



Evro-za vse nas

**The euro
is coming**



institutions and a process of institutionalization. The institutionalization of a health system is defined as "the process by which the state and other actors become involved in the development and maintenance of health care" (Baker 2004). The article shows that the historical changes in the health system of the Czech Republic are closely linked with the institutionalization of the health system and its subsequent reform. The article also shows that the institutionalization of the health system is a process that is not only shaped by the state but also by other actors, such as the population, the medical profession, and the pharmaceutical industry.

The article is organized as follows. In the first section, I describe the historical changes in the health system of the Czech Republic. In the second section, I discuss the institutionalization of the health system and its subsequent reform. In the third section, I discuss the role of the state and other actors in the institutionalization of the health system. In the fourth section, I discuss the implications of the institutionalization of the health system for the future of the health system. In the final section, I conclude the article.

Historical Changes in the Health System of the Czech Republic

The health system of the Czech Republic has undergone significant changes since 1989. The most important changes are the transition from a centrally planned health system to a market-oriented health system, the introduction of private health insurance, and the decentralization of health care delivery. These changes have been driven by a combination of factors, including the collapse of the communist regime, the need for economic reform, and the desire for greater freedom of choice for patients and health care providers.

In 1989, the Czech Republic was a centrally planned economy. The health system was a part of the state apparatus and was financed by the state budget. The state owned and operated all health care services, including hospitals, clinics, and primary care. The state also employed all health care workers, including doctors, nurses, and administrative staff. The health system was characterized by a high degree of centralization and control by the state.

The collapse of the communist regime in 1989 led to a fundamental reorganization of the health system. The state lost its monopoly over health care delivery, and the market economy introduced competition and private health care providers. The state budget could no longer finance the health system, and health care financing was shifted to private health insurance. The health system became more decentralized, with a greater role for local governments and health care providers. The health system also became more market-oriented, with a greater emphasis on cost containment and efficiency.

These changes have led to significant challenges for the health system. The decentralization of health care delivery has led to fragmentation and a lack of coordination between different parts of the system. The introduction of private health insurance has led to a two-tier system, with better access to care for those who can afford it and worse access for those who cannot. The market-oriented health system has led to a focus on cost containment, which has led to a reduction in the quality of care in some areas.

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By acceding to the EU, Slovenia decided to join the common European future, and also committed itself to adopting the European currency - the euro. In order to adopt the euro, an EU Member State has to meet certain conditions called convergence or Maastricht criteria. The key characteristic of these conditions is stability: Member State introducing the euro has to demonstrate the stability of public finances, price stability, interest rate stability, and exchange rate stability, which together reflect a stable economy.

With Slovenia's entering the ERM II on 28 June 2004, the first step towards the adoption of the euro was taken. After two years of participation in the mechanism, the euro will become Slovenia's legal tender on **1 January 2007**, provided that it complies with all criteria. Slovenia is likely to get the green light.


Although there are divided opinions on the advantages of the single currency at the European level, we can affirm that for a small and open economy, such as Slovenia's, the benefits outweigh the eventual risks. Not only the State, economy and businesses, but also every individual will benefit from the single currency. The euro is a stable currency. It is legal tender in 12 Member States of the European Union, but with the entry of the new States to the euro area, the possibilities will expand. There will be no need to change money before leaving the country to pay a visit to someone, before going on business trips, on holidays, or before going shopping abroad. The adoption of the euro will help Slovenia's economy to avail itself of the common European market, and enable consumers to compare the prices of the same products in different countries. But the euro crossed the boundaries of the European Union long ago, and is easily exchangeable in the third countries.

The single currency brings further integration within the European Union. The euro is a strong and stable international currency, and is a symbol of European integrity, the common values of more than 300 million people. The euro has proved that it can offer a great opportunity for creating a competitive and stable economic area.

Preparations for the adoption of the euro are well under way. They are led by the Government of the Republic of Slovenia and the Bank of Slovenia, and all important institutions at the national and regional level are involved in these preparations. Drawing the attention of all the citizens of Slovenia to the preparations is central to the success of the project. For this purpose the Government of Slovenia and the Bank of Slovenia have prepared an extensive public information programme. The publication you are now reading is an introduction to these activities. In this year of intensive preparations we would like to inform you about the functioning of the European monetary area, the role of Slovenia within it, and to present the new euro banknotes and coins.

No doubt most people are already familiar with the euros; however, we believe that this publication will be helpful. Finally at the beginning of the dual pricing period, we would also like to help you to become familiar as soon as possible with the euro - our future currency, part of our common European future.

Dr Andrej Bajuk
Minister of Finance



I. Why introduce the euro

By acceding to the EU (1 May 2004), Slovenia also committed itself to adopting the single European currency - the euro. Even though this commitment is already part of the Accession Treaty, Slovenia has to meet all convergence criteria. Accordingly, Slovenia supports targeted economic and monetary policies.

