

REPUBLIC OF LITHUANIA
LAW
ON
HEALTH INSURANCE

21 May 1996 No I-1343

Vilnius

(As last amended on 23 November 2010 – No XI-1165)

CHAPTER I
GENERAL PROVISIONS

Article 1. Purpose of the Law

The Law shall establish the types of health insurance, the compulsory health insurance system: persons eligible for the compulsory health insurance, the foundations of establishment of a budget of the Compulsory Health Insurance Fund and compensation of costs related to individual healthcare services and medicines and medical aid equipment from the Compulsory Health Insurance Fund, institutions which transact the compulsory health insurance, the rights and duties of the persons eligible for the compulsory health insurance and the healthcare institutions when conducting the compulsory health insurance, and the procedure of dispute settlement, principles of additional (voluntary) health insurance.

Article 2. Main Definitions Used in this Law

1. **Persons covered by the compulsory health insurance** means persons eligible for the compulsory health insurance, who, in the manner prescribed by this Law, pay themselves contributions in the amount set by this Law or on behalf of whom contributions in the amount set by this Law are paid.

2. **Insurers** means legal persons, their branches and representative offices, as well as natural persons who must pay compulsory health insurance contributions in accordance with the procedure laid down by the law, with the exception of the persons specified in Article 44 of this Law.

3. **Compulsory health insurance contributions** means contributions in the amount set by this Law and paid by the persons eligible for the compulsory health insurance and/or their insurers.

4. **Budget of the Compulsory Health Insurance Fund** means a plan of revenue and expenditure for a budget year, set in this Law.

5. **Compulsory health insurance** means a State-defined system of individual healthcare and economic measures, which, on the basis and under the conditions set out by this Law, guarantees, in the case of the insured event, for the persons covered by the compulsory health insurance the provision of healthcare services and compensation of the costs related to the provided services, medicines and medical aid equipment.

6. **Additional (voluntary) health insurance** means individual healthcare services, stipulated in additional (voluntary) health insurance contracts, which are reimbursed under these contracts after the insured event of additional health insurance. Additional (voluntary) health insurance shall be conducted in compliance with the procedure laid down by this Law, the Law on Insurance and other legal acts.

7. **Individual activities** means the activities as defined in the Law on Personal Income Tax of the Republic of Lithuania (hereinafter referred to as the ‘‘Law on Personal Income Tax’’).

8. **Performing activities** means the activities as defined in the Law on Personal Income Tax.

9. **Sports activities** means the activities as defined in the Law on Personal Income Tax.

10. **Economic size of the agricultural holding or the holding** shall be the size obtained by dividing the total standard gross margin, the calculation of which is regulated in accordance with the procedure laid down by the Minister of Agriculture, by the economic size unit which is equal to LTL 4143.

Article 3. Types of Health Insurance

Health insurance shall be:

- 1) compulsory; and
- 2) additional (voluntary) insurance.

Article 4. Institutions Effecting the Compulsory Health Insurance

1. The compulsory health insurance shall be transacted by the following institutions:

- 1) the Compulsory Health Insurance Council;

2) the National Health Insurance Fund under the Ministry of Health (hereinafter referred to as the “National Health Insurance Fund”);

3) the Territorial Health Insurance Funds.

2. Activities of the institutions effecting the compulsory health insurance shall be defined by this Law and other legal acts.

Article 5. Insured Events of the Compulsory Health Insurance

Insured events of the compulsory health insurance shall be health disorders or state of health of persons covered by the compulsory health insurance, which have been diagnosed by a medical doctor and which constitute the grounds to provide the persons covered by the compulsory health insurance with the individual health care services laid down by this Law and other legal acts. The costs of such health care services shall be paid from the budget of the Compulsory Health Insurance Fund.

Article 6. Persons Eligible for the Compulsory Health Insurance and Persons Covered by the Compulsory Health Insurance

1. The following persons shall be eligible for the compulsory health insurance:

1) citizens of the Republic of Lithuania and foreign nationals permanently residing in the Republic of Lithuania;

2) foreign nationals temporarily residing in the Republic of Lithuania, provided that they legally employed in the Republic of Lithuania, as well as under-age members of their families;

3) foreign nationals specified in subparagraphs 17 and 18 of paragraph 4 of Article 6 of this Law.

2. Citizens of the Republic of Lithuania, permanently or temporarily residing in the countries which have concluded with the Republic of Lithuania the international agreements regarding the compulsory health insurance, as well as citizens of these countries, permanently or temporarily residing in the Republic of Lithuania, shall be covered by the compulsory health insurance in accordance with the procedure laid down by the said agreements.

3. The following persons shall be regarded as the persons covered by the compulsory health insurance (hereinafter referred to as the “insured”):

1) persons on behalf of whom compulsory health insurance contributions specified in paragraphs 1 and 3 of Article 17 of this Law are paid under this Law, and persons who under this Law pay

compulsory health insurance contributions specified in subparagraphs 2, 3, 4, 5, 7, 8, and 9 of Article 17 of this Law;

2) persons listed in paragraph 4 of this Article who are insured with State funds.

4. The following persons shall be considered as the persons insured with State funds (except those who must pay or on behalf of whom compulsory health insurance contributions are paid under subparagraphs 1, 2, 3, 4, 5, and 8 of Article 17 of this Law):

1) persons who receive any type of pension or relief compensation set by laws of the Republic of Lithuania;

2) unemployed persons of working age who are registered with the labour exchange of their place of residence as willing and able to accept suitable work;

3) unemployed persons of working age who have the law-defined state social pension insurance record required for receiving the state social insurance old-age pension;

4) women who are granted a maternity leave and unemployed women during the period of pregnancy 70 days before child birth (after 28 pregnancy weeks and further) and 56 days after child birth;

5) one of the parents (adoptive parents) raising a child under 8 years of age, as well as one of the parents (adoptive parents) raising two or more under-age children;

6) persons under the age of 18 years;

7) full-time pupils and students of schools of general education, vocational, post-secondary and higher education of the Republic of Lithuania, as well as citizens of the Republic of Lithuania and foreign nationals and stateless persons permanently residing in the Republic of Lithuania, who are full-time students of schools of higher education of the member states of the European Union;

8) persons supported by the State who receive social benefit;

9) one of the parents (adoptive parents), guardian or curator nursing a person at home for whom a disability level is established (disabled child) or a person who was recognised as having incapacity for work (before 1 July 2005 – a person with group I disability) before he reached the age of 24, or a person who before he reached the age of 26 was recognised as having incapacity for work (before 1 July 2005 – a person with group I disability) because of the illness which occurred before he reached the age of 24, or a person for whom a special need of permanent nursing care is established (before 1 July 2005 – total disability);

10) persons who have been recognised as disabled in accordance with the procedure laid down by legal acts;

11) persons ill with publicly dangerous communicable diseases which are included in the list defined by the Ministry of Health;

12) participants of the opposition (resistance) – volunteer soldiers, participants of fights for freedom; rehabilitated political prisoners and persons equated to them, deportees and persons equated to them, and persons who suffered injuries during the events of January 13th, 1991 and other events while defending Lithuania's independence and statehood;

13) persons who contributed to the mitigation of the consequences of the nuclear accident at the Chernobyl nuclear power plant;

14) former inmates of the ghetto and juvenile prisoners of the fascist forced confinement places;

15) clergymen of traditional religious associations recognized by the State, students of the schools preparing clergymen, novices undergoing monastic formation in novitiates;

16) persons for whom the legal status of participants of the war in Afghanistan is recognized in accordance with the procedure laid down by the law;

17) unaccompanied under-age foreign nationals;

18) foreign nationals who have received additional or temporary protection in the Republic of Lithuania: persons under 18 years of age, persons for whom the illness or body condition included in the list approved by the Ministry of Health, has been diagnosed, single parents raising under-age children, women during pregnancy 70 days before child birth (after 28 pregnancy weeks and further) and 56 days after child birth, persons who have reached the pensionable age;

19) the President's of the Republic spouse who has not reached the pensionable age and does not have insured income – for the duration of the term of office of the President of the Republic.

