

**Opinion on the Draft Law on the Budget
of the National Health Insurance Fund for 2026**

July 6, 2026



TABLE OF CONTENTS

Opinion on the Draft Law on the Budget of the National Health Insurance Fund for 2026

Introduction	2
Healthcare Expenditures.....	2
Revenue Analysis	3
Analysis of Expenditures.....	4
Conclusion.....	8

Introduction

The draft Law on the Budget of the National Health Insurance Fund (NHIF) is part of the Consolidated Fiscal Program of the Republic of Bulgaria; therefore, the Fiscal Council is providing an opinion on it. Pursuant to the Law on the Fiscal Council and Automatic Corrective Mechanisms, the Fiscal Council of Bulgaria monitors compliance with fiscal rules and prepares reasoned opinions and recommendations on draft laws and other strategic documents related to such compliance.

Healthcare Expenditures

Overall, expenditures and transfers for the health care sector in 2026 are set to increase, reaching 5,256,677.2 thousand euros, or 4.20% of the projected GDP for 2026. This increase underscores the priority given to this sector in public spending. From a financial sustainability perspective, the sector has sufficient resources, but optimizing their use is essential for achieving better results in order to ensure that the healthcare system adequately meets the needs of the population.

Table 1: Year-over-Year Growth in NHIF Budget Expenditures (2017–2026) Compared to the Previous Year

Parameter\Year	2017	2018	2019	2020	2021
Increase in expenses (thousand euros)	145,588	187,027	253,824	155,767	572,188
Growth in expenses (%)	8.66%	10.24%	12.61%	6.87%	23.62%
Expenditures as a Percentage of GDP	3.48%	3.59%	3.70%	3.92%	4.20%

Parameter\Year	2022	2023	2024	2025	2026
Growth in Expenditures (thousand euros)	264,131	343,839	661,525	580,049	412,332
Growth in expenses (%)	8.82%	10.55%	18.36%	13.60%	8.51%
Expenditures as a Percentage of GDP	3.79%	3.81%	4.07%	4.29%	4.20%

Source: FC calculations

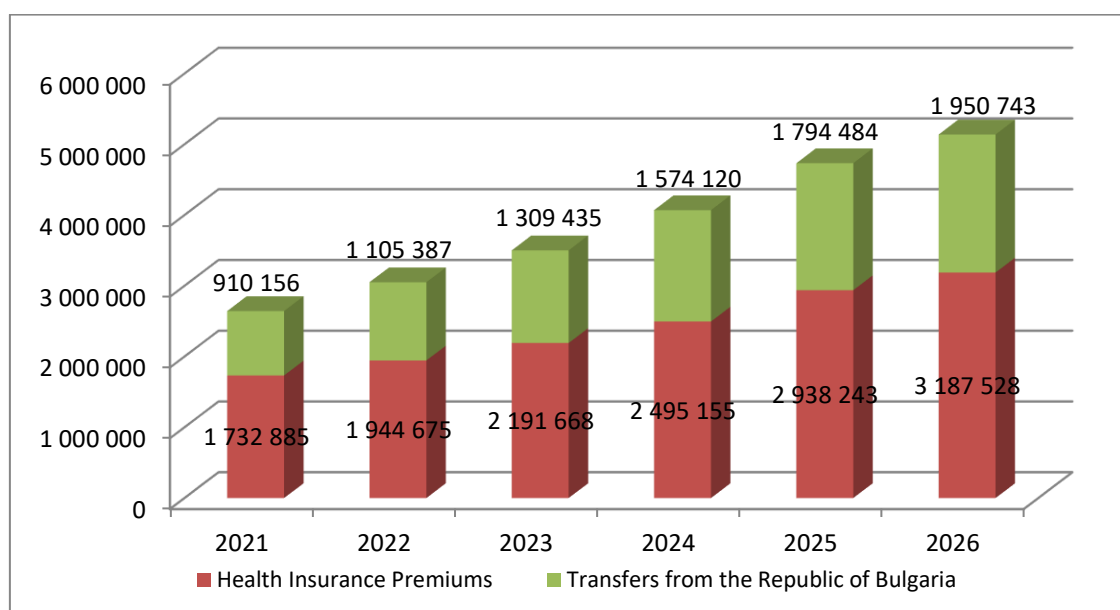
The increase in expenditures and transfers for 2026 compared to the previous year amounts to 412,332 thousand euros (8.51%), which is a decrease compared to the growth achieved in 2025 (13.6%) relative to 2024.

