

## LAW FOR THE HEALTH INSURANCE

*Prom. SG. 70/19 Jun 1998, amend. SG. 93/11 Aug 1998, amend. SG. 153/23 Dec 1998, amend. SG. 62/9 Jul 1999, amend. SG. 65/20 Jul 1999, amend. SG. 67/27 Jul 1999, amend. SG. 69/3 Aug 1999, amend. SG. 110/17 Dec 1999, amend. SG. 113/28 Dec 1999, amend. SG. 1/4 Jan 2000, amend. SG. 64/4 Aug 2000, suppl. SG. 41/26 Apr 2001, amend. SG. 1/4 Jan 2002, amend. SG. 54/31 May 2002, amend. SG. 74/30 Jul 2002, amend. SG. 107/15 Nov 2002, amend. SG. 112/29 Nov 2002, amend. SG. 119/27 Dec 2002, amend. SG. 120/29 Dec 2002, amend. SG. 8/28 Jan 2003, suppl. SG. 50/30 May 2003, amend. SG. 107/9 Dec 2003, suppl. SG. 114/30 Dec 2003, amend. SG. 28/6 Apr 2004*

### Chapter one. GENERAL PROVISIONS

Art. 2. (1) (New, SG 107/02) The health insurance is an activity related to collecting health insurance instalments and health insurance premium, the management of the collected resources and their spending for payment of health activities, services and commodities, stipulated by this law, by the National Frame Agreement and by the contracts for voluntary health insurance.

(2) (Prev. text of art. 2 - SG 107/02) The health insurance is obligatory and voluntary.

Art. 3. (1) (Amend., SG 107/02) The obligatory health insurance is an activity related to the collecting of resources of obligatory health insurance instalments determined by a law, carried out by the National Insurance Institute (NII), their management and spending for health care, which is carried out by the National Health Insurance Fund (NHIF) and by its territorial divisions - regional health insurance funds (RHIF). The obligatory health insurance shall provide a basic package of health care activities guaranteed by the budget of NHIF.

(2) The voluntary health insurance is additional and it shall be carried out by shareholder companies registered according to the Commercial Law and who have obtained licence under the conditions and by the order of this law.

### Chapter two. OBLIGATORY HEALTH INSURANCE

#### Section I. General Provisions

Art. 4. (1) (Prev. text of art. 4 - amend., SG 107/02) The obligatory health insurance guarantees to the insured persons accessible medical care through a definite type, range and volume of package of health activities, as well as a free choice of a provider who has concluded a contract with a regional health insurance fund.

(2) (New, SG 107/02 - in force from January 1, 2004) The right of choice shall be valid for the whole territory of the country and it cannot be restricted on geographic and/or administrative grounds.

Art. 5. The obligatory health insurance shall be carried out on the principles of:

1. (Suppl., SG 107/02) obligatory participation in collecting the instalments;
2. (Amend., SG 107/02) participation of the state, the insured persons and the employers in the management of NHIF;
3. solidarity of the insured persons in using the raised resources;
4. responsibility of the insured persons for their own health;
5. equality in using medical care;
6. (New, SG 107/02) equality of the providers of medical care in concluding contracts with RHIF;
7. (Prev. item 6 - SG 107/02) self-management of NHIF;
8. (Prev. item 7 - SG 107/02) contracting the relations between NHIF and the providers of the medical care;
9. (New, SG 107/02) basic package of health care activities guaranteed by the budget of NHIF;
10. (New, SG 107/02) free choice by the insured persons of providers of medical care;
11. (Prev. item 8 - amend., SG 107/02) publicity of the activity of NHIF and public control over the expenses incurred by it..

#### Section II.

## National Health Insurance Fund

Art. 7. (Amend., SG 107/02) (1) The assembly of the representatives shall consist of a total of 37 representatives of the insured persons, the employers, the municipalities and the state.

(2) The quota of the insured persons shall include 6 representatives of the representative organisations of the workers and employees and one representative of the representative organisations for protection of the rights of the patients elected by themselves.

(3) The representatives of the employers in the assembly shall be six and shall be elected by the representative organisations of the employers.

(4) The representatives of the municipalities shall be six and shall be elected by the National Association of the municipalities in the Republic of Bulgaria.

(5) (Suppl., SG 112/02) The representatives of the state shall be 18 and shall be appointed by the Council of Ministers, and one of them shall obligatorily be the executive Director of the National Revenue Agency.

(6) The representative organisations of the workers and employees shall be acknowledged according to art. 3 of the Labour Code.

(7) The representative organisations for protection of the rights of the patients shall be non-profit corporate bodies meeting the requirements of art. 7a, para 1.

(8) The representatives of the organisations of the workers and employees, of the employers and of the National Association of the Municipalities in the Republic of Bulgaria shall be appointed by their managing bodies on national level, the representative of the organisations for protection of the right of the patients - by the general assembly of the representatives of the organisations under para 7, and the representatives of the state - by the Council of Ministers, within one month before the expiration of the mandate of the acting assembly of the representatives.

(9) The mandate of the assembly of the representatives shall be three years.

Art. 7a. (New, SG 107/02) (1) Representative organisations for protection of the rights of the patients are organisations meeting the following requirements:

1. to aim at protection of the rights and interests of all patients without respect of specific diseases, diagnoses and lesions;

2. to be registered as non-profit associations for socially useful activity in the context of the Law for the non-profit corporate bodies;

3. to be nation-wide represented, having regional structures on the territory of the whole country.

(2) Participating in the managing bodies of the associations under para 1 cannot be employees of state bodies, bodies of the local independent government and local administration, employees of NHIF, providers of medical care, members of managing and control bodies of producers, importers and traders of medicines, medical supplies and devices.

(3) The Ministry of Health and the other state bodies, the bodies of the local independent government and local administration and NHIF shall render assistance to the associations for protection of the rights of the patients. The associations shall have the right to:

1. receive information on draft normative acts regarding the rights and interests of the patients;

2. inform the control bodies under this law about cases when the rights of the patients have been violated, require information regarding the carried out inspections, the results from them and the taken measures.

(4) The organisations under para 1 can participate through their representatives in the work of consultative bodies, commissions and working groups at the bodies of the Ministry of Health and NHIF.

Art. 8. The assembly of the representatives shall:

1. adopt, supplement and amend the Regulations for the structure and activity of the NHIF and shall promulgate it in the State Gazette;

2. elect and release the members of the managing and control board, determine their remuneration and adopt the regulations for their operation;

3. (Amend., SG 107/02) adopt rules for holding competition for a director of NHIF;

4. (Amend., SG 107/02) approve the draft Law of the annual budget of the NHIF;

5. (Amend., SG 107/02) approve the annual accountancy statement, the budget fulfilment report and the report on the activity of NHIF;

6. (Amend., SG 107/02) release from responsibility the managing board for the accountancy period.

Art. 12. (1) (Amend., SG 107/02) Release ahead of term of a member of the assembly of the representatives shall be carried out upon filing his request, or for reasons of objective impossibility of fulfilment of his duty for a period more than one year, in the presence of the grounds under art. 18 and 21 or by a decision of the bodies under art. 7.

(2) (Suppl., SG 107/02) In the place of a released member under para 1 or in case of death shall be elected a new member of the assembly by the order of Art. 7. His mandate shall end with the mandate of the assembly of the representatives.

Art. 13. Members of the managing board can be elected as members of the assembly of the representatives as well as persons who are not its members.

Art. 14. (1) (Amend., SG 107/02) The managing board shall be elected for a period of 3 years. The number of its members shall be nine. They shall elect among themselves chairman of the managing council.

(2) (New, SG 107/02) Release, ahead of term, of a member of the managing board shall be done at his request, for objective inability to fulfil his duties for a period longer than one year, in the presence of the grounds under art. 18 or 21 or by a decision of the assembly of the representatives.

(3) Elected in the place of the member of the managing board released ahead of term or in case of death shall be a new member for a period until the end of the mandate of the board.

(4) (Prev. para 2 - SG 107/02) The managing board shall hold regular meetings at least once a month.

(5) (Prev. para 3 - SG 107/02) Extraordinary meetings of the managing board can be convened by its chairman, by one third of its members, by the director of the NHIF and by the chairman of the control board.

(6) (Prev. para 4 - SG 107/02) The managing board shall work in compliance with the law, the Regulations for the structure and activity of NHIF and the Regulations for the activity of the managing board.

Art. 15. (1) (Amend., SG 107/02) The managing board shall:

1. work out and propose to the assembly of the representatives amendments and supplements of the Regulations for the structure and activity of NHIF and promulgate them in the State Gazette;

2. work out, adopt and propose for approval to the assembly of the representatives Regulations for its activity;

3. adopt, amend and supplement the Regulations for the structure and activity of NHIF at the proposal of the Director of NHIF;

4. prepare a draft annual budget of NHIF and present it to the assembly of the representatives for approval;

5. present at the Council of Ministers through the Minister of Health the draft annual budget of NHIF approved by the assembly of the representatives;

6. hold a competition, according to the Labour Code, for a director of NHIF, upon which the representative of the managing board shall conclude employment contract with the winner of the competition;

7. adopt the report on the fulfilment of the budget and the report on the activity of NHIF, present them to the assembly of the representatives for approval and, upon approval, present them through the Minister of Health to the Council of Ministers;

8. take decisions for conclusion of loan contracts and their funding;

9. work out and propose for adoption by the assembly of the representatives rules for holding competition for a director of NHIF, hold the competition, and the chairman of the board shall conclude a contract for management with the winner of the competition for a period of three years;

10. determine requirements for occupying the position, rules for holding competitions and announce competitions for directors of RHIF;

11. appoint representatives who, jointly with the director of NHIF, shall participate in the negotiations for working out and amendment of the National Frame Agreement (NFA);

12. jointly with the director of NHIF sign the NFA and promulgate I in the State Gazette;

13. exercise control on the operative activity of the director in fulfilment of the budget, NFA and the activity of NHIF;

14. adopt decisions for spending the resources from the reserve of NHIF for additional health insurance payments;

15. adopt decisions for internal reallocation of resources for administrative expenses and of resources for expenses related to acquisition of long-term assets within the approved budget of NHIF;

16. adopt decisions for conclusion of transactions above the size determined by the Regulations for the structure and activity of NHIF.

(2) The managing board shall take decisions in the presence of at least two thirds of its members, but by no less than 5 "pro" votes.

(3) The members of the managing board shall be jointly and severally responsible for damages caused to NHIF through their fault.

(4) The director of NHIF shall participate in the meetings of the managing board.

Art. 17. (1) (Amend., SG 107/02) The control board shall be elected for a period of 3 years. The number of its members shall be five. They shall elect among themselves the chairman of the board.

(2) The control body shall exercise general control over the activity of the managing board, the director of NHIF and the directors of RHIF.

(3) The control body shall work in compliance with the acting legislation and the regulations of NHIF.

(4) The control body shall meet at least once in 3 months and shall be convened by the chairman or at the request of two of its members. Its decisions shall be taken if a quorum of four of its members is available, by an open voting and a majority of at least half plus one of the present members. Non-participation in the voting shall not be admitted.

(5) The members of the control body cannot be elected for more than two mandates.

Art. 19. (Amend., SG 107/02) (1) Director of NHIF can be a person meeting the following requirements:

1. has graduated higher education with educational and qualification degree "Master";
2. has a master degree, speciality or qualification on health management;
3. has a minimum of three years of professional experience in the sphere of management of the health care, banking, insurance or assurance activity.

