

HEALTH CARE SYSTEM IN THE REPUBLIC OF MACEDONIA – CURRENT SITUATION AND DEVELOPMENT PERSPECTIVES

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Abstract: Health care in Macedonia is provided through an extensive net of health care organizations. After the independence, the need for central resource management led to the transformation of disjointed system of municipally-funded health services to a social insurance-funded model with central coordination and planning. The health sector management project supported by the World Bank addressed different reforms targeting health financing and management, primary and preventive health care and drugs policy and procurement. A lesson to be learned from the previous experience in the country is that increased competencies on national and local level have to go hand-in-hand with planning and setting standards, as well as coordination capacities.

Keywords: health care system, development, strategy, health care policy, planning

1. Introduction

Health is a critical component of sustainable human development. It is an important part of people’s physical, mental and social well being, and at the same time it has a long-term impact on social and economic development.

The Republic of Macedonia, with the independence gained in 1991, inherited a large and well-established health care system with good geographical and financial accessibility, long positive experience with health insurance covering nearly the whole population, qualified staff, good control of infectious diseases, and almost full coverage of the population with the national immunization programme. The health status of the population is similar as in the other countries of South-Eastern Europe, but is lagging behind the EU countries. However, the health care sector is faced with several challenges associated with the improvement of the population’s health status, the provision of basic benefits package, delivery of health services, public health, planning, management and development of human resources, quality assurance, health financing, and provision of a sustainable system of health care.

In this paper, we analyze the recent developments and current situation related to legal and institutional bases for health care system development in the Republic of Macedonia, as well as to reach recommendations for its improvement in the near future. We examined a vast amount of strategic documents prepared by the World Bank and Ministry of Health, which make a clear picture of the recent developments and planned reforms of the health care system development in the Republic of Macedonia.

2. Current situation in the health care system

The Law on Health Care has established the organizational structure of the system with the Ministry of Health (MoH) and the Government in charge of health policy formulation and implementation, the Health Insurance Fund responsible for the collection and management of funds, and the health care institutions responsible for service delivery.

Health care financing is organized around a social insurance system managed by the Health Insurance Fund (HIF). The HIF is primarily funded through payroll contributions, while most of remaining revenues come from the Pension Fund, the Unemployment Fund and general revenues. The HIF is responsible for the allocation of 90% of Government health expenditures. Financial management capacity within HIF is weak and a recent review by the State Audit Office (SAO) showed various problems in financial management such as payments that do not match invoices, improper write-offs, poor accounting and recording of transactions. Provider payment systems, especially at the hospital level are inadequate and are major cost-drivers in the system. The benefits package is generous as compared with available HIF revenues and is contributing to the problem of implicit rationing and informal payments.⁸

Health care in Macedonia is provided through an extensive net of health care organizations. It is organized on three levels: primary, secondary and tertiary. Health care is delivered through a system of health care institutions, covering the country's territory relatively evenly. This makes it possible for around 90% of the population to get a health service in less than 30 minutes. The health facilities range from health care stations and centers at PHC level and specialty-consultative and inpatient departments at secondary level, to university clinics and institutes at tertiary level, with the latter also carrying out research and educational activities. In general, smaller rural settlements are served with general medicine services only.⁹

Some major health care indicators (recent available data) for the Republic of Macedonia can be found in the tables 1 and 2.

Table 1 Major health care indicators for the Republic of Macedonia

	2003	2004	2005	2006
Vital indicators				
Natality per 1000	13.3	11.5	11	11.1
Mortality per 1000	8.9	8.8	9	9.1
Natural increase per 1000	4.4	2.7	2	1.9
Infant mortality per 1000 live births	11.3	13.2	12.8	11.5
Maternal mortality	7.4	12.8	13.3	n.a.
Health care personnel				
Physicians	4,448	4,490	4,392	5,134
Dentists	1,132	1,134	706	1,175
Pharmacists	319	322	205	187
Number of population per one:				
Physician	455.7	452.7	463.8	n.a.
Dentist	1,790.4	1,792.4	2,885.1	n.a.

⁸ World Bank, 2004, 2

⁹ European Commission, 2007, 140

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	2003	2004	2005	2006
Pharmacist	6,353.5	6,312.2	9,935.9	n.a.
Hospital beds				
Total	9,743	9,699	9,569	9,343
Per 1000 population	4.8	4.8	4.7	n.a.