5. Health care of the servicemen of the Republic of Lithuania, foreign nationals who have submitted an application for granting of asylum to them in the Republic of Lithuania, as well as foreign nationals for whom additional or temporary protection is granted in the Republic of Lithuania (with the exception of the persons indicated in subparagraph 18 of paragraph 4 of this Article), persons detained by judicial and law-enforcement institutions, who are kept in places of pre-trial detention, convicted prisoners and persons who have committed acts dangerous to society and to whom compulsory measures of medical type are assigned to them by the court's ruling shall be covered with the National Budget funds in accordance with the procedure laid down by the Government of the Republic of Lithuania (hereinafter referred to as the "Government") or an institution authorised by it.

6. The Compulsory Health Insurance Fund shall dispose of the resources of the state budget, which are designated for the compulsory health insurance of the persons indicated in paragraphs 4 and 5 of this Article, as well as to pay for the health care services of the persons indicated in paragraph 5 of this Article, with the exception of the cases when such services are rendered in the health care institutions of the management area of the Ministry of Justice, the Ministry of National Defence or the Ministry of the Interior.

Article 7. Register of Persons Eligible for the Compulsory Health Insurance

1. The Register of Persons Eligible for the Compulsory Health Insurance shall be set up and its regulations shall be approved by the Government.

2. Objects of the Register of Persons Eligible for the Compulsory Health Insurance shall be the persons eligible for the compulsory health insurance specified in paragraphs 1 and 2 of Article 6 of this Law.

3. The Register of Persons Eligible for the Compulsory Health Insurance shall be managed and its data shall be provided in compliance with the Law on State Registers, the Law on the Rights of Patients and Compensation for the Damage to their Health, the regulations of this register and other legal acts.

4. The leading management body of the Register of Persons Eligible for the Compulsory Health Insurance shall be the National Health Insurance Fund and the management bodies of the register – the National Health Insurance Fund and Territorial Health Insurance Funds.

5. In the cases and according to the procedure laid down by the Government, the persons covered by the compulsory health insurance shall be issued compulsory health insurance certificates.

Article 8. Validity of the Compulsory Health Insurance

1. The compulsory health insurance of the persons referred to in paragraphs 1 and 2 of Article 17 of this Law shall become effective from the day on which compulsory health insurance contributions started to be paid on behalf of them or they themselves started paying the said contributions.

2. The compulsory health insurance of the persons referred to in paragraphs 3-7 and 9 of Article 17 of this Law shall become effective in the next month following the day where compulsory health insurance contributions were paid on behalf of them or they themselves paid the said contributions, or from the day when these persons pay a contribution equal to three minimum monthly earnings.

Payment of a contribution in the amount of three minimum monthly earnings does not release from the duty to pay the contributions in the amount set in Article 17 of this Law.

3. The persons referred to in paragraph 4 of Article 6 of this Law shall be regarded as the insured from the day they acquire the status specified in paragraph 4 of Article 6 of this Law until the day they lose this status.

4. The persons referred to in paragraph 4 of Article 6 and paragraphs 1-7 and 9 of Article 17 of this Law shall receive the services, compensated medicines and medical aid equipment, which are referred to in Articles 9-12 of this Law and the costs of which are covered from the budget of the Compulsory Health Insurance Fund, one more month after the end of payment of the compulsory health insurance contributions on behalf of them or after they themselves stopped paying such contributions. This guarantee shall not release from the duty to pay the contributions in the amount set in Article 17 of this Law.

5. Payers of the contributions set in paragraphs 1-9 of Article 17 of this Law shall pay to a Territorial Health Insurance Fund for the individual health care services, paid from the budget of the Compulsory Health Insurance Fund (with the exception of the emergency medical treatment services), which are rendered to the persons who are not regarded as the insured.

6. If a Territorial Health Insurance Fund establishes that a person eligible for the compulsory health insurance has been within a calendar month rendered the individual health care services the costs of which exceed 100 basic social benefits, an appropriate state tax inspectorate and/or an administrative body of the State Social Insurance Fund shall, on the advice of that Territorial Health Insurance Fund, check whether the person has paid all compulsory health insurance contributions. Other persons shall be checked for choice.

7. Costs related to the provision of health care services and the unpaid compulsory health insurance contributions shall be exacted from the persons in accordance with the procedure laid down by this Law as well as other laws and legal acts.

CHAPTER II

COMPULSORY HEALTH INSURANCE SERVICES

AND REIMBURSEMENT OF THEIR COSTS

Article 9. Individual Health Care Services Paid for from the Budget of the Compulsory Health Insurance Fund

1. The costs of the following individual health care services shall be covered from the budget of the Compulsory Health Insurance Fund: preventive medical assistance, medical assistance, medical rehabilitation, nursing care, social services attributed to individual health care, and individual health examination.

2. The costs of the following preventive medical assistance shall be covered from the budget of the Compulsory Health Insurance Fund:

- 1) provision of information on the issues of disease prophylaxis;
- 2) prophylactic health check-ups of the insured, as prescribed by the Ministry of Health.

3. The following shall be financed from the budget of the Compulsory Health Insurance Fund:

1) individual health care services provided on the primary, secondary and tertiary levels of health activities;

2) compensation of costs of the replacement of limbs, joints and organs with prostheses and costs related to the acquisition of prostheses;

3) reimbursement of expenses for the insured, related to medicines and medical aid equipment, as defined by this Law;

4) state assistance in acquisition of orthopaedic devices in accordance with the procedure laid down by the Ministry of Health.

4. Medical rehabilitation, nursing care, and social services attributed to individual health care, which are financed from the budget of the Compulsory Health Insurance Fund shall comprise:

1) nursing care and social services, supportive treatment services at nursing and supportive treatment hospitals in accordance with the procedure and within the time limits set out by the Ministry of Health, but not longer than 120 days per calendar year;

2) medical rehabilitation and treatment at sanatoria, provided for in Article 11 of this Law.

5. The costs of the following individual health examination services shall be covered from the budget of the Compulsory Health Insurance Fund:

- 1) examination of the temporary incapacity for work of the insured;
- 2) repealed;
- 3) an autopsy in case of death.

6. Individual health care services the costs whereof are covered from the budget of the Compulsory Health Insurance Fund shall be specified in the list of individual health care services financed from the budget of the Compulsory Health Insurance Fund. This list shall be approved by

the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council.

7. The list of individual health care services financed from the budget of the Compulsory Health Insurance Fund may be specified in detail by indicating the concrete health care services in contracts concluded by the Territorial Health Insurance Funds with health care institutions.

8. Only those individual health care services shall be covered from the budget of the Compulsory Health Insurance Fund, which meet the criteria of the Government-defined individual health care services coverable from the budget of the Compulsory Health Insurance Fund.

9. The provision of the in-patient services of new type, which are covered from the budget of the Compulsory Health Insurance Fund, shall be subject to authorisation in accordance with the procedure laid down by the Minister of Health.

Article 10. Reimbursement to the Insured of Purchasing Expenses of Medicines and Medical Aid Equipment

1. The expenses incurred by the insured in relation to the purchasing of the compensatory medicines and medical aid equipment prescribed, in the manner prescribed by the Ministry of Health, for out-patient treatment shall be reimbursed. The lists of diseases and compensatory medicines to cure them, compensatory medicines and compensatory medical aid equipment, as well as the procedure for reimbursing the costs of purchasing shall be approved by the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council. Costs of medicines and medical aid equipment shall be compensated according to basic prices calculated in accordance with the procedure laid down by the Government.

2. 100 % of the basic cost of the compensatory medicines entered on the list of diseases and compensatory medicines to cure them and the list of compensatory medicines, as well as medical aid equipment entered on the list of compensatory medical aid equipment and intended for out-patient treatment shall be reimbursed to the following insured persons:

- 1) children under the age of 18 years;
- 2) persons recognized as incapable of work or persons who reached the pensionable age, for whom a level of major special needs is established in accordance with the procedure laid down by legal acts.

3. 100%, 90%, 80% or 50% of basic cost of compensatory medicines and medical aid equipment for out-patient treatment shall be reimbursed to the insured who are not mentioned in paragraph 2 of

this Article, the diagnosed diseases, syndromes and conditions of whom are specified in the list of diseases and compensatory medicines to cure them or the list of compensatory medical aid equipment according to the level of compensation.