Table 1 provides information on the growth in expenditures by year in absolute terms, as a relative share, and as a percentage of GDP. The projected increase in expenditures for 2026, in absolute terms compared to 2025, is greater than in any of the past 10 years (357,627 thousand euros). As a percentage of GDP, this increase is the largest during the period under review.

Revenue Analysis

The total amount of projected revenues and transfers in nominal terms is 5,256,677.2 thousand euros. This includes an increase of 412,332 thousand euros compared to 2025, representing nominal growth of 8.51% on an annual basis. Of this amount, health insurance revenues account for 5,138,270.6 thousand euros, i.e., 8.6% (405,543.8 thousand euros) more than projected in the 2025 Budget. There is a sustained upward trend in the NHIF's health insurance revenues for the period 2019–2026 (Fig. 1).

Figure 1: Nominal growth in NHIF revenues for the period 2019–2026



Source: FC calculations

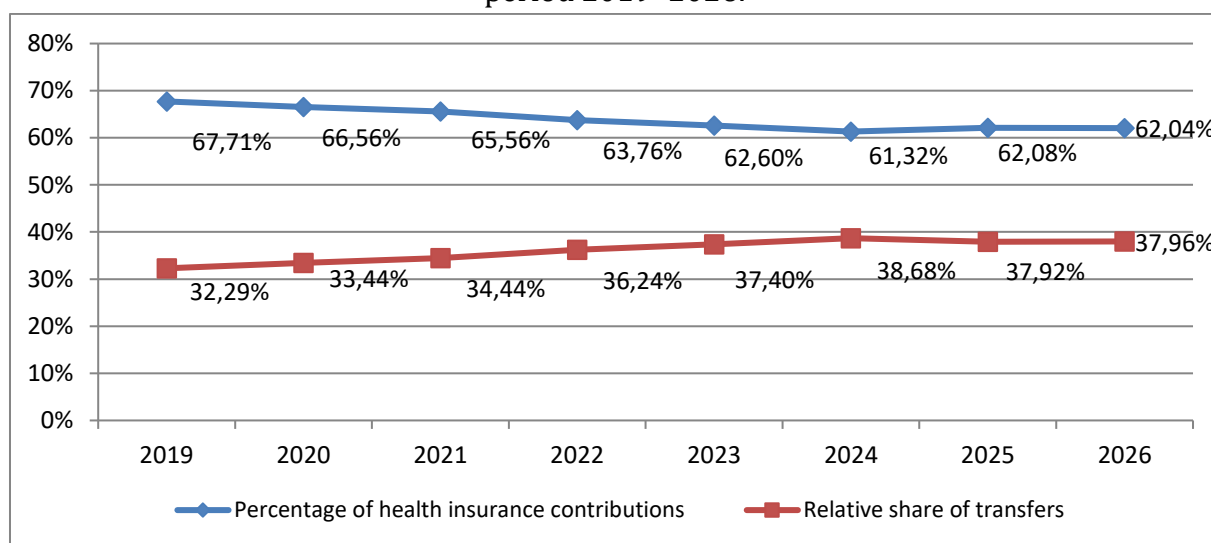
The main components of revenue in the National Health Insurance Fund's budget are health insurance premiums and health insurance transfers from the central budget. Revenue from health insurance premiums for 2026 amounts to 3,187,527.6 thousand euros, marking an increase of 249,284.3 thousand euros, which equates to 8.5% year-over-year growth compared to 2025. Health insurance transfers increase by 156,259.5 thousand euros to 1,950,743.0 thousand euros, or an 8.7% increase.

