

Health Insurance Act

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(*) (Editor's Note: Regarding the entry into force of the clauses amending the Health Insurance Act by SG No. 34/25.04.2006, see § 56 of the Transitional and Final Provisions of the Commercial Register Act)

Chapter One GENERAL PROVISIONS

Article 1.

This Act regulates health insurance in the Republic of Bulgaria and the social relationships therein involved.

Article 2.

(1) *(New, SG No. 107/2002)* Health insurance shall be an activity consisting of raising health insurance contributions and charging health insurance premiums, managing the resources raised, and spending the said resources on payment for health-care activities, services and goods as provided for in this Act, in the National Framework Agreement and in the voluntary health insurance contracts.

(2) *(Redesignated from Article 2, SG No. 107/2002)* There shall be compulsory and voluntary health insurance.

Article 3.

(1) *(Amended, SG No. 107/2002, SG No. 105/2005)* Compulsory health insurance shall be an activity comprehended in the raising of resources from compulsory social insurance contributions, fixed by statute, performed by the National Revenue Agency, the managing and the spending of the said resources on health-care activities, which shall be implemented by the National Health Insurance Fund and by the local divisions thereof, referred to as Regional Health Insurance Funds. Compulsory health insurance shall provide a basic package of health-care activities guaranteed by the budget of the National Health Insurance Fund.

(2) Voluntary health insurance shall be supplementary and shall be implemented by joint-stock companies, registered under the Commerce Act and licensed under the terms and according to the procedure established by this Act.

Chapter Two COMPULSORY HEALTH INSURANCE

Section I General Provisions

Article 4.

(1) *(Redesignated from Article 4 and amended, SG No. 107/2002)* Compulsory health insurance shall guarantee the insured persons free access to medical care by means of a package of health-care activities of a specific type, scope and amount, as well as a free choice of a provider of such care, who or which has concluded a contract with a Regional Health Insurance Fund.

(2) *(New, SG No. 107/2002, effective 1.01.2004)* The right of choice shall apply to the entire territory of Bulgaria and may not be restricted on geographic and/or administrative grounds.

Article 5.

Compulsory health insurance shall be implemented in accordance with the principles of:

1. *(Supplemented, SG No. 107/2002)* compulsory participation in the raising of contributions;
2. *(Amended, SG No. 107/2002)* participation of the State, the insureds and the employers in the management of the National Health Insurance Fund;
3. solidarity of the insureds in benefiting from the resources raised;
4. responsibility of the insureds for their own health;
5. non-discrimination in use of medical care;
6. *(New, SG No. 107/2002)* non-discrimination of medical care providers upon conclusion of contracts with the Regional Health Insurance Funds;
7. *(Renumbered from Item 6, SG No. 107/2002)* self-management of the National Health Insurance Fund;
8. *(Renumbered from Item 7, SG No. 107/2002)* contractual relationships between the National Health Insurance Fund and medical care providers;
9. *(New, SG No. 107/2002)* a basic package of health-care activities, guaranteed by the budget of the National Health Insurance Fund;
10. *(New, SG No. 107/2002)* free choice of medical care providers by the insureds;
11. *(Renumbered from Item 8 and supplemented, SG No. 107/2002)* public openness of the operation of the National Health Insurance Fund and public control over the expenditures incurred thereby.

Section II

National Health Insurance Fund

Article 6.

(1) There shall be established a National Health Insurance Fund as a legal person with a registered office in Sofia and for the purpose of implementing compulsory health insurance.

(2) *(Amended, SG No. 110/1999, SG No. 111/2004)* The National Health Insurance Fund shall consist of a Head Office, of Regional Health Insurance Funds, and of divisions of the Regional Health Insurance Funds. The headquarters of the Regional Health Insurance Funds shall be determined according to a list adopted by the Council of Ministers, and the headquarters of the divisions thereof shall be determined by an order of the Director of the National Health Insurance Fund.

(3) *(Amended, SG No. 110/1999)* The National Health Insurance Fund shall be governed by the following authorities:

1. a Meeting of Representatives;
2. a Governing Board;
3. a Review Board;
4. a Director.

(5) The National Health Insurance Fund may not provide voluntary health insurance.

Article 7.

(Amended, SG No. 69/1999, SG No. 107/2002)

(1) The Meeting of Representatives shall be composed of a total of thirty-seven representatives of the insureds, the employers, the municipalities and the State.

- (2) The quota of the insureds shall include six representatives of the representative trade union organizations and one representatives of the representative organizations for protection of patient rights, who shall be elected by the said organizations themselves.
- (3) There shall be six representatives of the employers in the Meeting, and they shall be elected by the representative employer organizations.
- (4) There shall be six representatives of the municipalities, and they shall be elected by the National Association of Municipalities in the Republic of Bulgaria.
- (5) *(Supplemented, SG No. 112/2002)* There shall be eighteen representatives of the State, and they shall be designated by the Council of Ministers, one of them mandatorily being the Executive Director of the National Revenue Agency.
- (6) The representative trade union and employer organizations shall be recognized according to Article 3 of the Labour Code.
- (7) The representative organizations for protection of patient rights shall be non-profit corporations satisfying the requirements established by Article 7a (1) herein.
- (8) The representatives of the trade union organizations, of the employer organizations and of the National Association of Municipalities in the Republic of Bulgaria shall be designated by the governing bodies of the said organizations at the national level, the representative of the organizations for protection of patient rights shall be designated by the General Meeting of representatives of the organizations referred to in Paragraph (7), and the representatives of the State shall be designated by the Council of Ministers within one month prior to the expiration of the term of office of any incumbent Meeting of Representatives.
- (9) The term of office of the Meeting of Representatives shall be four years.

Article 7a.

(New, SG No. 107/2002)

- (1) To qualify as a representative organization for protection of patient rights, an organization must:
1. have as a purpose the protection of the rights and interests of all patients regardless of specific diseases, diagnoses and conditions;
 2. be registered as a non-profit association for pursuit of public benefit activities within the meaning given by the Non-for-Profit Legal Entities Act;
 3. be nationally representative, having regional chapters established within the entire territory of Bulgaria.
- (2) The governing bodies of any association referred to in Paragraph (1) may not include any officers of state bodies, bodies of local self-government and the local administration, employees of the National Health Insurance Fund, medical care providers, any members of managing and supervisory bodies of manufacturers, importers and traders in medicinal drugs, medicinal products and apparatus.
- (3) The Ministry of Health and the other state bodies, the bodies of local self-government and the local administration and the National Health Insurance Fund shall render assistance to the associations for protection of patient rights. The said associations shall have the right:
1. to obtain information on drafts of statutory instruments concerning patient rights and interests;
 2. to report to the controlling authorities under this Act on any instances of violation of patient rights, to require information on the inspections conducted, on the results of the said inspections, and on the action taken.
- (4) The organizations referred to in Paragraph (1) may participate, through representatives thereof, in the work of advisory bodies, commissions and working groups with the authorities of the Ministry of Health and the National Health Insurance Fund.

Article 8.

The Meeting of Representatives shall perform the following functions:

1. adopt, supplement and amend the Rules of Organization and Operation of the National Health Insurance Fund and cause the promulgation thereof in the *State Gazette*;
2. elect and remove the members of the Governing Board and of the Review Board, fix the remuneration thereof, and adopt rules of procedure therefor;
3. *(Amended, SG No. 107/2002)* adopt rules for conduct of a competitive examination procedure for a director of the National Health Insurance Fund;
4. *(Amended, SG No. 107/2002)* approve the draft of an annual National Health Insurance Fund Budget Act;

5. (*Amended, SG No. 107/2002*) approve the annual financial statement, the budget implementation report and the National Health Insurance Fund activity report;
6. (*Amended, SG No. 107/2002*) discharge the Governing Board from liability for the reporting period.

Article 9.

(1) The Meeting of Representatives shall be called to an ordinary sitting at least once a year by the Governing Board with a written notice to the members of the Meeting. The said notice shall be published in the *State Gazette* and in two national daily newspapers. Any such notice must state the date of the meeting, which may not be earlier than 15 days after the date of publication in the *State Gazette*, the venue, the time, and the draft agenda. The materials on the draft agenda shall be dispatched by registered mail not later than ten days prior to the date of the meeting.

(2) The Meeting shall elect a chairperson and a secretary, who shall draw up a list of those present and shall sign the minutes of proceedings at the sitting.

Article 10.

The Meeting of Representatives shall be called to an extraordinary sitting on the initiative of at least one third of the members thereof, of the chairpersons of the Governing Board or the Review Board, or on the requisition of at least one half plus one of the members of the said boards.

Article 11.

(1) For the valid transaction of business at any sitting of the Meeting of Representatives, not less than two thirds of the members thereof shall have to attend. Unless the required quorum is present, the sitting shall stand adjourned to a time within two hours thereafter and shall proceed provided at least one half of the members are present.

(2) The Meeting of Representatives shall take action by a simple majority of those present, and the affirmative vote of not less than two thirds of those present shall be required for action on any matter covered under Items 1, 4 and 5 of Article 8 herein.

Article 12.

(1) (*Amended and supplemented, SG No. 107/2002*) Membership in the Meeting of Representatives shall cease prior to the expiration of a member's term of office by resignation, upon objective inability to perform the duties thereof for a period longer than one year, upon occurrence of the grounds covered under Articles 18 and 21 herein, or by decision of the authorities covered under Article 7 herein.

(2) (*Supplemented, SG No. 107/2002*) Any seat in the Meeting as may fall vacant under Paragraph (1) or by a member's death shall be occupied by a replacement, elected according to the procedure established by Article 7 herein. Any such replacement shall remain in office until conclusion of the term of office of the Meeting of Representatives.

Article 13.

Both members and non-members of the Meeting of Representatives shall be eligible for election to the Governing Board.

Article 14.

(1) (*Amended, SG No. 107/2002*) The Governing Board shall be elected for a term of three years. The said Board shall have nine members. They shall elect from amongst their number a Chairperson of the Governing Board.

(2) (*New, SG No. 107/2002*) Membership in the Governing Board shall cease prior to the expiration of a member's term of office by resignation, upon objective inability to perform the duties thereof for a period longer than one year, upon occurrence of the grounds covered under Articles 18 or 21 herein, or by resolution of the Meeting of Representatives.

(3) (*New, SG No. 107/2002*) Any seat on the Governing Board as may be vacated by a pre-term cessation of membership or by a member's death shall be occupied by a replacement, elected to serve for the remainder of the term of office of the Board.

(4) (*Renumbered from Paragraph (2), SG No. 107/2002*) The Governing Board shall hold ordinary meetings at least once every month.

(5) (*Renumbered from Paragraph (3), SG No. 107/2002*) The Governing Board may be called to an extraordinary meeting by the Chairperson thereof, by one third of the members thereof, by the Director of the National Health Insurance Fund, or by the Chairperson of the Review Board.

(6) *(Renumbered from Paragraph (4), SG No. 107/2002)* The Governing Board shall act in accordance with the law, the Rules of Organization and Operation of the National Health Insurance Fund, and the Rules of Procedure of the Governing Board.

Article 15.

(1) *(Amended, SG No. 107/2002)* The Governing Board shall perform the following functions:

1. draft clauses amending and supplementing the Rules of Organization and Operation of the National Health Insurance Fund, lay any such clauses before the Meeting of Representatives, and cause the promulgation of any such clauses in the *State Gazette*;
2. draft, adopt and move for approval to the Meeting of Representatives Rules of Procedure of the Governing Board;
3. adopt, amend and supplement the Rules of Organization and Operation of the National Health Insurance Fund on a motion by the Director of the National Health Insurance Fund;
4. prepare a draft of an annual National Health Insurance Fund Budget and introduce lay the said draft before the Meeting of Representatives for approval;
5. present to the Council of Ministers, care of the Minister of Health, the draft of an annual National Health Insurance Fund Budget as approved by the Meeting of Representatives;
6. adopt the budget implementation report and the National Health Insurance Fund activity report, lay the said reports before the Meeting of Representatives for approval and, upon approval, lay the said reports before the Council of Ministers care of the Minister of Health;
7. make decisions on conclusion of contracts for loan of money and on furnishing of security for any such contracts;
8. draft rules for the conduct of a competitive examination procedure for a Director of the National Health Insurance Fund, move the said rules to the Meeting of Representatives for adoption, and conduct the said competitive examination procedure, with the Chairperson of the Board concluding a management contract with the winning applicant for a term of three years;
9. establish eligibility requirements, rules for conduct of competitive examination procedures, and announce competitive examination procedures for directors of Regional Health Insurance Funds;
10. appoint representatives who, together with the Director of the National Health Insurance Fund, shall participate in the negotiations on drafting and revising the National Framework Agreement;
11. jointly with the Director of the National Health Insurance Fund, sign the National Framework Agreement and cause the promulgation thereof in the *State Gazette*;
12. exercise control over the day-to-day activity of the Director on implementation of the budget, performance of the National Framework Agreement, and the operation of the National Health Insurance Fund;
13. make decisions on disbursements from the reserve of the National Health Insurance Funds for additional health insurance payments;
14. make decisions on internal re-allocation of resources for administrative costs and of resources for acquisition of fixed assets within the limits set by the National Health Insurance Fund budget as endorsed;
15. make decisions on conclusion of transactions in excess of a value fixed by the Rules of Organization and Operation of the National Health Insurance Fund.

(2) The Governing Board may take action if not less than two thirds of the members thereof are present and not fewer than five vote in favour.

(3) The members of the Governing Board shall be solidarily liable for any detriment culpably inflicted on the National Health Insurance Fund.

(4) The Director of the National Health Insurance Fund shall also attend the meetings of the Governing Board.

Article 16.

Only members of the Meeting of Representative shall be eligible to the Review Board.

Article 17.

(1) *(Amended, SG No. 107/2002)* The Review Board shall be elected for a term of three years. The said Board shall have five members. They shall elect from amongst their number a Chairperson of the Review Board.

(2) The Review Board shall exercise overall supervision over the performance of the Governing Board, the Director of the National Health Insurance Fund, and the directors of the Regional Health Insurance Funds.

(3) The Review Board shall act in accordance with the effective legislation and with the rules and regulations of the National Health Insurance Fund.

(4) The Review Board shall meet at least once every three months and shall be convened by the Chairperson thereof or on the requisition of at least two of the members thereof. The said Board shall take action provided a quorum of four of the members thereof is present, by an open ballot and a simple majority of those present. Voting shall be obligatory.

(5) The members of the Review Board shall be limited to two terms of office.

Article 18.

(1) The following persons shall be ineligible for membership in the Meeting of Representatives, the Governing Board, or the Review Board:

1. any National Representative or government minister;
2. any medical care provider under this Act;
3. any member of the governing or auditing bodies of other organizations which effect social insurance or carry on any other insurance business;
4. any Director of a Regional Health Insurance Fund, the spouse thereof, or any lineal or collateral relative thereof up to the fourth degree of consanguinity;
5. any former member of the managing or supervisory body of a commercial corporation, or any former general partner in a corporation which has been dissolved by reason of bankruptcy leaving any creditor unsatisfied;
6. any sole trader who has become bankrupt, leaving any creditor unsatisfied;
7. any person disqualified from holding a position of property accountability;
8. any person convicted of a premeditated offence at public law.

(2) One and the same person may not be concurrently member of the Governing Board and of the Review Board.

Article 19.

(Amended, SG No. 107/2002)

(1) Eligibility for the office of Director of the National Health Insurance Fund shall be limited to persons who:

1. hold the educational qualification degree of Master, conferred thereon upon graduation from a higher educational establishment;
2. hold a Master's degree, or have attained specialist qualifications or possess licensed professional qualifications in Health Management;
3. possess at least three years of professional experience in the sphere of health-care management, banking, insurance, or social insurance.

(2) The management contract with a person qualified under Paragraph (1) shall be terminated prior to the expiration of the term of validity of the said contract by decision of the Governing Board on any of the following grounds:

1. death;
2. submission of a three months' advance notice of resignation by the Director;
3. entry into effect of a sentence for a premeditated offence at public law;
4. mutual accord;
5. ascertainment that the Director commits or suffers the commission of gross or systematic violations of the provisions regarding the principles of implementation of health insurance activity;
6. objective inability to discharge the duties thereof as Director.

(3) Upon pre-term termination of the term of office of a Director of the National Health Insurance Fund, the Governing Board shall designate a person possessing the qualifications required for the office of Director of the National Health Insurance Fund as acting holder of the said office until conduct of a competitive examination procedure. In such a case, the Chairperson of the Governing Board shall announce a competitive examination procedure within one month and shall conduct the said procedure within three months.

(4) The Director of the National Health Insurance Fund shall perform the following functions:

1. represent the National Health Insurance Fund inside Bulgaria and abroad;
2. organize and direct the day-to-day operation of the National Health Insurance Fund in accordance with the law, the Rules of Organization and Operation of the National Health Insurance Fund, the resolutions of the Meeting of Representatives, the decisions of the Governing Board, and the management contract;
3. *(New, SG No. 95/2006)* endorse standard forms and other documents related to the conduct of compulsory health insurance in connection with the activities assigned to the National Health Insurance Fund, which are mandatory for all natural and legal persons;
4. *(Renumbered from Item 3, SG No. 95/2006)* organize the conduct of competitive examination procedures for directors of Regional Health Insurance Funds, conclude, modify and terminate the contracts with the Deputy Directors of the National Health Insurance Fund, with the directors of Regional Health Insurance Funds, and with the employees at the Head Office of the National Health Insurance Fund;
5. *(Renumbered from Item 4, SG No. 95/2006)* submit to the Governing Board a draft of an annual National Health Insurance Budget Act;
6. *(Renumbered from Item 5, SG No. 95/2006)* conclude transactions up to a value fixed in the Rules of Organization and Operation of the National Health Insurance Fund;
7. *(Renumbered from Item 6, SG No. 95/2006)* move to the Governing Board a decision on any transactions in excess of the value referred to in Item 5 and a decision on use of resources from the reserve of the National Health Insurance Fund;
8. *(Renumbered from Item 7, SG No. 95/2006)* jointly with the Governing Board, prepare a draft of Rules of Organization and Operation of the National Health Insurance Fund and provisions amending and supplementing the said Rules;
9. *(Renumbered from Item 8, SG No. 95/2006)* submit to the Governing Board a draft of Rules of Organization and Operation of the Regional Health Insurance Funds;
10. *(Renumbered from Item 9, SG No. 95/2006)* prepare a budget implementation report and a National Health Insurance Fund activity report and present the said reports to the Governing Board.

Article 19a.

(New, SG No. 107/2002)

- (1) The National Health Insurance Fund shall have not fewer than three Deputy Directors, who shall assist the Director in the spheres of finance, medical activities and information technology activity, respectively.
- (2) Eligibility for the office of Deputy Director of the National Health Insurance Fund shall be limited to persons possessing the following qualifications:
 1. hold the educational qualification degree of Master, conferred thereon upon graduation from a higher educational establishment;
 2. possess at least three years of relevant previous experience.
- (3) The functions of the Deputy Directors shall be regulated in the Rules of Organization and Operation of the National Health Insurance Fund.

Article 20.

The Director of any Regional Health Insurance Fund shall perform the following functions:

1. represent the National Health Insurance Fund at the local level within the powers thereto granted by the Governing Board of the National Health Insurance Fund;
2. organize and direct the operation of the Regional Health Insurance Fund in accordance with the law, the Rules of Organization and Operation of the National Health Insurance Fund, the resolutions of the Meeting of Representatives, the decisions of the Governing Board and of the Director of the National Health Insurance Fund, and the Rules of Organization and Operation of the Regional Health Insurance Fund;
3. conclude, modify and terminate the contracts with the employees of the respective Regional Health Insurance Fund;
4. conclude, modify and terminate the contracts with medical care providers within the territory serviced by the Regional Health Insurance Fund in accordance with the law, the National Framework Agreement, and the Rules of Organization and Operation of the National Health Insurance Fund and the Regional Health Insurance Fund, respectively.

