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Occupational Accidents in Hungary: Efficiency or Cost-Efficiency?

Ten years of data analysis, observations and research work preceded the recently completed study, "Expenditures and economic efficiency of the hugarian accident insurance practice in an international context" in Hungary, which highlights the characteristics and challenges of the Hungarian occupational accident medical care practices. For comparisons to the data collected in Hungary, Austria and Switzerland were selected considering the similarities in terms of area size, population number and cultural roots. However, the historical past, industrial structure and economic wealth of these countries differ significantly from Hungary. Even after taking such differences into consideration, the study reveals quite shocking data and conclusions.

Conclusion One: In Hungary, one quarter of the Austrian and Swiss medical care costs are used for covering occupational accidents

Even considering the monetary (disability) allowances provided by the social security system, the costs per one incident (3,651 euro/incident) are still only one fourth of the Austrian and Swiss costs (12,314 and 12,985 euros/incident). What can be the reason behind such a significant difference? Could this indicate a much higher efficiency in Hungarian healthcare? Should the Austrians and the Swiss come and learn about efficiency from Hungarians?

Any professional who has visited the accident rehabilitation institutions in Austria (AUVA) or in Switzerland (SUVA) and also visited Hungary will easily notice the difference compared to the moderate Hungarian healthcare conditions and technical equipment capacities. Although the first Hungarian state-owned healthcare institute supplied with western technology and world-class equipment, i.e. the National Institute for Medical Rehabilitation opened in Budapest more than ten years ago, the initiative has not spread throughout the country. In general, Austria and Switzerland have significantly larger healthcare capacities.

The reason for the availability of a relatively small extent of healthcare capacity is the peculiar nature of Hungarian healthcare funding, which does not ensure the funding of Western quality accident rehabilitation care at a prime cost level. The issues that make high-quality healthcare more costly, such as special building structures, technology equipment availability and the application of special therapies have not been included in the already very stretched Hungarian healthcare budget. Other therapeutical standard equipment financed in the Western countries such as intelligent artificial limbs, computer- controlled tools for the disabled, or the conversion of living spaces for persons of reduced abilities are also not included. According to the above, only the costs of care are cheaper in Hungary, but the end product, the quality of healthcare, if it is specified in years of healthy life gained, will fall very much behind what is experienced in Switzerland and Austria. The reason for the Hungarian 'cheap' cost structure inherited from the past and unfortunately still existing in accident healthcare culture is prosaic and pitiful. In Hungary, both the population and the government favour monetary compensation over medical treatment. The state cannot provide such a wide range or such a high level of medical services as Austria or Switzerland. People often believe a serious accident at work is a great way of receiving extra money. This diagnosis seems to be confirmed by the composition of expenditures of Hungarian work accident insurance practice: 98% of the total expenditure are monetary payments of the national social security system. On the other hand, this status also sort of declares that no other alternative can be provided for the individuals but the financial compensation and the government endeavours to compensate for the disadvantages of the individuals for the rest of their lives in the form of a pain award. The numbers in the Austrian and Swiss statistics include the costs of full re-integration, occupational rehabilitation, and, if necessary, the creation of living space more suitable for the changed life conditions, and thus the citizens of those countries are given a real choice and achieve a significantly higher ratio of health profit.

Conclusion Two: The number of reported occupational accidents is one fourth and one tenth of the incident numbers in Austria and Switzerland, respectively. Not only do the Hungarians cover occupation hospitals al accidents for just a fraction of the sum spent by their Western neighbours, they also have to cover significantly less incidents. Although the population number and area size of the countries in concern are nearly the same, the number of registered occupational accidents vary largely. The number of occupational accidents in Hungary (23,971) is one quarter of the respective Austrian (107,287), and one tenth of the Swiss (257,246) occupational accidents. When merely considering the numbers, one could come to the conclusion that there is a high level of occupational safety implemented in Hungary and as a result of the mutual efforts and mutual interests of the employers and employees, there is very little chance for occupational accidents. Based on this conclusion, the numeric 'competition' has been won by Hungary, demonstrating an example to follow for Western neighbours.