(2) Termination of the contract for management with the person under para 1 before expiration of its term shall be done by a decision of the managing board in the following cases:

1. death;
2. upon filing a three-month advance notice on the part of the director;
3. for enacted conviction for deliberate indictable crime;
4. by mutual consent;
5. if it is established that he commits or admits commitment by other persons of gross or systematic offences of the provisions regarding the principles of carrying out the health insurance activity;
6. for objective inability to fulfil his obligations as a director.

(3) In case of a termination of a mandate of the director of NHIF ahead of term the managing board shall appoint a person as an interim director meeting the requirements for a director of NHIF until the holding of a competition. In this case the managing board shall announce within one month and shall hold within three months a competition.

(4) The director of the NHIF shall:

1. represent NHIF in the country and abroad;
2. organise and manage in operative respect the activity of NHIF in compliance with the law, the Regulations for the structure and activity of NHIF, the decisions of the assembly of the representatives and of the managing board and the management contract;
3. organise competitions for directors of RHIF, conclude, amend and discontinue the contracts with the directors of RHIF and with the employees of the central management of NHIF;
4. propose to the managing board a draft annual budget of NHIF;
5. conclude contracts up to the amount determined by the Regulations for the structure and activity of NHIF;
6. propose to the managing board a decision for transactions exceeding the size under item 5 and decision for using resources of the reserve of NHIF;
7. work out, jointly with the managing board, draft Regulations for the structure and activity of NHIF, as well as amendments and supplements to it;
8. propose to the managing board draft Regulations for the structure and activity of RHIF;
9. work out a report on fulfilment of the budget and a report on the activity of NHIF, subsequently presenting them to the managing board.

Art. 19a. (New, SG 107/02) (1) The National Health Insurance Fund shall have at least three deputy directors who will assist the director in, respectively, the financial, medical activity and the activity related to the informational technologies.

(2) Deputy Director of NHIF can be a person meeting the following requirements:

1. to have graduated higher education with educational and qualification degree "Master";
2. to have a minimum of three years time of practice on the speciality;

(3) The functions of the deputy directors shall be stipulated by the Regulations for the structure and activity of NHIF.

Art. 21. (Amend., SG 107/02) (1) The director and deputy director of NHIF and the directors of RHIF, cannot be persons who:

1. are not Bulgarian citizens;
2. are placed under judicial disability;
3. have been convicted for deliberate indictable crime or divested, by a respective order, from the right to occupy material responsibility position;
4. are members of the managing board and of the assembly of the representatives;
5. are spouses, relatives on the direct line, without restrictions, on the collateral line up to fourth degree including, or by marriage up to second degree including of some of the persons under item 4;
6. are sole entrepreneurs, general partners in a trade company, liquidators, trade attorneys, trade representatives, procurators;
7. are members of managing or control bodies or share holders in a trade company with subject of activity voluntary health insurance;
8. are national representatives, ministers or deputy ministers;
9. are mayors of municipalities;
10. occupy managerial or control position in a political party;

11. work under legal terms of employment, except as lecturers in a higher school.

(2) The directors and employees of RHIF and NHIF may not carry out competitive activity and may not be providers of medical care under this law.

### Section III. Financial structure of the National Health Insurance Fund

Art. 23. (1) The revenue of NHIF shall be raised from:

1. insurance instalments;
2. interest and receipts from the management of the property of the fund;
3. revenue stipulated by other laws in favour of the health insurance;
4. reimbursement of insurance expenses in the cases stipulated by normative acts;
5. fines and penalty interest;
6. taxes determined by a tariff of the Council of Ministers;
7. liquidation shares of trade companies - debtors, declared for liquidation;
8. donations and inheritance;
9. other sources.

(2) (amend., SG 110/99) In cases of shortage of resources can be used short-term interest free loans from the republican budget or credits from other institutions.

Art. 26. (1) The reserve of NHIF shall be raised from:

1. (Amend., SG 107/02) ten percent of the collected insurance instalments;
2. other revenue.

(2) The resources of the reserve shall be used for expenses in case of a considerable deviations from the even spending of the resources or of territorial misbalance of the use of medical care.

(3) (Revoked, SG 107/02)

Art. 27. (1) (revoked, SG 107/03)

(2) The temporary free resources and the resources of the reserve of NHIF can be deposited in accounts of banks and in state securities.

(3) The banks having the right to operate with the resources of NHIF shall be determined jointly with by the Bulgarian National Bank and the Ministry of Finance. Among the banks determined by the Bulgarian National Bank and the Ministry of Finance the managing board of NHIF shall choose those to which it shall assign the right to operate with the resources of NHIF.

Art. 29. (1) (Suppl., SG 107/02) The managing board of NHIF shall present through the Minister of Health at the Council of Ministers a draft Law of the budget of NHIF within the period stipulated for presentation of a draft Law of the state budget of the Republic of Bulgaria for the next calendar year.

(2) (amend., SG 110/99) The draft Law of the annual budget of NHIF shall be considered by the National Assembly simultaneously with the draft laws for the budget and for the budget of the state public insurance.

(3) (Amend., SG 107/02) The Law of the budget of NHIF shall obligatorily determine the amount of the obligatory health insurance instalment, the revenue and expenses according to budget classification, as well as the differentiated expenses related to the health insurance payments for:

1. (Amend. SG 119/02) primary non hospital medical care;
2. specialised non-hospital medical care;
3. dental care;
4. medical diagnostic activities;
5. medicines for home treatment and medical products;
6. hospital medical care;
7. other health insurance payments stipulated by the NFA.

(4) (new, SG 110/99) In case that the draft Law of the budget of the national health insurance fund is not adopted by the National Assembly until the beginning of the budget year the insurance income shall be collected and the insurance expenses shall be made according to the budget approved for the preceding year, and spent for the support of the national health insurance fund shall be monthly 1/12 of the expenses provided by the budget for the preceding year.

Art. 30. (1) (Amend., SG 107/02) The annual report on the fulfilment of the budget and the report on the activity of NHIF shall be presented by the managing board through the Council of Ministers at the National Assembly not later than June 30 of the next year.

(2) (Suppl., SG 107/02) The decision of the National Assembly for adopting the report on the fulfilment of the budget and the report on the activity of NHIF shall be promulgated in the State Gazette.

## Section IV. Insured persons. Rights and obligations

Art. 34. (1) The obligation for insurance occurs:

1. for all Bulgarian citizens - from the enactment of the law and for the newly born - from the date of birth;
2. (Amend., SG 107/02) according to Art. 33, item 3 - from the date of obtaining permit for permanent residence;
3. (amend. SG 54/02) according to Art. 33, item 4 - from the date of opening procedures for granting status of refugee or right of asylum.

(2) The rights of the insured under Art. 33 shall occur:

1. for the newly born - from the date of birth;
  2. (new – SG 54/02) for the persons of art. 33, item 4 – from the date of opening of the procedures for conceding statute of refugee or right to asylum;
  3. (prev. item 2 – SG 54/02) for all the others - from the date of payment of the health insurance instalment.
- (3) The rights of the insured shall be personal and cannot be ceded (transferred).

Art. 35. The obligatory insured shall have the right:

1. (Amend., SG 107/02) to medical care within the range of the basic package of health care activities guaranteed by the budget of NHIF;
2. to choose one medical care executive who has concluded contract with RHIF;
3. to emergency medical care wherever it is needed;
4. to receive information from RHIF about the contracts concluded by it with the medical care executives;
5. to participate in the management of NHIF through their representatives;
6. to file appeals to the director of the respective RHIF for violations of the law and the contracts.

Art. 37. (1) The persons under Art. 33 shall pay to the physician, the dentist or to the health establishment sums as follows:

1. for every visit to the physician or dentist - 1 percent of the minimal salary for the country;
2. (Amend., SG 107/02) for every day of hospital treatment - 2 percent of the minimal salary established for the country, but for no more than 10 days yearly.

(2) (New, SG 107/02) The sums under para 1 shall regard the provided medical care.

(3) (Prev. para 2 - amend., SG 107/02, amend. SG 120/02) Exempt from payment of the sums under para 1 shall be persons with diseases determined according to a list to NFC, as well as minors and underage and unemployed members of the family; recruitment military men; victims as a result of or on occasion of the defence of the country, war veterans, military disabled; detained or convicted; socially weak receiving help according to the Regulation for implementation of the Law of social support; persons without income accommodated in the homes for children and young persons, in homes for children of pre-school age and in the homes for social welfare; medical specialists.

(4) (Prev. para 3 - SG 107/02) The physician, the dentist or the health establishment shall issue to the persons under para 1 a document for the paid sums.

Art. 39. (amend., SG 110/99) (1) All persons who, according to this law, are obliged to pay insurance instalments shall be obliged, from the moment of occurrence of the grounds for health insurance, to present monthly data for the insured persons at the territorial divisions of the National Insurance Institute by declarations in a form approved by the National Insurance Institute and the National health insurance fund.

(2) The persons insuring members of their families according to this law shall present data for them in declarations according to a form approved by the National Insurance Institute and the National health insurance fund.

(3) In the cases when the persons pay advance instalments according to this law they shall fill out declaration for the period of advance payment in a form approved by the National Insurance Institute and the National health insurance fund.

(4) The foreigners who stay on short-term basis in the Republic of Bulgaria, as well as persons with dual Bulgarian and foreign citizenship who are not insured by the order of this law shall pay the value of the rendered medical care, unless an international agreement party to which is the Republic of Bulgaria is not in force for them.

## Section V. Health insurance instalments

Art. 40. (Amend., SG 107/02) (1) The health insurance instalment of the insured person, determined by the order of Art. 29, para 3 shall be calculated over an income and shall be paid as follows:

1. for persons receiving income from legal terms of employment, official legal terms of employment or terms of employment occurred on the basis of special laws, persons employed under contracts for management and control of

trade companies and the members of cooperations receiving remuneration from the cooperation - the income on which instalments are made for the state public insurance determined by the Code for the obligatory public insurance; the instalment shall be made by the employer or by the administrative body and by the insured person in the following proportion:

- 2000 - 2001 - 80:20;
- 2002 - 2004 - 75:25;
  
- 2005 - 70:30;
- 2006 - 65:35;
- 2007 - 60:40;
- 2008 - 55:45;
- 2009 and the following years - 50:50;

a) the insurance instalments shall be for the account of the employer or administrative body where stipulated by a law;

b) for persons using unpaid leave, who are not subject to insurance on other grounds, the instalment shall be charged on the minimal size of the insurance income, determined by the Law of the budget of the state public insurance, and shall be paid in full for the account of the employer at the time of payment of the remuneration by the respective enterprise or organisation;

c) the employer or the administrative body shall make the instalments simultaneously with the payment of the remuneration, including with advance payments; the part of the insurance instalments which is for the account of the insured persons shall be made on payment of the remuneration and shall not be deducted from the advance payments except in the cases when only advance payment has been made for the respective month;

d) (new – SG 50/03) the instalments for citizens, who fulfil peace time alternative service, shall be paid by the employer and they shall be for his account;

2. the sole entrepreneurs, the individuals who have established limited liability companies, the partners in trade companies, and the persons registered as freelance practitioners or craft industry by registration, and the agricultural producers shall be insured on a monthly income which cannot be less than the minimum amount of the insurance income of the self-insured persons, determined by the Law of the budget of the state public insurance, and annually - on the taxable income according to the data of the tax declaration; the agricultural producers and tobacco producers registered on the grounds of a normative act, who carry out only agricultural activity, shall not determine a final amount of the insurance income; the insurance instalments for these persons shall be made on the minimal monthly insurance income determined by the Law of the budget of the state public insurance for the respective year:

a) the instalments shall be made by the 10th of the month following the month for which they are made;

b) the monthly insurance income, in view of the calculation of the annual amount of the instalment, shall be obtained as the annual taxable income is divided by the period during which the activity has been practised;

c) for annual taxation the instalments shall be made by the deadline for payment of the taxes under the Law of taxation of the income of individuals;