4. 50% of basic cost of compensatory medicines specified in the list of compensatory medicines and medical aid equipment specified in the list of compensatory medical aid equipment shall, in the event of out-patient treatment, be reimbursed to the following insured who are not mentioned in paragraphs 2 and 3 of this Article:

- 1) those receiving the state social insurance old-age pension;
- 2) those receiving the social assistance pension;
- 3) those receiving the pension for invalidity of group II or those with partial capability of work for whom a level of 30-40 per cent of capability of work is established in accordance with the procedure laid down by legal acts.

5. For the insured who are hospitalised in in-patient individual health care institutions the costs of medicines and medical aid equipment shall be paid from the budget of the Compulsory Health Insurance Fund, except in cases where the insured person chooses, on his own initiative and following his physician's recommendation, more costly medicines or medical aid equipment compared to those used in the Republic of Lithuania in accordance with the established methods of treatment. In such a case the insured must pay the health care institution the difference in the price of the medicine or medical aid equipment prescribed by the physician and that chosen by the insured (this difference may be paid with the funds of additional (voluntary) health insurance or with other funds).

Article 11. Reimbursement for the Insured of Expenses Related to Medical Rehabilitation and Treatment at Sanatoria

1. The basic cost of medical rehabilitation, including health-restoring treatment, shall be compensated in full to the following insured:

- 1) children under 18 years of age;
- 2) persons recognised as incapable of work or persons who reached the pensionable age, for whom a level of major special needs is established in accordance with the procedure laid down by legal acts;
- 3) persons who are sent to complete treatment after a serious illness or injury that is specified in the list approved by the Minister of Health.

2. 90% of the basic cost of sanatorium (secondary prevention) treatment shall be compensated to the following insured:

- 1) children under 7 years of age;
- 2) children under 18 years of age who are recognized as disabled in accordance with the procedure laid down by legal acts.
3. The basic cost of medical rehabilitation and sanatorium (secondary prevention) treatment shall be set by the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council.
4. The procedure for granting and paying compensations of the costs of medical rehabilitation and sanatorium (secondary prevention) treatment shall be laid down by the Ministry of Health.

Article 12. Reimbursement of Expenses Related to the Replacement of Limbs, Joints and Organs with Prostheses as well as the Acquisition of Prostheses, and to Medicines and Medical Aid Equipment which are Paid for in a Centralized Manner

The procedure for compensating the expenses related to the replacement of limbs, joints and organs with prostheses as well as the acquisition of prostheses, and to medicines and medical aid equipment which are paid for in a centralized manner, as well as the list thereof shall be the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council.

CHAPTER III

FINANCES OF THE COMPULSORY HEALTH INSURANCE

Article 13. Financial Basis of the Compulsory Health Insurance

The financial basis of the compulsory health insurance shall consist of an independent budget of the State Compulsory Health Insurance Fund, which is not included in the State and municipal budgets.

Article 13¹. Sets of Financial Reports and Budget Performance Statements of the Compulsory Health Insurance Fund

The structure and requirements for drawing-up of sets of financial reports of the Compulsory Health Insurance Fund and administrative bodies of the Compulsory Health Insurance Fund, and a

set of consolidated financial reports of the Compulsory Health Insurance Fund shall be regulated by the Law on Accountability of the Public Sector. The structure and requirements for establishment of sets of budget performance statements of the Compulsory Health Insurance Fund and administrative bodies of the Compulsory Health Insurance Fund shall be regulated by the rules of establishment and implementation of a budget of the compulsory health insurance set forth in paragraph 4 of Article 14 of this Law.

Article 14. Budget of the Compulsory Health Insurance Fund

1. The budget of the Compulsory Health Insurance Fund shall be established for a period of one year – from the 1st of January until the 31st of December including.

2. A draft of a budget of the Compulsory Health Insurance Fund, sets of annual budget performance statements and consolidated financial reports as well as a set of consolidated financial reports of the Compulsory Health Insurance Fund shall be drawn up by the National Health Insurance Fund. A draft of the budget of the Compulsory Health Insurance Fund and forecasted indicators of the budget of the Compulsory Health Insurance Fund for the next two years shall be presented the Government by the Ministry of Health, along with the conclusions of the Compulsory Health Insurance Council. The Government shall discuss a draft of the budget of the Compulsory Health Insurance Fund for an appropriate year as well as forecasted indicators of the budget of the Compulsory Health Insurance Fund for the next two years and shall, not later than 75 calendar days before the end of a budget year, present to the Seimas for consideration, along with a draft of a law on the approval of financial indicators of the State budget and budgets of municipalities. The budget of the Compulsory Health Insurance Fund shall be approved by a law. A set of consolidated financial reports of the Compulsory Health Insurance Fund together with the conclusions of the Compulsory Health Insurance Fund, the opinion of the state audit or the auditor's opinion, together with the conclusions regarding the inspection of a set of budget performance statements shall, annually but not later than the 15th of April, be presented by the Ministry of Health to the Government for consideration. A set of consolidated financial reports of the Compulsory Health Insurance Fund shall be approved by the Seimas.

3. The budget of the Compulsory Health Insurance Fund must be balanced out within a medium-duration period (three years).

4. The rules of establishment and implementation of a budget of the Compulsory Health Insurance Fund shall be approved by the Government.

Article 15. Budget Revenue of the Compulsory Health Insurance Fund

1. Budget revenue of the Compulsory Health Insurance Fund shall consist of:

- 1) compulsory health insurance contributions of the insured as well as contributions paid on their behalf;
- 2) State Budget contributions for the insured covered with State funds;
- 3) earnings of the institutions transacting the compulsory health insurance;
- 4) additional allocations from the State Budget;
- 5) voluntary contributions of natural and legal persons;
- 6) State Budget appropriations to compensate the expenses of acquisition of orthopaedic devices;
- 7) funds exacted from or returned by health care institutions or pharmacies for individual health care services which have been illegally provided or illegally presented for reimbursement, for medicines and medical aid equipment which have been illegally prescribed, issued or presented for reimbursement;
- 8) funds exacted in accordance laid down by the law from natural and legal persons for the damage caused to the health of the insured when the costs of health care services of the insured were covered with the resources of the budget of the Compulsory Health Insurance Fund;
- 9) repealed from 1 January 2009).

2. The Seimas may approve additional allocations from the State Budget to the budget of the Compulsory Health Insurance Fund if, due to the reasons unforeseen at the moment of the approval of the budget of the Compulsory Health Insurance Fund, the budget expenditure increases or revenue decreases and the budget of the Compulsory Health Insurance Fund is not in the position to fulfil all the obligations determined by this Law.

3. The Seimas may allocate State Budget funds for the entire amount or a certain part of the compulsory health insurance contributions of the farmers provided for by paragraph 5 of Article 17 of this Law.

Article 16. Contributions from the State Budget into the Budget of the Compulsory Health Insurance Fund

1. Each year when passing the State Budget the Seimas shall, on the recommendation of the Government, approve the amount of a contribution transferred to the budget of the Compulsory Health Insurance Fund for one insured person covered with State funds.

2. The amount of the contribution fixed in paragraph 1 of this Article for one insured person covered with State funds, shall be in the year 2009 32 per cent of the average of the national economy employees' average monthly gross earnings of four quarters of the year preceding the last year, as announced by the Statistics Lithuania (the Department of Statistics of Lithuania), in the year 2010 – 33 per cent, in the year 2011 – 34 per cent, and in the year 2012 – 35 per cent.

3. The sum total of the State Budget funds shall be transferred to the budget of the Compulsory Health Insurance Fund for the insured covered with State funds in accordance with the procedure laid down by legal acts.