Before the first introduction of the euro in the eleven countries of the EU (Greece introduced it later) the Member States still had the option to decide whether they would adopt the euro or not. The United Kingdom and Denmark decided to keep their national currencies; through negotiations they obtained special status, allowing them to decide when (and if) they would join the euro area. Sweden has not yet formally met the convergence criteria and remains outside the exchange rate mechanism (ERM II) for the time being. The new Member States, including Slovenia, do not have this option. They are obliged to conduct their economic and monetary policies so as to meet the convergence criteria as soon as possible and therefore be prepared for the introduction of the euro.

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What does the introduction of the euro bring

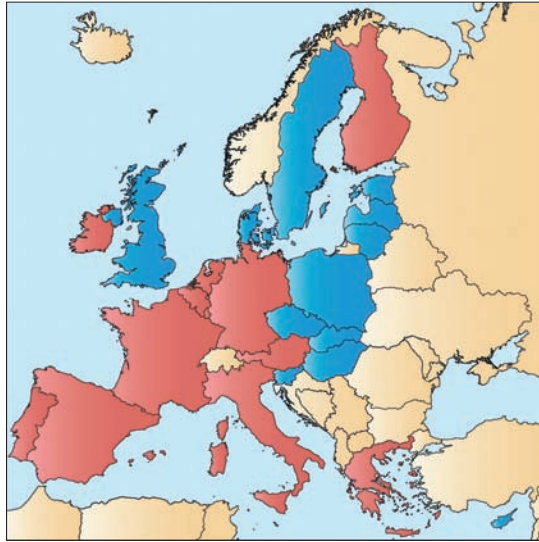
The introduction of the euro in Slovenia brings several benefits:

- providing a more stable environment for the whole economy by eliminating exchange rate fluctuations and therefore by eliminating uncertainties, risks and exchange costs;
- facilitating business in non-European markets;
- easier price comparison of goods and services between Slovenia and other euro area countries;
- enhanced competition as a consequence of easier price comparisons within the euro area;
- elimination of costs related to the exchange of different currencies;
- wider and more diversified offer of saving opportunities, easier loan raising, and an end to the search for exchange offices before and whilst travelling.

II. About the euro

What is the euro

The euro is a single currency of the European Union. It has been introduced into the twelve Member States which form the euro area.



The euro area comprises Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

Where is the euro used

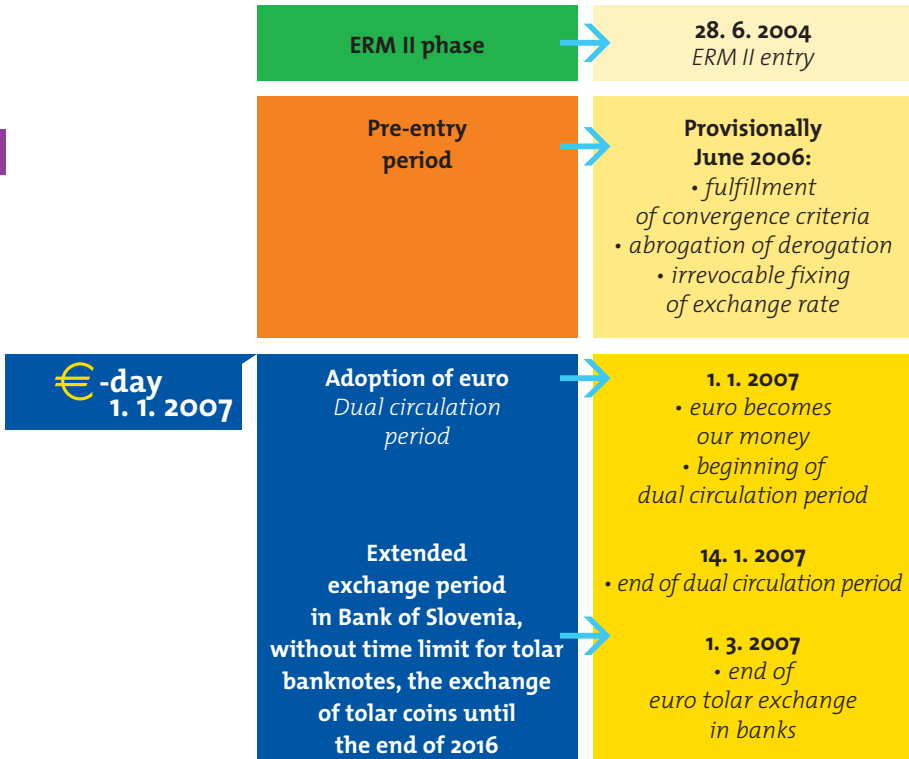
- in 12 Member States: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain;
- in Monaco, the Vatican City and San Marino; they have each concluded special monetary agreements with the EU;
- in French overseas territorial communities which are not part of the EU, but previously used the French franc;
- in countries or parts of countries where the euro is used instead of old currencies; e.g. Andorra has never had an official currency, but previously used the Spanish peseta and French franc; and Montenegro and Kosovo, where the euro replaced the formerly used German mark.