Article 21.

(Amended, SG No. 107/2002)

(1) The following persons shall be ineligible for appointment to the office of Director and Deputy Director of the National Health Insurance Fund:

1. any person not holding Bulgarian citizenship;
2. any interdict;
3. any person convicted of a premeditated offence at public law, or any person disqualified, according to the established procedure, from holding a position of property accountability;
4. any member of the Governing Board and of the Meeting of Representatives;
5. the spouse, or any lineal relative up to any degree of consanguinity, or any collateral relative up to the fourth degree of consanguinity, to any of the persons referred to in Item 4;
6. any sole trader, general partner in a commercial corporation, liquidator, business attorney, commercial agent, or managerial agent;
7. any member of a managing or supervisory body, or any shareholder of any commercial corporation whereof the objects are provision of voluntary health insurance;
8. any National Representative, government minister or deputy minister;
9. any municipality mayor;
10. any holder of a leadership or auditing position in any political party;
11. any person hired under an employment relationship, with the exception of tutors at a higher school.

(2) The Directors and the employees of the Regional Health Insurance Funds and the National Health Insurance Fund may not engage in any competitive activity and may not be medical care providers under this Act.

Section III
Financial Structure of the National Health Insurance Fund
Article 22.

(Redesignated from Article 22, SG No. 102/2005)

The budget of the National Health Insurance Fund shall be a financial master plan for raising and disbursing of the cash resources of compulsory health insurance and shall be separated from the state budget.

(2) *(New, SG No. 102/2005, amended, SG No. 105/2006)* The annual value of the expenditures on the types of medical care paid by the National Health Insurance Fund shall constitute an integral part of the National Health Insurance Fund for the respective year.

(3) *(New, SG No. 102/2005, repealed SG No. 113/2007)*

Article 23.

(1) The revenues of the National Health Insurance Fund shall be raised from:

1. insurance contributions;
2. *(New, SG No. 113/2007)* transfers from budget institutions, within the meaning of § 1 of the supplementary provision of the Accountancy Act, for insurance instalments of the persons referred to in Art. 40, paragraph 1, items 4 and 8 and paragraphs 2 and 3;
3. *(Renumbered from item 2, SG No. 113/2007)* interest income and income from the management of the property of the National Health Insurance Fund;
4. *(Renumbered from item 3, SG No. 113/2007)* income credited to health insurance by virtue of other statutes;
5. *(Renumbered from item 4, SG No. 113/2007)* refunds of insurance expenses made in the instances prescribed in the relevant statutory instruments;
6. *(Renumbered from item 5, SG No. 113/2007)* proceeds from fines and penalty interest;
7. *(Renumbered from item 6, SG No. 113/2007)* fees fixed in a rate schedule by the Council of Ministers;
8. *(Renumbered from item 7, SG No. 113/2007)* portions of the residual distribution of the assets of debtor commercial corporations which have been declared in liquidation;
9. *(New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, renumbered from item 8, SG No. 113/2007)* action subsidies from the State budget for fulfilment of obligations which arise from the application of the rules for coordination of social security schemes;
10. *(Renumbered from Item 8, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, renumbered from item 9, SG No. 113/2007)* donations, legacies and devises;

11. *(Amended, SG No. 59/2006, renumbered from Item 9, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, renumbered from item 10, SG No. 113/2007)* other sources, including subsidies (transfers) from the executive budget, *inter alia* through the budget of the Ministry of Health under Item 2 of Article 82 (1) of the Health Act.

(2) *(Amended, SG No. 110/1999)* In the event of a deficiency of resources, short-term interest-free loans may be contracted from the Executive Budget, or resources may be obtained on credit from other institutions.

Article 24.

The resources of the National Health Insurance Fund shall be disbursed on:

1. payment for medical care as specified in Article 45 herein, as contracted by the National Framework Agreement and by the contracts with the providers;
2. *(Amended, SG No. 113/2007)* administrative costs of health insurance activities, amounting to 3% of the expenditures for the respective year as laid down by the National Health Insurance Fund Budget Act;
3. *(New, SG No. 113/2009)* issuance of documents referred to in Art. 80a, paragraph 1;
4. *(Renumbered from item 3, SG No. 113/2007)* publishing activities, within the limits of the administrative costs of health insurance activities of the National Health Insurance Fund;
5. *(Renumbered from item 4, SG No. 113/2007)* acquisition of movable and immovable property and other investment expenses for the needs of the National Health Insurance Fund;
6. *(New, SG No. 1/2002, amended, SG No. 105/2005, renumbered from item 5, SG No. 113/2007)* fees for servicing the collection of health insurance contribution by the National Revenue Agency
7. *(New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, renumbered from item 6, SG No. 113/2007)* medical care provided in accordance with the rules for coordination of social security schemes;
8. *(Renumbered from Item 5, SG No. 1/2002, renumbered from Item 6, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, renumbered from item 7, SG No. 113/2007)* other expenses.

Article 25.

The National Health Insurance Fund shall mandatorily form a reserve.

Article 26.

(1) The reserve of the National Health Insurance Fund shall be raised from:

1. *(Amended, SG No. 107/2002, SG No. 113/2009)* 10% of the collected revenue from health insurance instalments and the transfers for health insurance instalments from other budgets;
2. income from other sources.

(2) The resources in the reserve shall be used to pay expenses incurred in the event of significant departures from the uniform disbursement of resources, or of a local imbalance in the demand for medical care.

(3) *(Repealed, SG No. 107/2002).*

Article 27.

(1) *(Repealed, SG No. 107/2003).*

(2) Any temporarily inactive resources and the resources in the reserve of the National Health Insurance Fund may be deposited on bank accounts or invested in government securities.

(3) The banks entitled to handle the resources of the National Health Insurance Fund shall be designated jointly by the Bulgarian National Bank and the Ministry of Finance. Among such banks as designated by the Bulgarian National Bank and the Ministry of Finance, the Governing Board of the National Health Insurance Fund shall select such whereto it shall entrust the right to handle the resources of National Health Insurance Fund.

Article 28.

The Director of the National Health Insurance Fund shall be a first-level spending unit for the resources of the National Health Insurance Fund, and the directors of the regional health insurance funds shall be second-level spending units for the said resources.

Article 29.

(1) *(Supplemented, SG No. 107/2002)* Care of the Minister of Health, the Governing Board of the National Health Insurance Fund shall lay a draft of a National Health Insurance Budget Act before the Council of Ministers within the time limit provided for submission of the draft of a State Budget of the Republic of Bulgaria Act for the next succeeding calendar year.

(2) *(Amended, SG No. 110/1999)* The draft of an annual National Health Insurance Fund Budget Act shall be debated by the National Assembly simultaneously with the drafts of a State Budget Act and of a Public Social Insurance Budget Act.

(3) *(Amended, SG No. 107/2002)* The National Health Insurance Fund Budget Act shall furthermore mandatorily set forth the rate of the compulsory health insurance contribution, the revenues and expenditures according to the budget classification, as well as the expenses on health insurance payments disaggregated for:

1. *(Amended, SG No. 119/2002)* primary non-hospital medical care;
2. specialist non-hospital medical care;
3. dental care;
4. medical diagnostic imaging activities;
5. *(Amended and supplemented, SG No. 111/2004)* medicinal drugs for treatment at home, medical goods and dietetic foods for special medical purposes;
6. hospital medical care;
7. other health insurance payments as provided for in the National Framework Agreement;
8. *(New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* medical care provided in accordance with the rules for coordination of social security schemes.

(4) *(New, SG No. 110/1999)* Should the draft of a National Health Insurance Budget Act be not passed by the National Assembly until the commencement of the budget year, the insurance revenues shall be collected and the insurance expenses shall be made in conformity with the budget for the last preceding year as endorsed, and up to one-twelfth of the expenses, provided for in the budget for the last preceding year, shall be spent on the maintenance of the National Health Insurance Fund.

Article 30.

(1) *(Amended, SG No. 107/2002)* Care of the Council of Ministers, the annual budget implementation report and the National Health Insurance activity report shall be laid before the National Assembly by the Governing Board on or before the 30th day of June in the year next succeeding the report year.

(2) *(Supplemented, SG No. 107/2002)* The National Assembly resolution to adopt the budget implementation report and the National Health Insurance Fund activity report shall be promulgated in the *State Gazette*.

Article 31.

The National Health Insurance Fund may not own any medical offices, laboratories, health-care facilities or pharmacies.

Article 32.

(Repealed, SG No. 153/1998, new, SG No. 59/2006)

The National Health Insurance Fund shall implement the collection, processing and control of the reports of the medical-treatment facilities for hospital care in respect of the activities subject to the National Framework Agreement..

Section IV

Insured Persons. Rights and Obligations

Article 33.

(1) *(Amended, SG No. 110/1999, redesignated from Article 33, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* The following shall be covered by compulsory insurance provided by the National Health Insurance Fund:

1. all Bulgarian citizens who are not citizens of another State as well;
2. all Bulgarian citizens who are citizens of another State as well and reside permanently within the territory of the Republic of Bulgaria;

3. (*Amended, SG No. 18/2006*) all foreign citizens or stateless persons who have been permitted long-term residence in the Republic of Bulgaria, save as otherwise provided by an international treaty whereto the Republic of Bulgaria is a party;
4. (*Supplemented, SG No. 54/2002*) all persons who have been recognized refugee status or humanitarian status or who has been afforded a right of asylum [in Bulgaria].
5. (*New, SG No. 18/2006*) foreign students and doctoral candidates admitted for study at higher schools and research organizations in Bulgaria according to the procedure established by Council of Ministers Decree No. 103 of 1993 on Implementation of Educational Activity among Bulgarians Abroad (promulgated in the *State Gazette* No. 48 of 1993; corrected in No. 52 of 1999; amended in No. 54 of 1995, No. 20 of 1996, Nos. 38 and 73 of 1999, No. 101 of 2002, No. 89 of 2004) and Council of Ministers Decree No. 228 of 1997 on Admission of Citizens of the Republic of Macedonia as Students at the Public Higher Schools of the Republic of Bulgaria (promulgated in the *State Gazette* No. 42 of 1997; amended in No. 72 of 1999, No. 101 of 2002);
6. (*New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) persons other than such referred to in Items 1 to 5, in respect of whom the legislation of the Republic of Bulgaria is applied according to the rules for coordination of social security schemes.
(2) (*New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) The persons who, according to the rules for coordination of social security schemes, are subject to health insurance in another Member State, shall not be covered by compulsory insurance provided by the National Health Insurance Fund.

Article 34.

(1) The health insurance obligation shall arise as follows:

1. in respect of all Bulgarian citizens: as of the date of entry into force of this Act, and in respect of such citizens newly born thereafter: as of the date of birth;
2. (*Amended, SG No. 107/2002, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of all persons covered under Item 3 of Article 33 (1) herein: as of the date of receipt of a permanent residence permit;
3. (*Amended, SG No. 54/2002, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of all persons covered under Item 4 of Article 33 (1) herein: as of the date of initiation of a procedure for recognition of refugee status or for affording a right of asylum;
4. (*New, SG No. 18/2006, amended, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of all persons covered under Item 5 of Article 33 (1) herein: since the date of enrollment at the relevant higher school or research organization;
5. (*New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of all persons covered under Item 6 of Article 33 (1) herein: as from the date of occurrence of the grounds for insurance.

(2) (*Supplemented, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) The rights of the insureds covered under Article 33 (1) herein shall arise as follows:

1. in respect of the newly born: as of the date of birth;
2. (*New, SG No. 54/2002, amended, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of the persons covered under Item 4 of Article 33 (1): as of the date of initiation of a procedure for recognition of refugee status or for affording a right of asylum;
3. (*New, SG No. 18/2006, amended, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) in respect of all persons covered under Item 5 of Article 33 (1) herein: as of the date of enrollment in the relevant higher school or research organization.
4. (*Renumbered from Item 2, SG No. 54/2002, renumbered from Item 3, SG No. 18/2006*) in respect of all others: as of the date of payment of the health insurance contribution.

(3) The rights of an insured shall be personal and may not be ceded (transferred).

Article 35.

Any person covered by compulsory [health] insurance shall be entitled:

1. (*Amended, SG No. 107/2002*) to receive medical care within the scope of the basic package of health-care activities guaranteed by the budget of the National Health Insurance;
2. to choose a medical care provider who or which has concluded a contract with the regional health insurance fund;
3. to receive emergency care wherever he or she may be;
4. to obtain information from the Regional Health Insurance Fund about the contracts concluded by the said fund with the medical care providers;
5. to participate in the management of the National Health Insurance Fund through own representatives thereof;
6. to lodge complaints with the Director of the competent Regional Health Insurance Fund about any violation of the law or breach of contract;
7. (*New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union*) to obtain a document required for exercise of the health insurance entitlement thereof in accordance with the rules for coordination of social security schemes.

Article 36.

(1) Any person covered by compulsory [health] insurance shall have the right to receive partial or full reimbursement for any expenses incurred thereby on medical care abroad solely where advance permission therefore has been obtained from the National Health Insurance Fund.

(2) Permission under Paragraph (1) shall be granted solely in respect of the types of medical care which are not provided in Bulgaria, according to the procedure established by Articles 78 and 79 herein.

Article 37.

(1) Any person covered under Article 33 herein shall pay the physician, dentist or health-care facility [providing medical care thereto] the following fees:

1. for each visit to a dentist's or physician's office: 1 per cent of the national minimum [monthly] wage;
2. (*Amended, SG No. 107/2002*) for each day of hospital treatment: 2 per cent of the national minimum [monthly] wage, but not more than ten days annually.

(2) (*New, SG No. 107/2002*) The fees referred to in Paragraph (1) shall be for the medical care as delivered.

(3) (*Renumbered from Paragraph (2,) supplemented, SG No. 107/2002, amended, SG No. 120/2002, supplemented, SG No. 17/24.02.2006 (effective 1.02.2006), amended, SG No. 46/2007 (effective 01.01.2008)*) Exemption from payment of the fees under Paragraph (1) shall be granted to any person suffering from a disease as designated in a list appended to the National Framework Agreement, as well as to any family member who has not attained the age of 14, or who has attained the age of 14 but has not attained the age of 18, or who is a dependant; to any person who has sustained an injury in the course of or in connection with national defence, to any war veteran and war-disabled; to any person remanded in custody or any person arrested under article 63 of the Ministry of the Interior Act or persons deprived of his or her liberty; to any indigent receiving income support under the Regulations for Application of the Social Assistance Act; to any person without an income, who has been placed in a child-care home, in a preschool child-care home, or in a public-care institution; and to any medical specialist.

(4) (*Renumbered from Paragraph (3), SG No. 107/2002*) Any physician, dentist or health-care facility [providing medical care] shall issue any person covered under Paragraph (1) a receipt for any fees paid.

Article 38.

Any insured shall be obligated to follow the directions of the medical care providers and to fulfill the requirements of disease prevention in accordance with the National Framework Agreement and the contracts concluded with the providers.

Article 39.

(*Amended, SG No. 110/1999*)

(1) (*Supplemented, SG No. 111/2004, amended, SG No. 105/2005, SG No. 95/2006*) Any person which or who is under obligation to remit health insurance contributions under this Act, with the exception of any

persons referred to in Article 40 (5) herein, shall be obligated to provide the National Revenue Agency territorial directorates with particulars regarding the insured persons each month as from the occurrence of the grounds for health insurance by means of submission of declarations completed in a standard form endorsed by the National Revenue Agency and the National Health Insurance Fund.

(2) *(Amended, SG No. 105/2005)* Any persons, paying health insurance for members of the family thereof under this Act, shall provide particulars regarding any such members by means of submission of declarations completed in a standard form endorsed by the National Revenue Agency and the National Health Insurance Fund.

(3) *(Supplemented, SG No. 111/2004, amended, SG No. 105/2005)* In the cases where the persons referred to in Paragraph (1) prepay contributions under this Act, the said persons shall complete a declaration covering the period of prepayment in a standard form endorsed by the National Revenue Agency and the National Health Insurance Fund.

(4) Any foreigners staying for a short term in the Republic of Bulgaria, as well as any persons holding dual Bulgarian and foreign nationality, who are not covered by health insurance according to the procedure established by this Act, shall pay the value of the medical care delivered thereto unless an international treaty, whereto the Republic of Bulgaria is a party, applies to any such persons.

Section V **Health Insurance Contributions**

Article 40.

(Amended, SG No. 110/1999, supplemented, SG No. 64/2002, amended, SG No. 1/2002, supplemented, SG No. 74/2002, amended, SG No. 107/2002, SG No. 119/2002, effective 1.01.2003)

(1) The health insurance contributions in respect of any insured person, due at a rate set according to the procedure established by Article 29 (3) herein, shall be charged on an income arrived at as follows and shall be remitted as follows:

1. *(Supplemented, SG No. 111/2004, amended and supplemented, SG No. 105/2006)* in respect of any person deriving income from employment relationships, civil-service relationships or legal relationships which have arisen in pursuance of special statutes, working under contracts for management and control of commercial corporations, any persons covered under Item 8 of Article 4 (1) of the Social Insurance Code, and any member of a cooperative receiving a remuneration from the said cooperation: the income whereon public social insurance contributions are remitted, arrived at according to the Social Insurance Code; payment of any such [health insurance] contribution shall be shared between the employer or the central-government department and by the insured in the following ratio:

- in 2000 and 2001: 80 to 20;

- in 2002 to 2004: 75 to 25;

- in 2005: 70 to 30;

- in 2006: 65 to 35;

- in 2007: 65 to 35;

- in 2008: 60 to 40;

- in 2009: 55 to 45;

- in 2010 and thereafter: 50 to 50:

(a) the [health] insurance contributions shall be entirely for the account of the employer or the central-government department, where so provided for in a statute;

(b) *(Amended, SG No. 49/2004, effective 1.01.2005)* in respect of any persons on unpaid leave, who are not subject to health insurance on another ground, the [health insurance] contribution shall be charged on one half of the minimum amount of contributory income applicable to self-insured persons, as fixed by the Public Social Insurance Budget Act; the said contribution shall be paid entirely for the account of the insured person where the unpaid leave has been granted at the request of the said person, and for the account of the employer, where the unpaid leave is for child care or due to production necessity and idling; the said contribution shall be remitted care of the relevant enterprise or organization prior to the end of the month next succeeding the month wherefor the said contribution is due;

(c) *(Amended, SG No. 105/2006)* the health insurance contributions shall be remitted simultaneously with the public social insurance contributions;

(d) *(New, SG No. 50/2003, repealed, SG No. 46/2007, effective 01.01.2008).*

2. (Amended, SG No. 49/2004, effective 1.01.2005, supplemented, SG No. 105/2006) any sole trader, any natural person who has formed a single-member limited liability company, any partner in a commercial corporation, and any person registered as practitioner of a liberal profession and/or a skilled craft, shall be charged health insurance contributions on a monthly income which may not be lower than the minimum amount of contributory income applicable to such self-insured persons as fixed by the Public Social Insurance Budget Act, and annually on the income accruing from the activity and the income covered under Item 3, according to the information sheet with the tax return according to the procedure established by Article 6 (8) of the Social Insurance Code; any registered agricultural producer and tobacco grower shall be charged health insurance contributions on a contributory income fixed by the Social Insurance Code; any registered agricultural producer and tobacco grower producing unprocessed plant and/or animal produce shall not establish a final amount of contributory income in respect of such activity; The contributions shall be remitted on or before the 10th day of the month next succeeding the month whereto the said contributions apply.