Article 17. Compulsory Health Insurance Contributions

1. Insurers shall pay compulsory health insurance contributions amounting to 3% of the income calculated in accordance with the procedure laid down by the Law on State Social Insurance, on which social insurance contributions are calculated, for the following persons:

1) who work under the employment contract, hold elective positions on the membership basis in elective organizations, work in partnerships, agricultural companies or cooperative organizations on the membership basis, civil servants of public administration, covert participants of operational activities who are paid remuneration according to written agreements on confidential co-operation concluded with them, as well as persons referred to in subparagraphs 1 and 2 of paragraph 2 of Article 4 of the Law on State Social Insurance;

2) state politicians, judges and candidates to judges of the Constitutional Court, the Supreme Court of Lithuania, other courts, officers of prosecutors' offices, the chairman of the Board of the Bank of Lithuania, his deputies, members of the Board, heads of state institutions establishments appointed by the Seimas or the President of the Republic, other officers of state institutions or establishments appointed by the Seimas or the President of the Republic, chairmen of state (standing) commissions and councils appointed by the Seimas or the President of the Republic, chairman of other state (standing) commissions and councils, their deputies and members, as well as officers of the commissions or councils set up under special laws, provided they receive remuneration for their work;

3) owners of sole proprietorships and full members of partnerships.

2. Persons referred to in paragraph 1 of this Article and in subparagraphs 1 and 2 of paragraph 2 of Article 4 of the Law on State Social Insurance shall pay compulsory health insurance contributions in the amount of 6 per cent on the income calculated for a person in accordance with the procedure laid down by the Law on State Social Insurance, on the basis of which social insurance contributions are calculated.

3. Persons receiving income under the copyright contract as well as income from sports activities, performing activities, with the exception of the persons who engage in an appropriate individual activity, shall pay compulsory health insurance contributions in the amount of 6 per cent, and the insurers – compulsory health insurance contributions in the amount of 3 per cent on the income on the basis of which social insurance contributions are calculated. For the persons having the status of artistic creator who do not receive income under the copyright contract and who are not the persons referred to in paragraph 4 of Article 6, paragraph 1 and paragraphs 4-9 of Article 17 of this Law the compulsory health insurance contributions shall be paid in the manner prescribed by the Government from the Programme of Social Protection of Artistic Creators by the state budget appropriations manager specified in the Law of the Republic of Lithuania on the Approval of Financial Indicators of the State Budget and Municipal Budgets for an Appropriate Year. The amount of such contribution - 9 per cent of the minimum monthly earnings effective on the last day of the month for which the contribution is being paid.

4. Natural persons who engage in individual activities, with the exception of the persons specified in paragraph 5 of this Article, and persons who engage in individual agricultural activities, but whose income from these activities are not subject to personal income tax according to the provisions of the Law on Personal Income Tax, shall pay compulsory health insurance contributions in the amount of 9 per cent on the income on the basis of which their social insurance contributions are calculated.

5. Natural persons who, while conducting individual activities, pay the income tax of individuals on the income from individual activities when acquiring a business certificate, shall, each month, pay compulsory health insurance contributions in the amount of 9 per cent of the minimum monthly earnings which are valid on the last day of the month for which a contribution is being paid. Contributions of the persons referred to in paragraph 4 of Article 6, subparagraphs 1 and 2 of paragraph 1 as well as paragraph 2 of Article 17 of this Law, shall be calculated in proportion to the period of validity of the issued business certificate.

6. Repealed

7. Persons who are not the persons listed in paragraphs 1-5 of this Article and paragraph 4 of Article 6 of this Law and the economic size of the agricultural holding or the holding whereof, in accordance with the calculations carried out by the State Enterprise Agri-Information and Rural Business Centre for a period from the 1st of January to the 31st of December of the last year, does not exceed 2 economic size units shall, each month, pay for themselves compulsory health insurance contributions in the amount of 3 per cent of the minimum monthly earnings which are valid on the last day of the month for which the contribution is being paid.

8. Permanent residents of Lithuania, who are defined in the Law on Personal Income Tax and who receive allowances, specified in the Law on Sickness and Maternity Social Insurance, from the budget of the State Social Insurance Fund, on the basis of which the personal income tax must be exacted in accordance with the procedure laid down by the Law on Personal Income Tax shall pay compulsory health insurance contributions in the amount of 6 per cent on such income.

9. Persons who do not fall within the categories referred to in paragraphs 1-8 of this Article and paragraph 4 of Article 6 of this Law, shall, each month, pay for themselves compulsory health insurance contributions in the amount of 9 per cent of the minimum monthly earnings valid on the last day of the month for which the contribution is being paid.

10. The annual contribution if the compulsory health insurance of the persons, except the persons referred to in paragraphs 1 and 7 of this Article, paragraph 4 of Article 6 of this Law, and subparagraphs 1 and 2 of paragraph 2 of Article 4 of the Law on State Social Insurance, may not be less than 9 per cent of 12 minimum monthly earnings valid on the last day of each appropriate month of that year. The annual contribution of the compulsory health insurance of the persons referred to in paragraph 7 of this Article may not be less than 3 per cent of 12 minimum monthly earnings valid on the last day of each appropriate month of that year.

11. The annual compulsory health insurance contribution on the income from individual activities of the natural persons referred to in paragraph 4 of this Article, except the persons who engage in individual agricultural activities, shall be calculated on the sum which does not exceed the sum of 48 amounts of the taxable income approved by the Government of the Republic of Lithuania for the current year. The annual compulsory health insurance contribution on the income from individual agricultural activities of the natural persons referred to in paragraph 4 of this Article, who engage in that type of individual activities, shall be calculated on the sum which does not exceed the sum of 12 amounts of the taxable income approved by the Government of the Republic of Lithuania for the current year.

Article 18. Procedure for Administrating and Paying Compulsory Health Insurance Contributions

1. The compulsory health insurance contributions specified in paragraphs 5, 7 and 9 of Article 17 of this Law be administrated by the State Tax Inspectorate under the Ministry of Finance in accordance with the procedure laid down by the Law on Tax Administration and shall transfer the said contributions as well as the sums related thereto, which are specified in paragraph 2 of Article 19 of this Law, within three days to the account of the budget of the Compulsory Health Insurance Fund of the National Health Insurance Fund. The State Tax Inspectorate under the Ministry of Finance must, in accordance with the procedure laid down by the National Health Insurance Fund under the Ministry of Health and the State Tax Inspectorate under the Ministry of Finance, furnish to the National Health Insurance Fund and Territorial Health Insurance Funds the necessary information about the paid compulsory health insurance contributions set out in paragraphs 5, 7 and 9 of Article 17 of this Law. The State Tax Inspectorate under the Ministry of Finance shall set out the cases and procedure for declaring compulsory health insurance contributions.

2. The compulsory health insurance contributions specified in paragraphs 1-4 of Article 17 of this Law shall be administrated and in the case referred to in paragraph 8 of Article 17 of this Law – the contributions shall be exacted by administrative bodies of the State Social Insurance Fund in accordance with the procedure laid down by the Law on State Social Insurance, and shall transfer these contributions as well as the sums related thereto, set out in paragraph 1 of Article 19 of this Law, to the account of the budget of the Compulsory Health Insurance Fund of the National Health Insurance Fund. The administrative bodies of the State Social Insurance Fund must furnish to the National Health Insurance Fund and Territorial Health Insurance Funds the necessary information about the compulsory health insurance contributions specified in paragraphs 1-4 and 8 of Article 17 of this Law, which are paid by individual natural and legal persons. The State Social Insurance Fund Board under the Ministry of Social Security and Labour may carry out settlements with the budget of the Compulsory Health Insurance Fund through mutual set-offs of the contributions referred to in paragraphs 1-4 and 8 of Article 17 of this Law and the social insurance contributions of health care institutions financed from the budget of the Compulsory Health Insurance Fund. The State Social Insurance Fund Board under the Ministry of Social Security and Labour shall lay down the cases and procedure for declaring compulsory health insurance contributions.

3. The contributions specified in paragraphs 1-4 and 8 of Article 17 of this Law shall be paid in accordance with the procedure laid down by the Law on State Social Insurance.