III. Adoption of the euro in Slovenia

The euro will probably be introduced in Slovenia on 1 January 2007. After the introduction of euro banknotes and coins, a short period of dual currency circulation will follow. Cash exchange without charges will be possible at banks until 1 March 2007. After this period it will be possible to exchange tolar banknotes at the Bank of Slovenia without a time limit and free of charge, while the exchange of tolar coins will be possible until the end of 2016.

Anticipated schedule for adopting the euro*

**All dates are provisional*



The dual circulation period during which cash payments may be made in tolar and euros will be short, therefore it is advisable to deposit cash in a bank account before 31 December 2006 for it to be automatically converted into euros.

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How to prepare for the introduction of the euro

The introduction of the new currency is a project that involves everybody: the State, its economy and citizens. Good preparations at the national and economic level for the adoption of the euro will greatly facilitate the introduction of the new currency. Well-informed consumers can play a key role in ensuring a smooth changeover.

It is important to know the key dates of the euro introduction plan.

1 January 2007 - the date on which the introduction of the euro is scheduled to happen, and by which all other dates are bound; the actual introduction of the euro on 1 January 2007 depends on Slovenia's compliance with the necessary criteria;

1 January 2007 - 14 January 2007 - dual circulation period: the euro becomes the Slovenian currency, although payments in tolar banknotes and coins will still be possible.

1 January 2007 - 1 March 2007 - cash changeover at banks without commission is possible. After this period it will be possible to exchange tolar banknotes at the Bank of Slovenia without a time limit and free of charge, while the exchange of tolar coins will be possible until the end of 2016; all deposit money including money in transaction accounts will be automatically converted into euros on 1 January 2007.

It is important to monitor by means of the dual display of prices for information purposes whether prices are correctly converted and amounts correctly rounded.

The dual display of prices helps consumers become accustomed to expressing values in the new currency, and it also helps detect conversion or rounding irregularities. By law,

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during a certain period before and after the introduction of the euro, the prices of goods and services must be displayed in tolar and euros.

Dual display of prices will be divided into two periods:

a mandatory period for the dual display of prices for information purposes begins on 1 March 2006 and end on the date at which *the conversion rate*¹ is determined. In this period, prices must be displayed in both tolar and euros, and converted at the *central rate*²;

a period of dual price display begins one day after the conversion rate is determined, and ends six months after the introduction of the euro.

During the whole period of dual pricing, the prices of goods and services must be displayed in both currencies in such a way as to provide consumers with clear and unambiguous information about prices, and to enable them to compare prices. Some exceptions to the rules are outlined below:

at petrol stations, on petrol pumps or in their immediate proximity prices per litre of fuel in both currencies must be displayed, including the exchange rate. The euro price for a litre of fuel must display three decimal places;

companies that sell the goods and services through catalogues are allowed to indicate only the prices in the official currency at the date of issue of the catalogue, but they must include information about the exchange rate and a price list containing all prices in the catalogue in both currencies, in ascending order;

¹ The conversion rate is the irrevocable fixed exchange rate between the tolar and the euro as determined by the Council of the European Union.

² The central rate was determined upon Slovenia's entering the exchange rate mechanism (ERM II), the euro "waiting room" (1€ = 239.640 SIT).

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in meat, fish, delicatessen and bakery sections, there must be price lists for all goods in both currencies placed at a visible point;

automatic goods and services vending machines must have the exchange rate and price list with all prices for goods and services in both currencies placed at a visible point;

for book sales or the sale of other print media, the exchange rate and conversion table indicating the amounts of at least thirty most typical prices of books or other products of seller's own choosing, must be displayed in both values, in ascending order and placed at a visible position;

companies that accept the payments for gaming or provision of other services related to any kind of gaming, must place the exchange rate and price list in both currencies in a conspicuous position at their customer service points and on gaming machines;

small retailers with up to ten employees are permitted, when there are at most five employees working in their outlet, to use alternative methods to help customers make conversions and compare the prices in tolar and euros, e.g. by using price lists or conversion tables. The same applies to the craft-trade enterprises;

companies that offer their goods or services to conclude legal transactions, where fees, claims and liabilities are denominated in euros;

farmers who sell their goods directly to the final consumer.