3. (Amended, SG No. 111/2004, effective 1.01.2005) in respect of any persons who work without entering into an employment relationship:

(a) (Amended, SG No. 113/2007) if the said persons are not charged health insurance contributions according to the procedure established by Items 1 and 2 and receive a remuneration equal to or exceeding the national minimum wage: on the taxable income, after debiting the said income with the expenses allowed for standard deduction; where the remuneration received does not exceed the national minimum wage, after debiting the said remuneration with the expenses allowed for standard deduction, health insurance contributions shall be charged according to the procedure established by Paragraph (5);

(b) if the said persons are not charged health insurance contributions according to the procedure established by Item 1, the health insurance contributions shall be remitted on the taxable income, after debiting the said income with the expenses allowed for standard deduction, regardless of the amount of the remuneration received;

(c) the health insurance contributions shall be remitted in the ratio under Item 1 by the client on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

4. in respect of any pensioner: the amount of the pension or the sum total of the pensions less the supplements thereto; any such [health insurance] contributions shall be for the account of the Executive Budget and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

5. (Amended, SG No. 105/2006) in respect of any persons temporarily disabled through illness, pregnancy and child-birth and child-care: the minimum contributory income applicable to self-insured persons, any such contributions shall be for the account of the employer and shall be equal to the part of the contribution due therefrom, and shall be remitted simultaneously with the payment of the monthly remuneration; the health insurance contributions in respect of any persons who are insured for their own account shall be in the same amount and shall be remitted on or before the 10th day of the month next succeeding the month whereto the said contributions apply, on the minimum contributory income applicable to self-insured persons or, respectively, to registered agricultural producers and tobacco producers, as fixed by the Public Social Insurance Budget Act for the relevant year;

6. in respect of any person deriving income from various sources specified in Items 1, 2, 3, 4 and 5, the [health insurance] contributions shall be charged on the sum total of the contributory incomes and shall be remitted within the time limits provided therefor according to the procedure established by Article 6 (10) of the Social Insurance Code;

7. (Amended, SG No. 111/2004) in respect of any minister of the Bulgarian Orthodox Church and any other religion recognized according to a statutorily established procedure, who do not receive remunerations for activity performed: the minimum contributory income applicable to self-insured persons, as fixed by the Public Social Insurance Budget Act; any such [health insurance] contributions shall be remitted by the central governing body of the respective religion on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

8. in respect of any recipient of unemployment benefit: the amount of the benefit as paid; any such [health insurance] contributions shall be for the account of the Unemployment Fund and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due.

(2) *(New, SG No. 95/2006)* The following shall be insured for the account of the Executive Budget: the war veterans and the war-disabled; the persons who have been disabled in the course of, or in connection with, national defence, during performance of compulsory military service, in natural disasters or accidents; the officers of the Ministry of Interior who have sustained an injury in the line of duty and the civil servants.

(3) *(Renumbered from Paragraph (2), SG No. 95/2006)* The following shall be insured for the account of the Executive Budget, unless insured according to the procedure established by Paragraph (1):

1. *(Supplemented, SG No. 119/2002)* any person who has not attained the age of 18 years, if attending school as a full-time pupil: until completion of secondary education;

2. any full-time student enrolled in a higher school until attainment of the age of 26 years, and any full-time doctoral candidate enrolled within the state quota;

3. *(New, SG No. 18/2006)* any full-time foreign students: until attainment of the age of 26 years, and any full-time doctoral candidates admitted to higher schools and research organizations in Bulgaria according to the procedure established by Council of Ministers Decree No. 103 of 1993 on Implementation of Educational Activity among Bulgarians Abroad and Council of Ministers Decree No. 228 of 1997 on Admission of Citizens of the Republic of Macedonia as Students at the Public Higher Schools of the Republic of Bulgaria;

4. *(Renumbered from Item 3, SG No. 18/2006, repealed, SG No. 46/2007, effective 01.01.2008);*

5. *(Supplemented, SG No. 119/2002, amended, SG No. 111/2004, renumbered from Item 4, SG No. 18/2006)* any citizens who are responsive to the eligibility requirements for receipt of monthly social assistance benefits and of target benefits for heating according to the procedure established by the Social Assistance Act, unless insured on another ground, as well as those placed in specialized institutions for social services;

6. *(Renumbered from Item 5, SG No. 18/2006)* any person remanded in custody or any person deprived of his or her liberty;

7. *(Renumbered from Item 6, SG No. 18/2006)* any person in respect of whom a procedure for recognition of refugee status or for affording a right of asylum has been initiated;

8. *(Renumbered from Item 7, SG No. 18/2006, repealed, SG No. 95/2006);*

9. *(Renumbered from Item 8, SG No. 18/2006)* any parents, adopters or spouses taking care of disabled persons who have lost more than 90 per cent of the working ability thereof and who require constant attendance;

10. *(New, SG No. 111/2004, renumbered from Item 9, SG No. 18/2006)* the spouses of career service persons participating in international operations and missions: for the period of the mission and, applicable to persons receiving compensations under Article 233 of the Defence and Armed Forces of the Republic of Bulgaria Act, for the period of receipt of any such compensation.

(4) *(Amended, SG No. 111/2004, SG No. 18/2006, renumbered from Paragraph (3), SG No. 95/2006, SG No. 113/2007)* In respect of each of the persons covered under Item 1 of Paragraph (3), the [health] insurance contribution shall be at the rate of 3 per cent of the minimum contributory income applicable to self-insured persons. In respect of each of the persons covered under Items 2 to 10 of Paragraph (3), the [health] insurance contribution shall be remitted at the rate fixed by the National Health Insurance Fund Budget Act on one half of the minimum contributory income applicable to self-insured persons.

(5) *(Supplemented, SG No. 49/2004, effective 1.01.2005, renumbered from Paragraph (4), SG No. 95/2006, amended, SG No. 113/2007)* Any persons, who are not subject to health insurance under Paragraphs (1), (2) and (3), shall be charged health insurance contributions on a contributory income not lower than one half of the minimum amount of contributory income applicable to self-insured persons, as fixed by the Public Social Insurance Budget Act. Any such contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due. Any such persons shall effect annual balancing of the contributory income according to the data stated in the tax return.

(6) *(Renumbered from Paragraph (5), SG No. 95/2006)* The maximum amount of the monthly income whereon the health insurance contribution shall be computed shall be the maximum income fixed by the Public Social Insurance Budget Act.

(7) *(Renumbered from Paragraph (6), SG No. 95/2006)* In respect of any person covered under Item 6 of Paragraph (1), the [health insurance] contributions shall be remitted on the sum total of contributory incomes according to the procedure provided for the relevant type of income but on not more than the maximum amount of the contributory income as fixed by the Public Social Insurance Budget Act.

Article 40a.

(New, SG No. 111/2004)

(1) *(Amended SG No. 105/2005)* Any Bulgarian citizens, including such holding dual nationality, who are obligated to pay health insurance in respect of themselves and who reside abroad for more than 183 days within a calendar year, need not pay health insurance contributions until the end of the relevant calendar year, reckoned from the date of departure from Bulgaria, and for each succeeding calendar year after an application submitted in advance to the National Revenue Agency.

(2) Any persons referred to in Paragraph (1) shall be reinstated to the health insurance entitlement thereof upon the lapse of six successive months after the return of any such persons to Bulgaria during which the person has been charged health insurance contributions according to the procedure established by Article 40 herein.

(3) Outside the cases under Paragraph (2), any persons referred to in Paragraph (1) may be reinstated to the health insurance entitlement thereof after the return thereof to Bulgaria upon payment of a lump sum amounting to 12 health insurance contributions, at a rate set according to the procedure established by Article 29 (3) herein, charged on the minimum monthly amount of contributory income applicable to self-insured persons as fixed by the Public Social Insurance Budget Act at the time of remittance of the contributions.

(4) The amounts referred to in Paragraph (3) shall be remitted according to the procedure established by Article 41 herein.

(5) Until reinstatement to the entitlement, the persons referred to in Paragraph (1) shall pay the value of the medical care delivered thereto in Bulgaria to the providers.

Article 41.

(Amended and supplemented, SG No. 67/1999, amended, SG No. 119/1999) (1) *(Amended, SG No. 105/2005)*

The insurance contributions under this Act shall be credited to the accounts whereon health insurance contributions are raised at the National Revenue Agency territorial directorates, wherefrom the said contributions shall be transferred daily to the account of the Head Office of the National Revenue Agency whereon health insurance contributions are raised.

(2) *(Amended, SG No. 105/2005)* The amounts of health insurance contributions, collected at the National Revenue Agency, shall be transferred to the resource-raising account of the National Health Insurance Fund at the end of each working day.

Article 42.

(1) *(Amended, SG No. 110/1999, SG No. 95/2006, effective 1.01.2007)* The contributory income, whereupon the [health insurance] contribution shall be computed, shall be ascertained according to pay-rolls and other documents on remunerations paid, according to pension records, cashed-in medical certificates, paid unemployment benefits and according to the tax returns under the Income Taxes on Natural Persons Act.

(2) The health insurance contribution shall be exempt from taxation.

(3) *(Amended, SG No. 110/1999, SG No. 107/2002, SG No. 95/2006, effective 1.01.2007)* The annual return under the Income Taxes on Natural Persons Act shall show the health insurance contributions paid during the year and the amounts due upon annual balancing, if any such amounts are established.

(4) *(New, SG No. 110/1999, amended, SG No. 105/2005)* The employers, the municipal authorities, the central-government departments, the contracting entities and the self-insured shall be obligated to submit the requisite information under Article 42 (1) and (3) herein to the National Revenue Agency and to the National Health Insurance Fund.

Article 43.

(Amended, SG No. 110/1999, SG No. 107/2002, SG No. 113/2007)

Any [health] insureds, referred to in Item 2 and sentence three of Item 5 of Article 40 (1) and in Article 40 (5) herein, may prepay the health insurance contributions for a time period of their choice.

Article 44.

(Amended, SG No. 110/1999)

The [health insurance] contributions shall be paid by any of the following modes:

1. by bank transfer;

2. by postal money order.

Section VI
Scope of Medical Care Covered by Compulsory Health Insurance
Article 45.

(1) The National Health Insurance Fund shall pay for delivery of the following types of medical care:

1. disease prevention procedures performed by physicians and dentists;
2. procedures performed by physicians and dentists for the purpose of early disease detection;
3. non-hospital and hospital medical care for the purpose of disease detection and treatment;
4. rehabilitative care;
5. urgent medical care;
6. maternity care during pregnancy, childbirth and maternity;
7. *(New, SG No. 59/2006)* medical care under Item 2 of Article 82 (1) of the Health Act;
8. *(Renumbered from Item 7, SG No. 59/2006)* therapeutic abortion and abortion in case of pregnancy resulting from rape;
9. *(Supplemented, SG No. 110/1999, renumbered from Item 8, SG No. 59/2006)* dental and dental mechanic care;
10. *(Renumbered from Item 9, SG No. 59/2006)* nursing care at home;
11. *(Amended, SG No. 107/2002, renumbered from Item 10, SG No. 59/2006)* prescription and dispensation of medicinal drugs, licensed for use, provided for treatment at home;
12. *(New, SG No. 111/2004, renumbered from Item 11, SG No. 59/2006)* prescription and dispensation of medical goods and dietetic foods for special medical purposes;
13. *(Renumbered from Item 11, SG No. 111/2004, renumbered from Item 12, SG No. 59/2006)* medical expert certification of working ability;
14. *(Renumbered from Item 12, SG No. 111/2004, renumbered from Item 13, SG No. 59/2006)* transportation services on medical indications.

(2) *(Amended, SG No. 107/2002)* The medical care covered under Paragraph (1), with the exception of Item 10, shall be defined as a basic package guaranteed by the budget of the National Health Insurance Fund. The basic package shall be determined by an ordinance of the Minister of Health.

(3) *(New, SG No. 107/2002, amended, SG No. 111/2004)* The Minister of Health shall issue an ordinance determining a list of diseases for whose treatment at home medicinal drugs, medical goods and dietetic foods for special medical purposes shall be fully or partly reimbursable by the National Health Insurance Fund.

(4) *(New, SG No. 107/2002, amended, SG No. 28/2004, repealed, SG No. 31/2007).*

(5) *(New, SG No. 107/2002, amended, SG No. 28/2004, repealed, SG No. 31/2007).*

(6) *(New, SG No. 28/2004, repealed, SG No. 31/2007).*

(7) *(New, SG No. 111/2004, repealed, SG No. 31/2007).*

(8) *(New, SG No. 111/2004, amended, SG No. 31/2007)* The terms and procedure for the payment of medicinal products included in the Positive Drug List referred to in Article 262 of the Medicinal Products in Human Medicine Act, of medical goods and of dietetic foods for special medical purposes shall be regulated in an Ordinance of the Minister of Health.

Article 46.

(1) *(Amended, SG No. 107/2002)* The procedure for provision and the requirements to the providers of the separate types of medical care covered under Article 45 herein shall be specified in the National Framework Agreement and in the contracts between the Regional Health Insurance Funds and the providers.

(2) *(Amended and supplemented, SG No. 107/2002)* The quality of medical care delivered, which is paid for by the National Health Insurance Fund, must satisfy the national medical standards and the rules of good medical practice.

(3) The rules of good medical practice shall include requirements for prompt, sufficient and high-quality medical care.

Article 47.

Payment for any medical care delivered to any insured person shall be effected by the Regional Health Insurance Fund to the provider who or which delivered the said care.

Article 48.

The National Health Insurance Fund shall periodically inform the [health] insureds about any measures to protect and restore their health.

Article 49.

(Amended, SG No. 70/2004)

Should medical controllers detect any conditions of work or other harmful environmental factors which pose a health hazard to the insureds, the said controllers shall immediately notify the employer, the occupational safety authorities, the state health control, the state veterinary control and the environmental protection authorities so as to take appropriate action.

Article 50.

When use of medical care, the [health] insureds shall be obligated to present their health insurance card or any other documentary proof of contributions paid.

Article 51.

No medical care beyond the scope of Article 45 herein or other than such contracted in the National Framework Contract shall be paid for by the National Health Insurance Fund.

Article 52.

Any persons uninsured under this Act shall pay for any medical care thereto delivered.

Section VII

National Framework Agreement

Article 53.

(1) *(Previous Article 53, SG No. 113/2007, effective 1.12.2007)* A National Framework Agreement shall be signed for performance of the activities provided for in this Act.

(2) *(New, SG No. 113/2009, effective 1.12.2007)* The National Framework Contract (NFC) referred to in paragraph 1 shall be executed not later than the date when the draft National Health Insurance Fund Budget Act for the respective year was submitted for consideration to the National Assembly.

Article 54.

(1) The National Framework Agreement shall be drafted and signed by ten representatives of the National Health Insurance Fund and ten representatives of the physicians' and dentists' professional organizations. The status of the physicians' and dentists' professional organizations and the procedure for designation of representatives therefor for the drafting and signing of the National Framework Agreement shall be regulated by separate statute.

(2) The members of the Governing Board and the Director of the Head Office shall be the representatives of the National Health Insurance Fund who shall sign the National Framework Agreement.

(3) To be concluded, the National Framework Agreement must be signed by not fewer than eight representatives of the National Health Insurance Fund and eight representatives of the doctors' and dentists' professional organizations. The said Agreement shall be countersigned by the Minister of Health.

Article 55.

(1) Annually, the representatives of the National Health Insurance Fund and the representatives of the doctors' and dentists' professional organizations shall draft a National Framework Agreement for the next succeeding year.

(2) The National Framework Agreement shall specify:

1. *(Amended, SG No. 107/2002)* the conditions which the medical care providers must satisfy, as well as the procedure for conclusion of contracts therewith;
2. the separate types of medical care covered under Article 45 herein;
3. the terms and a procedure for delivery of the care referred to in Item 2;
4. the amount, prices and methods of payment for the care referred to in Item 2;
5. the quality and affordability of the medical care agreed;
6. the documentation and the document flow;
7. *(Amended, SG No. 107/2002, SG No. 111/2004, SG No. 31/2007)* the lists of medical goods and dietetic foods for special medical purposes and the prices up to which the NHIF shall fully or partly reimburses the said goods and foods; the conditions for prescription and delivery of the medicinal drugs, medical goods and dietetic foods for special medical purposes;
8. the obligations of the parties to provide and exchange information;
9. the terms and a procedure for verifying performance of contracts;

10. any other matters relevant to health insurance;

11. penalties for breach of the agreement.

(3) *(Repealed, SG No. 102/2005, new, SG No. 105/2006, Declared unconstitutional by Judgment No.3/13.03.2007 of the Constitutional Court of the Republic of Bulgaria - SG No. 26/2007, new, SG No. 113/2007, effective 1.12.2007)* If the NFC has not been executed in compliance with the terms and conditions and the time limit laid down in this Act, as of 1 January of the respective year, for which no NFC is executed, the following shall apply:

1. the provisions stipulated by paragraph 2, items 3, 5, 8 – 11 of the NFC effective in the previous year;

2. the conditions as per paragraph 2, items 1, 2, 4, 6 and 7 set by the Governing Board of the National Health Insurance Fund..

(4) *(New, SG No. 105/2006)* The prices and amounts for payment of the care in the cases referred to in Paragraph (3) shall be determined according to the budget of the National Health Insurance Fund for the relevant year.

(5) *(Supplemented, SG No. 107/2002, renumbered from Paragraph (4), SG No. 105/2006)* The National Framework Agreement may be modified according to the procedure established by Article 54 (1) herein on a motion by any of the negotiating parties, but not more than once in six months, as well as upon any revision of the ordinance referred to in Article 45 (2) herein.

(6) *(Renumbered from Paragraph (5), SG No. 105/2006, amended, SG No. 113/2007, effective 1.12.2007)* The National Framework Contract and the decisions of the Governing Board of the National Health Insurance Fund under paragraph 3, item 2 shall be promulgated in the State Gazette and shall have an obligatory effect for the National Health Insurance Fund, the Regional Health Insurance Fund and the providers.

(7) *(Amended, SG No. 110/1999, renumbered from Paragraph (6), SG No. 105/2006)* Inclusion of new diagnostic and treatment methods [in the National Framework Agreement] shall be admissible according to the procedure established by Article 32 of the Public Health Act.

(8) *(Amended, SG No. 107/2002, renumbered from Paragraph (7), SG No. 105/2006)* The National Framework Agreement may not establish requirements as to:

1. a minimum number of health insured persons to be registered by a primary non-hospital care provider;

2. any terms impeding the free choice by the insured of medical care providers who have concluded a contract with a Regional Health Insurance Fund for:

(a) *(Effective until 1.01.2004)* primary non-hospital care: within the boundaries of the municipality where the insured has a permanent or current address;

(b) *(Effective until 1.01.2004)* specialist non-hospital and hospital care: within the boundaries of the respective administrative region;

(c) *(Effective until 1.01.2004)* highly specialized hospital care: within the entire national territory;

3. performance of highly specialized medical procedures beyond the basic package guaranteed by the budget of the National Health Insurance Fund by the specialist non-hospital care providers;

4. additional requirements to pharmacies, wholesalers and manufacturers of medicinal drugs other than such provided for in the Human Medicinal Drugs and Pharmacies Act;

5. a maximum number of procedures performed and distribution of quotas in respect of the providers of such procedures in specialist non-hospital care and in hospital care;

6. any limitation of the amount and distribution of the procedures performed among the medical-treatment facilities.

Article 56.

(1) *(Redesignated from Article 56 and amended, SG No. 107/2002, supplemented, SG No. 111/2004)* Medical care providers may order the medicinal drugs, medical goods and dietetic foods for special medical purposes, as specified in the lists referred to in Item 7 of Article 55 (2) herein, fully or partly reimbursable by the National Health Insurance Fund, for any compulsorily insured persons.

(2) *(New, SG No. 107/2002)* Prescription and delivery of any medicinal drugs, fully or partly reimbursable by the National Health Insurance Fund, other than such included in the lists referred to in Item 7 of Article 55 (2) herein by a medical care provider shall require advance written justification of the need. Payment for

any such medicinal drugs shall be effected by permission of the Director of the competent Regional Health Insurance Fund.