4. Persons specified in paragraph 4 of Article 17 of this Law shall, each month, pay compulsory health insurance contributions in the amount of 9 per cent of the minimum monthly earnings valid on the last day of the month for which the contribution is being paid. A contribution for an appropriate month shall be paid before the last day of that month. Persons indicated in paragraph 4 of Article 17 of this Law may choose not to pay contributions each month, but to pay them in accordance with the procedure laid down in paragraph 5 of this Article, provided that:

- they themselves pay the compulsory health insurance contributions referred to in paragraphs 1 and 2 of Article 17 of this Law or/and the said contributions are paid on their behalf, or
- they fall under the category of persons specified in paragraph 4 of Article 6 of this Law.

5. Upon the end of a calendar year, persons indicated in paragraphs 3 and 4 of Article 17 of this Law must recalculate compulsory health insurance contributions payable for the previous calendar year, taking account of the provisions of paragraphs 3, 4, 10 and 11 of Article 17 of this Law, and must, not later than until the 1st of May, pay the difference in the sum of compulsory health insurance contributions paid within the previous calendar year and the payable sum of compulsory health insurance contributions.

6. Persons specified in paragraph 5 of Article 17 of this Law shall have the right to pay once a year but not later than until the 1st of May of the next year the compulsory health insurance contributions, referred to in paragraph 5 of Article 17 of this Law, for the months for which:

- they themselves pay the compulsory health insurance contributions, referred to in paragraphs 1 and 2 of Article 17 of this Law, or/and the said contributions are paid on their behalf;
- they fall under the category of persons specified in paragraph 4 of Article 6 of this Law.

7. The contributions specified in paragraphs 5, 7 and 9 of Article 17 of this Law shall be paid to the account of the State Tax Inspectorate under the Ministry of Finance for collecting budget revenue.

8. The Government of the Republic of Lithuania shall lay down the procedure for implementing the provisions set out in paragraphs 10 and 11 of Article 17 of this Law.

Article 19. Responsibility for Payment of Compulsory Health Insurance Contributions

1. In the event of violation of the procedure for calculating and paying the contributions indicated in paragraphs 1-4 of Article 17 of this Law, penalty charges shall be imposed on the insurers and late payment interest shall be calculated in accordance with the procedure laid down by the Law on State Social Insurance.

2. In the event of violation of the procedure for calculating and paying the contributions indicated in paragraphs 5, 7 and 9 of Article 17 of this Law, penalty charges shall be imposed on the persons who must pay and/or calculate such contributions and late payment interest shall be calculated for such persons in accordance with the procedure laid down by the Law on Tax Administration.

3. If territorial state tax inspectorates and administrative bodies of the State Social Insurance Fund fail to timely transfer the collected compulsory health insurance contributions to the account of the budget of the Compulsory Health Insurance Fund, they shall pay late payment interest according to the norm of the late payment interest as established by the Minister of Finance and applied for delayed payment of taxes.

Article 20. Relations between the Institutions Effecting the Compulsory Health Insurance and Banking Institutions of Lithuania

The National Health Insurance Fund and Territorial Health Insurance Funds must choose a bank in the Republic of Lithuania by public tender. Terms of the invitation to tender shall be laid down by the Ministry of Health.

Article 21. Budgetary Expenditure of the Compulsory Health Insurance Fund

1. Budgetary expenditure of the Compulsory Health Insurance Fund shall comprise:

1) costs of individual health care services, determined by this Law, which are covered from the budget of the Compulsory Health Insurance Fund, expenses paid for health care institutions wherewith Territorial Health Insurance Funds have concluded contracts;

2) reimbursement to the insured of the expenses related to the purchase of medicines and medical aid equipment in accordance with the procedure established by this Law;

3) reimbursement to the insured in accordance with the procedure laid down by this Law of the costs related to medical rehabilitation and sanatorium treatment;

4) compensation of the expenses related to the replacement of limb, joint and organ prostheses and acquisition of the prostheses, compensation of the medicines and medical aid equipment which are paid in a centralized manner;

5) expenses related to the acquisition of orthopaedic devices;

6) expenses related to the payment of business expenses of institutions which effect the compulsory health insurance.

2. On the recommendation of the Compulsory Health Insurance Council the National Health Insurance Fund may, after having coordinated with the Ministry of Health, appropriate the resources of the budget of the Compulsory Health Insurance Fund to fund State and municipal health care programmes.

3. Up to 2% of the resources of the budget of the Compulsory Health Insurance Fund may be appropriated for business expenses of the National Health Insurance Fund and Territorial Health Insurance Funds.

Article 22. Budget Reserve of the Compulsory Health Insurance Fund

1. In order to stabilise the budget of the Compulsory Health Insurance Fund a reserve shall be provided for. It must not exceed 10 per cent of the annual amount of the budget revenue of the Compulsory Health Insurance Fund.

2. The reserve funds shall be used in accordance with the procedure laid down by the Government to cover temporary deficiency of revenue or to defray expenses which could not be foreseen at the moment of the approval of the budget of the Compulsory Health Insurance Fund.

Article 23. Use of Resources of the Budget Reserve of the Compulsory Health Insurance Fund and other Temporarily Idle Budget Resources of the Compulsory Health Insurance Fund

1. The National Health Insurance Fund and Territorial Health Insurance Funds must keep the resources of the budget reserve of the Compulsory Health Insurance Fund and other temporarily idle resources of the budget of the Compulsory Health Insurance Fund in banking institutions of Lithuania chosen by public tender or invest them in Government or Bank of Lithuania securities. The income received must be used for the needs of the compulsory health insurance.

2. Operations with temporarily idle budget resources of the Compulsory Health Insurance Fund shall be supervised by the Ministry of Health.

Article 24. Operating Cash

1. Operating cash shall be provided for in the budget of the Compulsory Health Insurance Fund. It shall be formed from the balance of the budget resources of the Compulsory Health Insurance Fund and, should it prove insufficient, from the planned budget revenue of the Compulsory Health Insurance Fund. The amount of operating cash shall be determined when approving the budget of the Compulsory Health Insurance Fund.

2. Operating cash shall be used for covering temporary operating revenue deficiency and must be refunded not later than by the end of the budget year.

Article 25. Procedure for Determining the Basic Costs of Individual Health Care Services Covered from the Budget of the Compulsory Health Insurance Fund

1. Basic costs of individual health care services covered from the budget of the Compulsory Health Insurance Fund shall be determined by the Ministry of Health upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council.

2. The methodology for determining the basic costs of individual health care services covered from the budget of the Compulsory Health Insurance Fund shall be approved by the Ministry of Health.

Article 26. Contracts between the Territorial Health Insurance Funds and Health Care Institutions, and Contracts between Territorial Health Insurance Funds and Pharmacies

1. Payment of the individual health care costs of the insured shall be based on the contract between the Territorial Health Insurance Funds and health care institutions, and the expenses related to medicines and medical aid equipment which are subject to compensation and which are dispensed in pharmacies shall be reimbursed on the basis on the contract between Territorial Health Insurance Funds and pharmacies. The Territorial Health Insurance Funds shall conclude contracts with state, municipal and other individual health care institutions and pharmacies which possess the licence for health care and pharmaceutical activities or are accredited for these activities and express wish to conclude such contracts. All the insured persons shall have the right of access to such contracts.

2. Contracts between Territorial Health Insurance Funds and individual health care institutions, contracts between Territorial Health Insurance Funds and pharmacies shall be concluded pursuant to the Civil Code, this Law and other laws, in accordance with the procedure laid down by the Ministry

of Health and taking into consideration the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council.

Article 27. Procedure and Time Limits of Making Payment by the Territorial Health Insurance Funds to Health Care Institutions

1. Under the conditions of the contracts and without exceeding the approved appropriations of the budget of the Compulsory Health Insurance Fund, the Territorial Health Insurance Funds must settle the accounts submitted by the individual health care institutions and pharmacies wherewith the said funds have concluded contracts.

2. Once a month accounts for the provided individual health care services and dispensed medicines and medical aid equipment subject to compensation shall be submitted by the health care institutions and pharmacies to that Territorial Health Insurance Fund wherewith it has concluded a contract. The Territorial Health Insurance Fund shall, not later than within 30 days from the receipt of an account, transfer money to the health care institutions and pharmacies, thus settling the submitted accounts. If the Territorial Health Insurance Funds fail to settle accounts in due time, late payment interest must be paid in accordance with the procedure laid down by laws and other legal acts.