Source: State Statistical Office of the Republic of Macedonia (2007): Statistical Yearbook, Skopje

Table 2 Life expectancy - Republic of Macedonia

	2001-2003	2002-2004	2003-2005	2004-2006
Total	73.21	73.39	73.62	73.76
Male	70.80	71.15	71.44	71.63
Female	75.74	75.75	75.88	75.9

Source: State Statistical Office of the Republic of Macedonia (2007): Statistical Yearbook, Skopje

While the coverage of the country with health care organizations is quite extensive, it is characterized by overprovision, inefficiency, and duplication of services, capacities and equipment, due to the legacy of a highly decentralized Yugoslavian system, whereby health services were managed and commissioned by municipalities in the absence of central coordination and planning. In the same time, the system suffers from hyper-production of personnel, over-employment in hospitals, under-utilization of personnel, obsolete equipment, lack of medicines, and a general focus on hospital health protection, instead of primary and preventive protection. Some additional weaknesses of the existing system could be located in the insufficient of continuous medical education and of incentives for better quality services due to low level of wages as well as the lack of well-trained managers.

The advantages of a health care system for the time being are: relatively high accessibility, large number of well-educated and trained health care workers, well developed fund raising mechanisms with low administrative costs, system stability, and well-developed network of organizations for preventive and primary health protection.¹⁰

3. Recent health care reforms

Since the independence, the Republic of Macedonia has embarked on a number of reform initiatives in the field of health care. All reforms have been undertaken with the aim of sustaining access for the whole population to a comprehensive health system, as well as improving the quality of health services and enhancing the financial sustainability. At present these reform priorities still hold true: the objectives are to improve the population's health by improving access to and quality of basic health services; to increase the efficiency of service delivery, thereby enhancing cost-effectiveness and fiscal sustainability; and to improve patient choice within the health system.

The *political and economic uncertainties* since the early 1990s have had a strong negative impact on the population's health status, as well as on the health care

¹⁰ United Nations Development Program, 2004, 75-80

system in Macedonia in general. The current system has yet to overcome the legacies of the system that existed until 1991, including oversupply of medical staff, especially in the PHC sector, strengthening continuing medical education and addressing low morale among staff, then remaining rationalization of health care facilities in order to redistribute limited resources more effectively and thereby improve the infrastructure of facilities, the low quality of PHC services, leading to low levels of patient satisfaction and high referral rates to higher levels of care, high expenses for drugs and hospital care, the limited solvency of the sector and the HIF altogether, with the latter facing a substantial deficit.

Decentralization is an important policy priority for the Government. So far the impact on the health sector has been limited, although the Law on Local Self-government essentially mandates the representation of local authorities on the boards of health facilities and provides the local communities with some responsibility for the design of health promotion and disease prevention programs. The central challenge in this process is how to harness the potential power of decentralization as a means to help achieve existing Ministry objectives for the Macedonian health care system. Decentralization needs to be designed in such a way so that it does not interfere with, or weaken, the ability of the country to achieve its central health system goals. A major issue will be ensuring that decentralization does not increase inequities in access to necessary services and/or in the quality of services received between different localities or between different population groups. If there is a lesson to be learned from previous experience in the country with regard to decentralization, it is that increased competencies on the local level have to go hand-in-hand with strong central planning, setting standards and coordination capacities.¹¹

4. Ongoing and planned health care reforms

There are three key development challenges and opportunities for the Macedonian health sector:

- Achieving sound public expenditure management, especially through an increased emphasis on extra budgetary institutions which includes the HIF;
- Assuring uninterrupted delivery of health services in the context of decentralization;
- Guaranteeing the quality, efficiency and access to health services.

In order to meet the demands for high quality accessible health care, the National Health Strategy recently adopted by the Government has launched the following basic priorities in the health sector: improvement of the population health status, increased efficiency and efficacy of the health care system through institutional and structural reforms in the health care provision, modernization of public health care system according to the EU standards, improved planning of the human resource base in the health sector and introduction of quality assurance system, and last but not the least, reforming healthcare financing by introducing stronger accountability and transparency and linking the financing to better healthcare outcomes.¹²

Republic of Macedonia has received a Specific Investment Loan from the

¹¹ European Commission, 2007, 143-147

¹² Ministry of Health, 2007, 32

World Bank in amount of US\$ 10 million for the Health Sector Management Project. The objectives of the project are:

- to upgrade MH and HIF capacity in order to formulate and effectively implement health policies, health insurance, financial management and contracting of providers; and
- to develop and implement an efficient scheme of restructuring of hospital services with emphasis on developing day-care services and shifting to primary care.

The ultimate objective of the project is to make the health system more sustainable in the long-run by implementing policies and programs that contribute to a cost-effective, equitable and efficient health care system. The project will contribute to this goal by building the capacity of key players in the health system (MoH, HIF and health care providers) to effectively perform their individual roles. Hence, ensuring that the HIF operates effectively in the long-run requires a well-performing MoH as well as accountability linkages with the MOF. Likewise, provider performance is contingent on the HIF effectively performing its core function of purchasing, regulation by MoH, as well as continued access to training and information to make the best decisions.

