Health System Financing in the Republic of Moldova

November 2011
Budget system

A unitary system of budgets and funds, which are the national public budget, comprising:

- State budget;
- State social security budget;
- The budgets of administrative-territorial units;
- Mandatory health insurance funds
The Components of the State Budget:

- Basic component;
- Special means;
- Special funds;
- Investment projects (ODA)
Mandatory Health Insurance

is:

• The basic system for financial coverage of the health spending in Moldova

• State Financial Instrument for implementing policies and strategies in health care field
Mandatory Health care insurance contributes to the:

- **Financial Protection** of the persons which faces health problems

- **Equity** in financial contributions for health

- **Access to a defined package** of health services

- **Financial sustainability** of the health system

- **Transfer the financial burden** from the state budget to consumers through MHCI
Payment Models

• primary health care, emergency pre-hospital and outpatient specialist - "per capita";

• hospital health care - “as per treated case", "day/care bed" (tuberculosis) and "global budget" (haemodialysis, Aviasan);

• high-performance services - "per service";

• health care services at home - "per visit";

• palliative medical care - "day/care bed"
Dynamics of total expenses for health care and their share in GDP

Bugetul public național al ocrotirii sănătății (mln. lei)  % în PIB
Financial sources for Health Care, 2010

- Bugetul de stat, 415.7 mln. lei
- Surse externe, 98.5 mln. lei
- FAOAM, 3367.7 mln. lei
- Bugete locale, 114.6 mln. lei

85% 10% 3% 2%
Financial Sources for Health Care Expenses
2010

Bugetul de stat, 415,7 mln. lei 10%
Surse externe, 98,5 mln. lei 2%
UAT, 114,6 mln. lei 3%
Prime achitate, 1441,3 mln. lei 42,8%
Transferuri de la Bugetul de stat, 1926,4 mln. lei 57,2%
FAOAM, 3367,7 mln. lei 85%
## Financial Sources

<table>
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<tbody>
<tr>
<td><strong>Bugetul public național al ocrotirii sănătății (mln. lei)</strong></td>
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<tr>
<td></td>
<td>1105,2</td>
<td>1339,2</td>
<td>1572,4</td>
<td>2111,8</td>
<td>2628,4</td>
<td>3391,3</td>
<td>3846,8</td>
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<td>1265,3</td>
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<td>1836,8</td>
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<td>1069,4</td>
<td>1314,3</td>
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<td>1911,8</td>
<td>2256,0</td>
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<td><strong>Inclusiv:</strong></td>
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<tr>
<td><strong>Inclusiv, transf. p/u asig. medicale</strong></td>
<td>0,9</td>
<td>651,3</td>
<td>839,5</td>
<td>1001,6</td>
<td>1195,0</td>
<td>1477,2</td>
<td>1456,6</td>
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<td>1984,3</td>
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<tr>
<td><strong>Mijloace speciale</strong></td>
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<td>50,6</td>
<td>69,1</td>
<td>95,4</td>
<td>109,7</td>
<td>106,4</td>
<td>104,0</td>
<td>86,1</td>
<td>78,9</td>
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<tr>
<td><strong>Fondul special</strong></td>
<td>0,1</td>
<td>0,3</td>
<td>0,9</td>
<td>1,6</td>
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<td></td>
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<tr>
<td><strong>Proiecte investiționale</strong></td>
<td>38,2</td>
<td>131,8</td>
<td>125,9</td>
<td>130,4</td>
<td>89,3</td>
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<td>143,2</td>
<td>98,5</td>
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<td><strong>Bugetele UAT</strong></td>
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<td>53,1</td>
<td>38,6</td>
<td>86,3</td>
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<td>149,0</td>
<td>73,0</td>
<td>114,6</td>
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<tr>
<td><strong>Fondurile asigurărilor obligatorii de asistență medicală</strong></td>
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<td>937,0</td>
<td>1108,0</td>
<td>1485,4</td>
<td>1894,6</td>
<td>2572,0</td>
<td>3071,4</td>
<td>3367,7</td>
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The share of the State Budget in the Health System Financing
Mandatory Healthcare Insurance Funds

