

Table of contents

Executive summary	9
Key policy insights.....	17
Recent macroeconomic developments and short-term prospects	20
Monetary, financial and fiscal policies to promote stability and well-being	26
Addressing longer-run challenges to well-being	36
References.....	54
Annex A. Progress in structural reforms	59
A. Strengthening the fiscal framework and fiscal sustainability	59
B. Fostering productivity growth and income convergence	59
C. Promoting competition and improving the business environment	61
D. Promoting a more effective public sector	62
E. Achieving efficiency in the energy system.....	63
Improving the Czech health care system.....	65
Overview of health outcomes in the Czech Republic	68
Improving the coherence and organisation of the health care system	75
Improving the delivery of health care	84
Managing health spending and strengthening financial sustainability	96
Promoting healthy lifestyle choices and preventive policies	109
Improving health literacy	114
References.....	117

Tables

Table 1. Macroeconomic indicators and projections.....	21
Table 2. Potential vulnerabilities of the Czech economy	26
Table 3. Past recommendations to strengthen the fiscal framework	31
Table 4. The fiscal situation is robust.....	32
Table 5. Scenarios of VAT rates to offset lowering social security contributions	35
Table 6. Financial assessment of fiscal recommendations	35
Table 7. Potential impact of structural reforms on GDP per capita after 10 years.....	38
Table 8. Type of reforms used in the structural reform simulations	38
Table 9. Past recommendations for improving innovation and skills mismatch	47
Table 10. Pension expenditure projections.....	49
Table 11. Past recommendations on pension reforms	49
Table 12. Expenditure projections as shares of the government budget	50
Table 1.1. Determinants that drive regional variations in health outcomes	71
Table 1.2. Responsibility for public health in the Czech Republic	83

Figures

Figure 1. GDP per capita is converging to the OECD average	17
Figure 2. Measures of well-being outperform the CEE peers, but lag behind the OECD average	18
Figure 3. Redistribution reduces inequalities	19
Figure 4. Inequality and poverty are relatively low but vary across regions.....	19
Figure 5. Growth is accelerating as in neighbouring countries	20
Figure 6. Czech economic developments	22
Figure 7. Higher participation in the labour market has offset the effect of ageing.....	23
Figure 8. EU countries are the Czech Republic's main trading partners.....	24
Figure 9. Labour productivity is picking up	25
Figure 10. The wage bill is rising.....	25
Figure 11. The exchange rate is appreciating and inflation is around the target	27
Figure 12. Exposure to financial vulnerabilities is low	29
Figure 13. Credit and housing market developments raise some concerns	30
Figure 14. Some fiscal space is available to address future needs	31
Figure 15. Government fiscal revenues rely heavily on social contributions.....	34
Figure 16. The fiscal burden on labour could be lowered	35
Figure 17. Czech wage levels are not converging to OECD standards.....	37
Figure 18. The gap between the Czech productivity level and that of advanced economies remains large.....	39
Figure 19. Benefits from participating in GVCs are moderate.....	40
Figure 20. The labour market has shifted from medium towards high-skilled employment.....	42
Figure 21. The shift towards high-skilled employment is expected to continue	43
Figure 22. Gender gaps in the labour market are large	46
Figure 23. The old-age dependency ratio is projected to peak around 2060	48
Figure 24. Ageing will have a substantial impact on public finances	50
Figure 25. Green growth indicators: Czech Republic	52
Figure 1.1. Total health care expenditure is rising	66
Figure 1.2. OECD typology of health care systems	67
Figure 1.3. Health outcomes have improved on several dimensions	68
Figure 1.4. Life expectancy is lower in socially deprived districts	69
Figure 1.5. Life expectancy at birth across districts	70
Figure 1.6. Health inequalities by socio-economic status	72
Figure 1.7. Prevalence of diseases by Roma and non-Roma people.....	74
Figure 1.8. Life expectancy across the OECD	75
Figure 1.9. Czech's number of physician consultations is high	80
Figure 1.10. Diabetes hospital admissions in adults are decreasing.....	81
Figure 1.11. Thirty-day mortality after admission to hospital for ischaemic stroke is relatively high..	82
Figure 1.12. Health expenditure by type of service.....	84
Figure 1.13. Hospital expenditure by type of service.....	85
Figure 1.14. The average length of stay in hospital is above OECD average	86
Figure 1.15. Hospital care capacity is still high	87
Figure 1.16. Investment in the health care sector remains modest.....	89
Figure 1.17. Long-term care.....	92
Figure 1.18. Evolution in the number of practising physicians.....	94
Figure 1.19. The Emigration rate of doctors is high.....	95
Figure 1.20. Nurses related indicators.....	96

Figure 1.21. Growth of health care spending	97
Figure 1.22. Composition of health expenditure	98
Figure 1.23. Share of generics in the total pharmaceutical market	99
Figure 1.24. Financing sources of health insurance	101
Figure 1.25. Out-of-pocket medical spending is low	103
Figure 1.26. The population is ageing rapidly	105
Figure 1.27. Disability-adjusted life years and its components	106
Figure 1.28. Evolution of health care cost profile over population age cohorts	107
Figure 1.29. Public health care expenditure projections	108
Figure 1.30. Snapshot of risk factors to health	109
Figure 1.31. Excise taxes on alcohol and tobacco in the Czech Republic are low	111
Figure 1.32. Alcohol and tobacco consumption and their price developments	112

Boxes

Box 1. Simulations of the potential impact of structural reforms	38
Box 2. Economic upgrading through integration in Global Value Chains (GVCs)	40
Box 3. Recommendations of the 2018 OECD Environmental Performance Review	53
Box 1.1. Health care systems: A wide variety of frameworks and an OECD typology	67
Box 1.2. Explaining regional variations in health outcomes	70
Box 1.3. The Czech health care system	76
Box 1.4. Reimbursement policy for pharmaceuticals	100
Box 1.5. Taxes on sweetened beverages across OECD	113
Box 1.6. Making patients experience data available to the public: examples from across the OECD	115
Box 1.7. Recommendations to improve the health care system	116