The ratio of revenue from health insurance contributions to transfers in the proposed revenue structure for 2026 continues to highlight the leading role of health insurance contributions—62.0%. Compared to the 62.1% share set out in the 2025 Budget, the

relative share of revenue from health insurance contributions in 2026 decreases. Transfers are projected to follow the opposite trend—a gradual relative increase from 37.9% in 2025 to 38.0% of health insurance revenue in 2026. It should be noted that in 2026, the trend observed for the period 2019–2024—an increase in the relative share of transfers from the central budget, coupled with a decrease in the relative share of health insurance contributions—resumes.

The projected share of non-tax revenue for 2026 is insignificant—16,916 thousand euros—and represents a nominal increase of 3,022 thousand euros compared to 2025, or 21.7 percent more.

Fig. 2 Changes in the structure of the National Health Insurance Fund's revenue for the period 2019–2026.



Source: FC calculations

If the proposals in the draft 2026 State Budget Act are approved, the growth in revenue from health insurance contributions will reflect the effects of increasing the minimum wage pursuant to Article 244 of the Labor Code—from 551 euros in 2025 to 620 euros, effective January 1, 2026, and the increase in the maximum insurable income from 2,112 euros to 2,300 euros, effective August 1, 2026.

Cost Analysis

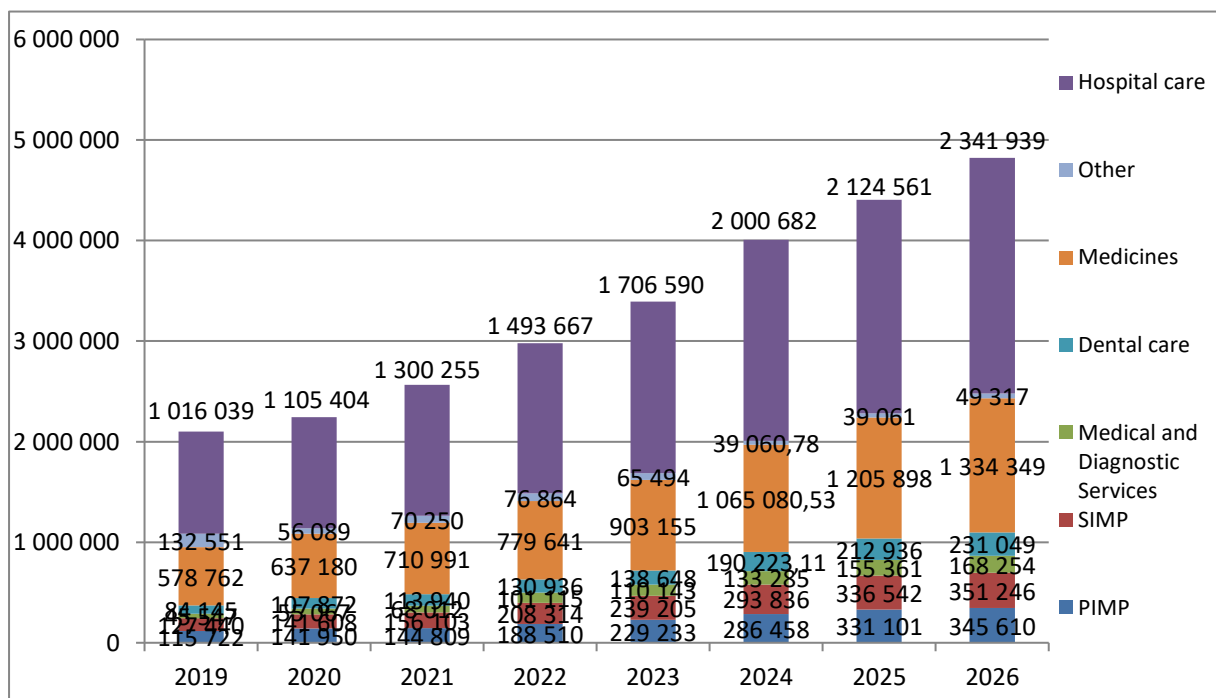
The total amount of projected expenditures and transfers in nominal terms is 5,256,677 thousand euros. This includes an increase of 412,232 thousand euros compared to the 2025 NHIF Budget Act, representing a nominal growth of 8.51% on an annual basis. Current expenditures account for the largest share, amounting to 5,100,460 thousand euros, with an increase of 400,653 thousand euros (8.52%) compared to 2025. Within the structure of current expenditures, health insurance payments amount to

4,933,103 thousand euros (97%) and show an increase of 395,961 thousand euros, or 8.73%, for 2026.