Dual pricing will not be mandatory for displaying the prices for a unit of a product (e.g. for a kilogram, metre, piece), for amounts on weighing machine printouts, or digital price displays and postage stamps.

What are the conversion and rounding rules

Conversion rules in the period of the dual display of prices for information purposes

From 1 March 2006 until the determination of the conversion rate amounts will be converted at the central rate for information purposes. The euro amount is calculated by dividing the tolar amount by the **central rate** (1 EUR = 239.640 SIT). The rounding of amounts is subject to rounding rules.

Conversion rules in the period of the dual display of prices

After the determination of the irrevocably fixed exchange rate (the conversion) used for the conversion between the euro and tolar. The conversion rate (expressed as six significant figures) cannot be rounded or shortened, and will be used for conversion from euros to tolar and vice-versa. The rounding of amounts is subject to the rounding rules.

Rounding rules

Rounding rules are applicable in both cases (when using the central rate and when using the conversion rates).

After conversion, the euro amounts will be rounded up or down to the nearest cent. If the result of conversion is an amount, which is precisely in the middle it will be rounded up.

1. if the number of the third decimal place is **less than 5**, then the euro figure must be rounded down
e.g. 24.784 EUR becomes 24.78 EUR;
2. if the number of the third decimal place is **five or above**, then the euro figure must be rounded up
e.g. 24.785 EUR becomes 24.79 EUR.

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Example of rounding after conversion into euros at the central rate

Example 1:

$500 \text{ SIT} = 500 : 239.640 = 2.0864\dots \rightarrow = 2,09 \text{ EUR}$
(the third decimal place is five or more,
the euro figure is rounded up)

Example 2:

$1.000 \text{ SIT} = 1.000 : 239.640 = 4.1729\dots \rightarrow = 4.17 \text{ EUR}$
(the third decimal place is less than five,
the euro figure is rounded down).

Ask for your change!

When paying in tolar, people often ignore their change, so it is usually left at the cash desk, in pockets, or at home.

Paying in coins and low-value banknotes after the introduction of the euro will become important, as the prices of basic consumer goods, e.g. bread and other bakery products, will be around 1 euro. Therefore, every cent in the pocket will become important. People should get used to spending the coins, instead of keeping them at home. Coins are a means of payment and are equal to banknotes.

Euro banknotes

Banknotes are issued in seven different denominations: EUR 5, 10, 20, 50, 100, 200 and 500. These are legal tender in all Eurozone Member Countries.

The euro banknotes depict the architectural styles of seven periods in Europe's cultural history:

- Classical
- Romanesque
- Gothic
- Renaissance
- Baroque and Rococo
- The age of Iron and Glass architecture
- Modern 20th century architecture

The windows and gateways on the front of each banknote symbolise the European spirit of openness and co-operation. The 12 stars of the European Union represent the dynamism and harmony of contemporary Europe. The bridges on the reverse of each banknote symbolise the communication among the people of Europe and between Europe and the rest of the world.



Evro-za vse nas



Euro coins

The rough-cast design of slovene euro coins

Dr. France Prešeren



Primož Trubar



Triglav



lipizaner



Plečnik's project of Slovenia's parliament



The Sower



duke's thrown



stork



Coins

The coins are issued in eight different denominations: 1, 2, 5, 10, 20 and 50 cent, EUR 1 and EUR 2. All eight coins have common front sides, while the reverse sides have different designs for each of the Eurozone countries. The national side of the coin indicates the country of issue.

IV. Further information

The more the introduction of the euro approaches, the more questions multiply. We have collected some helpful information addresses where you can look for answers to your questions.

Europhone 080 2002, is a free telephone line where you can pose questions about the introduction of the euro in Slovenia, about the preparations, implementation of the cash changeover, etc. 080 2002 is also an address where you can communicate any eventual irregularities related to price conversion, rounding amounts, or to non-compliance with dual pricing rules.

You can also use the **euro-postcards** available at post offices in Slovenia to pose your questions or to order the publications.

Website **www.evro.si** provides comprehensive information for anyone interested in the euro and preparations for its adoption in Slovenia. This is an address where you can find a lot of practical information about the conversion, and numerous links to more specialised sites. Some of them are listed below:

Bank of Slovenia

<http://www.bsi.si>

Ministry of Finance

<http://www.gov.si/mf/>

Chamber of Commerce and Industry of Slovenia

<http://www.gzs.si>

European Central Bank

<http://www.ecb.int>

IV. Dodatne informacije

European Commission

<http://europa.eu.int/comm>

*For general information about the European Union, its institutions and programmes, and about Slovenia's activity as an EU Member State, you are kindly invited to dial **080 2002** Europhone or to visit our web page <http://evropa.gov.si>*



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