3. for the persons who do not declare income under item 2 and work without legal terms of employment under contract with assignor - enterprise or another organisation, the insurance instalments shall be made every month in the proportion under item 1 on the taxable income deducting the normative recognised expenses for the respective activity by the enterprise or the organisation, deducting from the paid remuneration of the person; the instalments shall be made by the enterprise or organisation by the 10th of the month following the month for which they are made;

4. for the retired - the amount of the pension or the sum of pensions, without the additions to them; the instalments shall be for the account of the republican budget and shall be made by the 10th of the month following the month for which they are made;

5. for persons receiving compensations for temporary labour incapacity due to illness, pregnancy, childbirth and raising child - the size of the compensation; the instalments shall be for the account of the employer or the administrative body and shall be equal to the part of the instalment due by him installed in payment of the compensations; of the same size shall be the insurance instalment of the persons who insure themselves only for their account as the instalments shall be made by the 10th of the month following the month for which they are made;

6. for the persons receiving income on various grounds, indicated under item 1, 2, 3, 4 and 5 the instalments shall be made on the sum of the insurance income and by the deadlines determined for them, by the order determined by art. 6, para 10 of the Code for the obligatory public insurance;

7. for the employees of the Bulgarian Orthodox Church and other religions recognised by a normative order, who do not have legal terms of employment - the minimal insurance income for the self insured persons determined by the Law of the budget of the state public insurance; the instalments shall be made by the 10th of the month following the month for which they are made, by the central management of the respective religion;

8. for the persons receiving compensation for unemployment - the size of the paid compensation; the instalments shall be for the account of fund "Unemployment" and shall be made by the 10th of the month following the month for which they are made;

(2) Insured for the account of the republican budget, unless insured by the order of para 1, shall be:

1. (Suppl. SG 119/02) the persons under 18 years of age and after this age if they study regularly – till the graduation of high education;

2. the students in the regular form of education in higher schools until the accomplishment of 26 years of age, and the doctorants of regular studies by a state order;
3. the conscript military persons;
4. (Suppl. SG 119/02) the socially weak entitled to a social support or accommodated in homes for social care;
5. the persons under arrest or imprisoned;
6. the persons under proceedings for granting refugee status or right to asylum;
7. the veterans of wars and the military disabled men; the disabled affected during or on occasion of the defence of the country, during conscript military service, during natural calamities and accidents; employees of the Ministry of Interior and civil servants affected in fulfilment of their official duty;
8. the parents, adoptive parents or spouses who take care for disabled with lost working capacity over 90 percent, who constantly need somebody else's help.

(3) For each of the persons under para 2, item 1 the insurance instalments shall amount to 0.5 percent of the minimal insurance income of the self insured persons. For each of the persons under para 2, item 2 - 8 the insurance instalment shall be paid in the size determined by the Law of the budget of NHIF on the half of the minimal insurance income of the self insured persons.

(4) The persons who are not subject to insurance under para 1 and 2 shall be insured on an insurance income not less than the minimal size of the insurance income determined by the Law of the budget of the state public insurance. The instalments shall be made by the 10th of the month following the month for which they are made.

(5) The maximal size of the monthly income on which the health insurance instalment is calculated shall be the maximal income determined by the Law of the budget of the state public insurance.

(6) For the persons under para 1, item 6 the instalments shall be made on the sum of the insurance income by the order stipulated for the respective type of income, but on no more than the maximal size of the insurance income determined by the Law of the budget of the state public insurance.

Art. 41. (amend., SG 110/99) (1) The insurance instalments under this law shall be made to the accounts for collecting the health insurance instalments in the territorial divisions of the National Insurance Institute from where they shall obligatorily be transferred daily to the raising account of the central management of the National Insurance Institute for health insurance instalments.

(2) The sums of health insurance instalments collected in the National Insurance Institute shall be transferred to the raising account of the National health insurance fund (NHIF) by the end of every work day.

Art. 42. (1) (amend., SG 110/99) The insurance income on which the instalment is calculated shall be established by the payrolls and other documents for paid remuneration, by the pension cards, the paid patient charts, the paid compensations for unemployed and by the tax declarations according to the Law of taxation of the income of individuals.

(2) The health insurance instalment shall not be subject to taxation.

(3) (amend., SG 110/99; amend., SG 107/02) The annual declaration under the Law of taxation of the income of the individuals shall present the health insurance instalments paid during the year and the due sums upon the annual adjustment, if any.

(4) (new., SG 110/99) The employers, the tax offices, the municipal authorities, the administrative bodies, the assignors and the self-insured shall be obliged to present to the National Insurance Institute and to NHIF the necessary information under Art. 42, para 1 and 3.

Art. 43. (amend., SG 110/99; amend., SG 107/02) The insured under Art. 40, para 1, item 2, item 5, third sentence and para 4 can pay the health insurance instalments in advance, for a period chosen by them.

## Section VI.

### Range of the medical care for the obligatory health insurance

Art. 45. (1) The National health insurance fund shall pay for the following medical services:

1. medical and dental services for prevention against diseases;
2. medical and dental services for early discovery of diseases;
3. out-patient and hospital medical care for diagnostics and treatment of a disease;
4. medical rehabilitation;
5. emergency medical care;
6. medical care for pregnancy, labour and motherhood;
7. abortions for medical indications and for pregnancy as a result of rape;
8. dental services;
9. medical care in cases of home treatment;
10. (amend., SG 107/02) prescription and dispensing of permitted medicines for home treatment on the



territory of the country;

11. medical expertise of the labour capacity;
12. transport services for medical indications;

(2) (Amend., SG 107/02) The medical care under para 1, with exception of item 10, is determined as a basic package guaranteed by the budget of NHIF. The basic package shall be determined by and ordinance of the Minister of Health.

(3) (New, SG 107/02) The Minister of Health shall determine by an ordinance a list of the diseases for the home treatment of which NHIF shall pay the medicines in full or partially.

(4) (New, SG 107/02; amend., SG 28/04) The Council of Ministers shall adopt an ordinance for the order and the terms of contracting the medicines for which NHIF pays in full or partially. The ordinance shall contain the procedure and the criteria for contracting the concrete medicines, as well as the methodology of determining the level of their payment. The draft of the ordinance shall be worked out by NHIF, coordinated with the Commission for Transparency under art. 85b of the Law for the medicines and pharmacies in the human medicine and shall be put forward in the Council of Ministers by the Minister of Health.

(5) (New, SG 107/02; amend., SG 28/04) The National Health Insurance Fund, jointly with the Bulgarian Physician's Union and the Union of the Dentists in Bulgaria, shall contract with the holders of permit for using medicines or their authorized representatives on the territory of the Republic of Bulgaria according to art. 17 of the Law for the medicines and pharmacies in the human medicine, the prices of individual medicines included in the positive medicine list under art. 10, para 2 of the Law for the medicines and pharmacies in the human medicine, paid in full or partially by NHIF.

(6) (new, SG 28/04) Upon contracting according to para 5 NHIF shall conclude with the holders of permit for using medicines or their authorized representatives on the territory of the Republic of Bulgaria according to art. 17 of the Law for the medicines and pharmacies in the human medicine contracts for the concrete medicines under para 1, item 10 and their prices.

Art. 46. (1) (Amend., SG 107/02) The requirements for the contractors and the extent of the medical care for the individual types of medical care under Art. 45 shall be determined by the NFC and by the contracts between RHIF and the executives.

(2) (Amend., SG 107/02) The quality of the rendered medical services, paid by NHIF must correspond to the national medical standards and to the rules for the good medical practice.

(3) The rules for the good medical practice shall contain the requirements for due time, enough care and quality of the medical care.

## Section VII. National Frame Contract

Art. 55. (1) The representatives of NHIF and of the professional organisations of the physicians and dentists shall work out every year NFC for the next year.

(2) The national frame contract shall contain:

1. (Amend., SG 107/02) the conditions to be met by the providers of medical care, as well as the order of concluding contracts with them;

3. the conditions and order of rendering the service under item 2;

4. the range, the prices and the methodology of payment of the services under item 2;

5. the quality and the accessibility of the contracted medical aid;

6. the documentation and the documents circulation;

7. (Amend., SG 107/02) the lists of medicines and consumables for which NHIF, partially or in full, pays; the requirements for prescribing and dispensing the medicines and consumables, with exception of medicines containing narcotic or intoxicating component;

8. the obligations of the parties to the informational services and the informational exchange;

9. the conditions and the order of control over the fulfilment of the contracts;

10. other issues of importance for the health insurance;

11. sanctions for failure to fulfil the contract.

(3) If a consent is not reached in contracting the NFC within the period under para 1 or in case of undue adoption of the Law of the budget of NHIF the contract from the preceding year shall continue its effect from January 1 of the next year. In this case the prices under para 2, item 4 shall be indexed by the official inflation index for the preceding year, upon which they shall be promulgated in the State Gazette. The contract shall continue its effect until the signing of a new contract.

(4) (Suppl., SG 107/02) Upon request of whichever of the parties participating in the agreement NFC can be amended by the order of Art. 54, para 1 but not more than once in 6 months, as well as for an amendment of the ordinance under art. 45, para 2.

(5) The NFC shall be promulgated in the State Gazette and shall be obligatory for NHIF and RHIF and for the

executives.

(6) (amend., SG 110/99) The inclusion in NFC of new methods of diagnostics and treatment shall be admitted by the order of Art. 31, para 3 of the Law of the national health.

(7) (Amend., SG 107/02) The National Frame Agreement cannot set requirements for:

1. a minimal number of the registered health insured persons by a provider of primary non-hospital care;  
2. conditions obstructing the free choice of the insured person of providers of medical care, having concluded contract with RHIF for:

a) (in force from January 1, 2004) primary non-hospital care - within the municipality at a permanent or present address;

b) (in force from January 1, 2004) specialised non-hospital and hospital care - within the respective sphere;

c) (in force from January 1, 2004) highly specialised hospital care - in the whole country;

3. performing highly specialised medical activities beyond the basic package, guaranteed by the budget of NHIF, by the providers of specialised non-hospital care;

4. additional requirements for pharmacies, wholesale merchants of medicines and producers of medicines beyond those stipulated by the Law of the medicines and pharmacies for the human medicine;

5. a maximal number of activities and allocation of quotas for providers of such activities in the specialised non-hospital and hospital care;

6. restriction of the volume and allocation of the activities among the medical establishments.

Art. 56. (1) (Prev. text of art. 56 - amend., SG 107/02) The providers of medical care can prescribe to the obligatory insured persons for full or partial payment by NHIF the medicines included in the lists under art. 55, para 2, item 7.

(2) (New, SG 107/02) The prescribing and receiving of medicines with full or partial payment by NHIF outside the lists under art. 55, para 2, item 7 by a provider of medical care shall be carried out upon a written substantiation of the necessity. The payment of these medicines shall be made by a permit of the director of the respective RHIF.

Art. 57. (Revoked, SG 107/02)

## Section VIII.

### Contract between the National health insurance fund and medical care executive

Art. 59. (1) The contracts under Art. 20, item 4 for medical care under this law and in compliance with the NFC shall be concluded between the director of RHIF and the medical care executives.

(2) The contracts under para 1 cannot be concluded under conditions less favourable than those adopted by NFC.

(3) The contracts under para 1 shall be concluded in writing for the period of effect of the NFC and shall remain in force until the adoption of a new one or the change of the acting NFC.

(4) The contracts under para 1 shall specify the requirements and the conditions stipulated by Art. 55, para 2, items 2 - 11, for implementation on the respective territory. The contracts shall specify the relations between the medical care executives and between them and other persons, for fulfilment of the contracted medical care.