3. If actual budget expenditure of the Compulsory Health Insurance Fund exceeds the expenditure approved in the plan of the budget expenditure of the Compulsory Health Insurance Fund, the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council, take in accordance with the procedure laid down by this Law and other legal acts, the decisions to set such an amount of payments and compensations which corresponds to the approved plan of expenditure.

4. If actual budget revenue of the Compulsory Health Insurance Fund is less than that approved in the budget of the Compulsory Health Insurance Fund, the Ministry of Health, upon evaluation of the opinions of the National Health Insurance Fund and the Compulsory Health Insurance Council, make proposals to the Government to correct the budget of the Compulsory Health Insurance Fund. When correcting the budget of the Compulsory Health Insurance Fund, necessary resources shall be provided for in order to cover late payment interest in accordance with the procedure laid down by legal acts.

CHAPTER IV

INSTITUTIONS EFFECTING THE COMPULSORY HEALTH INSURANCE

Article 28. The Compulsory Health Insurance Council

1. The Compulsory Health Insurance Council shall be a collegiate advisory institution. The Ministry of Health shall set up the Compulsory Health Insurance Council, approve its composition and regulations.

2. The Compulsory Health Insurance Council shall:

- 1) consider target and current tasks of the compulsory health insurance;
- 2) submit proposals to the Ministry of Health concerning the list of individual health care services paid for from the budget of the Compulsory Health Insurance Fund;
- 3) submit conclusions regarding a draft budget of the Compulsory Health Insurance Fund, a set of consolidated financial reports of the Compulsory Health Insurance Fund;
- 4) make proposals regarding legal acts regulating the compulsory health insurance;
- 5) make proposals regarding the requirements for the structure of the National Health Insurance Fund and Territorial Health Insurance Funds, and norms of operational expenses, as well as distribution of the budget of the Compulsory Health Insurance Fund;
- 6) make proposals regarding the procedure for concluding contracts between Territorial Health Insurance Funds and individual health care institutions, as well as contracts between Territorial Health Insurance Funds and pharmacies;
- 7) examine financial and economic activities of the National Health Insurance Fund;
- 8) consider other issues of the compulsory health insurance.

3. The Compulsory Health Insurance Council shall comprise:

- 1) six representatives of the institutions of State power and governance – one representative of the National Health Council, one – of the Ministry of Health, one – of the Ministry of Social Security and Labour, one – of the Ministry of Finance, one – of the National Health Insurance Fund and one – of the Territorial Health Insurance Funds;
- 2) five representatives of the insured – two representatives of the employers' organizations, one – of the trade unions of non-health care professionals, one – of the patients' organizations, one – of the association of municipalities;
- 3) five representatives of providers of health care and pharmaceutical services – two representatives of health care professionals (one representative of the trade union of physicians and

one – of the trade union of nursing professionals), two – of the organizations of providers of health care services, one – of the pharmacists' organizations.

4. The Compulsory Health Insurance Council shall be headed by the Chairperson. He shall be elected by a simple majority vote, with at least two-thirds of the members of the Compulsory Health Insurance Council participating.

Article 29. The National Health Insurance Fund

1. The National Health Insurance Fund shall operate in compliance with this Law, the Law on Budgetary Institutions and the regulations approved by the Ministry of Health. The Law on Budgetary Institutions shall apply to the National Health Insurance Fund in as much as this Law does not regulate its activities.

2. The Director of the National Health Insurance Fund shall be appointed and dismissed by the Minister of Health in accordance with the procedure laid down by the Law on Civil Service.

3. The National Health Insurance Fund shall be a legal person, maintained from the budget of the Compulsory Health Insurance Fund, having its seal with the State Emblem of Lithuania and accounts with the banks of the Republic of Lithuania.

4. The National Health Insurance Fund shall be accountable for its activity to the Ministry of Health.

Article 30. Functions of the National Health Insurance Fund

The National Health Insurance Fund shall perform the following functions:

1) prepare a draft budget of the Compulsory Health Insurance Fund, sets of annual reports on its implementation and financial reports, as well as a set of consolidated financial reports of the Compulsory Health Insurance Fund; implement the budget of the Compulsory Health Insurance Fund;

2) supervise the activities of the Territorial Health Insurance Funds;

3) form the reserve from the budget resources of the Compulsory Health Insurance Fund, and use it in accordance with the procedure laid down by this Law and other legal acts;

4) use the temporarily idle budget resources of the Compulsory Health Insurance Fund in accordance with the procedure laid down by this Law;

5) conduct audit of the Territorial Health Insurance Funds or conclude contracts with audit firms regarding the audit of the Territorial Health Insurance Funds;

6) manage the Register of Persons Eligible for the Compulsory Health Insurance in accordance with the procedure laid down by the Law on State Registers, the Law on the Rights of Patients and Compensation for the Damage to their Health, the regulations of the Register of Persons Eligible for the Compulsory Health Insurance and other legal acts;

7) on the grounds and under the conditions set by this Law, guarantee the compensation with the resources of the Compulsory Health Insurance Fund's budget through the Territorial Health Insurance Funds of the costs related to the provision of preventive medical aid, medical aid, medical rehabilitation, nursing, social services and maintenance, prescribed as individual healthcare, as well as personal health expertise services;

8) carry out other functions prescribed by this Law, the regulations of the National Health Insurance Fund and other legal acts.

Article 31. Rights of the National Health Insurance Fund

The National Health Insurance Fund shall have the right to:

1) use budget resources of the Compulsory Health Insurance Fund transferred to it, other legally acquired funds and assets in accordance with the procedure laid down by laws and other legal acts;

2) conclude contracts in accordance with the procedure established by laws and other legal acts;

3) acquire and dispose of the securities of the Government and the Bank of Lithuania;

4) implement measures for generating additional revenue on the proposal of the Compulsory Health Insurance Council;

5) determine the structure of the National Health Insurance Fund and the Territorial Health Insurance Funds;

6) in accordance with the procedure laid down by laws and other legal acts, obtain free of charge from the ministries, other government establishments, executive institutions of municipalities, the Territorial Health Insurance Funds, administrative bodies of the State Social Insurance Fund, health care institutions, other enterprises, establishments, organisations the information necessary for the performance of the functions of the National Health Insurance Fund. The list of such information shall be defined in the regulations of the National Health Insurance Fund;

7) manage the personal data of persons eligible for the compulsory health insurance, including the special personal data related to the provision of preventive medical aid, medical aid, medical rehabilitation, nursing, social services and maintenance, prescribed as individual healthcare, as well as personal health expertise services, and to the compensation of the costs of these services;

8) control the quantity and quality of individual health care services covered from the budget of the Compulsory Health Insurance Fund, and that the provided individual health care services would meet the set requirements, the legality of prescribing and dispensing of medicines and medical aid equipment, and the activities of health care institutions and pharmacies related thereto;

9) check if accounts of health care institutions and pharmacies are made out properly, as well as inspect accounting and other documents related thereto;

10) make a financial and economic analysis of the use of budget resources of the Compulsory Health Insurance Fund and of the structure, availability and tendencies of changes in the quality of the health care services;

11) the National Health Insurance Fund may have other rights established by laws, the regulations of the National Health Insurance Fund and other legal acts.

Article 32. Territorial Health Insurance Funds

1. Territorial Health Insurance Funds shall be established and their regulations shall be approved by the National Health Insurance Fund. The number of Territorial Health Insurance Funds and zones of their territorial activities shall be determined by the National Health Insurance Fund, after coordination with the Ministry of Health Care. Not more than five Territorial Health Insurance Funds shall be established.

2. The Territorial Health Insurance Fund shall be a legal person operating under this Law, the Law on Budgetary Institutions and the regulations specified in paragraph 1 of this Article, maintained with the resources of the budget of the Compulsory Health Insurance Fund, possessing the seal with the State Emblem of Lithuania and accounts in the banks. The Law on Budgetary Institutions shall be applied to the Territorial Health Insurance Funds in as much as their activities are not regulated by this Law.

3. Director of a Territorial Health Insurance Funds shall be appointed and dismissed from office by the director of the National Health Insurance Fund.