The National Health Insurance Fund proposes the following allocation of funds for health insurance payments under the draft budget for 2026:

- primary outpatient care – 345,610 thousand euros (an increase of 4.38%);
- specialized outpatient medical care – 351,246 thousand euros (an increase of 4.37%);
- Dental services, pursuant to Article 1, paragraph 2 of the draft National Health Insurance Fund Budget Act for 2026 – 231,049 thousand euros (an increase of 8.51%);
- medical diagnostic services – 168,254 thousand euros (an increase of 8.30%);
- for medicinal products, medical devices, and dietary foods for special medical purposes, pursuant to Article 1, paragraph 2 of the draft National Health Insurance Fund Budget Act for 2025—totaling 1,334,349, thousand euros (an increase of 10.65%)
- Inpatient medical care – 2,341,939 thousand euros (an increase of 10.23%)
- other health insurance payments, including for medical care provided in accordance with the rules for the coordination of social security systems, as well as for the administration of COVID-19 vaccines to insured persons - 49,317,864 thousand euros (an increase of 26.26%).

Fig. 3. Structure of NHIF Expenditures (in thousand euros)



Source: FC calculations

The breakdown of health insurance expenditure shows an increase across all categories of spending. The projected growth rates for 2026 for most categories of spending are around 9–10% compared to 2025. It should be noted that the NHIF's draft budget for 2026 includes efforts to curb expenditure growth as a relative share for most categories of expenditure. However, the largest and most burdensome categories of expenditures are exceptions, as both their absolute and relative growth rates are the highest. These are:

The “Hospital Care” expenditure category continues to absorb enormous funds in 2026. With an absolute increase of over a quarter of a billion euros compared to this year, its relative share jumps by 10.23% in the draft budget. By comparison, in 2025 this growth was only 6.2%. This illustrates the very serious structural problems in the sector. In practice, half of the NHIF's draft budget, as well as half of the planned growth, is absorbed by the country's hospital network.

Hospitalizations in Bulgaria are numerous and on the rise, while the country's population has been steadily declining in recent years. According to the National Health Information System, hospitalizations in 2025 approached 2.6 million, of which 1.4 million were emergency admissions. Bulgaria also ranks first in the EU in terms of hospitalizations per capita, according to Eurostat, reaching 32,600 per 100,000 people in 2023.