(5) (New, SG 107/02) The Director of RHIF cannot refuse a conclusion of contract with a contractor meeting the requirements of the law and of the NFA, including when the health card has been completed.

(6) (Prev. para 5 - SG 107/02) The refusal of the director of RHIF to conclude contract with the executive can be appealed by the executive within 2 weeks before the managing board of NHIF through the director of NHIF if the latter does not revoke unilaterally the refusal.

(7) (Prev. para 6 - suppl., SG 107/02) The managing board shall take decision on the refusal within 1 month from filing the appeal. The refusal shall be subject to appeal under the Law of the administrative proceedings before the respective district court within 2 months. In case of revoking the refusal by the court the contractor can lodge a claim for missed benefits during the period of the ungrounded refusal to conclude a contract.

(8) (New, SG 107/02) The National health Insurance Fund, the regional health insurance funds and their employees may not require from the contractors presentation of documents, as well as set terms not agreed upon in the NFA.

(9) (New, SG 107/02) The National health Insurance Fund, the regional health insurance funds shall be obliged to inform the contractors about all changes ensuing from decisions of their managing bodies or from changes in the NFA, as well as give the necessary instructions for their implementation. The conditions, the order and the deadlines for presentation of information shall be settled by NFA and by the contacts with the contractors.

## Section IX.

### Informational provision of the activity of the National Health Insurance Fund

Art. 63. The National Health Insurance Fund shall establish an information system which shall contain:

1. (amend., SG 110/99) register of the insured persons including: passport data; unique identification number; grounds for insurance under Art. 33; paid instalments;
2. (amend., SG 110/99) register of the medical care executives with the passport and professional data of the executive, the contract concluded with him.
3. (amend., SG 110/99) register of producers, importers and distributors of medical supplies and pharmacies having concluded contracts with the NHIF;
4. information from the activity of the control bodies;
5. administrative information providing the activity of NHIF.

Art. 64. (amend., SG 110/99) (1) (Prev. text of art. 64 - SG 107/02) Every insured person shall have the right to receive from NHIF the available information about the medical care and its price received by him during the last 5 years and its price by an order determined by the fund.

(2) (New, SG 107/02) Every insured person shall have the right, upon request, to obtain access with the respective RHIF to the necessary information for the providers of medical care and pharmacies having concluded contracts with RHIF in the respective region, containing the following data:

1. for non-hospital care - name, kind of the medical establishment, address, managing bodies, physicians and dentists working in it, their specialities, business telephone numbers, highly qualified medical activities under NFA;
2. for hospital care - name, type of the hospital, address, managing bodies, telephone numbers, departments, accreditation evaluation, medical activities according to NFA;
3. for pharmacies - name, address, manager, telephone numbers, business hours, dispensed groups of medicines, according to the individual contract with NHIF.

(3) (New, SG 107/02) The information under para 2 shall be public and shall be maintained, distributed and submitted by an order determined by the Regulations for the structure and activity of NHIF.

Art. 66. (1) (Prev. text of art. 66 - SG 107/02) The informational system of the obligatory health insurance shall use the codes and nomenclature for registration and accounting the health care services used in the country.

(2) (New, SG 107/02 - in force from January 1, 2004) The National Health Insurance Fund shall submit to the providers of medical care the necessary software for their activity, regarding the exchange of data and documentation required by NFA.

(3) (New, SG 107/02) The data and the documentation under para 2 can be submitted by the providers to RHIF only on electronic or magnetic carrier in a format approved by NHIF.

Art. 68. (1) Data related to the personality of the insured can only be used for:

1. establishing the insurance relations with NHIF;
2. payment to the medical care executive;
3. issuance of health insurance book, medical or financial document;
4. establishment of sums subject to collection or reimbursement to the payer of the instalments or to the medical care executive;
5. establishment of caused damages to the insured during medical operations;
6. exercising financial control.

(2) Data related to the medical care executive can only be used for:

1. keeping register of the medical care executives;
2. payment of the medical services rendered by him;
3. (Amend., SG 107/02) exercising control over the fulfilment of the contracts.

(3) (New, SG 107/02) The National health Insurance Fund may not require including in the primary medical documents, access to which have insured and third persons, other data regarding the physicians and dentists besides name, speciality, address, telephone number of the practice, personal professional code and registration number of the medical establishment.

(4) (Prev. para 3 - SG 107/02) Besides the cases under para 1 and 2 NHIF can submit data to state bodies about the personality of the insured or about the executive if this is stipulated by a law.

(5) (Prev. para 4 - SG 107/02) The employees of the central management of NHIF or RHIF shall not have the right to spread information related to the personality of the insured, the medical care executive or an employee except in the cases stipulated by a law.

(6) (New, SG 107/02) The bodies of management and the employees of NHIF and RHIF shall not have the right to give a professional evaluation and comment the activity of the providers of medical care, as well as make recommendations, directly or indirectly, and direct patients to definite providers.

(7) (New, SG 107/02) The National health Insurance Fund and RHIF shall be obliged to submit the information required by the Ministry of Health.

Art. 69. (Amend., SG, No 93 of 1998, SG 110/99) The National Insurance Institute shall be obliged to provide information to the National Institute of Statistics about the insured persons and the made health insurance instalments.

## Section X. Control, expertise and disputes

Art. 70. (1) (Prev. text of art. 70 - SG 107/02) The control over the fulfilment of the budget of NHIF shall be carried out by the Audit Office.

(2) (New, SG 107/02) The entire financial control of NHIF shall be carried out by the order of the Law of the state internal financial control.

Art. 72. (1) (Amend., SG 107/02) The director of NHIF shall carry out complete control over the activity of the obligatory health insurance.

(2) The immediate control shall be carried out by officials of RHIF - financial inspectors and physicians - controllers.

Art. 73. (1) The financial inspectors shall have the right:

1. (revoked, SG 110/99);
2. (Suppl., SG 107/02) to inspect the reporting documents of the medical care executives stipulated by NFA;
3. (Amend., SG 107/02) to carry out control over the lawfulness of the financial activity of the providers of medical and dental care according to their contracts with RHIF;
4. (Suppl., SG 107/02) to carry out inspections on claims of insured persons and employers related to financial violations.

(2) For fulfilment of the activities under para 1 the financial inspectors shall have the right of access to information from the employers, the insured and the executives.

(3) The financial inspectors shall not have the right disseminate information having become known to them in connection with the activity under para 1 except in the cases provided by a law.

(4) (New, SG 107/02) Regarding the regulation of the activities of the financial controllers, the establishment of violations, the appeal of contesting, the arbitration commissions and the imposing of sanctions shall apply the proceedings under art. 74, para 2, 3 and 4, art. 75 and 76 according to which the physicians-controllers operate.

## Chapter three. VOLUNTARY HEALTH INSURANCE

### Section I. General (Amend., SG 107/02)

Art. 81. (Amend., SG 107/02) This chapter settles the relations regarding:

1. the voluntary health insurance;
2. the legal status of the health insurance companies;
3. the state supervision of the activity related to the voluntary health insurance;
4. guaranteeing the interests of the insured persons.

Art. 82. (Amend., SG 107/02) (1) The voluntary health insurance is an activity related to taking risks related to the financial provision of certain health services and commodities, carried out by health insurance companies licensed according to this law, against payment of health insurance premiums, on the grounds of health insurance contracts.

(2) The voluntary health insurance provides for health services and commodities outside the scope of the obligatory health insurance. The voluntary health insurance can also provide for health services and commodities within the scope of the obligatory health insurance.

(3) The voluntary health insurance shall be carried out in compliance with the principle of voluntarism of the insurance.

(4) Voluntary health insurance shall not be:

1. the activity of the insurers on covering risks related to the life, health or bodily integrity of the insured persons under the insurance types according to Appendix No 1 to art. 6, para 2 of the Law of the insurance, with exception of the coverage, as basic, of the risks under section I, letter "A", item 4 "Permanent health insurance" and under section II, letter "A", item 2 insurance "Disease" of the same appendix;

2. the activity of providers of non-hospital medical care under contracts with individuals and corporate bodies for providing medical services where they are of definite type, size and prices.

Art. 83. (Amend., SG 107/02) (1) Activity on voluntary health insurance can be carried out by a joint-stock company registered with a subject of activity only voluntary health insurance.

(2) The activity on voluntary health insurance shall also include management of the assets of the health insurance company.

(3) The health insurance companies can carry out, under a contract with foreign insurance and assurance companies, against payment and without taking own financial risk, activities on the medical servicing for foreign citizens on the territory of the Republic of Bulgaria, insured by them.

(4) In order to carry out activity on voluntary health insurance and for entry in the commercial register it shall be necessary for the joint-stock company under para 1 to obtain a licence under the conditions and by the order of this law.

Art. 84. (Amend., SG 107/02) (1) The health insurance contracts are written contracts concluded between the companies for voluntary health insurance licensed according to this law, and individuals or corporate bodies.

(2) Party to the contract is the self-insured person if he pays health insurance premium for his account.

(3) Party to the contract are employees, members of families and other ensured persons who insure for their account individuals. In this case the insuring persons shall be obliged to explain to the insured persons their rights and obligations under the contract, the providers of medical care, the conditions and the order of obtaining the health services and commodities.

(4) Party to the contract shall be simultaneously the insuring and the insured persons when they pay jointly parts of the health insurance premium.

(5) Applied regarding the health insurance contracts shall be respectively the provisions of the Commercial Law for the commercial transactions and of the Law of the insurance, inasmuch as this law does not stipulate otherwise.

Art. 85. (Amend., SG 107/02) (1) The activity on providing health services shall be carried out by providers of medical care.

(2) The type, the prices, the conditions and the order of carrying out the health services under para 1 shall be determined by contracts between the providers of medical care and the health insurance companies.

(3) The voluntary health insurance with reimbursement of expenses can be carried out without conclusion of contracts under para 2.

Art. 86. (Amend., SG 107/02; amend., SG 8/03) The government supervision over the activity of the voluntary health insurance shall be carried out by the Commission for financial supervision and by the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" by the order of this law and of the Law of the Commission for financial supervision.

## Section II.

### Activity on the voluntary health insurance (New, SG 107/02)

Art. 87. (Amend., SG 107/02) (1) The voluntary health insurance can be carried out through reimbursement of expenses or through subscription.

(2) The voluntary health insurance through reimbursement of expenses is a form whereby the health insurance company reimburses, partially or in full, the expenses related to health services of the insured persons on occurrence of the cases stipulated by the health insurance contracts. The expenses can be reimbursed both to the providers and to the insured persons for the provided or paid health services and commodities.

(3) The voluntary health insurance through subscription is a form whereby the health insurance company, on occurrence of the cases stipulated by the health insurance contracts provides certain health services and commodities to the insured persons by certain providers of medical care with whom the health insurance company has concluded contracts.

Art. 88. (Amend., SG 107/02) (1) The activity on voluntary health insurance shall be carried out through offering, concluding and fulfilment of health insurance contracts.

(2) The health insurance contract shall obligatorily contain:

1. name, address, BULSTAT and tax number of the parties to the contract; UCC, if the party is a self insured person; data for the court registration, number and date of issuance of the licence of the health insurance company;

2. the health insurance packages included in the contract, the type, the scope and the conditions of providing the health services and commodities;

3. the size, the terms and the way of payment of the health insurance premium;

4. the general terms of the health insurance packages included in the contract.

(3) (new, SG 8/03) The general terms of the health insurance packages shall clearly and unambiguously determine:

1. the coverage and its exceptions;

2. the conditions and the order and the terms of payment of the health insurance premiums, as well as the consequences from non-payment or incorrect payment;

3. the conditions and the order of using the health services and receiving health commodities;

4. the conditions and the order and the terms of reimbursement of the expenses;

5. the conditions, the order and the terms of termination or change of the health insurance legal terms of relations.