4. The Territorial Health Insurance Funds shall be accountable for their activities to the National Health Insurance Fund.

Article 33. The Functions of the Territorial Health Insurance Funds

The Territorial Health Insurance Funds shall perform the following functions:

1) conclude contracts with health care institutions and pharmacies, pay, within the time limits and in accordance with the procedure laid down by these contracts, them for the individual health care services provided and medicines and medical aid equipment dispensed to the persons eligible for the compulsory health insurance;

2) in accordance with the procedure laid down in Articles 10, 11 and 12 of this Law, reimburse the persons eligible for the compulsory health insurance for the costs of acquisition of medicines and medical aid equipment, medical rehabilitation and sanatorium treatment as well as the acquisition of limb, joint and organ prostheses and replacement with such prostheses;

3) manage the Register of Persons Eligible for the Compulsory Health Insurance in accordance with the procedure laid down by the Law on State Registers, the Law on the Rights of Patients and Compensation for the Damage to their Health, the regulations of the Register of Persons Eligible for the Compulsory Health Insurance and other legal acts;

4) finance health care programmes of municipalities;

5) analyze and evaluate the data on the state of health of the residents of the municipalities of a county and tendencies of changes in the residents' demographic structure;

6) control within the zone of their activities the quality and quantity of individual health care services paid for from the budget of the Compulsory Health Insurance Fund, as well as whether or not the provided individual health care services meet the set requirements, whether or not medicines and medical aid equipment are prescribed and dispensed in a legal manner, and the activities of health care institutions and pharmacies related thereto;

7) check if accounts of health care institutions and pharmacies are made out properly, as well as inspect accounting and other documents related thereto;

8) in accordance with the procedure and under the conditions set out by the Ministry of Health monitor the availability and suitability of individual health care services provided to the persons eligible for the compulsory health insurance;

9) in compliance with the Civil Code and other laws, claim from health care institutions and pharmacies the compensation of the damages caused to the budget of the Compulsory Health Insurance Fund. Such funds shall be returned and included in the budget of the Territorial Health Insurance Fund, which paid for illegally provided individual health care services or dispensed medicines and medical aid equipment, as additional funds and shall be allocated to pay for individual health care services or medicines and medical aid equipment;

10) within the zone of their activities make a financial and economic analysis of the use of budget resources of the Compulsory Health Insurance Fund and of the structure, availability and tendencies of changes in the quality of the health care services;

11) publish information on their activities, inform the persons eligible for the compulsory health insurance about individual health care services, the procedure and conditions of the provision thereof;

12) carry out other functions prescribed by laws, the regulations of the Territorial Health Insurance Funds and other legal acts.

Article 34. The Rights of the Territorial Health Insurance Funds

The Territorial Health Insurance Funds shall have the right to:

1) use in accordance with the procedure laid down by laws and other legal acts the budget resources of the Compulsory Health Insurance Fund transferred to it, as well as other legally acquired funds and assets;

2) conclude contracts in accordance with the procedure laid down by laws and other legal acts. The Territorial Health Insurance Funds may conclude contracts concerning the use of the assets of the Territorial Health Insurance Funds only with the consent of their founder;

3) implement, on the recommendation of the Compulsory Health Insurance Council, the measures for generating additional revenue;

4) make proposals to the National Health Insurance Fund regarding the structure of a Territorial Health Insurance Fund;

5) obtain free of charge, in accordance with the procedure laid down by laws and other legal acts, from the ministries, other government establishments, executive institutions of municipalities, administrative bodies of the State Social Insurance Fund, health care institutions, other enterprises, establishments, organisations the information necessary for the performance of the functions of the Territorial Health Insurance Fund. The list of such information shall be defined in the regulations of the Territorial Health Insurance Fund;

6) manage the personal data of persons eligible for the compulsory health insurance, including the special personal data related to the provision of preventive medical aid, medical aid, medical rehabilitation, nursing, social services and maintenance, prescribed as individual healthcare, as well as personal health expertise services, and to the compensation of the costs of these services;

7) having established a fact that the individual health care services do not conform to the legal acts, demand that the administration of a health care institution examine the qualification of the individual health care professional;

8) propose to the State Health Care Accreditation Agency under the Ministry of Health to cancel the licence of the individual health care institution, its structural unit or individual health care professional to engage in individual health care activities;

9) submit proposals to the Compulsory Health Insurance Council, the National Health Insurance Fund and other institutions concerning the organisation of the compulsory health insurance;

10) bring an action against persons for recovery of costs of the individual health care services provided to them unlawfully;

11) analyze and evaluate the impact on health of commercial, economic or other activities of the enterprises, establishments, organizations located within the territory assigned to the Territorial Health Insurance Funds; make proposals on these issues to the supervisory board of the Territorial Health Insurance Fund, organize and pay for selective observations of the health condition of the persons eligible for the compulsory health insurance;

12) the Territorial Health Insurance Funds may also have other rights established by laws, regulations of the Territorial Health Insurance Funds and other legal acts.

Article 35. The Supervisory Board of the Territorial Health Insurance Fund

1. The Supervisory Board shall be formed for the term of four years in a Territorial Health Insurance Fund. The Supervisory Board shall be a collegial advisory body. The supervisory board of the Territorial Health Insurance Fund shall comprise a representative of the Ministry of Health, a representative of the National Health Insurance Fund, and one representative – a municipal councillor delegated by municipal councils of each municipality which is located within the territory serviced by the Territorial Health Insurance Fund. The work of the Supervisory Board of the Territorial Health Insurance Fund shall be directed by the Chairperson of the Supervisory Board of the Territorial Health Insurance Fund, who shall be elected from among the members of the Supervisory Board of the Territorial Health Insurance Fund by a simple majority vote, with no less than two-thirds of the members of the Supervisory Board of the Territorial Health Insurance Fund attending.

2. The Supervisory Board of the Territorial Health Insurance Fund shall:

1) elect the reconciliation commission of the Territorial Health Insurance Fund;

2) supervise conclusion and execution of the contracts between the Territorial Health Insurance Fund and individual health care institutions, and the contracts between the Territorial Health Insurance Fund and pharmacies;

3) make proposals to the Director of the National Health Insurance Fund to appoint and dismiss the director of the Territorial Health Insurance Fund;

4) approve the staff list of the employees of the Territorial Health Insurance Fund and the estimate of expenditure;

5) supervise and analyse the activities of the administration of the Territorial Health Insurance Fund and the use of finances;

6) approve sets of annual reports on implementation of the budget and financial reports of the Territorial Health Insurance Fund, submitted by the director of the Territorial Health Insurance Fund. The sets of the annual reports on implementation of the budget and the financial reports shall be made public not later than on the 1st of May of the current year;

7) consider and resolve other issues of the compulsory health insurance, which are assigned to the functions of the Territorial Health Insurance Fund.

3. The Supervisory Board of the Territorial Health Insurance Fund shall have the right to organise the audit of the Territorial Health Insurance Fund. The audit shall be financed with the resources allocated for the management of the Territorial Health Insurance Fund. Upon establishing shortcomings in the accounting and composing of the set of the financial reports and the report on implementation of the budget of the Territorial Health Insurance Fund, the chairperson of the Supervisory Board of the Territorial Health Insurance Fund must convene an extraordinary meeting of the Supervisory Board of the Territorial Health Insurance Fund. The Supervisory Board of the Territorial Health Insurance Fund shall also have the right to obtain free of charge the data of the economic-financial and medical audit of the activities of the health care institutions wherewith the Territorial Health Insurance Fund has concluded the contracts.

4. The operational arrangements of the Supervisory Board of the Territorial Health Insurance Fund shall be laid down by the regulations of the Territorial Health Insurance Fund.

Article 36. The Reconciliation Commission of the Territorial Health Insurance Fund

1. The Reconciliation Commission of the Territorial Health Insurance Fund, consisting of four persons, shall be elected by the Supervisory Board of the Territorial Health Insurance Fund on the recommendation of its Chairperson for the period of four years. One member of the Commission

must represent the associations of patients, which operate within the territory of the Territorial Health Insurance Fund. The Commission shall settle disputes between the persons eligible for the compulsory health insurance, health care institutions, pharmacies and the Territorial Health Insurance Fund regarding the payment of costs of the individual health care services which are covered from the budget of the Compulsory Health Insurance Fund, and regarding the execution of health care contracts. In the event of an equality of votes of the members of the Commission, the Chairperson of the Commission shall have the deciding vote.