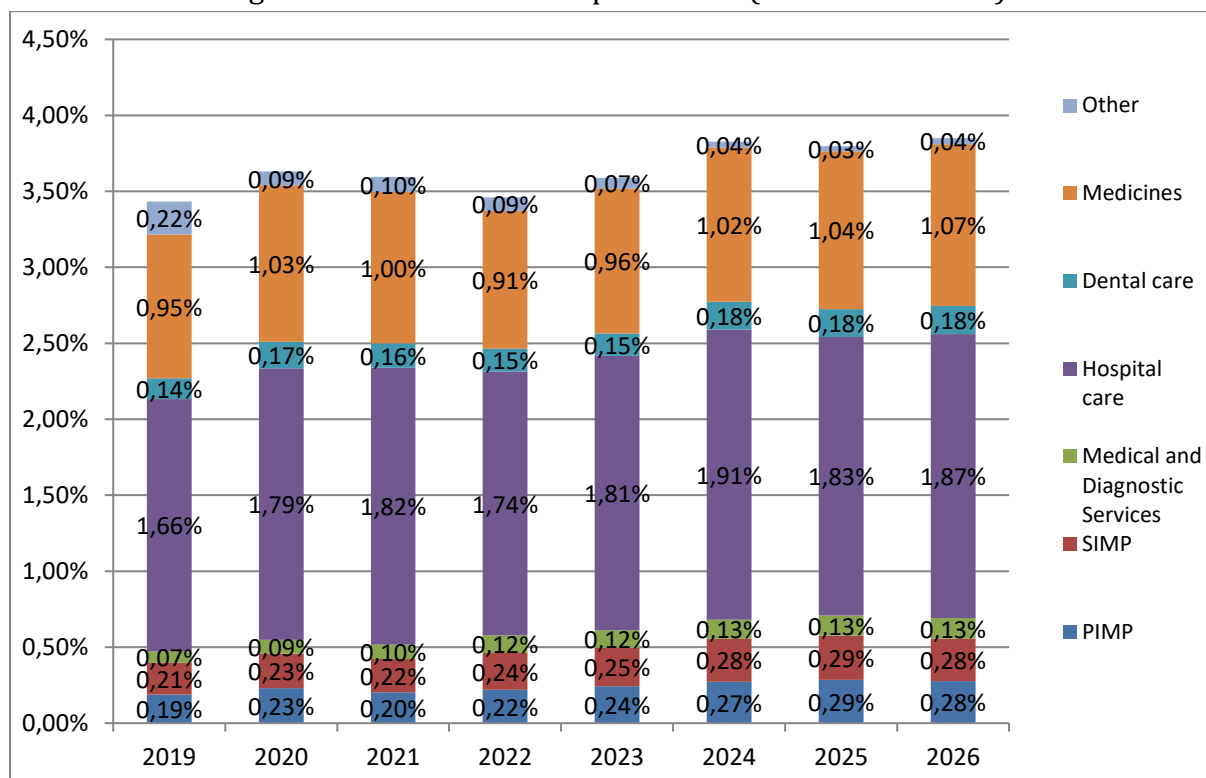
For the “Medicines” expenditure category, the increase is also significant—approximately 128,450.7 million euros, representing a 10.7% relative increase. However, this represents a decrease compared to the 13.2% increase in 2025.

A slowdown in the growth rates of expenditures, in relative terms, is observed in the following expenditure categories from the draft budget:

- “Primary outpatient medical care”—a relative increase of 4.4% compared to 15.6% in 2025.
- “Specialized outpatient medical care” — a relative increase of 4.4% compared to 14.5% in 2025.
- “Medical and diagnostic services”—a relative increase of 8.3% compared to 16.6% in 2025.

It is precisely for these three areas that a larger increase in spending is justified, as they lead to earlier diagnosis, prevention, and treatment of diseases, thereby avoiding hospitalizations and inpatient care.

Fig. 4. Structure of NHIF Expenditures (as a share of GDP)



Source: FC calculations

As a share of GDP, the largest categories of expenditures are showing growth. Inpatient care accounts for the largest share of GDP—1.87%. The other major category of expenditure, which consumes enormous resources—pharmaceuticals—also accounts for a substantial share of GDP (1.07% of GDP). Growth is projected for both categories compared to 2025, by 0.04 percentage points and 0.03 percentage points, respectively. Next are specialized outpatient medical care and primary outpatient medical care, whose shares are equal to 0.28% of GDP. There is no growth in these sectors compared to 2025. As shown in the graph, the share of medical diagnostic services remains constant at 0.14% of GDP. Investing more effort in these three areas would address the Fiscal Council’s main recommendation to seek ways to prioritize outpatient care, which in the long term would reduce the enormous costs that inpatient care and pharmaceuticals accumulate in each new NHIF budget.

Expenditures on inpatient care (2,341,939 thousand euros) and pharmaceuticals (1,334,349 thousand euros) account for approximately 75% of health insurance payments and are the primary factor in pushing the NHIF budget past the psychological threshold of 5.3 billion euros.

Optimizing spending should lead to a sustainable trend toward prioritizing prevention, early diagnosis, and outpatient care, which in the long term could result in a more gradual increase in spending on inpatient care and pharmaceuticals.

Conclusion

The National Health Insurance Fund's (NHIF) draft budget for 2026 follows an approach that includes increases in the main categories of expenditure. Compared to the estimates in the draft budgets of previous years, the projected increase is significantly higher and, for the first time, exceeds 5 billion euros.

Based on this analysis, the Fiscal Council approves the draft NHIF Budget Law for 2026, anticipating accelerated progress on health sector reforms.

CHAIRMAN OF THE FISCAL COUNCIL:

DR. SIMEON DYANKOV