The project comprises the following components:

Component 1: Policy Formulation and Implementation. This component will assist the MOH in implementing critical functions such as policy and strategy formulation, monitoring and evaluation of health reforms and public information and communication. The component includes three sub-components: (i) support to overall health policy and strategy development, (ii) public relations and communications, and (iii) improving MOH management and business processes.

Component 2: Strengthening HIF Governance and Management. This component aims to improve the governance and management of the HIF, as the organization responsible for purchasing health care services for its beneficiaries under the compulsory health insurance scheme. The component includes three sub-components: (i) Eligibility criteria and revenue collection, (ii) HIF management, and (iii) Purchasing functions.

Component 3: Improving Service Delivery. This component will improve the quality and efficiency of health care providers by supporting development of staff skills, introduction of a new management methods and instruments and essential upgrades of units selected to implement well defined sub-projects. These improvements will enhance the management and operational capacity of health care providers, putting them in a better position to respond to the challenges and incentives of new contracting arrangements with HIF. The component includes two sub-components: (i) Hospital Management and Primary Care, and (ii) the Grant Facility for Improving Service Quality and Efficiency.¹³

5. Major future challenges

The well-organized and effective health care system in the Republic of Macedonia, as a prime responsibility of the MoH, should have the following characteristics:

¹³ World Bank, 2004, 1-6

- *Effectiveness*: medical interventions must be based on evidence of health benefit (further improvement in the introduction of clinical guidelines, clinical performance indicators, continuous medical education, management trainings, capitation models incentives etc.)
- *Efficiency*: health care services should try to obtain the best results for the cost that society can afford which in the Republic of Macedonia is extremely limited (adequate revision of the basic benefit package, improvement of the co-payment policy and National preventive programs).
- *Equity*: all citizens should have equal access to the services they need, without regard for income or background (revision of basic benefit package – one basic package for all, medical map outcomes, rational redistribution of the services, outcomes from the National Preventive Programs, Improvement of the Promotion programs).
- *Solidarity*: in pooling the funds for health care services, the healthy should contribute for the sick, the rich for the poor, and the young for the old (changes in the basic benefit package and co-payment policy).
- *Further strengthening of primary health care*. More efforts should be made to strengthen the capacity of preventive health teams, update standards and protocols for the key health prevention and health promotion interventions (strengthen the outreach immunization work, antenatal care, and systematic check-ups of children, especially for the most marginalized children, families and vulnerable groups). As a possible form Youth Friendly Services could be mentioned as an effective strategy to carry out health promotion and health prevention among children and young people.
- The MoH should insist on the *existence of a network of the different types of primary and secondary health services* in the whole country that combines good accessibility, lack of duplication, and an efficient and sustainable use of financial and human resources. The network should function as a system, which means that the various elements are complementary to each other and all contribute to the common goal of providing effective and efficient services to the public. In order the proper accessibility to be ensured, all health care facilities will need a license from the Ministry of Health, with regular re-licensing, which is one of the aims of the ongoing health mapping process.
- All players in the field need to *improve performance and enhance transparency and accountability*. Performance measurements of the doctors and the services at all levels should be introduced to ensure efficiency of the human resources and utilization of the equipment and the available technology.

6. Conclusion

Since the independence in 1991, the Republic of Macedonia has been facing various structural, economic and political challenges, in light of which the preservation of the publicly-funded health system is a success in itself. The coverage of the established compulsory health insurance system is in effect universal and the current benefit package comprehensive, but also very costly. At present the system is facing a

number of challenges, including the need to overcome the legacies of the health system that was in place until 1991. These include: strengthening of human resources planning and training, the rationalization of health care facilities to redistribute limited resources more effectively and thereby to significantly improve the infrastructure of facilities, as well as the quality especially of primary care services. In this context the reorganization of medical centers at primary health care level, very ambitious privatization trends on the same level and reforms regarding the remuneration of providers – with the introduction of a capitation-based system at primary health care level and an annual global budget allocation for inpatient care based upon performance indicators – represent important developments.

Overall, sustainable health financing will need to be secured, including adequate funding for the public health services; population based preventive programmes and capital investments. Another challenge is the decentralization process which is in the very early stage. To this end, the Ministry of health will need to strengthen its policy formulation, implementation and monitoring capacities, while the Health insurance fund has started to enhance its budget planning, monitoring and reporting instruments. So far the quality of the information system has not sufficiently supported this process. However, in a few strategic documents the country has put a special emphasis to provision of and improving health care services for some vulnerable groups. The strengthening of the health promotion activities, as well as proper transparency of the changes will be also among the challenges in this process.

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