(4) (prev. para 3 - SG 8/03) On offering and concluding health insurance contracts the health insurance companies shall be obliged to observe the principle of voluntarism and explain conscientiously the conditions, the rights and obligations under the health insurance contract in view of protecting the interests of the insured persons.

(5) (prev. para 4, suppl., SG 8/03) The health insurance companies shall be obliged to keep secret the information related to the concluded health insurance contracts, as well as the information related to the personal data and the health status of the insured persons to the Commission for financial supervision and its bodies. The disclosure of such information can be made only upon consent of the insured person, as well as in the cases explicitly stipulated by a law.

Art. 89. (Amend., SG 107/02) The health insurance companies can possess stocks and shares of medical establishments.

Art. 90. (Amend., SG 107/02) (1) The own resources of the health insurance company, reduced by intangible assets, must be at least equal to the limit of solvency.

(2) The guarantee capital shall represent one third of the limit of solvency but it cannot be less than 400 thousand levs.

(3) The total size of the long-term tangible and intangible assets necessary for carrying out the activity of the health insurance company cannot exceed 75 percent of the own capital reduced by the fixed capital stock which is not paid-up.

Art. 90a. (New, SG 107/02; amend., SG 8/03) The Commission for financial supervision shall issue an ordinance determining:

1. the elements included in calculating the size of the own resources;
2. the limit of solvency and the methods by which it is calculated.

Art. 90b. (New, SG 107/02) (1) For violation of art. 90, para 1 the health insurance company, by an order of the Agency, shall present a plan for reaching the limit of solvency.

(2) When the own resources, reduced by the intangible assets, drop below the established guarantee capital the health insurance company shall present for approval to the Agency a short-term plan for additional raising of own resources.

(3) In the cases of para 2 the Agency shall set a period for raising own resources up to the established size of the guarantee capital.

Art. 90c. (New, SG 107/02) (1) The health insurance company shall be obliged to create general and health insurance reserves.

(2) The general reserves shall consist of:

1. reserve fund according to art. 246 of the Commercial Law;
2. other funds and reserves, if so stipulated by the statutes of the health insurance company.

(3) The health insurance reserves consist of:

1. reserve fund;
2. reserves for future payments;
3. carried-over - premium reserve;
4. other reserves approved by the Agency.

(4) The Council of Ministers shall approve an ordinance for the order and the methodology of forming health insurance reserves. The health insurance company shall maintain health insurance reserves according to the ordinance of the first sentence in amount corresponding to the obligations under the health insurance contracts.

Art. 90d. (New, SG 107/02) (1) When the health insurance company has calculated the limit of solvency, the own resources and/or the health insurance reserves in violation of the ordinances under art. 90a or art. 90c, para 4, the Agency shall re-calculate their sizes, for the purposes of the health insurance supervision, according to these ordinances.

(2) When the limit of solvency and/or the size of the own resources, re-calculated by the order of para 1, do not correspond to art. 90, para 1 and 2 the measures of art. 90b shall apply.

(3) (amend., SG 8/03) When the health insurance reserves are insufficient for fulfilment of the obligations under the health insurance contracts the Agency shall prescribe their correction. For failure to fulfil the prescription shall apply enforcement administrative measures under art. 99.

Art. 90e. (New, SG 107/02) (1) The health insurance company shall be obliged to invest the health insurance reserves in the following assets and in the stipulated proportions:

1. state securities, issued and guaranteed by the Republic of Bulgaria - without restriction;
2. real estates which are not encumbered - up to 10 percent of the size of the health insurance reserves;
3. bonds issued and guaranteed by the municipalities - up to 5 percent of the size of the health insurance reserves;
4. stocks and bonds issued by trade companies and accepted for trading on a stock exchange - up to 30 percent of the size of the health insurance reserves, but not more than 10 percent of the stocks and bonds of one company;
5. bank deposits - up to 50 percent of the size of the health insurance reserves, but not more than 25 percent of their size in one bank;
6. mortgage bonds - up to 25 percent of the size of the health insurance reserves, but not more than 15 percent of the mortgage bonds issued by one bank.

(2) The assets under para 1 cannot be pledged and burdened by other encumbrance.

(3) The relative share of the investments under para 1 must provide security, profitability and liquidity corresponding to the health insurance contracts.

Art. 90f. (New, SG 107/02) (1) The own resources can be invested in shares and stocks of other trade companies. The health insurance company shall be obliged to inform the Agency within 7 days from making the investment when the size of the investment in one trade company:

1. exceeds 10 percent of the capital of the company, or
2. exceeds 30 000 levs.

(2) When the health insurance company invests its own resources in shares and stocks of another trade company and the size of the investment exceeds 10 percent of the size of its own resources it shall request a permit by the Agency.

(3) A health insurance company cannot participate as a regular partner in general partnerships, limited joint-stock companies and listed limited joint-stock companies.

Art. 90g. (New, SG 107/02; amend., SG 8/03) The health insurance company can invest health insurance reserves and own resources abroad upon a permit of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" four years after obtaining the licence.

Art. 90h. (New, SG 107/02) The health insurance reserves under art. 90c, para 3 shall be included in the overheads of the health insurance company.

Art. 90i. (New, SG 107/02) (1) The annual financial report of the health insurance company shall be endorsed by chartered auditors.

(2) Along with the report for endorsement of the annual financial report of the health insurance company, the chartered auditors shall also present a detailed audit report to the Agency by April 30 of the next year.

(3) The detailed audit report shall be worked out in a form approved by the Agency.

(4) The persons under para 1 shall immediately inform the Agency about all circumstances which could threaten the activity of the health insurance company.

### Section III.

#### Health Insurance Companies and Licensing (Prev. Section II - Title amend., SG 107/02)

Art. 91. (amend. SG 113/99; Amend., SG 107/02) The health insurance companies are joint-stock companies licensed according to this law, which are established, carry out their activity and are terminated by the order of the Commercial Law, inasmuch as this law does not stipulate otherwise.

Art. 92. (Amend., SG 107/02) (1) The trade name of a health insurance company shall obligatorily contain, separately or in a combination, the words "health" and "insurance" or their derivatives.

(2) Only a company, registered for carrying out activity on voluntary health insurance, can use in its name, in the description of its activity or in advertising, a combination of the words "health" and "insurance" or their derivatives, with exception of NHIF.

Art. 93. (amend. SG 113/99; Amend., SG 107/02) (1) The minimal size of the capital of a health insurance company at the time of filing application for licence is 500 000 levs. Within 3 years from obtaining a licence the company must increase its capital to a minimum of 2 000 000 levs.

(2) The instalments in the capital of the health insurance company can only be pecuniary.

(3) By the moment of filing application for issuance of licence for carrying out activity on voluntary health

insurance, as well as by the moment of entering in the commercial register of the increase of the capital under para 1 the capital of the company, respectively the value of the new stocks, must be deposited in full in a Bulgarian or foreign bank, having permit by the Bulgarian National Bank for carrying out banking activity.

Art. 94. (amend. SG 65/99; amend., SG 107/02) (1) A local or foreign individual or a corporate body acquiring independently or jointly with related persons 10 and more percents of the stocks of a health insurance company shall be obliged, within 14 days from their acquisition, to inform the Agency by a declaration in a form.

(2) Stock holder in a health insurance company cannot be, directly or through related persons, a person who practices or is a partner or stock holder in another company carrying out guarding or similar activity in the context of § 1, item 1 and 2 of the Law of the insurance.

Art. 95. (amend., SG 107/02; amend., SG 8/03) (1) The form of the declaration under art. 94, para 1 shall be approved by an order of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision".

(2) Attached to the declaration under para 1 shall be:

1. data for the applicant - name, UCC, permanent address - for the individuals; company, legal organisation form, seat, corporate file, address of management, BULSTAT code and tax number - for the corporate bodies;

2. declaration for the origin of the resources for acquiring the stocks, in a form approved by an order of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision";

3. declaration under art. 94, para 2, in a form approved by an order of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision";

4. certificate issued by the tax office at the place of permanent address - for a local individual, and at the place of registration - for a corporate body, for established and paid tax liabilities for a 3-year period before filing the declaration;

5. certificate issued by the creditor that he agrees the using of the loaned resources for acquiring stocks, when they are acquired by loaned resources;

6. declaration for related persons in the context of § 1, item 5 of the Law of the insurance.

(3) If the declarer under para 1 is a foreign person the data and the documents under para 2 shall be submitted in a form and with contents corresponding to the national legislation of the declarer.

Art. 96. (Amend., SG 107/02; amend., SG 8/03) (1) In case the data contained in the declaration under art. 95, para 1 and/or in the documents under art. 95, para 2 and 3 are incorrect or incomplete the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall require correction of the incompleteness or incorrectness within 14 days.

(2) If the documents under para 1 have not been filed or the faults are not rectified within the period under para 1 the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall impose the sanctions under this law.

(3) In the cases under para 2 and for a grounded doubt regarding incorrectness of the declared circumstances and of the documents the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall approach the competent state bodies and eventually the creditor under art. 95, para 2, item 5.

Art. 97. (Amend., SG 107/02) (1) The members of the managing or control bodies of the health insurance company can be individuals or corporate bodies.

(2) A member of a supervisory board, a member of a managing board or of a board of directors can be a person who:

1. has higher education;

2. has not been convicted to prison for indictable crime;

3. has not been a member of managing or control bodies or regular partners in a trade company or cooperation terminated due to bankruptcy or if a dissenting creditor has remained or which are under proceedings for declaring bankruptcy;

4. has not been a member of managing or control bodies of commercial banks which have been declared bankrupt or which are under proceedings for declaring bankruptcy;

5. has not been divested of the right to occupy a material responsibility position;

6. is not a spouse or relative up to third degree, including on the direct or collateral line or by marriage with another member of a managing or control body of the same health insurance company;

7. is not a member of a managing or control body of another company with the same subject of activity;

8. is not an individual or a member of managing and control bodies of the corporate bodies included in the list under the Law of information regarding unpaid credits;

9. has not carried out and does not carry out guarding or similar activity;

10. has not been and is not a partner or stock holder, as well as a member of a managing or control body of a trade company carrying out guarding or similar activity.

(3) Chairman of a supervisory board, chairman of a managing board or of a board of directors can be a person



with higher education, meeting the requirements of para 2 and who has a permanent address or permit for permanent stay in the country.

(4) Executive Director and a person who is empowered to carry out legal capacity according to art. 235 of the Commercial Law can be a person meeting the requirements of para 3 and has a professional experience in the sphere of insurance and assurance.

(5) Actuary can be a person meeting the requirements of para 3, has the speciality and/or qualification required for an actuary and has a professional experience in the sphere of insurance and assurance.

(6) The members - corporate bodies shall meet the requirements of para 2, item 3, 4, 7, 8, 9 and 10.

(7) The persons representing the corporate body in the managing bodies of the health insurance company must meet the requirements of para 2, respectively para 3 or para 4.

(8) The possession of the necessary professional experience in the sphere of the insurance shall be proved by documents certifying the presence of no less than two years of work in the management of the health care, in the health insurance, insurance, pension insurance or at a managerial or expert position in the state management and supervision of these activities.

(9) (new, SG 8/03) The persons under para 2 - 7 shall be subject to approval by the deputy chairman of the Commission for financial supervision managing division "Insurance supervision". The approval shall precede the entry in the commercial register, respectively the appointment to a position, for which entry it is not required that the deputy chairman shall announce his decision within one month from filing the application.