Article 57.

(Repealed, SG No. 107/2002).

Section VIII

Contract between National Health Insurance Fund and Medical Care Provider

Article 58.

(Amended, SG No. 62/1999, SG No. 70/2004)

Within the meaning given by this Act, "medical care providers" shall be medical-treatment facilities under the Medical-Treatment Facilities Act and national centres for public health under the Health Act.

Article 59.

(1) Any contract referred to in Item 4 of Article 20 herein for delivery of medical care under this Act and in accordance with the National Framework Agreement shall be concluded between the Director of a Regional Health Insurance Fund and a medical care provider.

(2) No contract referred to in Paragraph (1) may be concluded on less favorable terms than the terms adopted by the National Framework Agreement.

(3) Any contract referred to in Paragraph (1) shall be executed in writing for the term of validity of the National Framework Agreement, and shall endure until conclusion of a new National Framework Agreement or modification of the effective National Framework Agreement.

(4) Any contract referred to in Paragraph (1) shall specify the requirements and conditions, as indicated in Items 2 to 11 of Article 55 (2) herein, for application within the respective territory. Any such contract shall particularize the relationships between medical care providers and between such providers and other parties for provision of the medical care as contracted.

(5) *(New, SG No. 107/2002)* The Director of a Regional Health Insurance Fund may not refuse to conclude a contract with any provider satisfying the requirements of the law and of the National Framework Agreement, including upon filling out the National Health Map.

(6) *(Renumbered from Paragraph (5), SG No. 107/2002)* Any refusal by the Director of a Regional Health Insurance Fund to conclude a contract with a provider shall be appealable by the provider within two weeks before the Governing Board of the National Health Insurance Fund care of the Director of the Regional Health Insurance Fund unless the latter elects to revoke the refusal.

(7) *(Renumbered from Paragraph (6) and supplemented, SG No. 107/2002)* The Governing Board shall pronounce on any such refusal within one month after receipt of the appeal. A rejection shall be appealable under the Administrative Procedure Code before the competent district court within two weeks. In case of revocation of a rejection by the court, the provider may bring an action for lost profit for the period of the unjustified refusal to conclude a contract.

(8) *(New, SG No. 107/2002)* The National Health Insurance Fund, the Regional Health Insurance Funds and the employees thereof may not require presentation of documents from providers nor pose any conditions which are not contracted in the National Framework Agreement.

(9) *(New, SG No. 107/2002)* The National Health Insurance Fund and the Regional Health Insurance Funds shall be obligated to inform providers of any changes arising from decisions of the governing bodies thereof or from modifications in the National Framework Agreement, as well as to give providers the directions as shall be necessary for application of any such changes. The terms, procedure and time limits for provision of information shall be regulated in the National Framework Agreement and in the contracts with providers.

Article 60.

(Redesignated from Article 60, SG No. 30/2006)

Scientific research and training of medical specialists, conducted by health-care facilities, shall not be subject to contracting and payment on the part of the National Health Insurance Fund.

(2) *(New, SG No. 30/2006)* Therapeutic dentistry activities as part of the training of students, post-graduate students and doctoral candidates shall not be contracted and reimbursed by the National Health Insurance Fund.

Article 61.

The Director of any Regional Health Insurance Fund may furthermore conclude a contract with any physician and dentist practising outside a hospital who has concluded a contract with any hospital located

within the same territory. Any such contract shall regulate the terms and a procedure for payment for medical care delivered at the hospital.

Article 62.

The Director of any Regional Health Insurance Fund may conclude a contract for delivery of non-hospital care with any physician and dentist practising at a hospital, subject to the condition that there is no sufficient number of physicians of the same specialty who practise outside hospitals within the same territory and the operation of the hospital is not disrupted by such an arrangement.

Section IX

Information Support of the Operation of the National Health Insurance Fund

Article 63.

The National Health Insurance Fund shall build an information system which shall comprehend:

1. *(Amended, SG No. 110/1999, supplemented, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* a register of the insured persons, stating: identity card particulars; a unique personal identification number; grounds for entitlement to [health] insurance under Article 33 herein; the contributions paid, the grounds for payment by the National Health Insurance Fund of the medical care delivered to the insured persons in another Member State in accordance with the rules for coordination of social security schemes;
2. *(New, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* a register of the persons insured in another Member State, who are entitled to receive medical care in Bulgaria for the account of the National Health Insurance Fund in accordance with the rules for coordination of social security schemes;
3. *(Amended, SG No. 110/1999, renumbered from Item 2, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* a register of the medical care providers, stating identity card particulars and professional information about the provider, the contract concluded therewith;
4. *(Amended, SG No. 110/1999, renumbered from Item 3, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* register of manufacturers, importers and distributors of medicinal drugs and pharmacies which have concluded contracts with the National Health Insurance Fund;
5. *(Renumbered from Item 4, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* information about the activities performed by the controlling authorities;
6. *(Renumbered from Item 5, SG No. 95/2006, effective as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)* administrative information essential for the operation of the National Health Insurance Fund.

Article 64.

(1) *(Amended, SG No. 110/1999, redesignated from Article 64, SG No. 107/2002)* Each [health] insured shall have the right to receive from the National Health Insurance Fund the available information regarding the medical care which the said insured has used during the last preceding five years and the price of the said care according to a procedure established by the Fund.

(2) *(New, SG No. 107/2002)* Each [health] insured shall have the right to gain access, upon request, from the competent Regional Health Insurance Fund to the competent Regional Health Insurance Fund regarding the medical care providers and the pharmacies which have concluded contracts with the Regional Health Insurance Fund for the relevant region, stating the following particulars:

1. in respect of non-hospital care: name, type of medical-treatment facility, address, governing bodies, physicians and dentists working thereat, specialist qualifications of the said medical professionals, office telephone numbers, highly specialized medical procedures performed under the National Framework Agreement;
2. in respect of hospital care: name, type of hospital, address, governing bodies, telephone numbers, wards, accreditation rating, medical procedures performed under the National Framework Agreement;
3. in respect of pharmacies: name, address, managing director, telephone number, opening hours, groups of medicinal drugs dispensed according to the individual contract with the National Health Insurance Fund.

(3) *(New, SG No. 107/2002)* The information covered under Paragraph (2) shall be public and shall be maintained, disseminated and provided according to a procedure established in the Rules of Organization and Operation of the National Health Insurance Fund.

Article 65.

Any medical care provider shall be obligated to report the work thereby performed to the Regional Health Insurance Fund, according to reporting methods and up to an amount as adopted in the National Framework Agreement.

Article 66.

(1) *(Redesignated from Article 66, SG No. 107/2002)* The information system of the compulsory health insurance system shall use the established national codes and nomenclatures for registration and reporting of health-care services activities.

(2) *(New, SG No. 107/2002, effective 1.01.2004)* The National Health Insurance Fund shall provide medical care providers with the software as shall be necessary for the performance of the work thereof regarding the exchange of data and documentation required by the National Framework Agreement.

(3) *(New, SG No. 107/2002)* The data and documentation referred to in Paragraph (2) may be submitted by the providers to the Regional Health Insurance Fund on [a paper-based data medium] and/or only on an electronic or magnetic data medium in a format coordinated with the National Health Insurance Fund.

Article 67.

The particulars regarding the insured persons shall be preserved at the National Health Insurance Fund for a period of ten years after termination of the health insurance entitlement thereof, and the particulars regarding the providers shall be preserved for a period of ten years after expiration of the last contract thereof with the National Health Insurance Fund.

Article 68.

(1) Any particulars relating to the person of the insured may be used solely for the purpose of:

1. establishment of an insurance relationship with the National Health Insurance Fund;
2. payment to a medical care provider;
3. preparation of a health insurance card, a medical document or a financial document;
4. identification of sums subject to collection from, or reimbursement to, the contributions payer or the medical care provider;
5. ascertainment of any detriment inflicted on the insured during the delivery of medical care;
6. exercise of financial control.

(2) Any particulars relating to the medical care provider may be used solely for the purpose of:

1. keeping a register of medical care providers;
2. payment for the medical care delivered by the said provider;
3. *(Amended, SG No. 107/2002)* exercise of control over performance of the contracts.

(3) *(New, SG No. 107/2002)* The National Health Insurance Fund may not require that the source medical documents, which are accessible to insured persons and to third parties, contain any particulars regarding the physicians and dentists other than name, specialty, address, telephone number of the practice, personal professional code and registration number of the medical-treatment facility.

(4) *(Renumbered from Paragraph (3), SG No. 107/2002)* Except in the instances covered under Paragraphs (1) and (2), the National Health Insurance Fund may provide particulars regarding the person of an insured or a provider to state bodies if so provided for by statute.

(5) *(Renumbered from Paragraph (4), SG No. 107/2002)* The employees of the Head Office of the National Health Insurance Fund or of any Regional Health Insurance Fund shall have no right to disclose any particulars relating to the person of an insured person, a medical care provider or an employer except in the instances prescribed by statute.

(6) *(New, SG No. 107/2002)* The governing bodies and the employees of the National Health Insurance Fund or of the Regional Health Insurance Funds shall have no right to give a professional evaluation and to comment on the work of medical care providers, nor to make direct or indirect recommendations and to direct patients to specific providers.

(7) *(New, SG No. 107/2002)* The National Health Insurance Fund or of the Regional Health Insurance Funds shall be obligated to provide any information as shall be requested by the Ministry of Health.

Article 69.

(Amended, SG No. 93/1998, SG No. 110/1999, SG No. 105/2005)

On a monthly basis, the National Revenue Agency shall be obligated to provide the National Health Insurance Fund with information regarding the [health] insured persons and the amount of the health insurance contributions collected therefrom.

Section X
Control, Expert Evaluations and Disputes

Article 70.

(1) *(Redesignated from Article 70, SG No. 107/2002)* Control over the implementation of the budget of the National Health Insurance Fund shall be exercised by the National Audit Office.

(2) *(New, SG No. 107/2002, amended, SG No. 33/2006)* Comprehensive financial control of the National Health Insurance Fund shall be exercised according to the procedure established by the Public Financial Inspection Act.

Article 71.

Control over the performance of the Governing Board, the Director of the National Health Insurance Fund and the directors of the Regional Health Insurance Funds shall be exercised by the Review Board according to the provisions of this Act and the Rules of Organization and Operation of the National Health Insurance Fund.

Article 72.

(1) *(Amended, SG No. 107/2002, supplemented, SG No. 38/2004)* The Director of the National Health Insurance Fund shall exercise comprehensive control over the activities comprehended in compulsory health insurance. The Director of the National Health Insurance Fund shall mandatorily assign an inspection within fourteen days after receipt of a decision of the National Audit Office on enforcement of accountability, attaching thereto records of the audit or the audit report under Article 51 (1) of the National Audit Office Act.

(2) Direct control shall be exercised by officers of the Regional Health Insurance Funds: financial inspectors and medical controllers.

Article 73.

(1) Financial inspectors shall exercise the following powers:

1. *(Repealed, SG No. 110/1999);*

2. *(Supplemented, SG No. 107/2002)* to examine the accounting documents of medical care providers, as regulated in the National Framework Agreement;

3. *(Amended, SG No. 107/2002)* to exercise control as to the legal conformity of the financial activity of medical and dental care providers under the contracts thereof with the Regional Health Insurance Funds;

4. *(Supplemented, SG No. 107/2002)* to conduct examinations proceeding from complaints lodged by insured persons and employers in connection with financial irregularities.

(2) For the purpose of performing the activities covered under Paragraph (1), financial inspectors shall have the right to access to information from the employers, the insureds and the providers.

(3) Financial inspectors shall have no right to disclose any information which has come to the knowledge thereof in the course of performing the activities covered under Paragraph (1) except in the instances prescribed by statute.

(4) *(New, SG No. 107/2002)* The procedures established by Article 74 (2), (3) and (4), Articles 75 and 76 herein, applicable to medical controllers, shall apply, *mutatis mutandis*, in respect of the regulation of the activities performed by financial controllers, the ascertainment of violations, the contestation of ascertainments, the boards of arbitration and the imposition of sanctions.

Article 73a.

(New, SG No. 110/1999, amended, SG No. 105/2005)

Financial control over the revenues of the National Health Insurance Fund from health insurance contributions and due interest shall be exercised by the controlling authorities of the National Revenue Agency according to the procedure established by the Tax and Social-Insurance Procedure Code.

Article 74.

(1) Control related to the delivery of medical care shall be exercised by medical controllers who shall have power to verify:

1. compliance with the rules of good medical practice;

2. the type and amount of medical care delivered;
3. the type and quantity of medicinal drugs prescribed;
4. the correspondence between the medical care delivered and the sums paid.

(2) Acting on complaints lodged and where expenditures on medical care are found to exceed the prescribed limit by 25 per cent or more during a six-month period, the medical controllers shall conduct surprise inspections of a random selection of 2 per cent of the medical care providers within the territory served by each Regional Health Insurance Fund.

(3) Upon ascertainment of any violation covered under Items 1 to 4 of Paragraph (1), a medical controller shall draw up a memorandum, describing therein the facts as ascertained. The said memorandum shall be signed by the medical controller. A copy of the said memorandum shall be provided to the person inspected upon signed acknowledgement of service, and transcripts of the said memorandum shall be transmitted to the Director of the competent Regional Health Insurance Fund and to the respective regional chapter of the doctors' or dentists' professional organization.

(4) The person subject to inspection shall have the right to submit written observations to the Director of the [competent] Regional Health Insurance Fund on the ascertainments arrived at by the medical controller within seven days after service of the memorandum referred to in Paragraph (3).

Article 75.

(1) Should the person [inspected] contest the ascertainments arrived at by the medical controller, the Director of the [competent] Regional Health Insurance Fund shall submit the contestation for settlement to a board of arbitration within seven days after receipt of the written observations referred to in Article 74 (4) herein.

(2) The board of arbitration shall consist of six members: three representatives of the Regional Health Insurance Fund and three representing the regional chapter of the relevant doctors' or dentists' professional organization.

(3) The board of arbitration shall rule within one month after receipt of the case file.

Article 76.

(1) Should the board of arbitration uphold the ascertainments arrived at by the medical controller, the sanctions provided for in the contract between the Regional Health Insurance Fund and the provider of medical aid shall be applied.

(2) The said sanctions shall be judicially appealable according to the procedure established by the Administrative Procedure Code.

Article 77.

(Supplemented, SG No. 110/1999, amended, SG No. 105/2005)

Any natural and legal person shall be obligated to provide the controlling authorities of the National Health Insurance Fund and of the National Revenue Agency any documents, information, information sheets, declarations, explanations and other data mediums relating to the implementation of health insurance as the said authorities may request, and to cooperate with the said authorities in the performance of the official duties thereof.

Article 78.

The National Health Insurance Fund may conduct expert evaluations should the need arise of:

1. medical care whereof the value exceeds the national minimum [monthly] wage 200 times;
2. expensive medicinal drugs in the instances provided for by the National Framework Agreement;
3. medical treatment abroad.

Article 79.

Any expert evaluation covered under Article 78 herein shall be conducted by a commission at the Head Office according to a procedure established in the Rules of Organization and Operation of the National Health Insurance Fund.

Article 80.

Any dispute as may arise in connection with the performance of the contracts between the National Health Insurance Fund, the Regional Health Insurance funds and the medical care providers shall be submitted for settlement to the competent court of law unless determined by arbitration.

Section XI

(New, SG No. 95/2006)

Issuance of Documents Required for Exercise of Health Insurance Entitlement according to Rules for Coordination of Social Security Schemes

Article 80a.

(New, SG No. 95/2006)

- (1) The National Health Insurance Fund shall issue documents required according to the rules for coordination of social security schemes for exercise of the health insurance entitlement of the persons, within thirty days after the date of submission of a request by the interested parties.
- (2) Any such request shall be submitted by the interested parties care of the Regional Health Insurance Funds.
- (3) Acting on a motion by the Director of the National Health Insurance Fund, the Minister of Health shall issue an ordinance establishing the procedure for the issuance of the certifying documents referred to in Paragraph (1).

Article 80b.

(New, SG No. 95/2006)

- (1) The Director of the National Health Insurance Fund or an official authorized thereby shall issue a European health insurance card with a validity period of one year.
- (2) In case the applicant has not attained the age of 18 years, the validity period of the European health insurance card shall be until attainment of the age of 18 years but in any case not less than one year and not more than five years.
- (3) Where the applicant is a recipient of a contributory-service and retirement-age pension, the validity period of the European health insurance card shall be ten years, and if the person receives an invalidity pension, the said validity period shall be for the period of the pension as granted but in any case not less than ten years.

Article 80c.

(New, SG No. 95/2006)

A European health insurance card as issued shall be declared invalid by the Director of the National Health Insurance Fund or by an official authorized thereby where:

1. the health insured person states that the card has been lost, stolen or destroyed;
2. the health insured person has died;
3. the person has lost the entitlement to payment by the National Health Insurance Code of the medical care delivered thereto under the terms established by Article 109 (1) herein, except if the said person is reinstated in the health insurance entitlement thereof, as well as in the cases referred to in Article 40a (1) herein.

Article 80d.

(New, SG No. 95/2006)

A European health insurance card shall not be issued to any persons referred to in Article 40a (1) and Article 109 (1) herein.

Chapter Three VOLUNTARY HEALTH INSURANCE

Section I

General Dispositions

(Heading amended, SG No. 107/2002)

Article 81. *(Amended, SG No. 107/2002)*

This Chapter regulates the relationships associated with:

1. voluntary health insurance;
2. the legal status of health insurance companies;
3. the state supervision over the activities comprehended in voluntary health insurance;
4. the guaranteeing of the interests of insured persons.

Article 82.

(Amended, SG No. 107/2002)

(1) Voluntary health insurance shall be the activity of assuming risks associated with provision of financing for certain health-care services and goods, carried on by health insurance companies licensed under this Act in exchange for payment of health insurance premiums, on the basis of health insurance contracts.

(2) Voluntary health insurance shall guarantee the provision of health-care services and goods beyond the scope of compulsory health insurance. Voluntary health insurance may furthermore guarantee health-care services and goods within the scope of comprehensive health insurance.

(3) Voluntary health insurance shall be implemented in compliance with the principle of voluntary contracting.

(4) The following shall not be treated as voluntary health insurance:

1. *(Amended, SG No. 85/2004, SG No. 103/2005)* the business of insurers comprehended in cover of risks associated with the life, health or bodily integrity of the insured persons under the insurances listed in Annex 1 to the Insurance Code;

2. the work performed by non-hospital medical care providers under contracts with natural and legal persons for provision of medical services, where the said services are of a specified type, amount and prices.

Article 83.

(Amended, SG No. 107/2002)

(1) An activity comprehended in voluntary health insurance may be carried on by a joint-stock company registered with objects limited to voluntary health insurance.

(2) The activity comprehended in voluntary health insurance shall furthermore include management of the assets of the health insurance company.

(3) Acting under contract with foreign insurance and social insurance companies, in exchange for payment and without assuming a financial risk of their own, health insurance companies may perform activities comprehended in medical services within the territory of the Republic of Bulgaria for foreign citizens insured by the said insurance and social insurance companies.

(4) For the purpose of carrying on an activity comprehended in voluntary health insurance and for recording in the Commercial Register, a joint-stock company referred to in Paragraph (1) must obtain a licence under the terms and according to the procedure established by this Act.

Article 84.

(Amended, SG No. 107/2002)

(1) Health insurance contracts shall be written contracts concluded between any health insurance companies, licensed under this Act, and any natural or legal person.

(2) Any self-insured person, if paying a health insurance premium for his, her or its own account, shall be a party to the contract.

(3) Any employers, family members and other [health] insurance payers, who or which remit for their own account the health insurance contributions in respect of natural persons, shall be a party to the contract. In such a case, the [health] insurance payers shall be obligated to explain to the [health] insured persons the rights and obligations thereof arising under the contract, the medical care providers, and the terms and procedure for delivery of health-care services and goods.