Unfortunately, however, the huge difference in the number of occupational accidents is not to be explained by the excellent quality of labour safety capabilities, nor by the differences in the industrial structure of the given countries, as the latter only partially covers the reason for the variance. Unfortunately the primary reason for the 'excellent' Hungarian results is to be found in the legal regulations and operational organisation behind accident insurances, i.e. they are of an administrative nature. In the Hungarian accident-related culture (rooted deeply in the past) the employee, having suffered an accident, will think that the best and safest thing that can happen to him/her is receiving money. Accordingly, they tend to accept or even suggest a settlement agreement with a large amount of money and leave the incident unreported. This is in the logical interest of the employer as well, both financially and legally as the employer may also face legal condemnation if its clear responsibility is stated in the case of an accident. Thus, apparently, both players choose the lesser of two evils. The high number of unreported occupational accidents in Hungary that are outside the range of vision, never reported as occupational accidents, can also be explained by the legal employment relationship. In Hungary, for tax- and labour right reasons, there is a preference for invoice-submitting contractors rather than employees. Accordingly, many employees are self-employed as private entrepreneurs or being in a limited partnership, and the proportion of such relations is higher than in Western Europe. Contracted employees rarely report occupational accidents, in line with the fact that employers tend to throw most of the responsibility of establishing safe work conditions upon the contractors. However, the industrial structural differences in the countries cannot justify the large variance between the number of incidents. It is definitely thought-provoking and telling: Based on the facts, one can draw a conclusion that only a fraction of occupational accidents are actually reported as occupational accidents (taking place on-site), and a major part of them are never known by the authorities.

Conclusion Three: In Hungary, the total numerically specified expenditure spent on occupational accidents is hardly one

fifteenththirtieth of the Western countries, respectively.

Comparing the difference between the number of accidents and the extent of healthcare costs, one may as well conclude that the annual expenditure spent on the total number of occupational accidents is only one fifteenth and one thirtieth of the respective costs of the Western countries. Demonstrating it this way, one can see the shocking difference, but based on the above described issues, it is understandable, as in Hungary people suffering accidents are provided a much more moderate extent and quality of healthcare.

In line with the above, one cannot be optimistic to welcome the most recent, quite favourable result of Hungary on an international scale, which was the proportion of the whole direct and indirect impacts of the accident insurance practices on the domestic economy compared to the GDP. The full burden of the accident insurance practices in Hungary in 2005 was 85 billion HUF (336m EUR). Accordingly, it meant only 0.386% of the GDP measured on the market price of 22,027 billion HUF (87md EUR), contrary to certain estimations, which calculated a burden on the domestic economy to be up to 4% of the GDP in international relations. The reason for the optimistic Hungarian result can be found in the data calculated on the basis of the principle of prudence: Whatever could not be interpreted in a cause and effect relation was not considered as a cost factor regarding the indirect impact on the domestic economy. What was given was the direct medical care costs of the incidents (monetary and in-kind). The study considered as indirect costs the loss of tax and contribution revenues suffered by the state, the changes in the composition of the consumer basket and the exclusion from the generation of revenues, which could be statistically quantified. No other life quality factor was considered.

The economic correlations between a higher level of domestic economic output, a healthy nation and economic wealth are well-known. The issued study focuses on a more complex quality perspective rather than the quantity perspective, and looks behind the Hungarian numbers that can look optimistic at first sight, and compares them on an international level. The conclusion can be drawn accordingly, i.e. there is an East European country that can advance over its Western counterparts in something. But what kind of competition is exactly won?

It is important to know that the practice of accident insurance in Hungary is not a separately existing activity; funding and data management are handled together with leisure, road and home accidents, whereas in the major part of Europe, the economic and social advantages of handling occupational accidents separately have been recognised. The reason for separate handling valid in almost all cases is that the practice of risk-proportional fee payment can be implemented, allowing opportunities to call for funds and applying the principle of fairness.

There is also a significant difference between the range of the Hungarian and the Swiss occupational accident insurance policy services. In Hungary, services include acute treatments, a part of the rehabilitation care process, the supply of medicine and therapeutical equipment as well as the payment of allowances. The available services do not include employment and social rehabilitation, and the conversion of the living space for changed life capacities.

In Hungary, the basic issues of accident insurance need to be reconsidered, such as the place of the activity within public healthcare, its funding, task management, documentation and regulations. As can be seen from the above outline of the study, the results achieved in Hungary in international relations speak for themselves. The advance of Hungarian results towards European ones is not primarily a matter of increasing the budget, as the occupational accident insurance activity could be a solution in itself through the risk-proportional fee payment system. It is advisable to manage the activity separately from the rest of the health insurance activities and to conceptualise the range of services. There are also professional and financing policy issues to be reconsidered. The primary challenge for Hungarians – not just in the field of occupational accident insurance, but also in general - is to give up the current healthcare culture, and to replace the moneycentred approach by a health-focused approach for both the population and the financing government. Naturally, this requires the development of appropriate incentives. It is also critical to think in the appropriate period of time, and successful implementation also requires political determination, consensus and consistency, which is a huge challenge in itself, considering the Hungarian political rotation. Due to extending the implementation period to a strategy range, the accomplishment of a political consensus is a huge step forward in improving the economic-social competitiveness of the country in international relations.

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