Art. 98. (Amend., SG 107/02; amend., SG 8/03) Licence for voluntary health insurance shall be issued by the Commission for financial supervision.

Art. 99. (Amend., SG 107/02) (1) (amend., SG 8/03) For issuance of licence an application shall be filed in the Commission for financial supervision, stating the company, the seat and the address for correspondence of the applicant, accompanied by:

1. statute;

2. list of the stock holders containing name, UCC, permanent address - for the individuals; company legal organisation form, seat, corporate file, address of management and BULSTAT code - for the corporate bodies; size of the share and declarations under art. 94, para 1 of the persons holding 10 percent and more of the capital of the company;

3. prognosis for the activity of the health insurance company during the first three years, containing revenue from premiums, expenses for payment of health services and commodities, overhead expenses for the activity, amount of the resources of special funds and reserves;

4. programme for investment of temporary free monetary resources in the first three years;

5. (suppl., SG 8/03) description of the health insurance packages offered by the company, the general terms and tariffs, as well as the technical bases of calculation of the premium rates and the technical plans;

6. samples of the health insurance contracts;

7. documents establishing the requirements of art. 97 for the bodies of management and the actuary;

8. written proof of paid-up capital under art. 93.

(2) (amend., SG 8/03) For incompleteness, incorrectness or contradiction to the legal requirements of the filed documents, within one month from their acceptance, the Commission for Insurance Supervision shall require from the health insurance company removal of the failures within one month. The Commission for Insurance Supervision can request opinion of the Minister of Health on the contents and feasibility of the health insurance packages offered by the applicant.

(3) (amend., SG 8/03) Within two months from filing the application the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall work out a proposal for issuance or refusal to issue licence and shall present it for consideration to the Commission for financial supervision. This term shall not run during the periods under para 2 from the requirement for removal of the failures until the receipt of the additional documents.

(4) (new, SG 8/03) The Commission for financial supervision shall take a decision on the application within one month from presentation of the proposal under para 3.

Art. 99a. (New, SG 107/02) The issuance of licence can be refused if:

1. the establishment and the bodies of management of the company do not meet the requirements of the law;

2. the application for licence and the documents under art. 99, para 1 are incorrect or untrue and incomplete and the irregularities are not rectified within the period under art. 99, para 2;

3. the programme and the prognosis do not comply with the requirements of art. 90;

4. the general terms of the contracts and their tariffs obviously do not cover the health insurance risk, which is proved by the Agency through actuary calculations;

5. the offered health insurance packages contradict or do not cover the minimal requirements of the medical standards and/or the rules for the good medical practice.

Art. 99b. (New, SG 107/02) (1) The licence issued to a health insurance company can be withdrawn if the

health insurance company:

1. violates requirements on whose grounds the licence has been issued or it is established that the documents on whose grounds it has been issued are untrue;
2. unlawfully refuses payment, pays partially or with delay indisputable dues on health insurance contracts;
3. does not begin its activity for a period of one year from the issuance of the licence;
4. carry out other activity not permitted by this law;
5. does not observe the voluntarism of the insurance;
6. does not present annual periodical reports required by a law within the periods determined by this law;
7. does not present a financial plan for recovery or a short-term plan for additional raising of own resources or the presented plan is not fulfilled within the set period;
8. lapses into a state of insolvency in the context of art. 608 or over-indebtedness in the context of art. 742, para 1 of the Commercial Law;
9. is terminated and liquidation proceedings are opened;
10. does not fulfil, within a three-month period, the prescription of the Agency for rectification of other violations of the law;
11. does not meet the requirements of art. 93, para 1 for increase of the capital.

(2) (new, SG 8/03) The licence of the health insurance company shall be withdrawn by the Commission for financial supervision.

(3) (prev. para 2 - amend., SG 8/03) The acts related to a refusal to issue and withdrawal of a licence, refusals to approve health insurance packages, requirements of additional documents and placing additional requirements shall be motivated in details in an official written statement indicating the grounds for the act.

Art. 99c. (New, SG 107/02) (1) After the withdrawal of the licence the health insurance company may not conclude new insurance contracts, to extend the term of the existing ones and to change the terms of the already concluded ones.

(2) The withdrawal of the licence shall not release the health insurance company from its obligations under the concluded contracts.

(3) (suppl., SG 8/03) Upon withdrawal of the licence the Agency shall appoint a receiver who shall exercise supervision over the activity of the health insurance company until the appointment of a liquidator or assignee in bankruptcy under the control of the Agency. The receiver shall have the legal capacities of the managing and control bodies of the health insurance company and shall receive remuneration for the account of the company, as the size of the remuneration shall be determined by the deputy chairman of the Commission for financial supervision managing division "Insurance supervision".

(4) Upon enactment of the decision for withdrawal of the licence the health insurance company shall be terminated and liquidation proceedings shall be opened upon request of the Agency by a decision of the district court of registration of the health insurance company.

Art. 99d. (New, SG 107/02; revoked, SG 8/03)

Art. 99e. (New, SG 107/02) (1) (suppl., SG 8/03) The offering of new health insurance packages shall be carried out upon permit of the Agency on the grounds of a request of the health insurance company containing a description of the packages, the general terms and the tariffs thereof, as well as the technical bases of calculation of the premium rates and the technical plans.

(2) (amend., SG 8/03) Changes in approved health insurance packages shall be introduced upon approval by the Agency on the grounds of a request of the health insurance company containing the changes of the packages, the general terms, tariffs thereof or the technical plans.

(3) (amend., SG 8/03) The deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall issue a permit under para 1 within one month, and approval under para 2 within one month from receipt of the request of the health insurance company. The deputy chairman may request a statement of the Minister of Health on the contents and feasibility of the offered health insurance packages.

(4) The Agency may refuse to issue permit or approval when:

1. the general terms of the contracts and the tariffs thereof do not cover the health insurance risk which shall be proved by the Agency through actuary calculations;
2. the offered health insurance packages contradict and/or do not cover the minimal requirements of the medical standards and/or the rules for the good medical practice.
3. (new, SG 8/03) the general terms of the health insurance packages and contracts violate the imperative provisions of the law or do not meet the requirements of art. 88, para 3 and the violation has not been removed within the period set by the deputy chairman of the Commission.

## Section IV.

Transformation, termination, liquidation and bankruptcy of health insurance companies (New,

## SG 107/02)

Art. 99f. (New, (SG 107/02) The transformation, termination, liquidation and declaring bankruptcy of the health insurance companies shall be carried out by the order of the Commercial Law inasmuch as this law does not stipulate otherwise.

Art. 99g. (New, SG 107/02) (1) (prev. text of art. 99g - amend., SG 8/03) The transformation through merger, division and separation of the health insurance companies shall be carried out by a permit of the Commission for financial supervision.

(2) (new, SG 8/03) Transformation of health insurance companies through incorporation shall be carried out by a permit of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision".

(3) (new, SG 8/03) The transformation under para 1 and 2 shall be carried out under the conditions and by the order of Chapter Eight of the Law of the insurance and of the Law of the Commission for financial supervision.

Art. 99h. (New, SG 107/02) (1) (amend., SG 8/03) Termination of a health insurance company shall be effected only upon permit of the Commission for financial supervision, regardless of the grounds of the termination.

(2) (amend., SG 8/03) Besides in the general cases according to the Commercial Law termination of a health insurance company shall also be effected by a decision of the Commission for financial supervision upon withdrawal of the licence for carrying out voluntary health insurance.

(3) (amend., SG 8/03) In the cases under para 1 the health insurance company, within 7 days from occurrence of the grounds, shall inform the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" and shall present for approval a liquidation plan which shall stipulate obligatorily transfer of the existing health insurance contracts and proposals for a liquidator. The deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall announce its decision within 30 days from the notification. The subsequent changes of the liquidation plan, the change of the term of liquidation, as well as the proposals for a change of the liquidator shall be approved by the same order.

(4) On termination of a health insurance company the liquidation proceedings shall be held by the order of Chapter Nine of the Law of the insurance.

Art. 99i. (New, SG 107/02) (suppl., SG 8/03) Bankruptcy proceedings for a health insurance company shall be opened only upon request of the Agency for insolvency of the health insurance company after having withdrawn the licence for voluntary health insurance. For determining the cases of insolvency, as well as for the relations not settled by this law, related to a bankruptcy of a health insurance company, shall apply respectively the provisions of Chapter Eleven of the Law of the insurance.

## Section V.

## State supervision of the activity on voluntary health insurance (New, SG 107/02; amend., SG 8/03)

Art. 99j. (SG 107/02) (1) (amend., SG 8/03) The Commission for financial supervision shall exercise the state supervision of the activity on the voluntary health insurance under the conditions and by the order of this law and of the Law of the Commission for financial supervision.

(2) (amend., SG 8/03) In carrying out the state supervision of the activity on the voluntary health insurance the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall:

1. extend proposals for issuance, refusal to issue or withdrawal of licence of health insurance company, for issuance or refusal to issue permits for merging, division or separation of health insurance companies and for imposing the enforcement measures under art. 99m, para 3;

2. issue permits for new health insurance packages, general terms and tariffs thereof and approve changes of the permitted ones;

3. permit incorporation of health insurance companies and opening of a branch of a Bulgarian health insurance company abroad;

4. permit transfer of an enterprise of a health insurance company or of health insurance contracts;

5. approve the persons under art. 97, para 2 - 7;

6. check up the regularity of the declarations under art. 95 and, where necessary, approach the bodies under art. 96, para 3;

7. approve other health insurance reserves in the context of art. 90c, para 3, item 4;

8. approve forms of declarations, reports, accounting reports, references and other documents stipulated by Chapter Three of this law;

9. extend a request for opening liquidation or bankruptcy proceedings of a health insurance company;

10. control the observance of the voluntarism in carrying out voluntary health insurance;

11. apply enforcement administrative measures and impose sanctions in the cases and by the order stipulated by the law;

14. take decisions on other issues related to the supervision of the activity of the health insurance companies which are not included in the range of competence of the Commission for financial supervision.

(3) (amend., SG 8/03) The documents necessary for issuance of permits and approvals, as well as for exercising the other supervisory legal capacities of the bodies under para q and 2, shall be determined by the Regulations for the structure and activity of the Commission for financial supervision or by an order of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision", with exception of the documents determined by this law.

(4) (revoked, SG 8/03)

(5) (revoked, SG 8/03)

(6) (amend., SG 8/03) The individual administrative acts of the Commission for financial supervision and of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall be subject to appeal by the order of the Law of the Commission for financial supervision.

Art. 99k. (New, SG 107/02; amend., SG 8/03) (1) The Commission for financial supervision shall carry out inspections for the observance of Chapter Three of this law and of the by-laws for its implementation by the health insurance companies.

(2) The Commission for financial supervision shall issue an ordinance for the order of carrying out the inspections.

(3) Applied for the health insurance companies shall respectively be art. 24 of the Law of the insurance.

Art. 99l. (New, SG 107/02) (1) (amend., SG 8/03) The health insurance companies shall work out and present to the Commission for financial supervision annual reports as follows:

1. annual financial report worked out in compliance with the requirements of the Accountancy Law - by March 31 of the year following the year of account;

2. annual references, reports and appendixes in formats and with contents approved by the Agency - by April 30 of the year following the year of account;

3. (amend., SG 8/03) annual actuary report in a form approved by the Commission for financial supervision - by April 30 of the year following the year of account.

4. (new, SG 8/03) quarterly accounting, references, reports and appendixes in a form approved by the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" - by the end of the month following the respective quarter.

(2) (amend., SG 8/03) The annual actuary report shall be worked out and signed by an actuary proposed by the health insurance company and approved by the Commission for financial supervision.