(4) Any [health] insurance payers and [health] insured persons shall be a party to the contract where remitting jointly portions of the health insurance premium.

(5) *(Amended SG No. 103/2005)* In respect of health insurance contracts, the provisions of the Commerce Act regarding commercial transactions and of the Insurance Code shall apply accordingly, save in so far as otherwise provided for in this Act.

Article 85.

(Amended, SG No. 107/2002)

(1) The activity comprehended in the provision of health-care services shall be performed by medical care providers.

(2) The type, prices, terms and procedure for provision of the health-care services referred to in Paragraph (1) shall be established in contracts between the medical care providers and the health insurance companies.

(3) Voluntary health insurance with expense reimbursement may be provided without conclusion of contracts referred to in Paragraph (2).

Article 86.

(Amended, SG No. 107/2002, SG No. 8/2003)

The state supervision over the activity comprehended in voluntary health insurance shall be exercised by the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, according to the procedure established by this Act and by the Financial Supervision Commission Act.

Section II

(New, SG No. 107/2002)

Activity Comprehended in Voluntary Health Insurance

Article 87.

(Amended, SG No. 107/2002)

(1) Voluntary health insurance may be provided through expense reimbursement or through subscriber service.

(2) Voluntary health insurance through expense reimbursement shall be a form in which the health insurance company partly or fully reimburses the expenses incurred for health-care services of the insured persons upon occurrence of the cases provided for in the health insurance contracts. Expenses shall be reimbursable both to the providers and to the insured persons in respect of the health-care services and goods as provided or paid.

(3) Voluntary health insurance through subscriber service shall be a form in which, upon occurrence of the cases provided for in the health insurance contracts, the health insurance company arranges the provision of specific health-care services and goods to the insured persons by specific medical care providers wherewith the said health insurance company has concluded a contract.

Article 88.

(Amended, SG No. 107/2002)

(1) The activity comprehended in voluntary health insurance shall be carried on through the offering, conclusion and performance of health insurance contracts.

(2) Any health insurance contract shall state:

1. *(Amended, SG No. 39/2005, SG No. 34/2006)* certificate of current status of the Commercial Register record; number and date of issue of health insurance company licence;
2. the health insurance packages included in the contract, the type, scope and terms of provision of health-care services and goods;
3. the amount, time limits and mode of payment of the health insurance premium;
4. the general conditions of the health insurance packages included in the contract.

(3) *(New, SG No. 8/2003)* The general conditions under the health insurance packages shall clearly and unambiguously state:

1. the cover and the exceptions of it;
2. the terms, the procedure and the time limits for payment of health insurance premiums, as well as the consequences of non-payment or mispayment;
3. the terms and procedure for using the health services and for obtaining the health goods;
4. the terms, procedure and time limits for reimbursement of expenses incurred;
5. the terms, procedure and time limits for termination or modification of the health insurance legal relationship.

(4) *(Renumbered from Paragraph (3), SG No. 8/2003)* Upon the offering and conclusion of health insurance contracts, health insurance companies shall be obligated to observe the principle of voluntary contracting and to explain in good faith the terms and conditions, the rights and obligations arising under the health insurance contract with a view to protection of the interests of insured persons.

(5) *(Renumbered from Paragraph (4) and supplemented, SG No. 8/2003)* Health insurance companies shall be bound by the obligation to respect the confidentiality of the information relating to the health insurance contracts as concluded, as well as of the information relating to the personal data and the health status of the insured person before the Financial Supervision Commission and the authorities thereof. Any such information may be disclosed solely with the consent of the insured person, as well as in the cases expressly provided for by statute.

Article 88a.

(New, SG No. 100/2007)

(1) The use of sex as an actuarial factor in determining the amount of the health insurance premium shall be permissible in case the health insurance company uses statistical data which are reliable, regularly updated and available to the public, and from which the determining relevance of sex as an actuarial factor in the assessment of the health insurance risk is evident. In such case, the health insurance company shall submit to the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department the rate thereof under the relevant health insurance package, accompanied by the relevant statistical justification.

(2) The health insurance company may not reduce the amount due upon expense reimbursement or, respectively, upon provision of health-care services and goods, on the basis of the sex of the insured persons.

(3) Costs related to pregnancy and maternity may not result in differences in calculation of premiums and benefits.

Article 89.

(Amended, SG No. 107/2002)

Health insurance companies may own shares and interests in medical-treatment facilities.

Article 90.

(Amended, SG No. 107/2002)

(1) The own funds of any health insurance company, less the intangible assets, must be greater than, or equal to, the solvency margin.

(2) The guarantee capital shall represent one-third of the solvency margin but may not be lower than BGN 400,000.

(3) The total amount of tangible and intangible fixed assets required for the conduct of the business of any health insurance company may not exceed 75 per cent of the owners' equity less the subscriber capital not paid.

Article 90a.

(New, SG No. 107/2002, amended, SG No. 8/2003)

The Financial Supervision Commission shall issue an ordinance which shall establish:

1. the elements included in calculating the amount of own funds;
2. the solvency margin and the methods of calculating the said margin.

Article 90b.

(New, SG No. 107/2002)

(1) *(Amended, SG No. 8/2003)* Where the requirement referred to in Article 90 (1) herein is breached, the health insurance company, acting on the order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, shall submit a plan for attainment of the solvency margin.

(2) *(Amended, SG No. 8/2003)* Should the own funds, less any intangible assets, fall below the fixed guarantee capital, the health insurance company shall submit a short-term plan for additional raising of own funds for approval to the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(3) In the instances referred to in Paragraph (2), the Agency shall establish a time limit for raising of own funds up to the established amount of guarantee capital.

Article 90c.

(New, SG No. 107/2002)

(1) Any health insurance company shall be obligated to establish statutory reserves and health insurance reserves.

(2) The statutory reserves shall consist of:

1. a Reserve Fund under Article 246 of the Commerce Act;
2. other funds and reserves if so provided for in the Articles of Association of the health insurance company.

(3) The health insurance reserves shall consist of:

1. an equalization reserve;
2. a claims reserve;
3. an unearned premium reserve;

4. *(Amended, SG No. 8/2003)* other provisions as approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(4) *(Amended, SG No. 8/2003)* The Financial Supervision Commission shall approve an ordinance establishing a procedure and a method for the formation of health insurance reserves. Each health insurance company shall maintain health insurance reserves according to the ordinance referred to in sentence one to an amount corresponding to the obligations under the health insurance contracts.

Article 90d.

(New, SG No. 107/2002)

(1) *(Amended, SG No. 8/2003)* Where any health insurance company has calculated the solvency margin, the own funds and/or the health insurance reserves in breach of the ordinances referred to in Article 90a herein or Article 90c (4) herein, for the purposes of insurance supervision the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall recalculate the amounts thereof according to the said ordinances.

(2) Where the solvency margin and/or the amount of own funds, as recalculated according to the procedure established by Paragraph (1), do not conform to Article 90 (1) and (2) herein, the measures under Article 90b herein shall apply.

(3) *(Amended, SG No. 8/2003)* Where the health insurance reserves shall be insufficient for performance of the obligations under the health insurance contracts, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall prescribe adjustment of the said provisions. Upon failure to comply with the prescription, the coercive administrative measures under Article 99 herein shall be applied.

Article 90e.

(New, SG No. 107/2002)

(1) Any health insurance company shall be obligated to invest the health insurance reserves in the following assets and in the following ratios:

1. government securities issued and guaranteed by the Republic of Bulgaria: without restriction;
2. unencumbered corporeal immovables: up to 10 per cent of the health insurance reserves;
3. bonds issued and guaranteed by a municipality: up to 5 per cent of the health insurance provisions;
4. shares and bonds issued by commercial corporations and admitted to trading on a stock exchange: up to 30 per cent of the health insurance provisions, but not more than 10 per cent of the shares and bonds of a single corporation;
5. bank deposits: up to 50 per cent of the health insurance reserves, but not more than 25 per cent of the amount of the said reserves with a single bank;
6. mortgage bonds: up to 25 per cent of the health insurance reserves, but not more than 15 per cent of the mortgage banks issued by a single bank.

(2) The assets covered under Paragraph (1) may not be pledged, mortgaged or otherwise encumbered.

(3) The levels of investments covered under Paragraph (1) must provide security, yield and liquidity relevant to the health insurance contracts.

Article 90f.

(New, SG No. 107/2002)

(1) Own funds may be invested in interests and shares in other commercial corporations. The health insurance company shall be obligated to notify the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department within seven days after the investment is made where the amount of investment in a single commercial corporation:

1. exceeds 10 per cent of the capital of the corporation, or
2. exceeds BGN 30,000.

(2) *(Amended, SG No. 8/2003)* Where a health insurance company invests the own funds thereof in interests and shares in another commercial corporation and the amount of the said investment exceeds 10 per cent of the amount of the own funds of the said company, the said company shall be obligated to request advance authorization from the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(3) A health insurance company may not participate, as a general partner, in any general partnership, limited partnership, or partnership limited by shares.

Article 90g.

(New, SG No. 107/2002, amended, SG No. 8/2003)

A health insurance company may invest health insurance reserves and own funds abroad by permission of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department four years after grant of the licence.

Article 90h.

(New, SG No. 107/2002)

The health insurance reserves referred to in Article 90c (3) herein shall be included in the imputed costs of the insurer.

Article 90i.

(New, SG No. 107/2002)

(1) The Annual Financial Statement of each health insurance company shall be certified by registered auditors.

(2) Together with the report certifying the Annual Financial Statement of the health insurance company, the registered auditors shall submit an extended auditors' report to the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department not later than the 30th day of April in the next succeeding year.

(3) The extended auditors' report shall be prepared in a standard form as endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(4) The persons referred to in Paragraph (1) shall notify the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department forthwith of any circumstances as may jeopardize the activity of the health insurance company.

Section III

(Renumbered from Section II, SG No. 107/2002)

Health Insurance Companies and Licensing

(Heading amended, SG No. 107/2002)

Article 91.

(Amended, SG No. 113/1999, SG No. 107/2002)

A health insurance company shall be a joint-stock company, licensed under this Act, which shall be incorporated, shall carry on business, and shall be dissolved according to the procedure established by the Commerce Act, save in so far as otherwise provided for by this Act.

Article 92.

(Amended, SG No. 107/2002)

(1) The trade name of any health insurance company shall mandatorily include, whether separately or combined, the words "здравен" [health] and "осигуряване" [insurance] or any derivatives thereof.

(2) Solely a company licensed for the performance of activity comprehended in health insurance may use any collocation of the words "здравен" [health] and "осигуряване" [insurance] or any derivatives thereof, with the exception of National Health Insurance Fund, in the business name thereof, in the description of the activities thereof or in advertising.

Article 93.

(Amended, SG No. 113/1999, SG No. 107/2002)

(1) The minimum amount of capital that any health insurance company must hold upon submission of an application for a licence shall be BGN 500,000. Within three years after the grant of a licence, any such company must increase the capital thereof to not less than BGN 2,000,000.

(2) Solely payments in cash may be effected in consideration of allotted shares in the capital of any health insurance company.

(3) At the time of submission of an application for the grant of a licence for performance of activity comprehended in voluntary health insurance and at the time of recording of the increase of capital under Paragraph (1) in the Commercial Register, the capital of the company or the value of the new shares, as the case may be, must be fully paid up at a Bulgarian or a foreign commercial bank which has obtained an authorization for conduct of banking business from the Bulgarian National Bank.

Article 94.

(Amended, SG No. 65/1999, SG No. 107/2002)

(1) Any resident or non-resident natural or legal person, who or which shall acquire, whether independently or through related parties, 10 per cent or more than 10 per cent of the shares in any health insurance company, shall be obligated to notify the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department through submission of a declaration completed in a standard form.

(2) *(Amended SG No. 103/2005)* A person may not be a shareholder in a health insurance company, whether directly or through related parties provided he or she has been reasonably found to make use of the voluntary health insurance activities for purposes incompatible with the purposes and principles proclaimed in Article 82 (3) of this Act and in Article 11 of the Financial Supervision Commission Act.

Article 95.

(Amended, SG No. 107/2002, SG No. 8/2003)

(1) The standard form of the declaration referred to in Article 94 (1) herein shall be endorsed by an order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(2) The following shall be attached to any declaration referred to in Paragraph (1):

1. *(Amended, SG No. 39/2005, SG No. 34/2006)* particulars of the declarant: name, Standard Public Registry Personal Number, permanent address (applicable to natural persons), certificate of current status of the Commercial Register record;

2. a declaration on the origin of the financial resources for acquisition of the shares, completed in a standard form endorsed by order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;

3. a declaration on non-existence of the circumstances referred to in Article 94 (2) herein, completed in a standard form endorsed by order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;

4. *(Amended, SG No. 105/2005)* a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;

5. a certificate by the creditor to the effect that the said creditor consents that the financial resources borrowed be used for acquisition of the shares, where acquired on borrowed resources;

6. *(Amended, SG No. 85/2004, SG No. 103/2005)* a statement on related parties within the meaning given by Item 10 of § 1 of the Insurance Code.

(3) In case the declarant under Paragraph (1) is a non-resident person, the particulars and documents covered under Paragraph (2) shall be submitted in a form and with contents relevant to the national legislation of the declarant.

Article 96.

(Amended, SG No. 107/2002, SG No. 8/2003)

(1) In case of inaccuracy or deficiency of the particulars in the declaration referred to in Article 95 (1) herein and/or the documents covered under Article 95 (2) and (3) herein, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall require removal of the deficiencies or inaccuracies within fourteen days.

(2) In case of failure to submit the documents referred to in Paragraph (1) or to cure the non-conformities therein within the time limit referred to in Paragraph (1), the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall impose the sanctions under this Act.

(3) In the cases referred to in Paragraph (2) and in case of reasonable doubt as to falsity of the circumstances as declared, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall notify the competent state bodies and, possibly, the creditor referred to in Item 5 of Article 95 (2) herein.

Article 97.

(Amended, SG No. 107/2002)

(1) The members of the managing or supervisory bodies of any health insurance company may be natural or legal persons.

(2) Eligibility for membership of a Supervisory Board, a Management Board or a Board of Directors shall be limited to persons who:

1. have graduated from a higher educational establishment;
2. have not been sentenced to deprivation of liberty for a premeditated offence at public law;
3. have not been members of a managing or supervisory body of, nor general partners in, any corporation or cooperative dissolved by reason of bankruptcy in case any creditor has been left unsatisfied or in case bankruptcy proceedings have been initiated thereagainst;
4. have not been members of a managing or supervisory body of any commercial bank which has been adjudicated bankrupt or whereagainst bankruptcy proceedings have been initiated;
5. are not disqualified from occupying a position of property accountability;
6. are not spouses of any other members of a management or supervisory body of the same health insurance company, nor lineal or collateral relatives to any such person up to the third degree of consanguinity, or affines thereto up to the third degree of affinity;
7. are not members of a managing or supervisory body of another company having the same objects;
8. are not natural persons or members of a managing or supervisory body of any legal person included in the list under the Act on Information Regarding Non-Performing Loans;
9. *(Amended, SG No. 103/2005)* fulfils the conditions under Article 94 (2) herein;
10. *(Amended, SG No. 103/2005)* have not been and are not partners or shareholders, nor members of a managing or supervisory body of any commercial corporation in respect of which the hypothetical of Article 94 (2) herein exists;

(3) Eligibility for the office of chairperson of a Supervisory Board, chairperson of a Management Board or chairperson of a Board of Director shall be limited to persons who have graduated from a higher educational establishment, who satisfy the requirements covered under Paragraph (2), and who have a permanent address or hold a durable residence permit for Bulgaria.

(4) Eligibility for the office of executive director and of holder of authority to exercise powers under Article 235 of the Commerce Act shall be limited to persons who satisfy the requirements covered under Paragraph (3) and who possess professional experience in the sphere of insurance and social insurance.

(5) *(Repealed SG No. 103/2005)*.

(6) Any members, which are legal persons, must satisfy the requirements referred to in Items 3, 4, 7, 8, 9 and 10 of Paragraph (2).

(7) Any persons, who represent a legal person on the managing bodies of any health insurance company, must satisfy the eligibility conditions of Paragraph (2) or of Paragraph (3) or Paragraph (4), as the case may be.

(8) Possession of the requisite professional experience in the sphere of insurance and social insurance shall be proved by documents certifying not less than two years' length of service in health-care management, in health insurance, insurance, retirement insurance, or in a managerial or expert position in the state governance and supervision of these activities.

(9) *(New, SG No. 8/2003)* The persons covered under Paragraphs (2) to (7) shall be subject to approval by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department. The said approval shall precede the recording in the Commercial Register or, respectively, the appointment to a position for which recording is not required. The Deputy Chairperson shall pronounce within one month after submission of the application.

Article 97a.

(New, SG No. 103/2005)

Actuarial services of a health insurance company shall be provided by a responsible actuary. A responsible actuary shall be a natural person possessing a recognized licensed competence, who organizes, manages and is responsible for the actuarial services of the health insurance company.

(2) To be eligible for occupation of the position of a responsible actuary, a person must:

1. have not been convicted of a premeditated offence at public law;
2. during the three years last preceding the commencement date of insolvency as determined by the court, have not been member of a managing or supervisory body of, or general partner in, any corporation whereagainst bankruptcy proceedings have been instituted or which has been dissolved by bankruptcy leaving any creditor unsatisfied;
3. have not been adjudicated bankrupt, nor be the subject of bankruptcy proceedings;
4. be not under disqualification from occupying a position of property accountability;

5. have attained higher education leading to the award of the educational qualification degree of Master, having covered a length of instruction in higher mathematics according to requirements established by an ordinance of the Financial Supervision Commission;

6. possess at least three years experience as an actuary of an insurer, a reinsurer, a health insurance company, a retirement insurance company, at bodies exercising supervision over the activity of such persons, or as an academic degree-holding lecturer in insurance or actuarial science;

7. possess a responsible actuary licensed competence recognized by the Financial Supervision Commission after successful passing of an examination.

(3) The terms and procedure for conduct of the examination and for recognition of the licensed competence referred to in Item 7 of Paragraph (2), as well as for recognition of a licensed competence attained in a Member State, shall be established by an ordinance of the Financial Supervision Commission. The responsible actuary licensed competence, recognized according to the procedure established by the Insurance Code or by the Social Insurance Code shall be recognized for the purposes of this Code, where the licensed competence examination taken includes assessment of knowledge in the field of health insurance.

(4) Acting on a motion by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, the Financial Supervision Commission shall revoke the licensed competence of a responsible actuary if it is ascertained that the holder:

1. has ceased to satisfy the requirements covered under Items 1 to 4 of Paragraph (2);

2. upon provision of actuarial services to a health insurance company, has committed gross or systematic violations of this Act or of the instruments of secondary legislation for the application thereof;

3. has presented untrue data or has submitted documents making a false statement on the basis of which the licensed competence thereof has been recognized;

4. (*New, SG No. 97/2007*) has not practised the activity for more than two successive years since recognition of the licensed competence or since vacation of office as responsible actuary, unless the holder has carried out activity as an actuary.

(5) In the cases of revocation of a licensed competence under Paragraph (4), the person may reapply for recognition of a responsible actuary licensed competence not earlier than three years after the entry into effect of the decision. The actuary licensed competence of the holder, recognized according to the procedure established by the Insurance Code or by the Social Insurance Code.

Article 97b.

(New, SG No. 103/2006)

(1) To be eligible for occupation of the position of a responsible actuary, a person must not be a spouse or lineal or collateral relative up to the fourth degree of consanguinity or an affine up to the third degree of affinity to any other member of a managing or supervisory body of the health insurance company, nor a member of a managing or supervisory body of another health insurance company.

