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8. Health

The recession that embraced RM had especially negative effects on the health system of the country. It is emphasized in the possibility the health system to face financial problems as a result of the reduced budget of the Health Insurance Fund of Macedonia on one side, and the increase in the number of insured persons, diminished budget transfers and accordingly increasing the number of health services on the other. That resulted with the need for careful planning of the new investments in health, such as opening a new city hospital, which represents additional financial expense and does not have clearly profiled types and scope of services that they offer to the citizens. In the same time, there is a need for accelerating the process of autonomy of the general hospitals which, among other things, has the purpose of transferring the principles of corporative and entrepreneur behavior in the work which is typical for the private sector in the public health, through which better conditions for work and greater competitiveness of the public health should be created as opposed to the private one. In this report as well, the need for finalizing of the plan for development of the hospital system in RM is emphasized, which, together with the rest of the measures that were pointed out in the report for the previous analyzed period are necessary to be undertaken for the purpose of stabilizing the conditions in the health.

8.1. Planned and implemented activities of the Government of RM in the reporting period

The economic crisis is especially mirrored in the hospital health system of RM where the accumulation of new debts up to 11 millions of euros is shown in denar equivalent value for the period of one year. The unofficial information point out that it is possible the debts to be very high, which could be noticed with an appropriate accuracy in the following reporting period.

In the function of facing the recession, the Ministry of Health and the Government of RM offered a package of ten measures for the purpose of reaching financial stabilization of the hospital health system. The particular measures refer to introducing treasure system for paying in the health care, decentralization of the hospital services, changes in the collective agreement, respecting the agreement for restraining the extra salaries signed with the Syndicate and greater mobility of the health workers and their redistribution in institutions where they are appropriately needed. That package of measures represents only an initial reaction of the Government in the direction of solving the perceived problems, which quick effects are expected in the upcoming period.

Besides the problems caused by recession, an additional financial and system risk of the health system represents the decision of the Constitutional Court of RM which enables all the expenses of the patients to be covered by the Health and Insurance Fund with the already determined amount, irrespective of whether they have been realized in public or private health institutions. In order to assess the total financial implications from that decision, it will be necessary to comprehend the reaction of the health authorities, as well as the percentage of insured persons who in the upcoming period will

transfer to the private health care and who will claim a refund of the financial means for their medical treatments. However, the initial assessments are that the decision of the Constitutional Court shall result in effects that will hamper the country to fulfill the normative premises, by which through the Constitution the citizens are entitled to health protection for it has been estimated that HIF will not have the financial means to conduct that decision without having great negative consequences for the health of the citizens.

The current conditions in the health system emphasized the need for taking immediate measures for the purpose of hampering the collapse of the public health system. This report aspires towards pointing out and identification of several measures which, although being constituents of the Program of the Government of RM, have been forgotten in the previous period. The final aim of those measures is reorientation of the system from the current condition of keeping the social position of the employees in the health institutions, towards a system with a primary orientation towards increasing the scope, type, as well as the quality of the health services. In that context, it is necessary to delimit the social issues being treated by the health system (such as excessive employment or unemployment as a result of a future possible privatization, or diminished scope of work in certain institutions) and health to be directed particularly towards a treatment of the health issues and problems.

8.2. What remains to be implemented (not implemented yet or not yet finished) in the analyzed period

8.2.1. The need for continuation of the reforms in the primary sector

The Government of RM in 2006 very successfully and decisively realized the privatization of the medicinal personnel who work in the primary health (health institutions), while unnecessarily delayed the privatization of the excessive administration that served, first and foremost, the medicinal workers in the health institutions. While the health personnel was forced to earn depending on the number of the patients, the administration, which is over-dimensioned and does not offer the patients the necessary services was unnecessarily protected.

Furthermore, the privatization of the specialized services was delayed (eye doctors, X-rays, laboratories, internal medicine, etc.) that work in health institutions, thus doing a bad favor for that medicinal personnel because in the mean time, the private specialized sector took over high percentage of the patients. With regard to the constant economic crisis and the decreased scope of financial means coming in the health system, it is necessary the Government of RM to undertake measures to increase the efficiency of the system and thus decrease the expenditures. Those measures are politically unpopular, which is probably the reason why all of the governments until now postponed the solution of the corresponding problems. However, the activities that the Government of RM is planning to undertake in the upcoming period should pave the path of the health system for the following 10-20 years.

