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RELATION OF HEALTH INSURANCE INSTITUTE WITH SECONDARY HEALTH CARE IN ELBASANI DISTRICT, ALBANIA

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ABSTRACT

After decades of centralized control with the Ministry of Health managing many of the health sector functions in Albania, the Health Insurance Institute (HII) was formed in 1995. Early after that, the pharmacy reimbursement program commenced followed by the primary health care delivery system. The HII took on some functions in the hospital sector and will be responsible for purchasing hospital care as of March 2013. While there has been some progress in the reform of the health sector in recent years, many of the initiatives have yet to be completed. There are several problems which have been responsible at least in part for the slow reform process. These include a reluctance to give up central control by government, a distinct lack of management expertise in hospitals and a reluctance to enable any local autonomy, among other factors. There is also an inability to enforce accountability in the system. This is a result in part of the cultural and political history. In terms of financing of hospitals, there is a long tradition of budgeting using historical budgets with adjustments for salary increases and inflationary costs. These budgets are fairly restrictive for hospitals and limit the ability to transfer staff or resources from underutilized areas to areas short of resources. In the past year, HII has made significant steps with contracts with each hospital. A ten year relationship with Elbasani Hospital has demonstrated success in improved governance and management. The HII is committed to reforming the method of financing hospitals to include methods such as activity based or bed day funding, global budgeting and payment by case using a diagnoses related grouping method or something similar. Such models have been used extensively in many countries and have shown varied degrees of success. The HII introduced the collection and reporting of information by hospitals through use of software which facilitates entry of the information at hospitals while enabling the creation of a great variety of reports for HII use. HII has also introduced a costing methodology for procedures or diagnoses as well as a number of performance indicators. Future success will depend on continued development and improvement of all of these initiatives but it will also depend on the introduction of strong hospital management, the ability for managers to penalize and reward staff as required and accountability measures at all levels of the system.

Key words: relation of health insurance, institute, secondary health care, Elbasan district, Albania

INTRODUCTION

The choice of methodology for funding hospitals or any social program is affected directly by the political and cultural environment and history of a country or region. In Albania, for years there has been a very centralized approach to managing hospitals. This has resulted in very little management capacity being developed at the hospital level (1). Without experience, it is impossible for local officials to develop the skills and confidence to take proper decisions.

The law provides that boards of Directors will be formed and that the boards will appoint the hospital manager or director. Recent history shows that the Minister of Health continues to appoint hospital directors and have been replaced each time the Minister changes, sometimes annually or even more often. This results in most, if not all, hospital managers being selected not for their health care background or for their management skills both of which are factors that are necessary to operate a modern complex and highly expensive operation such as a hospital (2).

This practise has resulted in the hospital managers to view their position as temporary. That is they expect to be replaced in the same way in which they were appointed and in the fairly near future. This leads to a situation where the managers see no value or future in improving their skills, in building a management team at the hospital, in

implementing improvements nor even cooperating with government policy around the provision of data or information to enable adequate control (3).

The inability of hospital managers to hire or fire staff, to reallocate staff and resources to meet the needs of the patients means that there is little room to build efficiency, to reward good performance or to rectify poor performance. This results in hospitals with low occupancy rates, with staff which are not providing services in spite of demand. Lack of management also results in low efficiency and poor effectiveness, ie services which are necessary being safely delivered in the most cost effective way possible (4).

Without levers or tools which allow the HII or the hospitals to create incentives for good care and to penalize or take steps to discourage poor care, it is impossible to expect improvement. For example, a doctor who chooses to attend his clinic only occasionally or as he wishes and yet is paid for full time service is setting a poor example for colleagues and represents a waste of valuable and scarce health care resources. In most countries such action would result in dismissal and replacement with a doctor who will fulfill his obligations (5). Of course it is always preferable to create incentives through reward rather than through penalties. In this context, staff members who exceed the expectations should expect to benefit from promotion or other benefits which improve income or working conditions.

Such a management model without good governance, tends to favour or result in conflict of interest and political motivation. Unfortunately in health care, there is a large opportunity for decisions that benefit staff and private corporations rather than the patients we are intended to serve. Improved governance is essential (6).

Health Insurance Institute

The Health Insurance Institute was formed in 1995 with the intention that it would become the single payer agency for public expenditures in three areas including primary care, pharmacy reimbursement and hospital services. The HII has created an organization with 146 staff focused on national matters located in Tirana at the central office. The regional offices including offices in Tirana have 440 staff and are focused on regional matters (7).

The Institute exists on the authority of the government and is governed by an Administrative Council of 11 members which is chaired by the Minister of Health. The Administrative Council includes representatives of the Ministry of Health, Ministry of Labour, Emigration and Social Protection, Ministry of Finance, Social Insurance Institute and the Health Insurance Institute. There are also a representative of the largest trade union and the largest farmer organization as well as representatives of the Physicians' Order, the largest employer's organization the largest pharmaceutical producer and one from the Pharmacists' order. The Council meets about 4-5 times per year usually and deals with matters such as contracts with providers, funding issues, pharmacy formulary, etc (8).

The responsibilities of the HII are split between the national office in Tirana and the regional offices. The national office sets the agenda, oversees operations and makes major determinations regarding policy, process and money. The regional offices carry out policy including registration of insured, day to day dealing with the primary care clinics, the pharmacy reimbursement and reporting with hospitals. The regional offices sign the contract between the HII and the hospitals each year, although the contracts are prepared in the National office (9).