(2) The responsible actuary shall be elected by the Shareholders' General Meeting of the health insurance company after submitting to the said General Meeting a declaration certifying compliance with the conditions covered under Paragraph (1). The health insurance company shall notify the Deputy Chairperson of the resolution passed on election of a responsible actuary within seven days after the date of passage of the said resolution, attaching to the notification a certified copy of the declaration.

(3) Upon change in any circumstances covered under Paragraph (1) or upon revocation of a responsible actuary licensed competence under Article 97a (4) herein, the General Meeting of the health insurance company shall be obligated to remove the responsible actuary and to elect a replacement within three months after learning of the circumstances.

Article 97c.

(New, SG No. 103/2005)

(1) The responsible actuary shall be responsible for the elaboration of premiums in a sufficient amount and for the formation of technical provisions in a sufficient amount, for the correct calculation of the solvency margin, as well as for the proper application of the actuarial methods in the practice of the health insurance company.

(2) In connection with the activities covered under Paragraph (1), the responsible actuary shall:

1. prepare and certify the actuarial information sheets of the health insurance company;

2. prepare an annual actuarial report on or before the 31st day of March of the year next succeeding the year covered by the report.

(3) Upon discharge of the duties thereof, the responsible actuary shall have access to all necessary information, and the managing bodies and the employees of the health insurance company shall be obligated to cooperate therewith.

(4) The actuary shall notify the Commission forthwith of any circumstance which has come to the knowledge of the actuary in the discharge of the functions thereof and which concerns the health insurance company and constitutes a substantial violation of this Act or of the instruments on the application thereof or may affect adversely the activity of the health insurance company.

(5) In the cases under Paragraph (4), the restrictions on the disclosure of information provided for in a law, a statutory instrument of secondary legislation or a contract shall not apply. The responsible actuary shall not incur liability for a *bona fide* disclosure of information under Paragraph (4) to the Financial Supervision Commission and the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

(6) The form of the actuarial certification and the form and content of the actuarial report and the information sheets which the responsible actuary certifies shall be determined by an ordinance by the Financial Supervision Commission.

Article 98.

(Amended, SG No. 107/2002, SG No. 8/2003)

A voluntary health insurance licence shall be issued by the Financial Supervision Commission.

Article 99.

(Amended, SG No. 107/2002)

(1) *(Amended, SG No. 8/2003)* For the issuance of a licence, an application shall be submitted at the Financial Supervision Commission, stating the business name, the registered office and the mailing address of the applicant and enclosing therewith:

1. Articles of Association;

2. *(Supplemented, SG No. 34/2006)* a list of shareholders, stating name, Standard Public Registry Personal Number, permanent address (applicable to natural persons), business name, legal form of business organization, registered office, company case, address of the place of management and BULSTAT Code (applicable to legal persons), respectively standard identification code (applicable to merchants), amount of participating interest and declarations referred to in Article 94 (1) herein from the persons holding 10 per cent and more than 10 per cent of the capital of the company;

3. a projection for the activity of the health insurance company during the first three years, including premium income, expenses on payment for health-care services and goods, operating expenses, amount of resources in special funds and provisions;

4. a programme for investment of temporarily inactive resources during the first three years;

5. *(Supplemented, SG No. 8/2003)* description of the health insurance packages offered by the company, the general conditions and the rates, as well as the technical basis for calculation of the premium rates and technical plans, of the said packages;

6. specimens of the health insurance contracts;

7. documents certifying conformity to the requirements covered under Article 97 herein in respect of the company officers and the actuary;

8. written proof of deposit of the capital referred to in Article 93 herein.

(2) *(Amended, SG No. 8/2003)* Should the document as submitted be found deficient, inaccurate or conflicting with the requirements of the law, within one month after receipt of the said documents the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall require that the health insurance company cure the non-conformities within one month. The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department may approach the Minister of Health for an opinion on the contents and feasibility of the health insurance packages offered by the applicant for a licence.

(3) *(Amended, SG No. 8/2003)* Within two months after submission of the application, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall prepare a proposal for issuing or a refusal to issue a licence and shall lay the said proposal before the

Financial Supervision Commission for consideration. The said time limit shall cease to run during the period referred to in Paragraph (2), commencing from the requirement to cure the non-conformities and concluding with the receipt of the additional documents.

(4) *(New, SG No. 8/2003)* The Financial Supervision Commission shall pronounce on the application within one month after the proposal referred to in Paragraph (3) is laid before the Commission.

Article 99a.

(New, SG No. 107/2002)

The grant of a licence may be refused if:

1. the incorporation and any company officers do not satisfy the requirements of the law;
2. the application for grant of a licence and the documents covered under Article 99 (1) herein make false or inaccurate statements or are deficient, and the non-conformities therein have not been cured within the time limit referred to in Article 99 (2) herein;
3. the programme and the projection do not conform to the requirements of Article 90 herein;
4. the general conditions of the contracts and the rates thereunder manifestly do not cover the health insurance risk, which has been actuarially proved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;
5. the health insurance packages offered are in conflict with and/or do not cover the minimum requirements of medical standards and/or the goods of good medical practice.

Article 99b.

(New, SG No. 107/2002)

(1) Any licence granted to a health insurance company may be revoked where the said health insurance company:

1. breaches any conditions on the basis of which the licence has been granted, or it is established that the documents on the basis of which the said licence has been granted make false statements;
2. wrongfully refuses payment, makes part payment, or defaults on payment of any certain exigible liability under health insurance contracts;
3. fails to carry on business in the course of one year after grant of the licence;
4. engages in any other business unauthorized under this Act;
5. does not observe the principle of voluntary contracting of health insurance;
6. fails to submit the periodic annual statements as required under the law within the time limit established in this Act.
7. *(Amended, SG No. 85/2004)* fails to submit a plan for attainment of the solvency margin or a short-term plan for additional raising of own funds, or should the plan as submitted be not implemented within the time limit as specified;
8. finds itself in a state of insolvency within the meaning given by Article 608 or overindebtedness within the meaning given by Article 742 (1) of the Commerce Act;
9. is dissolved, and liquidation proceedings are initiated;
10. fails to comply within three months with any prescriptions of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department to eliminate other violations of the law;
11. fails to comply with the requirements as to increase of capital under Article 93 (1) herein.

(2) *(New, SG No. 8/2003)* The licence of the health insurance company shall be withdrawn by the Financial Supervision Commission.

(3) *(Renumbered from Paragraph (2), amended, SG No. 8/2003)* Any act involving a refusal to grant a licence and a revocation of a licence, a refusal to approve health insurance packages, requirements to submit additional documentation and establishment of additional requirements, must be reasoned in detail by an official written opinion which shall set forth the grounds of the act.

Article 99c.

(New, SG No. 107/2002)

(1) Upon revocation of the licence thereof, a health insurance company may not conclude any new health insurance contracts, extend the term of validity of any effective contracts, or modify the terms and conditions under any previously concluded contracts.

(2) The revocation of the licence shall not exempt the health insurance company from the obligations assumed thereby under any concluded contracts.

(3) *(Amended and supplemented, SG No. 8/2003)* Upon revocation of a licence, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall appoint a conservator who shall exercise supervision over the activity of the health insurance company until appointment of a liquidator. The conservator shall be vested with the powers of the management and supervisory bodies of the health insurance company, and shall draw a remuneration for the account of the company, with the amount of the said remuneration being fixed by the Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department.

(4) *(Amended, SG No. 8/2003)* Upon entry into effect of the decision to revoke the licence, the health insurance company shall be dissolved and liquidation proceedings shall be initiated on a motion by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department by a judgment of the district court exercising jurisdiction over the place of registration of the health insurance company.

Article 99d.

(New, SG No. 107/2002, repealed, SG No. 8/2003).

Article 99e.

(New, SG No. 107/2002)

(1) *(Supplemented, SG No. 8/2003)* Any new health insurance packages shall be offered after authorization by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, granted acting on a request by the health insurance company including a description of the packages, the general conditions and the rates, as well as the technical basis for calculation of the premium rates and the technical plans, of the said packages.

(2) *(Amended and supplemented, SG No. 8/2003)* Any health insurance packages shall be modified after approval by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, granted acting on a request by the health insurance company including the modifications of the packages, the general conditions, the rates or the technical plans of the said packages.

(3) *(Amended, SG No. 8/2003)* The Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department shall issue an authorization under Paragraph (1) and an approval under Paragraph (2) within one month after receipt of the request from the health insurance company. The Deputy Chairperson may approach the Minister of Health for an opinion on the contents and feasibility of the proposed health insurance packages.

(4) *(Amended, SG No. 8/2003)* The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department may refuse to grant authorization or approval where:

1. the general conditions of the contracts and the rates thereunder manifestly do not cover the health insurance risk, which has been actuarially proved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;
2. the health insurance packages offered are in conflict with and/or do not cover the minimum requirements of medical standards and/or the rules of good medical practice;
3. *(New, SG No. 8/2003)* the general conditions under the health insurance packages and contracts conflict with mandatory provisions of the Act or are not responsive to the requirements established by Article 88 (3) herein and the violations have not been eliminated within the time limit appointed by the Deputy Chairperson of the Commission.

Section IV

(New, SG No. 107/2002)

Transformation, Dissolution, Liquidation and Bankruptcy of Health Insurance Companies

Article 99f.

(New, SG No. 107/2002)

The transformation, dissolution, liquidation and adjudication in bankruptcy of any health insurance company shall follow the procedure established by the Commerce Act, save in so far as otherwise provided for in this Act.

Article 99g.

(New, SG No. 107/2002)

(1) *(Redesignated from Article 99g and amended, SG No. 8/2003)* Any corporate transformation of health insurance companies through merger by the formation of a new company, division by the formation of new companies and division by acquisition shall require an authorization from the Financial Supervision Commission.

(2) *(New, SG No. 8/2003, repealed, SG No. 103/2005)*

(3) *(New, SG No. 8/2003, amended, SG No. 103/2005)* Any corporate transformation of health insurance companies shall be performed under the terms and according to the procedure established by of Chapter Eleven of the Insurance Code and the Financial Supervision Commission Act.

Article 99h.

(New, SG No. 107/2002)

(1) *(Amended, SG No. 8/2003)* Any health insurance company shall be dissolved solely by authorization of the Financial Supervision Commission, irrespective of the grounds for dissolution.

(2) *(Amended, SG No. 8/2003)* Except in the general cases under the Commerce Act, dissolution of a health insurance company shall furthermore be proceeded with by a decision of the Financial Supervision Commission upon revocation of the licence for conduct of voluntary health insurance.

(3) *(Amended, SG No. 8/2003)* In the cases referred to in Paragraph (1), within seven years after occurrence of the ground [for liquidation] the health insurance company shall notify the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department and shall submit for approval a plan for liquidation, which shall mandatorily provide for transfer of the effective health insurance contracts and shall nominate a liquidator. The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall pronounce [upon the said plan and nomination] within thirty days after notification. Any ensuing alterations in the plan for liquidation, any change in the time limit for liquidation, as well as any nominations for new liquidator, shall be approved according to the same procedure.

(4) *(Amended, SG No. 103/2005)* Upon dissolution of any health insurance company, liquidation proceedings shall follow the procedure established by Chapter Twelve of the Insurance Code.

Article 99i.

(New, SG No. 107/2002, supplemented, SG No. 8/2003, amended, SG No. 103/2005)

Bankruptcy proceedings against a health insurance company shall be initiated solely on a petition by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department upon insolvency of the health insurance company after the voluntary health insurance licence has been withdrawn. The provisions of Chapter Twelve of the Insurance Code shall apply, *mutatis mutandis*, to determine the cases of insolvency, as well as to any relations unregulated in this Act, associated with the bankruptcy of a health insurance company.

Section V

(New, SG No. 107/2002)

State Supervision over Activity Comprehended in Voluntary Health Insurance

(Heading amended, SG No. 8/2003)

Article 99j.

(New, SG No. 107/2002)

(1) *(Amended, SG No. 8/2003)* The Financial Supervision Commission shall exercise the state supervision over the activity comprehended in voluntary health insurance under the terms and according to the procedure established by this Act and by the Financial Supervision Commission Act.

(2) *(Amended, SG No. 8/2003)* Upon exercise of the state supervision over the activity comprehended in voluntary health insurance, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall:

1. make proposals for the issuing, refusal to issue or withdrawal of a health insurance company licence, for issuing or refusal to issue an authorization for merger by the formation of a new company, division by the formation of new companies or division by acquisition of health insurance companies and for imposition of the coercive measures under Article 99m (3) herein;

2. issue authorizations for new health insurance packages, general conditions and rates thereto and approve modifications in any such packages, conditions and rates which have been authorized;

3. authorize the merger by acquisition of health insurance companies and the opening of a branch of a Bulgarian health insurance company abroad;
 4. authorize the transfer of an enterprise of a health insurance company or of health insurance contracts;
 5. approve the persons covered under Article 97 (2) to (7) herein;
 6. verify the validity of the declarations referred to in Article 95 herein and, if necessary, notify the authorities referred to in Article 96 (3) herein;
 7. approve other health insurance reserves within the meaning given by Item 4 of Article 90c (3) herein;
 8. approve the standard forms of declarations, statements, reports, information sheets and other documents as provided for under Chapter Three of this Act;
 9. petition the initiation of liquidation or bankruptcy proceedings against a health insurance company;
 10. control compliance with the voluntary nature of effecting voluntary health insurance;
 11. apply coercive administrative measures and impose sanctions in the cases and according to the procedure established by a law;
 12. make decisions on other matters related to the exercise of supervision over the activities of the health insurance companies, which are not placed within the competence of the Financial Supervision Commission.
- (3) *(Amended, SG No. 8/2003, SG No. 85/2004)* The documents required for the issuance of authorizations and approvals, as well as for exercise of the other supervisory powers of the authorities referred to in Paragraphs (1) and (2), shall be specified in an ordinance of the Financial Supervision Commission on authorizations and running supervision under this Act or by an order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, with the exception of the documents under this Act.
- (4) *(Repealed, SG No. 8/2003).*
- (5) *(Repealed, SG No. 8/2003).*
- (6) *(Amended, SG No. 8/2003)* The individual administrative acts of the Financial Supervision Commission and of the Deputy Chairperson thereof in charge of the Insurance Supervision Department shall be appealable according to the procedure established by the Financial Supervision Commission Act.

Article 99k.

(New, SG No. 107/2002, amended, SG No. 8/2003)

- (1) The Financial Supervision Commission shall conduct inspections as to compliance with Chapter Three of this Act and of the statutory instruments of secondary legislation on the implementation thereof by the health insurance companies.
- (2) The Financial Supervision Commission shall issue an ordinance establishing the procedure for conduct of inspections.
- (3) *(Amended, SG No. 103/2005)* Each health insurance company shall be obligated to notify the Financial Supervision Commission in writing of:
 1. all newly occurred facts and circumstance which are subject to entry in the registers of the Financial Supervision Commission;
 2. any changes in the circumstances entered in the Commercial Register.
- (4) *(New, SG No. 103/2005)* The obligation referred to in Paragraph (3) shall be performed within seven days after occurrence of the facts and circumstances, with the documents certifying the change effected being enclosed with the notification. In the cases where the fact or circumstance concerned is subject to entry in the Commercial Register, the time limit for notification shall be seven days after the entry has been decreed.

Article 99l.

(New, SG No. 107/2002)

- (1) *(Supplemented, SG No. 8/2003)* Each health insurance company shall prepare the following annual and periodic reports and shall submit them to the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department:
 1. an Annual Financial Statement, prepared according to the requirements of the Accountancy Act: not later than the 31st day of March in the year next succeeding the accounting year;
 2. annual information sheets, reports and notes, completed in a standard form as endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the 30th day of April in the year next succeeding the accounting year;

3. an annual actuarial report, completed in a standard form as endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the 30th day of April in the year next succeeding the accounting year;
 4. *(New, SG No. 8/2003)* quarterly statements, information sheets, reports and annexes completed in a standard form endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the end of the month next succeeding the relevant quarter;
 5. *(New, SG No. 85/2004)* monthly information sheets completed in a standard form endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the end of the next succeeding month.
- (2) *(Amended, SG No. 8/2003)* The annual actuarial report shall be prepared and signed by an actuary nominated by the health insurance company and approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.
- (3) *(New, SG No. 85/2004)* The Financial Supervision Commission shall issue an ordinance on the form and content of the Annual Financial Statement of the health insurance companies.

Article 99m.

(New, SG No. 107/2002, amended, SG No. 8/2003)

(1) The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the measures covered under Paragraph (2) where the said Deputy Chairperson ascertains that any health insurance company, any one of the persons covered under Article 97 (2) to (7) herein, or any shareholder owing 10 per cent or more of the shares have committed any of the following violations:

1. violation of the provisions of this Act, of the statutory instruments of secondary legislation on the application thereof, of the Financial Supervision Act, of acts of the Financial Supervision Commission and of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, as well as offering general conditions and clauses which have not been approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;
2. jeopardizing the interests of the health insured persons;
3. breach of the conditions whereunder the authorization or the licence has been issued;
4. effecting transactions and performing actions which affect the organizational or financial stability of the health insurance company;
5. obstruction of the exercise of the state supervision over the activity comprehended in voluntary health insurance.

(2) In the cases under Paragraph (1), the Deputy-Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the following coercive administrative measures:

1. direct in writing that the violations committed be discontinued or eliminated, or that particular measures be taken;
2. issue a prescription for attainment of a yield, security and liquidity of investments of the health insurance reserves and of the shareholders' equity;
3. impose measures for rehabilitation of the financial position of the health insurance company;
4. obligate in writing the health insurance company to increase the own funds thereof within an appointed time limit;
5. determine the asset structure so as to guarantee payments under the health insurance contracts;
6. suspend the payment of dividend;
7. suspend a shareholder from exercising the voting power thereof;
8. direct a shareholder in writing to transfer the shares held thereby within a fixed time limit.

(3) In especially grave cases of violations covered under Paragraph (1), the Financial Supervision Commission, acting on a motion by the Deputy Chairperson thereof in charge of the Insurance Supervision Department, shall:

1. order the health insurance company in writing to release one or more persons empowered to manage or represent the said company, or each one of the persons covered under Article 97 (2) to (7) herein, or

2. appoint conservators vested with the powers referred to in Article 99c (3) herein for a specified period of time.

Chapter Four
SPECIALIZED MEDICAL SUPERVISION
(Heading amended, SG No. 107/2002)

Article 100.

(Amended, SG No. 107/2002)

(1) The Minister of Health shall exercise specialized medical supervision over the quality of health-care activities and services as performed and the access to medical care in connection with the effecting of compulsory and voluntary health insurance.

(2) The activity referred to in Paragraph (1) shall be ensured by a Specialized Medical Supervision Directorate at the Ministry of Health.

Article 101.

(Amended, SG No. 107/2002)

The Specialized Medical Supervision Directorate shall perform the following functions:

1. see to ensuring observance of medical standards and the rules of good medical practice in the contracts of the Regional Health Insurance Funds and the voluntary health insurance companies with medical care providers;
2. see to ensuring the access of health insured persons to high-quality non-hospital and hospital medical and dental care;
3. submit to the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department information obtained in the course of exercise of the powers vested in the Directorate under this Act regarding any natural or legal persons, medical-treatment and health-care facilities, who or which perform activities comprehended in voluntary health insurance without a licence;
4. prepare an opinion of the Minister of Health on the contents and feasibility of the health insurance packages offered by the health insurance companies, within seven days after being requested to do so by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;
5. prepare an annual report to the Minister of Health on the state and overall performance of health insurance.

Article 102.

(1) For the purpose of execution of the powers vested therein under this Act, the Specialized Medical Supervision Directorate shall have the right to require and inspect any contracts between:

1. Regional Health Insurance Funds and medical care providers;
2. health insurance companies and medical care providers;
3. medical care providers and natural or legal persons for provision of medical care, other than the contracts referred to in Items 1 and 2.