Art. 99m. (New, SG 107/02; amend., SG 8/03) (1) The deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall apply the measures under para 2 when he establishes that the health insurance company, each and every one of the persons under art. 97, para 2 - 7 or a stock holder, holding 10 and more percents of the stocks, have committed offences expressed in:

1. violation of the provisions of this law, of the by-laws for its implementation, of the Law of the Commission for financial supervision, of acts of the Commission for financial supervision and of the deputy chairman of the Commission for financial supervision managing division "Insurance supervision", as well as proposal of general terms and clauses which have not been approved by the deputy chairman of the Commission for financial supervision managing division "Insurance supervision";

2. threatening the interests of the health insured persons;

3. violation of the terms under which the permit or the licence has been issued;

4. carrying out transactions and activities which affect the organisational or financial stability of the health insurance company;

5. obstruction for the fulfilment of the state supervision of the activity on the voluntary health insurance.

(2) In the cases under para 1 the deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall apply the following enforcement administrative measures:

1. order in writing the stopping or removal of the admitted offences or undertaking definite measures;

2. give prescription for achievement of profitability, security and liquidity of the investments of the health insurance reserves and of the own capital;

3. impose measures for recovery of the financial status of the health insurance company;

4. oblige in writing the health insurance company to increase its own resources within a set period;

5. determine the structure of the assets for the purpose of guaranteeing the payments on the health insurance contracts;

6. prohibit temporarily the payment of dividends;

7. prohibit temporarily to a stock holder to exercise his voting right;

8. order in writing to a stock holder to transfer the stocks possessed by him within a set period.

(3) In especially severe cases of offences under para 1 the Commission for financial supervision, at a proposal of its deputy chairman managing division "Insurance supervision":

1. order in writing the health insurance company to dismiss one or more persons authorised to manage or represent it, or each and every one of the persons under art. 97, para 2 - 7, or
2. appoint receivers with legal capacities under art. 99c, para 3 for a definite period.

## Chapter four.

### SPECIALISED MEDICAL SUPERVISION (Title amend., SG 107/02)

Art. 100. (Amend., SG 107/02) (1) The Minister of Health shall exercise a specialised medical supervision over the quality of the provided health activities and services and the access to medical care related to the fulfilment of the obligatory and voluntary health insurance.

(2) The activity under para 1 shall be carried out by directorate "Specialised medical supervision" of the Ministry of health..

Art. 101. (Amend., SG 107/02) Directorate "Specialised medical supervision" shall:

1. control the observance of the medical standards and the rules for good medical practice by the contracts of RHIF and the companies for voluntary health insurance with providers of medical care;
2. control the provision of the access of the health insured persons to quality non-hospital and hospital medical and dental care;
3. (amend., SG 8/03) submit to the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" information obtained while exercising its legal capacities according to this law regarding individuals and corporate bodies, medical and health establishments carrying out activity of voluntary health insurance without a licence;
4. work out, within 7 days, upon request of the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision", a statement by the Minister of Health on the contents and feasibility of the health insurance packages offered by the health insurance companies;
5. work out an annual report to the Minister of Health on the state and the entire activity of the health insurance.

Art. 102. (Amend., SG 107/02) (1) In exercising its legal capacity under this law Directorate "Specialised medical supervision" shall have the right to require and inspect contracts between:

1. regional health insurance funds and providers of medical care;
2. health insurance companies and providers of medical care;
3. providers of medical care and individuals or corporate bodies for providing medical care other than those under item 1 and 2.

(2) The National Health Insurance Fund and the voluntary health insurance companies shall be obliged to present to Directorate "Specialised medical supervision" a six-month reference by the end of the month following the expiration of the six months of account. The reference shall be made out in a form approved by the Minister of Health and shall contain data about the number of serviced persons, the type and the size of the provided services under contracts with RHIF and voluntary health insurance companies.

(3) The health insurance companies shall present to Directorate "Specialised medical supervision" a list of the providers of medical care with whom they have concluded contracts, as well as information necessary for the health statistics and monitoring of the health status of the population in a format and with contents determined by an order of the Minister of Health.

(4) Access to personalised information under para 2 and 3 shall have only the employees of the directorate, and in this form it can be used only by them for the purpose of exercising control functions under this law. The information shall be processed and used for the needs of the health statistics.

(5) The employees of Directorate "Specialised medical supervision" shall have the right to carry out inspections on the spot in NHIF, RHIF, the health insurance companies and the providers of medical care, as well as to require and receive the necessary documents and information related to the exercising of their legal capacities under this law.

(6) The National Health Insurance Fund, the regional health insurance funds, the health insurance companies and the providers of medical care shall be obliged to render assistance and submit to the employees of Directorate "Specialised medical supervision" the required documents, references, information and other carriers of information related to the exercising of their legal capacities under this law.

(7) The employees of Directorate "Specialised medical supervision" shall be obliged to keep secret the information having become known to them in exercising the legal capacities under this law. The disclosure of such information can be done only by the consent of the persons who have submitted it, as well as in the cases explicitly stipulated by a law.

## Chapter five. ADMINISTRATIVE AND PUNITIVE PROVISIONS

Art. 104. (1) (amend., SG 110/99; amend., SG 107/02) Official of employer or employer who does not pay the instalments for the insured persons, which are due, shall be fined with 1000 to 2000 levs for each unpaid instalment.

(2) (amend., SG 110/99; amend., SG 107/02) For repeated and for each next offence the fine shall be monthly from 2000 to 4000 levs for each unpaid instalment.

(3) (New, SG 107/02) Self-insured person who does not pay the due insurance instalments for a period longer than three months shall be fined by 50 to 100 levs, and for repeated violation - by a fine of 100 to 300 levs.

Art. 105. (1) (amend., SG 110/99; amend., SG 107/02) The offences under Art. 103 and 104 shall be established by acts of the control bodies of the National Insurance Institute.

(2) (amend., SG 110/99; amend., SG 107/02) The penalty decrees shall be issued by the governor or by the head of the respective territorial division of the National Insurance Institute.

Art. 106. (1) (New, SG 107/02) Director of RHIF who unlawfully refuses to conclude a contract with a provider of medical care and the refusal has been revoked by the order of art. 59, para 6 and 7 shall be fined by 300 to 500 levs, and for repeated violation - by 600 to 1000 levs.

(2) (New, SG 107/02) Official of NHIF or RHIF who violates the provisions of art. 59 shall be fined by 100 to 300 levs, and for repeated violation - by 200 to 600 levs.

(3) (Prev. para 1 - amend., SG 107/02) For violation of the provisions of this law or of the normative acts for its implementation, except in the cases under para 1 and 2, Art. 103, Art. 104 and Chapter Three a fine of 100 to 500 levs shall be imposed, and for repeated violation - from 200 to 1000 levs.

(4) (Prev. para 2 - amend., SG 107/02) The offences under para 1, 2 and 3 shall be established by acts issued by officials from Directorate "Specialised medical supervision" and the penalty decrees shall be issued by the Minister of Health.

Art. 106a. (New, SG 107/02; revoked, SG 8/03)

Art. 106b. (New, SG 107/02) (1) Members of managing bodies of a medical establishment providing medical services under a contract, representing voluntary health insurance in the context of this law, shall be punished: by a fine of 100 to 200 levs - for medical establishments under art. 8, para 1, item 1, letter "a" and item 2, letter "a" of the Law of the medical establishments, by a fine of 200 to 500 levs - for members of managing bodies of medical establishments for non-hospital care, and by a fine of 500 to 1500 levs - for members of managing boards of medical establishments for hospital care. For repeated offence the fine shall be respectively from 200 to 400 levs, from 500 to 1000 levs and from 1000 to 3000 levs.

(2) Members of managing bodies or individuals representing a corporate body in the managing bodies of other corporate bodies, other than the cases of para 1, carrying out activity representing voluntary health insurance in the context of this law, shall be fined by 5000 to 10 000 levs. For repeated offence the fine shall be from 10 000 to 20 000 levs.

(3) (amend., SG 8/03) Official of an employer or health insurance company who discloses data related to a contract for voluntary health insurance in violation of art. 88, para 5 shall be fined by 500 to 1000 levs, and for repeated violation the fine shall be from 1000 to 2000 levs.

(4) A person who is obliged to file a declaration under art. 95 and does not file it in time or files an untrue declaration shall be fined by 1000 to 2000 levs, and for repeated offence the fine shall be from 2000 to 4000 levs.

(5) A health insurance company carrying out health insurance in violation of the issued licence under art. 98 or of the permit under art. 99e, para 1, or in violation of art. 82, para 3 shall be punished by a property sanction of 5000 to 10 000 levs. For repeated violation the property sanction shall be from 10 000 to 15 000 levs.

(6) A health insurance company violating the provisions of art. 90c, para 1 or para 4, art. 90e, art. 90f or art. 90g shall be punished by a property sanction of 2500 to 10 000 levs. For repeated offence the property sanction shall be from 5000 to 15 000 levs.

(7) (amend., SG 8/03) A health insurance company which does not inform the Commission for financial supervision for opening liquidation proceedings in the cases of art. 99h, para 1, or does not fulfil its obligations under art. 99h, para 3 shall be punished by a property sanction of 1000 to 5000 levs.

(8) (amend., SG 8/02) For violation of the provisions of Chapter Three of this law or of the normative acts for its implementation, in cases other than those under para 1 - 7 the guilty person shall be fined by 500 to 1000 levs for an individual, or a proprietary sanction shall be imposed from 1000 to 2500 levs for a corporate body. For repeated violation the fine shall be from 1000 to 2000 levs and the property sanction - from 2000 to 5000 levs.

(9) (amend., SG 8/03) The offences under para 1 - 8 shall be established by acts of officials of the administration of the Commission for financial supervision duly authorised by its deputy chairman of the Commission for financial supervision managing division "Insurance supervision". The penal provisions shall be issued by the deputy

chairman of the Commission for financial supervision managing division "Insurance supervision".

Art. 108. (1) (Suppl., SG 107/02) The issuance of acts, the issuance, the appeal and the fulfilment of the penalty decrees under this law shall be carried out according to the Law of the administrative offences and penalties, and if the fine is imposed on an employee of NHIF or RHIF - to the revenue of the republican budget..

(2) (suppl., SG 8/03) The imposed fines shall be deposited to the revenue of NHIF. Deposited to the revenue of the republican budget shall be the fines and the property sanctions imposed on the health insurance companies for offences under Chapter Three of the law.

(3) (New, SG 107/02) Up to 25 percent of the collected sums of fines and sanctions to the revenue of NHIF can be spent for stimulation of the officials exercising control functions in NHIF and RHIF.

Art. 111. (amend., SG 107/02) (1) The resources paid by NHIF for treatment of diseases caused by a deliberate damage to the own or other persons health in case of an indictable crime, as well as for damaging the health of third persons committed in a state of alcoholic intoxication or use of narcotic or intoxicating substances shall be reimbursed to NHIF by the person who has caused it along with the legal interest and the expenses related to the reimbursement.

(2) In the cases under para 1 the Director of RHIF shall send to the tort feisor an account with an invitation for voluntary payment. If the tort feisor does not make the payment within one month RHIF shall have the right to compulsory execution by the order of Civil Proceedings Code.

## Additional provisions

§ 1. (Amend., SG 107/02) In the context of this law:

1. "Highly specialised medical activity" is an activity requiring special medical skills and equipment necessary for resolution of complex diagnostic and medical cases.

2. "Basic package of health activities guaranteed by the budget of NHIF" are activities determined by type and scope, on individual specialities, activities for treatment of definite diseases or group of diseases, accessible by all health insured persons, in a size, under conditions and by an order determined by the National Frame Agreement.