2. The operational arrangements of the Reconciliation Commission of the Territorial Health Insurance Fund shall be laid down by the regulations of the Territorial Health Insurance Fund.

Article 37. Medical Audit Commission of the Territorial Health Insurance Fund

1. The Medical Audit Commission of the Territorial Health Insurance Fund, consisting of three persons, shall be elected for the term of three years by the Supervisory Board of the Territorial Health Insurance Fund on the nomination of the Chairperson of the Supervisory Board. Members of the Medical Audit Commission of the Territorial Health Insurance Fund must be individual health care professionals.

2. The Medical Audit Commission of the Territorial Health Insurance Fund shall, within the scope of its competence, control the quality and availability of the individual health care services provided by health care institutions wherewith the Territorial Health Insurance Fund has concluded contracts, or propose to the Director of the Territorial Health Insurance Fund to conclude contracts with independent experts for the control of these matters.

3. The operational arrangements of the Medical Audit Commission of the Territorial Health Insurance Fund shall be laid down in the regulations of the Territorial Health Insurance Fund.

CHAPTER V

RIGHTS AND DUTIES OF THE PERSONS ELIGIBLE FOR THE COMPULSORY HEALTH INSURANCE AND THE HEALTH CARE INSTITUTIONS WHICH HAVE CONCLUDED CONTRACTS WITH THE TERRITORIAL HEALTH INSURANCE FUNDS IN EFFECTING THE COMPULSORY HEALTH INSURANCE

Article 38. The Rights of the Persons Eligible for the Compulsory Health Insurance when Applying the Compulsory Health Insurance

The persons eligible for the compulsory health insurance shall have the right to:

- 1) choose, in accordance with the procedure laid down by laws and other legal acts, an individual health care institution wherewith the Territorial Health Insurance Fund has concluded a contract, and receive individual health care services guaranteed by the compulsory health insurance;
- 2) obtain from the health care institution wherewith the Territorial Health Insurance Fund has concluded the contract the information about his health condition, planned medical tests, medical procedures, method of treatment and its effect, the scope of the provided individual health care services, conditions and place of their provision. Legal representatives of legally incapable persons shall be entitled to obtain the analogous information about the latter;
- 3) receive compensation from the health care institutions for the damage caused to their health through the fault of the health care institutions or individual health care professionals, regardless of whether or not the compensation was provided for in the contracts concluded by the Territorial Health Insurance Fund with the health care institutions. The amount of compensation and procedure for the payment thereof shall be laid down by laws or other legal acts;
- 4) apply to the commissions of the Territorial Health Insurance Funds, the National Health Insurance Fund, the court regarding violations of the laws or other legal acts regulating the compulsory health insurance.

Article 39. The Duties of the Health Care Institutions which Have Concluded Contracts with the Territorial Health Insurance Funds in Effecting the Compulsory Health Insurance

1. The health care institutions which have concluded contracts with the Territorial Health Insurance Fund must:
 - 1) guarantee to the persons eligible for the compulsory health insurance the provision of health care services which are guaranteed by the compulsory health insurance, also the availability and suitability of these services;
 - 2) ensure the confidentiality of information concerning the person's health, except the cases specified by laws;
 - 3) in case of an insured event guarantee to all the persons eligible for the compulsory health insurance the equal rights in receiving individual health care services;

4) timely submit the information defined by the National Health Insurance Fund to the National Health Insurance Fund and the Territorial Health Insurance Funds;

5) furnish information to a person eligible for the compulsory health insurance about individual health care services which are not attributed to the services the costs whereof are covered from the budget of the Compulsory Health Insurance Fund, and the conditions and procedure of their provision.

2. The pharmacies which have concluded contracts with the Territorial Health Insurance Fund must:

1) ensure the provision, in accordance with the procedure and under the conditions laid down by the Ministry of Health, of the insured with medicines and medical aid equipment compensated with the budget resources of the Compulsory Health Insurance Fund;

2) within the time limits specified in the contract, submit accounts to the Territorial Health Insurance Fund as well as the information about dispensing (sale) of medicines and medical aid equipment subject to compensation;

3) create conditions for the Territorial Health Insurance Fund to exercise control over the legality of dispensing of medicines and medical aid equipment the costs whereof are covered with budget resources of the Compulsory Health Insurance Fund;

4) compensate the damage caused to the budget of the Compulsory Health Insurance Fund, if such damage was caused through illegal dispensing (sale) of the medicines or medical aid equipment which are subject to compensation with budget resources of the Compulsory Health Insurance Fund

CHAPTER VI

PROCEDURE OF SETTLEMENT OF DISPUTES CONCERNING THE EFFECTING OF THE COMPULSORY HEALTH INSURANCE

Article 40. Procedure of Settlement of Disputes between the Persons Eligible for the Compulsory Health Insurance and the Territorial Health Insurance Funds Concerning the Effecting of Compulsory Health Insurance

1. Disputes between the persons eligible for the compulsory health insurance and the Territorial Health Insurance Funds concerning the effecting of compulsory health insurance shall be examined by the Reconciliation Commission of the Territorial Health Insurance Fund. The Reconciliation Commission of the Territorial Health Insurance Fund must, within 30 days from applying or, where

additional information and investigation is necessary, within additional 15 days, investigate the application and adopt a decision.

2. A person eligible for the compulsory health insurance may, in accordance with the procedure laid down by the law, appeal to the court against the decision of the Reconciliation Commission of the Territorial Health Insurance Fund.

Article 41. Procedure of Settlement of Disputes between the Persons Eligible for the Compulsory Health Insurance and Health Care Institutions Concerning the Effecting of the Compulsory Health Insurance

1. Disputes between the persons eligible for the compulsory health insurance and health care institutions concerning the effecting of compulsory health insurance shall be examined by the Territorial Health Insurance Funds. The Territorial Health Insurance Fund must, within 30 days from applying or, where additional information and investigation is necessary, within additional 15 days, investigate the application and adopt a decision.

2. A person eligible for the compulsory health insurance or a health care institution may, in accordance with the procedure laid down by the law, appeal to the court against the decision of the Territorial Health Insurance Fund.

CHAPTER VII

ADDITIONAL (VOLUNTARY) HEALTH INSURANCE

Article 42. The Additional (Voluntary) Health Insurance Institutions

Additional (voluntary) health insurance institutions shall be insurance companies which, in accordance with the procedure laid down by legal acts, have received a licence to engage in this type of health insurance activity.

Article 43. Insured Events of the Additional (Voluntary) Health Insurance

Insured events of the additional (voluntary) health insurance shall be the applying of an insured person to a health care institution with regard to the health disorders and/or the health conditions which are identified in the additional (voluntary) health insurance contracts and diagnosed by a medical doctor, where such health disorders and conditions constitute the grounds for providing the insured person with the individual health care services of the type and scope provided for by these

contracts. The costs of these services shall be covered by the insurer under the terms and conditions laid down in additional (voluntary) health insurance contracts.

2. Resources of the additional (voluntary) health insurance shall also cover the expenses of health care services, as well as expenses of compensated medicines, which are not covered by the budget of Compulsory Health Insurance Fund, the State or municipal budget. Resources of the additional (voluntary) insurance may also cover that part of the health care services or costs of compensated medicines which is not covered with the budget resources of the Compulsory Health Insurance Fund, the State or municipal budgets.

Article 44. Additional (Voluntary) Health Insurance Contracts

The additional (voluntary) health insurance shall be based on contracts between the policyholder and the insurer. The rules of conclusion and execution of such contracts shall be laid down by the Government. A legal or natural person may be a policyholder.

Article 45. Funds of the Additional (Voluntary) Health Insurance

1. The funds of the additional (voluntary) health insurance shall consist of voluntary (additional) contributions of legal and natural persons to the insurance companies effecting the voluntary (additional) health insurance.