Incomes:

a) the amount of compulsory health care insurance premiums paid by employers (3.5%);

b) the amount of compulsory health care insurance premiums deducted/retained from employees revenue (3.5%);

c) transfers from state budget for the categories of people for which Government is paying;

d) income from some categories of population covered by insurance as a fixed rate;

e) other revenues allowed by law, including the amount of premiums paid by foreign citizens and stateless persons with permanent residence in the RM;

f) funds obtained from the application of recourse, fines and penalties charged to taxpayers contributions;

g) funds for special purpose - grants, loans or other financial means, obtained legally.
Dynamics of insurance premiums as share (2004-2011)
The share of the wage contribution to the mandatory healthcare insurance fund

<table>
<thead>
<tr>
<th>Country</th>
<th>Share (%)</th>
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<tbody>
<tr>
<td>Franța</td>
<td>19.4%</td>
</tr>
<tr>
<td>Germania</td>
<td>18.2%</td>
</tr>
<tr>
<td>România</td>
<td>14.0%</td>
</tr>
<tr>
<td>Slovacia</td>
<td>13.5%</td>
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<tr>
<td>Cehia</td>
<td>13.5%</td>
</tr>
<tr>
<td>Estonia</td>
<td>13.0%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>12.8%</td>
</tr>
<tr>
<td>Ungaria</td>
<td>12.5%</td>
</tr>
<tr>
<td>Lituanie</td>
<td>12.2%</td>
</tr>
<tr>
<td>Moldova</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
The Government is undertaking the burden of insurance for the following categories:

a) preschool children;
b) pupils;
c) pupils in secondary vocational education;
d) pupils in secondary specialized education (colleges) on the day basis;
e) students at the university on the day basis;
f) post-compulsory education and doctoral residents on full-time basis;
g) children not enrolled in school until the age of 18;
h) disabled;
i) pregnant women and during the 28 days following the delivery;
j) pensioners;
k) unemployed receiving unemployment benefits;
l) persons who take care of a disabled child or disabled with the first degree of severity (childhood bedridden);
m) mothers with four or more children;
n) people from vulnerable families receiving welfare
The share of the State Budget within the MHIF
Mandatory Healthcare Insurance Funds

Expenses:

- fund to pay current medical services (basic fund) (not less than 94%);
- reserve fund of compulsory medical insurance (reserve fund) (1.5%);
- fund for the prevention measures (insurance risk prevention) (1%);
- development and modernization of public providers of health care services fund (1.5%);
- administration of compulsory healthcare insurance system fund (up to 2%).
Fund to pay current health care services (basic fund):

1. Primary healthcare
2. Emergency pre-hospital healthcare
3. Outpatient specialized healthcare
4. Hospital healthcare
5. High specialized healthcare services
6. Community palliative medical care and health care services at home
The share of expenses by type of healthcare services, 2010

- Asistența medicală primară: 31%
- Îngrijiri medicale comunitare, paliative și la domiciliu: 0%
- Asistență medicală urgentă: 9%
- Servicii medicale de înaltă performanță: 2%
- Asistența medicală spec.de ambul.: 7%

Asistența medicală spitalicească: 51%
The Reserve Fund:

• Coverage of additional expenses related to illness and emergencies, which exceeds their average annual rate based on calculation taken into Unique Program for that year;

• Compensation of the difference between actual expenses related to current health care payment and accumulated contributions (expected revenue) to basic fund.
Fund for the prevention measures:

• implementation of measures to reduce risk of disease, including immunization and other primary and secondary prevention methods;

• screening examinations for early detection of disease;

• promotion of healthy lifestyle events and activities;

• purchase of medical devices, equipment, medicines and supplies to carry out measures to reduce the risk of disease and treatment in public health emergencies;

• other prevention activities and prevention of disease risk.
Development and Modernization Fund:

• advanced medical equipment and specialized medical transport;

  implementation of new technologies for heating, processing medical waste and water;

  upgrading and improving buildings and infrastructure;

  implementation of systems and information technology.
The structure of expenditures 2010

- Medicamente: 12%
- Alimentaţia: 3%
- Programe naţionale: 2%
- Proiecte investiţionale: 2%
- Cheltuieli de întreţinere: 23%
- Cheltuieli capitale: 7%
- Cheltuieli de personal: 51%
Allocations for health
(per capita, statistical data, WHO)

