not part of the compulsory health insurance system for the coverage of the basic package of health services (Spain).²⁴⁴

Insurance companies can market supplementary, additional and private voluntary health insurance services, and the Republic Fund of Health Insurance can only market supplementary and additional health insurance services (the prerequisite is that the insured has to be insured). In 2022, out of the three previously mentioned basic types of voluntary health insurance, the insurance companies had mostly additional voluntary health insurance and within this type of insurance they realized about 1.58 billion dinars in insurance premiums (Table 3). Within the combination of types of voluntary health insurance, the

²⁴³ Health Insurance Act. op. cit., article 174.

²⁴⁴ Kočović, J., Rakonjac-Antić, T., & Rajić, V. (2013). Dobrovoljno zdravstveno osiguranje kao dopuna obaveznom zdravstvenom osiguranju u Srbiji. *Ekonomске teme*, 51(3), p. 556.

highest amount of premiums of about 6.8 billion dinars (about 68.7% of the total premium of voluntary health insurance in 2022) was achieved.

Table 3. Insurance premiums according to types of voluntary health insurance offered by insurance companies in 2022

Types of voluntary health insurance	The total number of insurance premiums (in thousands of dinars)
Supplementary health insurance	18,486
Additional health insurance	1,580,836
Private health insurance	313,686
A combination of different types of voluntary health insurance	6,862,063
Travel health insurance while staying abroad according to Article 174 of the Health Insurance Act	36,337
All other types of voluntary health insurance	1,093,973
Total	9,905,381

Source: www.nbs.rs

In 2021, 10 insurance companies launched their voluntary health insurance services in the domestic insurance market (AMS, DDOR, Dunav, Generali, Globos, Milenijum, Sava, Triglav, Uniqa, Wiener). The total realised voluntary health insurance premium of the aforementioned insurance companies amounted to about 6.9 billion dinars (5.8% of the total amount of insurance premiums in the insurance market). The largest absolute market share belonged to Generali Insurance, 38.18%.

Four insurance companies: Generali, Dunav, Wiener and Uniqa together had a market share of about 77%. In their offer, the insurance companies had

voluntary health insurance services, such as: serious diseases and consequences of diseases, surgical intervention (surgeries), a set of health services that can include, e.g. one general health check-up, four check-ups performed by a general practitioner, if necessary, these check-ups are possible at, for example, a 25% discount, etc. Herfindahl-Hirschman index (HHI)²⁴⁵, as an indicator of the market concentration²⁴⁶, was 2,118, which means that the voluntary health insurance market was highly concentrated.

In 2021, the Republic Fund of Health Insurance accumulated 15 million dinars in voluntary health insurance premiums. There was a slight reduction in the insurance premium compared to 2020 when the voluntary health insurance premium was 17 million dinars. Voluntary health insurance services through the Republic Fund of Health Insurance can be used, as previously stated, only by the insured who has compulsory insurance. It is possible to receive: travel health insurance, dental services, and insurance in case of a serious illness with supplementary risks.²⁴⁷

3. CHALLENGES AND PERSPECTIVES OF THE DEVELOPMENT OF THE HEALTH INSURANCE SYSTEM IN SERBIA

The focus of the healthcare system is the insured and their health. To achieve a certain level of health of the population, an adequate health system is defined within which health service providers, with the help of health infrastructure, influence the preservation and improvement of the health status of the population. It is vital to create preconditions for good management, organization, and financing of the health insurance system. Based on the information provided in the first two sections of the chapter, it can be noticed that there are advances in the functioning of the health insurance system in Serbia; however, there are also certain difficulties whose overcoming would speed up the development of the health insurance system.

²⁴⁵ HHI is calculated by squaring competitors' market shares. If $HHI < 1000$, it is a non-concentrated market; whereas if $1000 < HHI < 1800$, it is a moderately concentrated market; and if $HHI > 1800$, then the market is concentrated.

