Competition in Focus:
Serbia's Private Healthcare Sector Under Regulatory Spotlight

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Authors: Nikola Poznanovic, Partner, Katarina Rosic, Senior Associate and Luka Hajdukovic, Senior Associate
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The Serbian Competition Commission ("Commission") has published a Report on the sector inquiry of competition conditions in the private healthcare services market in the Republic of Serbia for the period from 2019 up to 2023 ("Inquiry").

Sector inquiries are conducted if certain circumstances indicate potential antitrust violations or the possibility of restricting, distorting, or preventing competition, in order for the Commission to further examine the state of competition in a particular industry.

Intro

According to the Inquiry and following the latest World Bank data for 2021, total healthcare spending in Serbia amounts to around 10% of GDP, out of which 35% is out-of-pocket payments. For comparison, at the European Union level, the share of out-of-pocket spending in total healthcare costs is significantly lower, averaging around 15%.

The subject of the Inquiry was an examination of the market power of the most significant participants in the market for the provision of private healthcare services in certain types of healthcare institutions through various business parameters. The aim of the Inquiry was to examine the state and dynamics of competition in the relevant market.

General hospitals and health centres in Serbia account for about 7% of the total number of all private health institutions, with the most significant number concentrated in Belgrade.
The analysis conducted by the Commission comprised two phases.

The first phase of the analysis included 18 participants that own general hospitals and health centres, including large health systems that own multiple general hospitals and/or health centres - including 16 general hospitals and 13 health centres on the territory of Serbia, together accounting for over 70% of all general hospitals and over 50% of health centres.

The total revenues of the included participants account for about 40-50% of the total revenues realized in all private health institutions in Serbia, which indicates that in the market for providing services only in general hospitals and health centers, their share would be significantly higher.
In the second phase of the analysis, the Commission requested data from all insurance companies that deal with non-life insurance

Key Findings of the Commission

The Commission found that the revenues of the observed participants almost doubled between 2019 and 2023. The highest revenues were generated by the healthcare systems Medigroup, Belmedik and Euromedik, accounting for around 80% of the total revenues of the observed participants, with the growth of their revenues individually ranging between 47% and 143% in the observed five-year period. Based on price data, the Commission concluded that there was no parallelism in prices of the healthcare services provided by Medigroup, Belmedik, and Euromedik systems.

The conditions of competition in the private healthcare services market were positively assessed by the participants involved, who stated that apart from financial resources and technical and administrative requirements that need to be met when incorporating an institution, there are no other significant regulatory barriers that make it difficult to enter the market.

Furthermore, the Commission has concluded that the voluntary health insurance market is a highly concentrated market, with the four largest players accounting for an average of around 84% of the market share. However, with the entry of new players into the market since 2020, the degree of concentration of the voluntary health insurance market has decreased from 93%, which was achieved by the first four players together in 2019, to 79% in 2023.

Insurance companies that provide voluntary health insurance services positively assessed the conditions of competition in the market in which they operate. Most participants stated that the voluntary health insurance market is competitive, so service users can choose between several insurance companies that strive to justify users’ trust with both price and quality. However, when it comes to cooperation with private health institutions, almost all insurance companies pointed to certain negative aspects.

For example, they stated that their negotiating power has been significantly weakened over the past few years, primarily due to frequent changes in price lists of health institutions that are implemented despite the contractual provisions on announcing changes in price lists.

Recommendations of the Commission

At the end of the Inquiry, the Commission presented its recommendations, as follows:

1. Recommended to healthcare institutions, in cooperation with insurance companies, to adhere to the principles of predictability, transparency, and non-discrimination in order to ensure stable and fair operating conditions for all participants in the voluntary health insurance market, and

2. Recommended to the Ministry of Health of the Republic of Serbia to consider and analyse the need for development of the nomenclature of health services that would be applied in all health institutions. According to the Commission, comparison of the prices of the same service in different private health care institutions is only possible if the services are clearly and uniformly defined. If there are differences in the names and definitions of services, there is a possibility that users of medical services will not have a clear picture of the scope of the service, which makes it difficult to compare the prices of health care services between different institutions.

Conclusion

This Inquiry completed by the Commission, together with ongoing sector inquiry in the state and conditions of competition in the pharmaceutical industry, which was also analysed by us , reflects a broader effort to strengthen regulatory oversight, promote transparency, and encourage fair market conditions that benefit both consumers and businesses.

We will continue to monitor Commissions activities.

Authors

Nikola Poznanović

Partner

E:nikola.poznanovic@jpm.law

Katarina Rosić

Senior Associate

E: katarina.rosic@jpm.law

Luka Hajduković

Senior Associate

E: luka.hajdukovic@jpm.law

JPM | PARTNERS
8a Vladimira Popovića,
Delta House
11070 Belgrade, Serbia
T:+ 381/11/207-6850
E: office@jpm.law