3. "Health activity" is every activity aimed at preservation, maintaining and recovery of health.

4. "Health insurance package" is a group of health services and commodities, defined by type and scope, covered entirely or partially by the health insurance companies under conditions and by an order stipulated by the health insurance contracts.

5. "Health insurance instalment" is the sum paid by an individual or corporate body for obligatory health insurance, formed as a percentage of the insurance income determined by this law.

6. "Health insurance premium" is the sum paid by an individual or corporate body under a contract to a voluntary health insurance company.

7. "Person under proceedings for granting refugee status" is a foreign citizen or a person without citizenship who has requested a statute of refugee in the Republic of Bulgaria until the conclusion of the proceedings by an enacted decision on his application.

8. "Personal professional code" is an identifying code regarding data for the provider of medical care, consisting of digits and signs.

9. "Medical care" is a system of diagnostic, therapeutic, rehabilitation and prophylactic activities provided by medical specialists.

10. "Size of medical care" is the quantity of medical activities, services and commodities access to which have the insured persons under definite conditions stipulated by the National Frame Agreement and the contracts for voluntary health insurance.

11. "Scope of medical care" are the provided specific types of prophylactic, diagnostic, therapeutic, rehabilitation activities and services and the type of provided medical commodities covered entirely or partially by NHIF or by the voluntary health insurance companies.

12. "General terms of the health insurance packages and contracts" are standard terms stipulating the rights and the obligations of the parties, the conditions, the order and the terms of payment of the health insurance instalments and premiums, the conditions and the order of using the health insurance services and receiving the health insurance commodities, the order and the term of covering the expenses thereof, as well as other terms of the contracts.

13. "Insured person" is an individual insured under the conditions and by the order of this law.

14. "Insurer" is the National Health Insurance Fund or a company for voluntary health insurance.

15. "Insuring party" is an individual or corporate body paying in full or partially health insurance instalment or premium for a third person.

16. "Repeated" is an administrative offence made within 1 year from the enactment of the penalty decree by which the offender has been punished for the same offence.

17. "Enterprise are all corporate bodies, sole entrepreneurs and companies which are not legal entities carrying out trade activity.

18. "Self insured person" is an individual paying in full a health insurance instalment or premium for himself.

19. "Tariffs for health insurance packages and contracts" are the sizes of the health insurance instalments and premiums for one or several health insurance packages differentiated according to the number of packages, the number of insured persons under the contract, the age, the health status of the insured persons and other factors.

20. "Members of the family" are the spouse and the children under 18 years of age, and if they continue their education - until 26 years of age, and if they are incapacitated or permanently labour incapacitated - regardless of the age.

### Transitional and concluding provisions

§ 3. (amend. SG 113/99 ) (1) (Amend., SG 62/99) The fulfilment of the contracts between RHIF and the medical care executives on non-stationary level shall begin on July 1, 2000.

(2) The fulfilment of the contracts between RHIF and the hospitals shall begin on July 1, 2001.

(3) Until the commencement of the fulfilment of the contracts between the RHIF and the medical care executives under para 1 and 2 the financing of the state and the municipal medical care and health establishments shall be carried out by the republican and municipal budgets in a way applied till their transformation.

(4) (New, SG 41/01) The medical establishments for hospital care - trade companies with state and/or municipal property shall be financed for their activity by the republican or the municipal budgets according to art. 206 of the Law for the medical establishments and by the National Health Insurance Fund by payment according to contracts with them. The subsidising shall be carried out on the grounds of a one-year contract between the financing body and the health establishment in compliance with the Law for the state budget of the Republic of Bulgaria for the respective year. The financing of the National Health Insurance Fund shall be carried out on basis of contracts in compliance with the budget of NHIF.

§ 5. Upon enactment of the law the Minister of health shall begin the establishment of the structures and bodies stipulated by it. Upon constituting the bodies of NHIF the tasks on the establishment of the structures and carrying out the activities related to the obligatory health insurance shall be taken over by themselves.

§ 14. The following amendments and supplements are introduced to the Law for the national health (prom., SG, No 88 of 1973):

1. In Art. 2, para 1 is amended as follows:

"(1) Every Bulgarian citizen shall have the right to accessible medical care and health insurance stipulated by a law."

2. New Art. 3a is created:

"Art. 3a. The republican budget and the municipal budgets shall finance the activities of health care right to which have the citizens free of charge and related to:

1. emergency medical care;
2. stationary psychiatric care;
3. haemotransfusion;
4. obligatory immunisation and obligatory treatment under the Law for the National Health;
5. epidemiological and anti-epidemiological studies and activities;
6. health programmes and projects of national, regional and local importance;
7. state sanitary control;
8. investment expenses;
9. education, science and qualification;
10. construction for health purposes, basic repair, modernisation, improvement and reconstruction, as well as equipment over 10 million levs;
11. health administration;
12. national centres and institutes without direct treatment activity;
13. expensive treatment beyond the range of the obligatory health insurance by an order determined by the Minister of health;
14. expenses related to the public health care;
15. expertise of the permanent labour disability and professional diseases."

3. The previous Art. 3a becomes Art. 3b.

4. The following amendments and supplements are introduced to Art. 4:

a) in para 2, item, 1, after the words "medical care" is added "for the activities under Art. 3a";

b) para 3 is revoked.

5. In Art. 4b, para 1, after the words "the municipal budget" is added "revenue from the health insurance and payment in cash".

6. In Art. 25i para 4 is created:

"(4) The regulations under para 3 shall not apply for activities under contracts with the National health insurance fund."



7. The following amendments and supplements are introduced to Art. 26:

a) para 1 is amended as follows:

"(1) The persons under Art. 2, para 1 shall have free choice and treatment by the physician and dentist for primary and specialised out-patient treatment on the territory of the respective regional health insurance fund.";

b) para 2, 3, 4 and 5 are revoked.

8. In Art. 53, para 2 the words "the order of Art. 26, para 5" are replaced by "an order determined by the Minister of health".

9. In Art. 55, para 4 the words "and medical treatment" are deleted.

§ 19. (1) (new, prev. § 19 - SG 110/99) Within 6 months from the enactment of the law the Council of Ministers, at the proposal of the Minister of Health shall adopt the normative acts related to its implementation.

(2) (new, SG 110/99) For the implementation of Art. 39 and Section V of the Law for the Council of Ministers ordinance shall be adopted at the proposal of the National Insurance Institute and NHIF.

§ 19a. (new, SG 114/03) (1) The persons owing more than three health insurance instalments for the period until December 31, 2003 for themselves and/or for members of their families may file a written request for rescheduling of the payment of the due sums until December 31, 2004.

(2) Rescheduled by the order of para 1 shall be obligations for health insurance instalments with a size of the principal over 50 levs.

(3) The persons shall file request for rescheduling in the territorial division of the National Insurance Institute, indicating the deadline for payment of their liabilities.

(4) The liability shall be rescheduled from the date of filing the request by a decision of the head of the territorial division of the National Insurance Institute or of officials authorized by him. The decision shall indicate the size of the liability, the deadline for payment of the rescheduled liability and total due sum until the expiration of this period. A copy of the decision shall be submitted to the person.

(5) The persons whose liability is rescheduled shall retain their rights of health insured persons.

(6) For fulfillment of the requirements under para 1 – 4 the persons shall not be fined according to art. 104, para 3 and the provision of art. 109, para 1 shall not apply.

(7) The person shall lose his health insurance rights if:

1. he does not acquit his liability under para 4 by the deadline of the rescheduling;

2. he has not paid more than three due health insurance instalments for 2004; in this case the rescheduling shall be terminated.

(8) Due for the period of the rescheduled payment shall be 1 percent monthly interest on the due sum, and the term of limitation for the rescheduled liability shall stop running.

(9) Persons working under employment and official legal terms shall retain their health insurance rights if the instalments have not been paid by the employer. The provision of art. 109, para 2 shall not apply for them.

(10) To employers who, by December 31, 2004 pay the health insurance instalments due by December 31, 2003 shall not be imposed fines under art. 104, para 1 and 2.

§ 19b. (new, SG 28/04) The Council of Ministers, by April 30, 2004, shall adopt and promulgate in the State Gazette the ordinance under art. 45, para 4.

§ 20. The fulfilment of the law is assigned to the Minister of Health, to the bodies of NHIF representing it and to the National Insurance Institute in the part for collection of health insurance instalments.

The law was adopted by the 38th National Assembly on June 4, 1998 and was affixed with the official seal of the National Assembly.

## Transitional and concluding provisions

§ 94. (1) Within 15 days from the enactment of this law the Council of Ministers, the representative organisations of the workers and employees and of the employers, the National Association of the Municipalities and the representative organisations for protection of the rights of the patients shall appoint their representatives in the assembly of the representatives of the National Health Insurance Fund.

(2) Held within 10 days from expiration of the term under para 1 shall be the first meeting of the assembly of the representatives for election of new managing and control boards. The assembly shall be convened by the managing board of the National Health Insurance Fund.

(3) Within 15 days from the first meeting of the representatives it shall adopt, at the proposal of the managing board, rules for holding a competition for Director of the National Health Insurance Fund, and the managing board shall announce the competition.

(4) Within one month from the election of Director of the National Health Insurance Fund the managing board

shall determine the requirements for the position, rules for holding competitions and shall announce competitions for directors of RHIF.

(5) The organisations under para 1 which have not appointed their representatives in the assembly of the representatives in compliance with the requirements and by the order of this law shall acquire a right for participation in it upon their appointment. The assembly shall be legitimate without their participation in compliance with the requirements of art. 11.

§ 95. Within two months from the enactment of this law the Council of Ministers shall adopt and amend the by-laws for its implementation.

§ 96. Within one month from the enactment of this law the Minister of Health shall issue the ordinances under art. 45, para 2 and 3 and the other by-laws and their amendments related to the implementation of the law.

§ 97. (amend., SG 8/03) Within one month from the enactment of this law the Ministry of Health and the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall submit to the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" the registers and dossiers for the companies under § 101 and 102.

§ 98. (amend., SG 8/03) Within three months from the enactment of this law the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" shall adopt and amend the internal acts related to its implementation.

§ 99. The National Frame Agreement for 2003 shall be adopted in compliance with the provisions of this law.

§ 100. By December 31, 2002 NHIF shall bring the regulations and the other internal acts in compliance with the provisions of this law.

§ 101. (1) (amend., SG 8/03) The filed applications for licensing companies for voluntary health insurance before the enactment of this law, for which there is no licence or refusal to issue licence for carrying out voluntary health insurance by the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision", shall be considered by the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" under the conditions and by the order of this law.

(2) In order to obtain licence under this law the companies under para 1 shall be obliged to bring their organisation and activity in compliance with its requirement.

§ 102. (1) (amend., SG 8/03) The licences, issued by the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" before the enactment of this law, for carrying out voluntary health insurance for individual packages of activities shall retain their effect, while the companies having obtained them shall be obliged to bring the organisation and activity in compliance with the requirements of the law within 9 months from the enactment of the law.

(2) (amend., SG 8/03) Within the term under para 1 the licensed health insurance companies shall present to the Deputy chairman of the Commission for financial supervision managing division "Insurance supervision" the documents and the information required for issuance of licence under this law.

§ 103. (1) Individuals and corporate bodies carrying out activity of voluntary health insurance without having obtained licence for it, regardless of whether it is explicitly indicated in their subject of activity, shall be obliged, within 6 months from the enactment of this law, to bring their constituent and structural acts, as well as their activity, in compliance with the requirements of this law and to file applications for licensing.

(2) The persons under para 1 who have not filed applications for licensing within the term under para 1, or to whom licence has been refused, shall not have the right to carry out voluntary health insurance.