²⁴⁶ Kočović et al. (2013), op. cit., pp. 541-560; Lončar, D., & Rajić, V. (2012). Concentration and Competitiveness of Banking Market in Serbia: Current Situation and Possible Future Changes under the Influence of Market Consolidation. *Ekonomika preduzeća*, 60(7-8), pp. 372-386.

²⁴⁷ www.rfzo.rs.

In the compulsory health insurance system, about two-thirds of the insured are only insurance holders (they and their employers pay contributions), which affects the financial (un)sustainability of the system. It is necessary to constantly work on increasing the efficiency of payment of contributions for compulsory health insurance, that is, preventing contribution evasion.²⁴⁸ Additionally, along with the faster application of digitization in the healthcare system, it is necessary to create a strategy for the gradual reduction of excessive administration, which is still significantly present in the compulsory health insurance system.

In addition to assuming tighter control of health expenditure, it is vital to give priority to preventive healthcare within all levels of healthcare: primary, secondary, and tertiary. Special attention should be directed to outpatient treatment and reducing the pressure on hospital treatment. By encouraging the so-called day hospitals it would lead to the reduction of healthcare costs. All of the abovementioned require a detailed analysis of the costs and their comparison at the hospital and outpatient level (especially ambulatory). Intensifying the creation of opportunities for comprehensive medical check-ups would also lead to the reduction of hospital costs, which are generally a great deal higher than the costs of outpatient treatment.

Even though sensitive categories of the population, such as children, the disabled, and the elderly get significant attention, still more attention should be paid by providing them with better social support. Strengthening palliative care is also another priority since the number of people suffering from malignant diseases has been increasing (in 2022, as already stated, 17.7% of the total number of deceased persons died as a result of malignancy).

Adequate positioning of private practice in the health insurance system is extremely an important and complex task. It is necessary to strengthen the process of supervision over the work of private health practice, which will result in the reduction of errors and increase the efficiency of this form of health insurance. Finding a model of a more significant connection between the public and private health insurance system is of great importance.

There is a need for permanent education of the insured regarding the fulfillment of obligations and the possibility of realizing the rights stated in the basic health

²⁴⁸ Rakonjac-Antić, T. (2007). Strategija razvoja sistema penzijskog i zdravstvenog osiguranja u Srbiji. *Presented at the 5th Symposium in the field of insurance in the organisation of the Serbian Actuarial Association and the Faculty of Economics in Belgrade, Vrnjačka Banja.*

insurance. Moreover, it is necessary to encourage the continuous training of medical staff, the provision of cutting edge medical equipment, which should result in the reduction of the waiting list of patients (the waiting list of the insured was discussed in the first section of the chapter) for certain check-ups or surgeries, most certainly leading to the increased efficiency of the healthcare system.

In order to make the healthcare system more efficient and reduce the number of errors and omissions, it is essential to track the statistical "errors" of the medical staff. In cooperation with the Chamber of Health Workers, it is necessary to educate the medical staff about the importance of professional risk insurance, i.e. so-called "medical errors" due to unconscionable or unprofessional behavior or omissions while treating patients (so-called medical malpractice insurance). There is a need for wider usage of some types of voluntary health insurance (for example, mostly additional and supplementary voluntary health insurance). Voluntary health insurance should influence participants in the wider social community to raise awareness about the importance of health.

Continuous work is needed to connect insurance companies and healthcare institutions in the voluntary healthcare system and define a larger number of healthcare service packages. Since tax reliefs, as already mentioned above, collectively refer to voluntary pension contributions and voluntary health insurance contributions, for a more significant incentive for both types of insurance, it is desirable to separate tax incentives and increase them. It is vital to conduct more intensive promotions of voluntary health insurance among employers and employees etc.²⁴⁹

Efforts could be made to shift out-of-pocket payments for healthcare services to voluntary health insurance. This type of payment for healthcare services implies that a user of healthcare services directly pays the total price of the services (so-called "out-of-pocket") or part of the price to healthcare service providers. The goal is for users of healthcare services to receive timely and quality health services. This way of paying for the services is burdensome for the population that has a greater need for healthcare services, i.e. more health risks, and a smaller amount of available funds.

