

Government healthcare expenditures have been growing in developed countries all over the world. Usually this growth is not fully compensated by increase of GDP. Therefore new financial sources have to be found in state budget every year.

The aim of this report is to find an answer to the question, why problems in the healthcare system are present all over the world and what is the reason. From institutional perspective we try to find healthcare system problems, examine them and explain their origin. The cause of the problems is given by the presence of many subjects, that have different functions, various extent of power, responsibility and even different interests.

In following chapters we analyze step by step the complicated structure of the relationship between healthcare subjects. We begin with the explanation of the inception and the evolution of subjects of healthcare system. We continue with the overview of the main existing means of funding healthcare system and we finish with the analysis of the relationships.

The latter part relates to the Czech healthcare system rules and laws. Special attention is given to the health insurance company (VZP ČR), which plays central role in the healthcare system of Czech Republic. On the basis of the relationship between the insurer and all other subjects we show the cause of market failures.

In the end we express hypothesis concerning statement about VZP ČR. We try to prove, that institutional form of this most dominant subject in Czech Republic healthcare system is inconsistent and leads to ineffective system as a whole.