<table>
<thead>
<tr>
<th>Country</th>
<th>Allocation</th>
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<tbody>
<tr>
<td>SUA</td>
<td>3076 $</td>
</tr>
<tr>
<td>Austria</td>
<td>2737 $</td>
</tr>
<tr>
<td>Germania</td>
<td>2587 $</td>
</tr>
<tr>
<td>Canada</td>
<td>2583 $</td>
</tr>
<tr>
<td>Suedia</td>
<td>2583 $</td>
</tr>
<tr>
<td>Ungaria</td>
<td>1058</td>
</tr>
<tr>
<td>Estonia</td>
<td>702</td>
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<tr>
<td>Lituania</td>
<td>687</td>
</tr>
<tr>
<td>Letonia</td>
<td>603</td>
</tr>
<tr>
<td>Belarus</td>
<td>466</td>
</tr>
<tr>
<td>Federatia Rusa</td>
<td>441</td>
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<tr>
<td>Turcia</td>
<td>423</td>
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<tr>
<td>Bulgaria</td>
<td>421</td>
</tr>
<tr>
<td>Romania</td>
<td>363</td>
</tr>
<tr>
<td>Ucraina</td>
<td>240 $</td>
</tr>
<tr>
<td>Albania</td>
<td>142</td>
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<tr>
<td>Republica Moldova</td>
<td>113 $</td>
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<tr>
<td>Armenia</td>
<td>93</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>51</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>18</td>
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The graph shows the allocations for health per capita in various countries, with the highest allocation being SUA at 3076 $ and the lowest being Tajikistan at 18 $.
Perspectives and proposals

Maintenance of mid-term dynamic’s growth of the allocations for health (GDP expenditure share for health; insurance %)

Implementation of new mechanisms to increase insurance guarantee and to contract medical services providers

Focus on the quality of medical services and efficient management of financial resources

Continuation of reforms in hospital reorganization and decentralization of Primary Healthcare

Continuous improvement of compulsory medical insurance system
Perspectives and proposals

• **Improvement of payments methods** in the Primary Healthcare (performance indicators, payments per service etc.);

• **Implementation of DRG payment system**, in accordance with the complexity of the treated in the hospital case
The new medical services’ payment methods shall contribute to:

 Improvement of medical services provided in relation to quality, accessibility and efficiency;

 Availability of a mechanism for monitoring and improvement of services quality and their providing by the most convenient provider

 Impartial and fair distribution of available financial resources;

 Availability of incentives to reduce inefficiency and dissipation;

 Introduction of incentives to provide medical services in an efficient and high quality way;

 Availability of information in the process of making decisions
Priorities of expenditures

✓ **Quality efficiency and improvement of provided medical services, by:**

- Reorganization and strengthening of primary health care services, continuous growth of primary health care centers' autonomy and development of contract tools to target the incentives in order to improve the efficiency of services:
  - introduction of criteria to contract primary health care services based on performance;
  - rationalization of diagnosis and laboratory services
Priorities of expenditures

- Rationalization of expenditures related to hospital medical assistance:
  - regionalization of hospitals;
  - readjustment of acute care beds in rehabilitation and long term/medical-social care beds, optimizing the hospital network,
  - implementation of Public Private Partnership Projects (PPP) in health system.
Priorities of expenditures

- Strengthening capacity of medical sanitary institutions in the field of monitoring and assessment of health care system performances and increase of public services quality:
  - introduction of some tools for the improvement of cooperation between the services responsible for health care, hospital, emergency and public health care;
  - introduction of quality and performance control systems on the level of primary health care;
  - ensuring the reform in the field of public health services implementation.
Priorities of expenditures

- **Improvement of population’s access to health services by reducing financial risk:**

  - Increase the number of contributory population by introducing the assessment of incomes as a precondition for the subsidy in full amount of contributions/medical insurances:
    - introduction of special categories (troops and command units within internal affairs entities, Ministry of Defence, Civil Protection and Emergency Situations Service, Carabineer Troops within the Ministry of Internal Affairs, specialists within Penitentiary Institutions Department of the Ministry of Justice, Centre for Combating Economic Crimes and Corruption, State Protection and Guard Service) in the categories paying the compulsory health care insurance as contribution in percentage to the salary;

  - Development of motivation measures/maximum involvement of population in the system of mandatory health care insurances.