Out-of-pocket payments for healthcare services in Serbia in 2020 amounted to 35.91% of the current expenditures for healthcare. There was a slight decrease in contrast to the period 2015-2017 when, on average, out-of-pocket payment

²⁴⁹ Rakonjac-Antić (2024), op. cit., pp. 262-263.

amounted to about 40% of the current healthcare expenditures. Out-of-pocket payment per capita for health services in 2020 was \$601.82 (Table 4).²⁵⁰

Table 4. Out-of-pocket payment for healthcare services in Serbia

Year	Out-of-pocket payment for healthcare services expressed in % of the current healthcare expenditures	Out-of-pocket per capita (in \$)
2011	36.40	455.01
2012	35.43	459.39
2013	37.87	514.61
2014	39.94	540.19
2015	40.59	532.58
2016	40.45	541.27
2017	40.64	553.40
2018	38.31	577.56
2019	37.06	602.47
2020	35.91	601.82

Source: *www.data.worldbank.org*

A community of risk is created within voluntary health insurance. Therefore, the bigger the community of risk is, the lower the insurance premium is, which benefits immensely the insured. In addition to the tax benefits related to the contributions that are present in the voluntary health insurance system, some novelties can be introduced so as to stimulate the increase in the number of participants. For instance, the possibility of returning the insurance premium to the insured or transferring it to the insurance contract for the following year if the insured has used no healthcare services in the current year. All of the above can motivate new beneficiaries to participate in the voluntary health insurance system, and among them can be those users who in a large number of cases made out-of-pocket payments for healthcare services.²⁵¹

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To summarise, the health insurance system in Serbia consists of public (compulsory) and voluntary health insurance. Compulsory health insurance is organized and implemented by the Republic Fund of Health Insurance and is regulated by the Health Insurance Act and the Law on Healthcare. The basic rights exercised within the framework of compulsory health insurance are the

²⁵⁰ *www.data.worldbank.org*. In 2020, out-of-pocket payment for healthcare services in Croatia amounted to 10.45%, in Bosnia and Herzegovina 28.86%, and in Slovenia 12.47% of the current healthcare expenditures, etc.

²⁵¹ Rakonjac-Antić & Koprivica (2020), op. cit., p. 98.

right to healthcare, the right to salary compensation during temporary incapacity for work, and the right to the compensation for transportation costs for the purpose of receiving healthcare. For healthcare as a comprehensive activity of human society that aims to preserve and improve the health of the population, it is extremely important to set balanced obligations and rights between the participants in the system: providers of healthcare services, recipients of health services, and intermediaries (the Republic Fund of Health Insurance).

There has been improvement in the functioning of the compulsory health insurance system, but there are also challenges related to its functioning, organization, and funding. Funding is predominately obtained by means of contributions paid by both employees and employers. More people use compulsory healthcare insurance services compared to the holders of health insurance (those who pay contributions) and that is why it is necessary to permanently strengthen the sources of funding health insurance. It is necessary to work on increasing the efficiency and economy of the system as well as enhancing quality, productive and timely healthcare. The effective implementation of the health services program is performed in several important phases: promotion, prevention, timely diagnosis, treatment, and rehabilitation. Special attention should be paid to preventive healthcare.

Voluntary health insurance, in the domestic market, is actually a supplement to compulsory health insurance. It can be implemented by insurance companies and the Republic Fund of Health Insurance and it is regulated by the Health Insurance Act and the Insurance Act. Supplementary, additional and private voluntary health insurance can be provided by insurance companies; whereas the Republic Fund of Health Insurance can provide supplementary and additional voluntary health insurance.

Voluntary health insurance is still not developed to a large extent. Significantly higher amounts of voluntary health insurance premiums are accumulated, year after year, within insurance companies as opposed to the Republic Fund of Health Insurance. To strengthen this type of health insurance, there should be more encouragement in terms of increasing the number of participants, greater efficiency in connecting voluntary health insurance holders and health service providers, as well as an increase in the number of voluntary health insurance service packages.

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