Concerning funding of hospitals, the HII is currently quite restricted in its scope of responsibility and authority. As mentioned elsewhere, the HII acts as a pass through agency with hospital budgets being determined at the Ministry of Health and delivered by HII. The one exception to this is a more involved relationship with Elbasani Hospital which has been a pilot site for a number of changes. However, in preparation for the greater role of HII in 2013, the Institute has been developing a relationship with all hospitals that includes signing an annual contract, a requirement for reporting of information both financial and clinical, creating performance indicators and a costing methodology. It has developed a basic software system to facilitate the entry of all patient admission and discharge detail along with clinical and financial information by patient at the hospital level and the writing of reports in the national office. The Institute is also studying options for funding hospitals in hope of improving productivity and quality of the sector (10).

The HII has also been taking steps to increase the registration of the insured population, attempting to make people aware of the services available and to inform people that there is no need for informal payments in the system.

Hospital System

In the public sector, there are 4 teaching, tertiary hospitals in Tirana, 11 regional hospitals, one in each region of the country except Tirana and there are 24 municipal hospitals, two in each region and three in a few regions. Originally the hospitals were established based on a formula where regional hospitals would be built to serve communities of 500,000 or more and municipal hospitals to serve areas with populations of 200,000 or more. See the list of hospitals, beds, occupancy rates and other details on the hospitals in Albania later in this section (11).

The number of hospital beds on average is 2.87 per thousand population (or 287 per 100,000 population) for the country. Compared to other countries, this number is relatively low but in such countries, hospital beds are used extremely efficiently. Unfortunately, in Albania this is a very low supply of beds because the occupancy rates for the hospitals, as noted in the table below, are quite low and for the purpose of this report could be considered at about 50% overall. This would reduce the effective hospital bed number to 1.44 beds per thousand population (12,13). Further, it is reported that the hospital care that is provided is relatively inefficient and often unnecessary. If the inefficiency factor is estimated at 50%, it follows that Albanians are receiving benefit of only about .72 beds per thousand which is dramatically less than the acute care of other jurisdictions (14,15).
This could be interpreted that the population of Albania does not require hospital care at the same rate as in other countries. This is unlikely. More probably, it means the people are not seeking health care either because they do not have confidence in the system or that due to cultural reasons, they do not seek health care when they need it.
Secondly, it is could be that people need and seek care but when seeking care, they find a system where health care professionals are not available to see patients. This is a more likely explanation and it is widely reported as a problem in the system (16,17).

In most countries, the major challenge in hospital care delivery is the need to control costs by improving efficiency and control over utilization rates (over servicing of the population). In Albania, at this stage, the problem seems to be one of ensuring there is greater and more efficient utilization in order to meet the needs of the population. It does not follow that there should be more money put into the system although it is clear that funding levels are low, but rather that the existing available funds should be used more effectively. This is not to say that more funding is not required but the first task is to improve the use of existing funding (18)..

The hospital in Elbasan has been a demonstration project for about 10 years. It has enjoyed a special relationship with the HII. It has a Board of Directors which is appointed with representatives of various organizations. The Hospital Director in Elbasan is appointed by the Board and the current director has been in his position for 3 years and was a Vice Director for 4 years prior to that showing continuity and commitment to the future of the hospital. The CEO, with approval of the board, has appointed a group of senior managers for services such as Finance and Human Resources (19). The hospital has an Administrative Council and a Medical Council along with a well established system of developing policy options and gaining approval. The hospital is showing very progressive practices in their selection and hiring of staff. The hospital also sponsors continuing education programs for doctors and nurses each year (20). The Elbasani Hospital is an excellent example of the way in which hospitals should be managed throughout Albania.

Tertiary Hospitals

It is recognized of course that tertiary teaching hospitals in Tirana draw patients from all over Albania for tertiary level treatment and it is further recognized that Tirana's hospitals especially Mother Teresa Hospital serves both a regional as well as a tertiary role for Tirana residents. It is further noted that many people from all parts of Albania present themselves to hospital in Tirana, ie self refer. It is not clear but suspected that the Mother Teresa Hospital does little to discourage patients from coming directly without observing the referral process from health clinics and municipal and regional hospitals. The copayment required for self referral is intended to discourage such self referral but this needs to be reinforced by the hospital to be effective.

There are four public hospitals in Tirana which are established as tertiary, teaching and specialty hospitals.
This table includes data from 2015 (table 1).

Table 1. Four public hospitals in Tirana study.

Hospital	Number of Beds	Occupancy Rate	Budget In Lek X ,000's	Staff Numbers Docs/Nurses	Population of Region
Mother Teresa Hospital	1,407	63.1%	4,601,000	480 / 1073	
Maternity Hospital #1	217	67.9	418,700	51 / 148	
Maternity Hospital #2	231	42.5	335,000	59 / 126	
Pulmonary Hospital	124	84.6	384,350	36 / 109	
Totals	1,979	62.6	5,739,050	626 / 1,456	838,469

CONCLUSIONS

There have to be two major conclusions on health care and in particular hospital services in Albania.
First, there are many difficulties to be overcome in the current system before changing the funding options for hospitals will be of any value. First among these is the need for stronger management at the hospital level and this will be dependent largely on the decision of the Minister of Health to establish boards of directors and enabling the boards to select and appoint the Hospital Directors. Accountability is required throughout the system but is lacking at present.
Second, a number of positive steps have already been initiated which will make the remaining steps easier.
Sustainability of the health insurance scheme is important. To ensure sustainability it is important to encourage greater participation rates which will increase revenue. Greater participation will depend on the knowledge and belief of the population in the quality of the system. There have been increases in the funding levels of HII programs in recent years. If this continues, there should be a visible increase in performance and quality of staff. If costs increase too much, the ability of the government and the people to cover the costs will become a concern.
The next report in this assignment will deal with the options available for hospital funding, to be followed by the final report which will provide a number of recommendations and strategies to proceed, along with timing suggestions.

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