According to the facts brought out so far, it seems that the Ministry of Health and the Government of RM should consider adopting some of the following measures in the direction of more energetic implementation of the measures that will enable the health system complete its mission-promotion, maintaining and restoration of the health condition of the population, without being exposed to great financial expenses:

- It is necessary the Ministry of Health to form a team for criteria development for finalizing the privatization in the health institutions;
- To conduct the privatization of the specialized services, which will cover 1.221 employees, out of who 403 doctors and 818 nurses (according to Article 200m, paragraph 3 of the Law on Health Protection). That measure, if planned and implemented carefully, should be realized within the end of 2010;
- The Ministry of Health should define the conditions of the emergency medical help which is a constituent part of the Health Institutions and in that direction, what the work of the emergency medical help is and the necessary solutions for increasing its efficiency. The current system is comprised of 659 teams with 623 doctors and 1048 nurses, or 1.716 health workers (the condition on 1.1.2007);
- It is necessary the Ministry of health to define the conditions with the visiting services, to prepare a study of sustainability of the current system and for the necessity of making appropriate changes (from legal, economical and medical aspect). At the moment, the visiting services are a great expense for the primary health care, and in the mean time, it is not quite clear how many and what kind of services they produce;
- The most important measure that should be implemented in a short period of time is a complete privatization of the administrative personnel that works in the health institutions through developing criteria in the direction of the number of administrative workers who will continue their work under the state jurisdiction.

The offered set of measures has its own political implications. In order to smoothen the consequences of those transformation steps, it is necessary to plan and financially foresee:

- social packages for the personnel who willingly resigns form the PHI (example, for every year spent as an employee in a health institution should be paid 10.000 denars of leaving payment and only for those who had been working for 10 or 15 years;
- to define stimulation for establishing private companies for cleaners, drivers, workmen, etc.;
- to undertake measures to physically reduce the space in health institutions and their alienations through privatization for doing other activities. The excessive infrastructure that the current health institutions have costs a lot and is out of function at the moment;
- part of those facilities can be rented, while the other part can be sold or made over for the purpose of increasing their efficiency and decreasing the expenses for their maintenance.

According to some assessments, the implementation of those measures could enable savings up to 1 billion of denars a year in the primary health care and making additional financial means from the privatization from the excessive infrastructure in the health institutions.

8.2.2. Hospital Health Services

Regarding the fact that the recession and delay of part of the planned reforms have greatly affected the hospital sector in RM, the second package of measures is recommended for adoption and refers to the secondary level, i.e. the hospital level. The great expenses made by the hospitals do not correspond to the extent and type of services they offer to the population. Thus, rationalization of the health infrastructure is recommended in the following direction:

- establishing 10 general hospitals, including 3 regional centers (Shtip, Bitola, Tetovo) with an organized system of communication between the hospitals. The longest period for transport of the patients from the place of residence to the hospital should not exceed 1 hour;
- 5 smaller hospitals (in Kochani, Kavadarci, Kichevo, Struga, Debar) will be necessary to be included in the management network of the bigger regional hospitals. Thus, the hospital in Kochani should be infrastructurally rationalized keeping the most necessary departments in that town, while the rest of the operations should be transferred to Shtip;
- it is preferable the hospitals in Struga, Kichevo and Ohrid to join under the same management, with a clearly defined specialization of the operation departments in each of those hospitals;
- it is necessary the personnel to be rationalized and appropriate savings to be made in the infrastructure of the objects;
- the hospital in Demir Hisar should be rationalized and brought under a small efficient health center for limited specialized and daily-operational interventions.

The excessive number of personnel that will come out of that organized system shall be paid with leaving payments similarly as in the primary health care with 10.000 denars for each year spent as an employee and only for the persons who had been working for at least 15 years in the corresponding health institutions. In order to implement those measures, a study is necessary to be prepared for each hospital separately, as well as a study for maintenance of the regional centers.

8.2.3. Health insurance and financial sustainability

The present financial stability of the Health Insurance Fund is put under a substantial risk. The lowered income of financial means, supplemented with the increased number of insured persons, the extensive package of health services, as well as the bulk of the newly created private health institutions, increase its expenses.

The previously commented decision of the Constitutional Court of RM, which disables the HIF to sign agreements with the health services providers, has undermined the basic foundation of the organization of the social health systems, and that is concluding agreements, i.e. the process of concluding agreements between the health insurance funds and health services providers (hospitals, specialized ambulances, polyclinics, doctors, etc.).

Concluding agreements in practice represents a key mechanism and a main instrument through which the health insurance fund could face the asymmetric information typical for the health systems. In order to protect itself from stimulating excessive number of services and with the aim of guaranteeing their quality and to be

able to plan the type and extent of services, HIF is forced to sign agreements with health services providers as a mechanism of protection. Thus, the Fund achieves number of goals, such as: connecting the current financial resources (the budget of the fund) with the expected number of health services to be bought. Furthermore, through the agreements, the Fund determines the responsibilities and duties on the side of the health services providers, thus increasing their accountability and control. In addition, through signing agreements the Fund is able to direct the health service production towards what is really important for the beneficiaries.