(2) The National Health Insurance Fund and the voluntary health insurance companies shall be obligated to submit a semi-annual reference brief to the Specialized Medical Supervision Directorate not later than at the end of the month next succeeding the lapse of the reporting semi-ennium. Any such reference brief shall be compiled in a standard form as endorsed by the Minister of Health and shall state particulars of the number of persons attended to, the type and amount of services provided under contracts with Regional Health Insurance Funds and voluntary health insurance companies.

(3) Health insurance companies shall submit to the Specialized Medical Supervision Directorate a list of the medical care providers wherewith the said companies have concluded contracts, as well as information as shall be necessary for health statistics and monitoring of the health status of the population in a format and contents as shall be determined by an order of the Minister of Health.

(4) Access to any personalized information referred to in Paragraphs (2) and (3) shall be restricted to the employees of the Directorate, and the said information may be used in this form solely by the said employees for performance of the controlling functions thereof under this Act. The said information shall be processed and used for the purposes of health statistics.

(5) The employees of the Specialized Medical Supervision Directorate shall have the right to conduct on-site inspections at the National Health Insurance Fund, the Regional Health Insurance Funds, the health

insurance companies and the medical care providers, as well as to require and obtain the requisite documents and information in connection with the performance of the powers vested therein under this Act.

(6) The National Health Insurance Fund, the Regional Health Insurance Funds, the health insurance companies and the medical care providers shall be obligated to cooperate with the employees of the Specialized Medical Supervision Directorate and to submit thereto any documents, information, reference briefs and other mediums of information as the said employees may request in connection with the performance of the powers vested therein under this Act.

(7) The employees of the Specialized Medical Supervision Directorate shall be bound by the obligation to respect the confidentiality of any information as shall come to the knowledge thereof in the course of exercise of the powers vested therein under this Act. Any such information may be disclosed solely with the consent of the persons who provided it, as well as in the cases expressly provided for by statute.

Chapter Five ADMINISTRATIVE PENALTY PROVISIONS

Article 103.

(1) Any employer's officer or any employer, who fails to submit any information as required under this Act or who discloses any false information regarding the insurance relationship thereof with the National Health Insurance Fund, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000.

(2) Any repeated and each subsequent violation shall be punishable by a fine of BGN 2,000.

(3) Should the violation referred to in Paragraph (1) be committed by an insured person, the fine shall be BGN 30 or exceeding this amount but not exceeding BGN 50, and in the cases referred to in Paragraph (2), the said fine shall be BGN 150.

Article 104.

(1) *(Amended, SG No. 110/1999, SG No. 107/2002)* Any employer's officer or any employer, who fails to pay the [health] insurance contributions in respect of any persons which the said employer is under obligation to pay, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 2,000.

(2) *(Amended, SG No. 110/1999, SG No. 107/2002)* Any repeated and each subsequent violation shall be punishable by a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 4,000.

(3) *(New, SG No. 107/2002)* Any self-insured person, who fails to pay the [health] insurance contribution due during a period exceeding three months, shall be liable to a fine of BGN 50 or exceeding this amount but not exceeding BGN 100, and any repeated violation shall be punishable by a fine of BGN 100 or exceeding this amount but not exceeding BGN 300.

Article 105.

(1) *(Amended, SG No. 110/1999, SG No. 107/2002, SG No. 105/2005)* Any violations covered under Article 103 and 104 herein shall be ascertained by written statements drawn up by the controlling authorities of the National Revenue Agency.

(2) *(Amended, SG No. 110/1999, SG No. 107/2002, SG No. 105/2005)* The penalty decrees shall be issued by the Executive Director of the National Revenue Agency or an official authorized thereby.

Article 106.

(1) *(New, SG No. 107/2002)* Any Director of a Regional Health Insurance Fund, who wrongfully refuses to conclude a contract with any medical care provider, and should any such refusal be revoked according to the procedure established by Article 59 (6) and (7) herein, shall be liable to a fine of BGN 300 or exceeding this amount but not exceeding BGN 500, and any repeated violation shall be punishable by a fine of BGN 600 or exceeding this amount but not exceeding BGN 1,000.

(2) *(New, SG No. 107/2002)* Any officer of a Regional Health Insurance Fund, who shall breach the provisions of Article 59 herein, will be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 300, and any repeated violation shall be punishable by a fine of BGN 200 or exceeding this amount but not exceeding BGN 600.

(3) *(Renumbered from Paragraph (1) and amended, SG No. 107/2002)* Any violation of the provisions of this Act or of the statutory instruments for the application thereof, which is not covered under Paragraphs (1) and (2), Article 103 and 104 herein and Chapter Three herein, shall be punishable by a fine of BGN 100 or exceeding this amount but not exceeding BGN 500, and any repeated violation shall be punishable by a fine of BGN 200 or exceeding this amount but not exceeding BGN 1,000.

(4) *(Renumbered from Paragraph (2), amended and supplemented, SG No. 107/2002)* Any violations covered under Paragraphs (1), (2) and (3) shall be ascertained by written statements drawn up by officers of the Specialized Medical Supervision Directorate, and the penalty decrees shall be issued by the Minister of Health.

Article 106a.

(New, SG No. 107/2002, repealed, SG No. 8/2003).

Article 106b.

(New, SG No. 107/2002)

(1) Any member of a governing body of a medical-treatment facility, providing any medical services under contract which constitute voluntary health insurance within the meaning given by this Act, shall be liable to: a fine of BGN 100 or exceeding this amount but not exceeding BGN 200, applicable to any medical-treatment facilities referred to in Item 1 (a) and Item 2 (a) of Article 8 (1) of the Medical-Treatment Facilities Act; a fine of BGN 200 or exceeding this amount but not exceeding BGN 500, applicable to members of governing bodies of any medical-treatment facilities for non-hospital care; and a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,500, applicable to members of governing bodies of any medical-treatment facilities for hospital care. Any repeated violation shall be punishable by a fine of BGN 200 or exceeding this amount but not exceeding BGN 400, a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000, or a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 3,000, respectively.

(2) Any member of a governing body or any natural person representing a legal person on the governing body of another legal person, other than in the cases covered under Paragraph (1), performing any activity which constitutes voluntary health insurance within the meaning given by this Act, shall be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000. Any repeated violation shall be punishable by a fine of BGN 10,000 or exceeding this amount but not exceeding BGN 20,000.

(3) *(Amended, SG No. 8/2003)* Any officer of an employer or of a health insurance company, who discloses any particulars of a voluntary health insurance contract in violation of Article 88 (5) herein, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000, and any repeated violation shall be punishable by a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 2,000.

(4) Any person, who is obligated to submit a declaration under Article 95 herein and who fails to submit any such declaration in due course or who submits any such a declaration making false statements, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 2,000, and any repeated violation shall be punishable by a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 4,000.

(5) Any health insurance company, which provides health insurance in violation of a licence granted under Article 98 herein or of an authorization under Article 99e (1) herein, or in violation of Article 82 (3) herein, shall be liable to a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000. Any repeated violation shall be punishable by a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 15,000.

(6) Any health insurance company, which breaches the provisions of Article 90c (1) or (4), Article 99e, Article 99f or Article 90g herein, shall be liable to a pecuniary penalty of BGN 2,500 or exceeding this amount but not exceeding BGN 10,000. Any repeated violation shall be punishable by a pecuniary sanction of BGN 5,000 or exceeding this amount but not exceeding BGN 15,000.

(7) *(Amended, SG No. 8/2003)* Any health insurance company, which fails to notify the Financial Supervision Commission of the initiation of liquidation proceedings in the cases referred to in Article 99h (1) herein or which fails to fulfil the obligations thereof under Article 99h (3) herein, shall be liable to a pecuniary penalty of BGN 1,000 or exceeding this amount but not exceeding BGN 5,000.

(8) *(Amended, SG No. 8/2003)* For any breach of the provisions of Chapter Three of this Act or of the statutory instruments for the application thereof, which is not covered in the cases under Paragraphs (1) to (7), the blameworthy person shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000, if a natural person, or to a pecuniary penalty of BGN 1,000 or exceeding this amount but not exceeding BGN 2,500, if a legal person. Any repeated violation shall be punishable by a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 2,000 or by a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 5,000.

(9) *(Amended, SG No. 8/2003)* The violations under Paragraphs (1) to (8) shall be ascertained by written statements by officials of the administration of the Financial Supervision Commission, authorized to do so by the Deputy Chairperson of the said Commission in charge of the Insurance Supervision Department. The penalty decrees shall be issued by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department.

Article 107.

(Amended, SG No. 110/1999)

Imposition of any penalty under Articles 103 and 104 herein shall not excuse the offender from the obligation to pay the contributions due with period legal interest as applicable.

Article 108.

(1) The drawing up of written statements and the issuance, appeal against and execution of penalty decrees under this Act shall follow the procedure established by the Administrative Violations and Sanctions Act.

(2) *(Supplemented, SG No. 107/2002, SG No. 8/2003)* The proceeds from any fines as imposed shall be credited in revenue to the National Health Insurance Fund or, if the fine is imposed on an employee of the National Health Insurance Fund or a Regional Health Insurance Fund, the proceeds shall be credited to Executive Budget revenue. The fines and the pecuniary penalties, imposed on health insurance companies for violations under Chapter Three of the Act, shall likewise be credited to Executive Budget revenue.

(3) *(New, SG No. 107/2002, amended, SG No. 105/2006)* Up to 25 per cent of the amounts raised from fines, sanctions, the resources recovered from medical care providers under Article 45 herein and the interest due thereon may be disbursed for incentives to the employees at the National Health Insurance Fund.

Article 109.

(Amended, SG No. 110/1999, SG No. 111/2004)

(1) Any [health] insured persons, who are obligated to remit health insurance contributions for their own account, shall pay for the medical care as delivered thereto if they have failed to remit more than three monthly [health] insurance contributions due during a period of 15 months until the beginning of the month preceding the month of delivery of medical care. Any such persons shall be reinstated to the health insurance entitlement thereof as from the date of payment of the contributions due, and the sums paid for medical care as delivered shall be non-refundable.

(2) Where the obligation to remit the health insurance contributions rests with the employer or with another person, the [health] insured person shall not forfeit the [health] insurance entitlement thereof through non-remittance of any such health insurance contributions.

(3) Paragraph (1) shall not apply to any persons referred to in Article 40a herein.

Article 110.

(Amended, SG No. 110/1999)

Any [health] insured, who shall fail to report for the preventive examinations as regulated in the National Framework Agreement, shall forfeit the insurance entitlement thereof for a period of one month.

Article 111.

(Amended, SG No. 107/2002)

(1) The resources paid by the National Health Insurance Fund on treatment of any diseases caused by willful injury to a person's own health, the health of other persons in a premeditated criminal offence, as well as for injury to the health of third parties committed in a state of alcoholic intoxication or use of narcotic or anaesthetic substances, shall be restored to the National Health Insurance Fund by the injurer with legal interest and with the expenses incurred on the recovery.

(2) *(Amended, SG No. 59/2002)* In respect of the amount due under Paragraph (1), the Regional Health Insurance Fund shall have the option to move for the issuance of an immediate enforcement order according to the procedure established by Article 418 of the Code of Civil Procedure on the basis of an abstract of the books of account of the said Fund..

SUPPLEMENTARY PROVISION

§ 1. *(Amended and supplemented, SG No. 110/1999, amended, SG No. 107/2002)* Within the meaning given by this Act:

1. "Highly specialized medical procedure" shall be a procedure which requires special medical skills and equipment required for handling of complicated diagnostic and treatment cases.
2. "Basic package of health-care activities guaranteed by the budget of the National Health Insurance Fund" shall be activities specified in terms of type and scope, disaggregated by specialty, activities for treatment of specified diseases or of groups of diseases, which are accessible to all health insured persons in an amount, under terms, and according to a procedure determined in the National Framework Agreement.
3. "Health-care activity" shall be any activity intended to protect, preserve and restore health.
4. "Health insurance package" shall be a group of health-care services and goods regulated in terms of type and scope, which are fully or partly covered by health insurance companies under terms and according to a procedure regulated in health insurance contracts.
5. "Health insurance contribution" shall be the sum which a natural or legal person shall remit for compulsory health insurance and which is calculated as a percentage of the contributory income as defined in this Act.
6. "Health insurance premium" shall be the sum which a natural or legal person pays under a contract to a voluntary health insurance company.
7. "Person in respect of whom a procedure for recognition of refugee status has been initiated" shall be a foreign citizen or a stateless person who has applied for a refugee status in the Republic of Bulgaria until conclusion of the procedure by an effective determination of the application thereof.
8. "Personal professional code" shall be an alphanumeric means of identification regarding data on a medical care provider.
9. "Medical care" shall represent a system of diagnostic, therapeutic, rehabilitative and preventive procedures provided by medical specialists.
10. "Amount of medical care" shall be the quantity of medical procedures, services and goods accessible to the insured persons under specific terms regulated in the National Framework Agreement and in the voluntary health insurance contracts.
11. "Scope of medical care" shall be the specific types of preventive, diagnostic, therapeutic, rehabilitative procedures and services performed by providers and the types of health-care goods provided, which are fully or partly covered by the National Health Insurance Fund or by the voluntary health insurance companies.
12. "General conditions of health insurance packages and contracts" shall be standard terms regulating the rights and obligations of the parties, the terms, the procedure and time limits for payment of health insurance contributions and premiums, the terms and the procedure for use of health insurance services and delivery of health insurance goods, the terms, the procedure and time limits for cover of the expenses incurred thereon, as well as other conditions under the contracts.
13. "Health insured person" shall be a natural person in respect of whom [health] insurance is paid according to the procedure established by this Act.
14. "Health insurer" shall be the National Health Insurance Fund or a voluntary health insurance company.
15. "Health insurance contributor" shall be a natural or legal person who or which pays the full amount or part of the health insurance contribution or premium in respect of a third party.
16. "Repeated administrative violation" shall be any administrative violation which is committed within one year after the entry into force of a penalty decree whereby the offender was penalized for a violation of the same kind.
17. "Enterprise" shall refer to any legal person, sole trader and unincorporated association which or who carries on commercial activities.
18. "Self-insured person" shall be a natural person who pays the full amount of a health insurance contribution or premium in respect of himself or herself.
19. "Rates of health insurance packages and under health insurance contracts" shall be the amounts of health insurance contributions 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 state of health of the insured persons and other factors.
20. "Family member" shall be a spouse and any child who has not attained the age of 18 years or, if pursuing the studies thereof, who has not attained the age of 26 years or, if legally incapable or permanently disabled, irrespective of age.

21. *(New, SG No. 111/2004)* "Dietetic foods for special medical purposes" shall be a group of special-purpose foods, which are produced or constituted for satisfaction of the specific nutritional requirements of patients and which are used under medical observation.

22. *(New, SG No. 95/2006)* "Rules for coordination of social security schemes" shall be the rules introduced by Council Regulation (EEC) No. 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community, who are not covered by compulsory health insurance on another ground, by Council Regulation (EEC) No. 574/72 laying down the procedure for implementing Council Regulation (EEC) No 1408/71, and by all other regulations which supersede, supplement or amend the said regulations.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. (1) Payment of health insurance contributions under Article 41 herein shall commence on the 1st day of July 1999.

(2) The Minister of Health and the Minister of Finance may designate health-care facilities and medical offices where payment shall be effected in pursuance of contracts prior to the introduction of health insurance.

§ 3. (1) *(Amended, SG No. 62/1999, SG No. 113/1999)* Performance of contracts between Regional Health Insurance Funds and non-hospital care providers shall commence on the 1st day of July 2000.

(2) *(Amended, SG No. 113/1999)* Performance of contracts between Regional Health Insurance Funds and hospitals shall commence on the 1st day of July 2001.

(3) *(Amended, SG No. 113/1999)* Until commencement of performance of contracts between Regional Health Insurance Funds and medical care providers covered under Paragraphs (1) and (2), state-owned and municipal-owned medical-treatment and health-care facilities shall be financed from the Executive Budget and the municipal budgets in a manner applied prior to the transformation of the said facilities.

(4) *(New, SG No. 41/2001)* Any medical-treatment facilities for hospital treatment, which are commercial corporations wherein the State and/or a municipality holds an interest, shall be financed for the activity performed thereby from the Executive Budget or the municipal budgets according to Article 106 of the Medical-Treatment Facilities Act and by the National Health Insurance Fund by means of payment under contracts with the said facilities. Subsidization shall be provided proceeding from a one-year contract between the financing authority and the medical-treatment facility in accordance with the State Budget of the Republic of Bulgaria Act for the relevant year. Financing of the National Health Insurance Fund shall be effected proceeding from contacts in accordance with the budget of the National Health Insurance Fund.

§ 4. The draft of a 2000 National Health Insurance Fund Budget Act shall be laid before the Council of Ministers in 1999 within the time limits provided for introduction of the draft of a [2000] State Budget of the Republic of Bulgaria Act.

§ 5. Upon entry of this Act into force, the Minister of Health shall commence development of the structures and bodies therein provided. After constitution of the bodies of the National Health Insurance Fund, the said bodies themselves shall take over the development of structures and the performance of activities relating to compulsory health insurance.

§ 6. The Council of Ministers, the regional meetings and the representative employer and trade union organizations shall designate the representatives thereof to the Meeting of Representatives of the National Health Insurance Fund within three months after the entry of this Act into force.

§ 7. (1) The Meeting of Representatives of the National Health Insurance Fund shall hold its first sitting for election of a Governing Board and of a Review Board within five months after the entry of this Act into force.

(2) Rules of Organization and Operation of the National Health Insurance Fund shall be adopted shall be adopted within one month after constitution of the Meeting of Representatives.

(3) A competitive examination procedure for appointment of a Director of the National Health Insurance Fund shall be conducted within one month after constitution of the Governing Board.

§ 8. (1) The Governing Board shall initiate a procedure for drafting and negotiation of a National Framework Agreement within one month after constitution of the bodies of the National Health Insurance Fund.

(2) The rules specified in this Act shall be drafted and adopted within three months after constitution of the bodies of the National Health Insurance Fund.

§ 9. (1) The Council of Ministers, the regional governors and the municipalities shall provide buildings and other logistical facilities for the Head Office of the National Health Insurance Fund and for the Regional Health Insurance Funds within six months after the entry of this Act into force.

(2) Acting on motion by the Minister of Health, the Minister of Finance shall ensure financial resources for organization of the process of establishment of the National Health Insurance Fund and the Regional Health Insurance Funds.

§ 10. The Bulgarian National Bank shall open capital accounts of the voluntary health insurance companies covered under Article 3 (2) herein, and interest equivalent to the period base interest rate as applicable shall accrue on the assets on any such accounts.

§ 11. (*Repealed, SG No. 111/2004, new, SG No. 11/2007*) The following shall apply in respect of 2007, effective as from the 1st day of January:

1. the rules of the 2006 National Framework Agreement under Items 3, 5, 7, 8, 9, 10 and 11 of Article 55 (2) herein;

2. the conditions determined by the Governing Board of the National Health Insurance Fund which the medical care providers must satisfy, the procedure for conclusion of contracts therewith and other terms under Items 2, 4 and 6 of Article 55 (2) herein.

§ 11a. (*New, SG No. 113/2007*) If the 2008 National Health Insurance Fund Budget Act has not been executed until 15 December 2007, as of 1 January 2008 the provisions of Art. 55, paragraph 3, items 1 and 2 and paragraph 6 shall apply.

§ 12. Within the time limits established under § 4 herein, the administrative costs of the National Health Insurance Fund and the Regional Health Insurance Funds shall be borne by the Executive Budget.