In order to achieve those goals, a number of countries in which health systems are organized in a social model similarly as in RM, the Funds allow them to do a selective signing of agreements with the health services providers. The selective signing of agreements increases the power of the buyer of those services in the sense that in that way the Fund can reach the lowest price for the best service quality offered on the health market. The great buying power that the Fund possesses allows it to get the lowest prices for the biggest quality in the negotiating process with the providers. This important component in the health care is called strategic purchase of services (goods) through negotiation. That element is a constituent part of the Macedonian Law on Health Insurance as well. Through the process of strategic purchase, the Fund has the aim of realizing the set objectives in the best interest of the insured persons and satisfying their health care needs.

However, with the mentioned decision of the Constitutional Court of RM, the Fund does not have the possibility to selectively sign agreements, thus disabling it to be a strategic buyer of services, but to be a passive payer of services. Regarding the fact that one of the main objectives of the program of the Government of RM is establishing a secure, efficient and just health system, where the HIF had to transform itself in a strategic buyer of services, the decision of the Constitutional Court has direct implications over the manner in which the Government of RM is to achieve the determined objectives. The Fund is no longer able to control the entrance of new health institutions in the health system for it will be forced to refund the money to everyone that claims so irrespective of the place where they obtained the health care services.

That newly developed conditions shall have long-term consequences on the financial stability of the health care system, and in the same time shall question the health insurance system in function so far. One of the alternatives that the Government of RM could consider is converting the health care system from a social (financed by contributions) to a fiscal one (financed by general taxes).

8.2.4. Basic package of services and participation

The financial sustainability of the health care system is directly connected to reduction of the package of basic services. The great financial risk in front of the health care system is forcing the Ministry of Health to immediately undertake measures for removal of certain services, such as abolishing financial payments for sick-leave and maternity leave and their transfer into other sectors, and introducing a new system of financial participation as well.

So far, lots of discussions and disagreements have been conducted about which services are supposed to be put on the so called negative list of services. The main recommendations referred to the regional experiences, where there is a complete transfer

of dentistry for persons over 18 years of age to the private sector, abolishing the possibility for medical treatments abroad, etc.

However, the core of these recommendations should be envisaged in defining clear criteria about which services could enter on the so called negative list. For example, all of the services that are not of vital importance could be taken into account. In other words, their removal from the service package must not endanger the lives of the patients.

In the part of financial participation, the Ministry of Health should simplify the current system through the introduction of a flat participation rate for obtaining services in the specialized departments in hospital through payment of a fixed price a day for a hospital stay. The Ministry of Health has elaborated several scenarios that should be additionally considered and then a corresponding decision should be adopted.

In case of a possible realization of the most expensive, third scenario, according to which patients should pay 200 denars for participation for examination with a doctor-specialist, and 250 denars for a day spent in a hospital, about 2.7 billions of denars could be collected, which is six times more than it currently is. The new system of financial participation should foresee protection measures for children up to 18 years of age and for vulnerable groups of citizens. The total expenditure for the population, when collecting the financial means saved from the new negative list and with the realization of the new system of participation, should equal 25-30% of the overall expenditures in the health care. Today, the participation of the private expenditure of the population is significantly higher than that amount.

8.3. Overall evaluation by the expert on implemented activities for the reporting period, with possible recommendations

As a result of the great financial problems and the brain-drain of the highly expert medicinal personnel from the public to the private health care, the Ministry of Health in the reporting period was orientated towards curing the consequences instead of realization of the program objectives. The negative consequences forced the Ministry of Health to react more retroactively which conditioned a decrease of the number of initiatives that characterized the Ministry in the last period.

This was the case in the reaction of the Ministry of Health in respect of the mentioned decision of the Constitutional Court of RM. In order to prevent the uncontrolled drainage of patients into the private health care, the Ministry of Health recommended that the family doctors should send the patients only to the public health institutions. With that proposal, the family doctors should not, on the request of the patients, issue a referral for a medical treatment in a private institution because that institution does not have an agreement with the Health and Insurance Fund of RM. That way, the documentation of the patients would not be complete and the money of the patients would not be refunded.

The expert assessment is that that kind of measure for limiting will not be functional and will not be able to stop the patient-drain into the private health care. Furthermore, that measure is unjust for the patients, as well as for the family doctors, and can result in a number of conflicts. Lastly, that kind of measure represents a risk for increasing the mistrust of the citizens in the public health system. There is also a risk the family doctors not to follow the obligation to refer the patients to the public health

institutions, and this will have negative effect over the credibility of the decisions being adopted by the Ministry of health. All of the family doctors are private and their basic aim is following the rights and choices of their own patients. With those measures, the burden of the problems that has arose after one questionable decision of the Constitutional Court of RM, is just transferred to the family doctors.

Because of that, there is a need the Ministry of Health to find new mechanisms for facing the consequences of that decision. However, its main preoccupation in the upcoming period should be enhancing the quality of services in the public health care through increasing the efficiency and decreasing the numerous unnecessary expenses that are burdening the health care system in RM.