§ 13. In Paragraph (1) of Article 6 of the Transformation and Privatization of State-Owned and Municipal-Owned Enterprises Act (promulgated in the *State Gazette* No. 38 of 1992; amended and supplemented in No. 51 of 1994, Nos. 45, 57 and 109 of 1995, Nos. 42, 45, 68 and 85 of 1996; corrected in No. 86 of 1996; amended in Nos. 55, 61, 89, 98 and 122 of 1997, No. 39 of 1998; corrected in No. 41 of 1998), there shall be added the following item:

"7. for the National Health Insurance Fund: from the proceeds under Item 5, but not less than 50 per cent thereof."

§ 14. In the Public Health Act (promulgated in the *State Gazette* No. 88 of 1973; corrected in No. 92 of 1973; amended and supplemented in No. 63 of 1976, No. 28 of 1983, No. 66 of 1985, No. 27 of 1986, No. 89 of 1988, Nos. 87 and 99 of 1989, No. 15 of 1991; corrected in No. 24 of 1991; amended in No. 64 of 1993, No. 31 of 1994, No. 36 of 1995, Nos. 12, 87 and 124 of 1997, No. 21 of 1998) shall be amended and supplemented as follows:

1. In Article 2, Paragraph (1) shall be amended to read as follows:

"(1) Every Bulgarian citizen shall be entitled to affordable medical care and to health insurance regulated by statute."

2. There shall be inserted a new article to read as follows:

"Article 3a. The Executive Budget and the municipal budgets shall finance the health-care activities which citizens shall have the right to use at no charge and which are related to:

1. emergency medical care;
2. in-patient psychiatric care;
3. blood transfusion;
4. compulsory immunizations and compulsory treatment under the Public Health Act;
5. epidemiologic and epidemic-control studies and procedures;
6. health programmes and projects of national, regional and local importance;
7. state sanitary control;
8. investment expenditures;
9. education, science and training;
10. construction, overhaul, updating, improvements and remodelling of health-care facilities, as well as procurement of medical apparatus to a value exceeding BGN 10,000;
11. health care administration;
12. national centres and institutes which do not provide directly in therapeutic activities

13. costly treatment beyond the scope of compulsory health insurance according to a procedure established by the Minister of Health;

14. expenses incurred on public health care;

15. expert certification of permanent disability and occupational disease.”

3. Article 3a shall be renumbered to become Article 3b.

4. Article 4 shall be amended and supplemented as follows:

(a) in Item 1 of Paragraph (2), after the words “medical services” there shall be added “in respect of the activities covered under Article 3a herein”;

(b) Paragraph (3) shall be repealed.

5. In Article 4b (1), after the words “the municipal budgets” there shall be added “proceeds from health insurance and cash payments”;

6. In Article 25i, there shall be added a new paragraph to read as follows:

“(4) The rules referred to in Paragraph (3) shall be inapplicable to any services under contracts with the National Health Insurance Fund.”

7. Article 26 shall be amended and supplemented as follows:

(a) Paragraph (1) shall be amended to read as follows:

“(1) The persons covered under Article 2 (1) herein shall have the right to free choice and treatment by a physician and dentist for primary and specialist non-hospital care within the territory serviced by the relevant Regional Health Insurance Fund.”;

(b) Paragraphs (2), (3), (4) and (5) shall be repealed.

8. In Article 53 (2), the words “the procedure established by Article 26 (5) herein” shall be replaced by “a procedure established by the Minister of Health”.

9. In Article 55 (4), the words “and medical treatments” shall be deleted.

§ 15. In Paragraph (2) of Article 161 of the Commerce Act (promulgated in the *State Gazette* No. 48 of 1991; amended and supplemented in No. 25 of 1992, Nos. 61 and 103 of 1993, No. 63 of 1994, No. 63 of 1995, Nos. 42, 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, and No. 52 of 1998) the words “or insurance business” shall be replaced by “insurance business, or activity comprehended in voluntary health insurance”.

§ 16. In Littera (c) of Article 237 of the Code of Civil Procedure (promulgated in *Transactions of the Presidium of the National Assembly* No. 12 of 1952; amended and supplemented in No. 92 of 1952, No. 89 of 1953, No. 90 of 1955, No. 90 of 1956, No. 90 of 1958, Nos. 50 and 90 of 1961; corrected in No. 99 of 1961; amended and supplemented in the *State Gazette* No. 1 of 1963, No. 23 of 1968, No. 27 of 1973, No. 89 of 1976, No. 36 of 1979, No. 28 of 1983, No. 41 of 1985, No. 27 of 1986, No. 55 of 1987, No. 60 of 1988, Nos. 31 and 38 of 1989, No. 31 of 1990, No. 62 of 1991, No. 55 of 1992, Nos. 61 and 93 of 1993, No. 87 of 1995, and Nos. 12, 26, 37, 44 and 104 of 1996, Nos. 43, 55 and 124 of 1997), after the words “the banks” there shall be added “the Head Office of the National Health Insurance Fund and the Regional Health Insurance Funds”.

§ 17. The Defence and Armed Forces of the Republic of Bulgaria Act (promulgated in the *State Gazette* No. 112 of 1995; amended and supplemented in No. 67 of 1996 and No. 122 of 1997) shall be amended as follows:

1. In Article 242, Paragraphs (1) and (2) shall be repealed.

2. In Article 243, Paragraphs (1), (2) and (3) shall be repealed.

§ 18. In the Ministry of Interior Act (promulgated in the *State Gazette* No. 122 of 1997; modified by Constitutional Court Judgment No. 3 of 1998, promulgated in No. 29 of 1998), Article 224 shall be repealed.

§ 19. (1) (*Redesignated from § 19, SG No. 110/1999*) The Council of Ministers, acting on motion by the Minister of Health, shall adopt the statutory instruments of secondary legislation related to the application of this Act within six months after the entry of the said Act into force.

(2) (*New, SG No. 110/1999, repealed, SG No. 105/2005*).

§ 19a. (*New, SG No. 114/2003*) (1) (*Supplemented, SG No. 49/2004*) Any persons owing more than three health insurance contributions for the period ending on the 31st day of December 2003 in respect of themselves and/or any members of the families thereof may submit a request in writing not later than the 30th day of September 2004 that the amounts due be rescheduled until the 31st day of December 2004.

(2) The procedure established by Paragraph (1) shall apply to rescheduling of arrears of health insurance contribution to an amount of the principal exceeding BGN 50.

(3) Such persons shall submit a request for rescheduling at the local division of the National Social Security Institute, specifying a time limit for payment of the arrears thereof.

(4) The arrears shall be rescheduled as from the date of submission of the request by a decision of the head of the local division of the National Social Security Institute or of officials authorized thereby. Any such decision shall state the amount of the arrears, the time limit for payment of the arrears as rescheduled, and the total amount due until expiry of the said time limit. A copy of the said decision shall be served on the person.

(5) Any persons whereof the arrears have been rescheduled shall retain the entitlement thereof as health insured persons.

(6) Should the persons fulfil the conditions under Paragraphs (1) to (4), fines under Article 104 (3) herein shall not be imposed on the said person and the provision of Article 109 (1) herein shall not be applied.

(7) A person shall lose the health insurance entitlement thereof if the said person:

1. fails to redeem the arrears thereof under Paragraph (4) within the time limit of the rescheduling;
2. fails to remit more than three health insurance contributions due for 2004; in such case, the effect of the rescheduling shall lapse as well.

(8) Interest at the monthly rate of 1 per cent shall accrue on the amount due and the limitation applicable to the rescheduled arrears shall be tolled for the period of the rescheduled payment.

(9) (*Amended, SG No. 111/2004*) Any persons working under an employment relationship or a civil-service relationship shall retain the health insurance entitlement thereof if the contributions have not been remitted by the employer.

(10) No fines under Article 104 (1) and (2) herein shall be imposed on any employers who or which remit the health insurance contributions due for the period until the 31st day of December 2003 on or before the 31st day of December 2004.

§ 19b. (*New, SG No. 28/2004*) The Council of Ministers shall adopt and promulgate in the *State Gazette* the ordinance referred to in Article 45 (4) herein not later than the 30th day of April 2004.

§ 19c. (*New, SG No. 45/2005, effective 1.06.2005*) (1) Any Bulgarian citizens, who resided abroad for more than 183 days within a calendar year during the period commencing on the 1st day of January 2000 and ending on the 31st day of December 2004 and who are in arrears with health insurance contributions for their own account for the time of residence thereof abroad, may be exempt from the obligation to pay the said contributions if they have not made a free choice of a medical care provider who has concluded a contract with a Regional Health Insurance Fund under Article 4 (1) herein for the relevant calendar year.

(2) (*Amended, SG No. 105/2005*) In the cases referred to in Paragraph (1), the persons, acting personally or through an authorized representative, may submit a statement application not later than the 31st day of December 2006, completed in a standard form endorsed by the Executive Director of the National Revenue Agency, consulted with the Director of the National Health Insurance Fund.

(3) The persons referred to in Paragraph (1) shall be reinstated to the health insurance entitlement thereof according to the procedure established by Article 40a herein.

§ 19d. (*New, SG No. 45/2005, effective 1.06.2005*) (1) Any persons, who are in arrears with health insurance contributions for their own account until the 1st day of June 2005, may request that the amounts due be rescheduled until the 31st day of December 2006 if the said persons had an average monthly income per family member not exceeding BGN 200 for the period commencing on the 1st day of October 2004 and ending on the 31st day of March 2005.

(2) The procedure established by Paragraph (1) shall apply to rescheduling of arrears of health insurance contributions to an amount of the principal exceeding BGN 50.

(3) (*Amended, SG No. 99/2005, SG No. 105/2005*) For rescheduling of the amounts due, not later than the 31st day of December 2005 the persons referred to in Paragraph (1) shall submit a statement application to the National Revenue Agency territorial directorates, completed in a standard form endorsed by the Executive Director of the National Revenue Agency.

(4) The arrears shall be rescheduled as from the date of submission of the request by a decision of the head of the local division of the National Social Insurance Institute or of persons authorized thereby. Any such decision shall state the amount due, the time limit for payment of the amount due as rescheduled, and

the total amount due until expiry of the said time limit. One copy of the said decision shall be served on the person.

(5) *(Amended, SG No. 95/2006, effective 1.01.2007)* Upon determination of the income referred to in Paragraph (1), account shall be taken of all gross income accruing to the family which is taxable under the Income Taxes on Natural Persons Act, as well as the pensions, benefits, allowances and study grants received, with the exception of the monthly social integration benefits paid under the Integration of Persons with Disabilities Act, the personal attendant benefit under Article 103 of the Social Insurance Code, the study grants of schoolchildren until completion of secondary education but not later than attainment of the age of 20 years, as well as the allowances received under the Family Allowances Act.

(6) The persons referred to in Paragraph (1), who fail to pay more than three health insurance contributions for the period of rescheduling, shall pay the providers for the medical care provided thereto.

(7) The limitation applicable to the rescheduled arrears shall be tolled for period of rescheduling.

(8) Fines under Article 104 (3) herein shall not be imposed on the persons, the provision of Article 109 (1) herein shall not apply, and coercive measures for collection of the arrears shall not be taken if the conditions covered under Paragraphs (1) to (4) are fulfilled.

§ 19e. *(New, SG No. 45/2005, effective 1.06.2005)* No interest shall accrue for the period commencing on the 1st day of June 2005 and ending on the 31st day of December 2006 on any arrears of health insurance contributions due from persons for their own account which arose until the 1st day of June 2005.

§ 19f. *(New, SG No. 102/2005)* The Council of Ministers shall lay the drafts referred to in Article 22 (3) herein before the National Assembly for adoption if the 2006 National Framework Agreement is not signed until the 18th day of December 2005.

§ 19g. *(New, SG No. 103/2005)* (1) The ordinance referred to in Item 5 of Article 97a (2), Article 97a (3) and Article 97c (6) herein shall be adopted within one year after the entry into force of the Insurance Code. The first examination for attainment of licensed actuarial competence shall be held within six months after the entry into force of the said ordinance.

(2) Within three years after the entry into force of the Insurance Code, the health insurance companies shall be obligated to conclude contracts for actuarial services with persons possessing a recognized responsible actuary licensed competence.

(3) Prior to expiry of the time limit referred to in Paragraph (2), any persons, who have been approved as actuaries of a health insurance company in approval issuance proceedings under Article 97 herein or according to the procedure established by Article 99 herein, may perform the duties of a responsible actuary upon performance of the actuarial services for health insurance companies, as well as be eligible as responsible actuaries of health insurance companies. Until expiry of the time limit referred to in Paragraph (2), any persons, who have been approved as actuaries of insurers or reinsurers or who have received a licence as actuaries of retirement insurance companies and the supplementary retirement insurance funds managed thereby, shall be eligible for the position of responsible actuary of health insurance companies.

§ 19h. *(New, SG No. 100/2007)* (1) Not later than the 30th day of September 2012, the Financial Supervision Commission shall adopt a report on the application of Article 88a (1) herein, which shall contain conclusions regarding the use of sex as an actuarial factor in the calculation of health insurance premiums, taking into account the latest actuarial data and statistical data, as well as the report of the European Commission on the application of Article 5 of Council Directive 2004/113/EC implementing the principle of equal treatment between men and women in the access to and supply of goods and services.

(2) The report referred to in Paragraph (1) shall be provided to the Minister of Labour and Social Policy for the purposes of notifying the European Commission.

§ 20. *(Amended, SG No. 105/2005)* The implementation of this Act shall be entrusted to the Minister of Health, to the bodies of the National Health Insurance Fund which represent the said Fund, and to the National Revenue Agency in the part relating to the collection of health insurance contributions.

TAX AND SOCIAL-INSURANCE PROCEDURE CODE

Promulgated, State Gazette No. 105/2005 (effective 1.01.2006)

TRANSITIONAL AND FINAL PROVISIONS

.....
§ 4. Any public obligations deferred or rescheduled under the Tax Procedure Code as superseded, the Social Insurance Code and the Health Insurance Act, whereof the time limit for payment expires after the

entry of this Code into force, shall remain effective until final payment conforming to the authorization granted.

.....
Act to Amend and Supplement the Health Insurance Act
Promulgated, State Gazette No. 18/2006 (effective 1.01.2007)
TRANSITIONAL AND FINAL PROVISIONS

.....
§ 5. The rights and obligations under § 2 herein shall arise as from the entry into force of this Act.
.....

Annex to Article 6 (2)
(Amended and supplemented, SG No 113/1999)

Regional Health Insurance Funds

- 1.** Blagoevgrad: municipalities of Bansko, Belitsa, Blagoevgrad, Gotse Delchev, Gurmen, Kresna, Petrich, Razlog, Sandanski, Satovcha, Simitli, Stroumyani, Hadjidimovo, Yakorouda.
- 2.** Bourgas: municipalities of Aytos, Primorsko, Bourgas, Kameno, Karnobat, Malko Turnovo, Nessebur, Pomorie, Rouen, Sozopol, Sredets, Sungurlare, Tsarevo.
- 3.** Varna: municipalities of Avren, Axakovo, Beloslav, Byala, Varna, Vetrino, Vulchi Dol, Devnya, Dolni Chiflik, Dulgopol, Provadia, Souvorovo.
- 4.** Veliko Turnovo: municipalities of Veliko Turnovo, Gorna Oryahovitsa, Elena, Zlataritsa, Lyaskovets, Pavlikeni, Polski Trumbesh, Svishtov, Strazhitsa, Souhindol.
- 5.** Vidin: municipalities of Belogradchik, Boynitsa, Bregovo, Vidin, Gramada, Dimovo, Koula, Makresh, Novo Selo, Rouzhintsi, Chouprene.
- 6.** Vratsa: municipalities of Borovan, Byala Slatina, Vratsa, Knezha, Kozlodui, Krivodol, Mezdra. Miziya, Oryahovo, Roman, Hayredin.
- 7.** Gabrovo: municipalities of Gabrovo, Dryanovo, Sevlievo, Tryavna.
- 8.** Dobrich: municipalities of Balchik, General Toshevo, Dobrich, Dobrich Rural, Kavarna, Kroushari, Tervel, Shabla.
- 9.** Kurdjali: municipalities of Ardino, Djebel, Ivailovgrad, Kirkovo, Kroumovgrad, Kurdjali, Momchilgrad, Chernoochene.
- 10.** Kyustendil: municipalities of Bobovdol, Boboshevo, Kocherinovo, Kyustendil, Nevestino, Rila, Sapareva Banya, Doupnitsa, Treklyano.
- 11.** Lovech: municipalities of Apriltsi, Letnitsa, Lovech, Loukovit, Teteven, Troyan, Ugarchin, Yablanitsa.
- 12.** Montana: municipalities of Berkovitsa, Boychinovtsi, Broussartsi, Vulchedrum, Vurshets, Georgi Damyanovo, Lom, Medkovets, Montana, Chiprovtsi, Yakimovo.
- 13.** Pazardjik: municipalities of Batak, Belevo, Bratsigovo, Velingrad, Lesichovo, Pazardjik, Panagyurishte, Peshtera, Rakitovo, Septemvri, Strelcha.
- 14.** Pernik: municipalities of Breznik, Zemen, Kovachevtsi, Pernik, Radomir, Trun.
- 15.** Pleven: municipalities of Belene, Goulyantsi, Dolna Mitropolia, Dolni Dubnik, Levski, Nikopol, Pelovo, Pleven, Pordim, Cherven Bryag.
- 16.** Plovdiv: municipalities of Asenovgrad, Brezovo, Kaloyanovo, Karlovo, Luki, Maritsa, Plovdiv, Purvomay, Rakovski, Rodopi, Sadovo, Suedinenie, Hissarya.
- 17.** Razgrad: municipalities of Zavet, Isparih, Koubrat, Loznitsa, Razgrad, Samouil, Tsar Kaloyan.
- 18.** Rousse: municipalities of Borovo, Byala, Vetovo, Dve Mogili, Ivanovo, Rousse, Slivo Pole, Tsenovo.
- 19.** Silistra: municipalities of Alfatar, Glavnitsa, Doulovo, Kaynardja, Silistra, Sitovo, Toutrakan.
- 20.** Sliven: municipalities of Kotel, Nova Zagora, Sliven, Tvurditsa.
- 21.** Smolyan: municipalities of Banite, Borino, Devin, Dospat, Zlatograd, Madan, Nedelino, Roudozem, Smolyan, Chepelare.
- 22.** Sofia City: boroughs of Bankya, Vitosha, Vrubnitsa, Vuzrazhdane, Izgrev, Ilinden, Iskur, Kremikovtsi, Krasna Polyana, Krasno Selo, Lozenets, Lyulin, Mladost, Nadezhda, Novi Iskur, Oborishte, Ovcha Koupel, Pancharevo, Poduyane, Serdika, Slatina, Sredets, Stoudentski, Triaditsa.
- 23.** Sofia: municipalities of Anton, Bozhourishte, Botevgrad, Godech, Gorna Malina, Dolna Banya, Dragoman,

Elin Pelin, Etropole, Ihtiman, Koprivshtitsa, Kostenets, Kostinbrod, Mirkovo, Pravets, Samokov, Svoge, Slivnitsa, Zlatitsa, Pirdop, Chavdar, Chelopech.

24. Stara Zagora: municipalities of Bratya Daskalovi, Gulubovo, Gourkovo, Kazanluk, Muglitzh, Opan, Pavel Banya, Radnevo, Stara Zagora, Topolovgrad, Chirpan.

25. Turgovishte: municipalities of Antonovo, Omourtag, Opaka, Popovo, Turgovishte.

26. Haskovo: municipalities of Dimitrovgrad, Lyubimets, Madjarovo, Mineralni Bani, Svilengrad, Simeonovgrad, Stambolovo, Harmanli, Haskovo.

27. Shoumen: municipalities of Veliki Preslav, Venets, Vurbitsa, Kaolinovo, Kaspichan, Nikola Kozlevo, Novi Pazar, Smyadovo, Hitrino, Shoumen.

28. Yambol: municipalities of Bolyarovo, Elhovo, Straldja, Toundja, Yambol.