

## The Benefits of Mandatory Health Insurance. The Institutional Approach in Albania

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### Abstract

*Albanian health insurance system is currently facing multifaceted challenges, standing in the way of meeting the Government's commitment to provide basic health care to the entire population. Law no.10383, dated 24.02.2011" On compulsory Health care Insurance in the Republic of Albania", is a major step in the process of redefining and expanding social health insurance in Albania. The Law establishes a Social Health Insurance Fund as autonomous legal person in charge of financing packages of services for social health insurance beneficiaries. Mandatory health insurance scheme as part of the social protection system has been set up in order to prevent and overcome social risks standing in the way of health care services financing. This research aims to make an analysis of the benefits in context of mandatory health insurance scheme, especially between the Compulsory Healthcare Insurance Fund and health service providers. The research also intends not only to provide a theoretical analyses of legal acts, but also presented some conclusions and concrete practical suggestions in terms of necessary changes.*

**Keywords:** healthcare insurance, health services benefits, health service providers

### Introduction

The right to health insurance of citizens is included in the group of economic and social rights in the Constitution. This right is a positive one just like most of the rights that are part of this group (Constitution of the Republic of Albanian). This conclusion is arrived based on the reference made by constitutional provisions when it conditions the application of this right to a special law which shall establish rules and its application procedure.

Health care is part of the social objectives and the state within its constitutional powers and tools that it possesses intends the highest possible health, physical and mental standard. Health care is guided by the principle that the right to health care is a fundamental right of the individual and the guarantee of equal rights to health care, based on non-discrimination. The right to health care is a fundamental right of a social – economic character and aims respect of human rights, equality and social justice .

The existence of this right is not only based on human nature, but is associated with the state obligation and interaction to create legal instruments in order that this right is realized. Assessing the importance of health care, in compliance with constitutional obligation and objective, the state takes over creation of conditions for the implementation of this right.

The Albanian state healthcare system is divided into three tiers of service. The first tier and entry level to the rest of the health service is the level dealing in primary care, which includes health and hygiene and health education centers, maternity and pediatric clinics, local emergency rooms, rural hospitals.

The next level provides secondary care and consists of medical and diagnostic services in hospitals. The final level provides tertiary care and consists of scientific research medicine including four national university centers with diagnostic services.

Law no. 10 383, dated 24.2.2011, "On compulsory healthcare insurance in the Republic of Albania", as amended, it has extended its services options to the population benefits, according to the FUND's contracts with public and private services providers.

The FUND's finances the compulsory healthcare insurance services packages, in which are included (Annual Report 2013, Compulsory Healthcare Insurance Fund):

- Free of charge medical visits in public health institution, financed by the health insurance and according to the referral system;

- Free of charge domicile visits, when the patient's health conditions make impossible his/her appearance at the health institution;
- Medical examinations at the public health institutions – free or with co-payment; (Unique tertiary examinations are reimbursed at the extent of 90% and co-paid by the insured persons at 10%).
- Medical treatments at the contracted public/ private institutions;
- Full or partial drugs reimbursement depends on the category. More specifically, the insured persons do not pay anything at all for drugs or pay a partial amount up to 50% of the drugs price.

### **1. The compulsory health insurance services package in pharmacies and public primary health care**

-When Health Insurance Institute (actually Compulsory HealthCare Insurance Fund) was implemented in 1995, all pharmacies had been privatized. Licensing is based on physical inspections of the pharmacies that have to fulfil a series of requirements for being contracted by Compulsory HealthCare Insurance Fund, namely sufficient physical space, certain distance from the other pharmacies, at least one trained academic professional (referred to as 'technical director'), they have to provide at least 80 % of the drugs included in the Compulsory HealthCare Insurance Fund drug list, and they should not have suffered more than one 'punishment' by the scheme (lack of contract renewal for a certain year).

Compulsory HealthCare Insurance Fund contracts specify the requirements of claims processing, periods of claims processing and reimbursement, and the duties and obligations of both parts including enforcement mechanisms and fines (Denny 2003). According to these contractual regulations, Compulsory HealthCare Insurance Fund is not obliged to reimburse pharmacies if certain formal requirements are not fulfilled. Pharmacies contracted by Compulsory HealthCare Insurance Fund are reimbursed for prescriptions filled in by health insurance beneficiaries according to the reference drug and price list. Pharmacies are required to deliver the prescriptions to be reimbursed once or twice a month (16th and 30th of each month) plus a list of all prescriptions delivered. Prescriptions have to contain the name, birthday, insurance category and Compulsory HealthCare Insurance Fund registration number of the beneficiary, the code, the signature and stamp of the prescribing family physician, the generic name, the code according to the Ministry of Health list and the dose of the drugs prescribed, the code of the diagnosis, a serial number of the prescription and the total value of drugs. Pharmacists do not fully accept that they have to perform the revision of prescription before presenting their invoices and are suffering the financial consequences of formal errors that have been committed by prescribing physicians.

**-The Council of Ministers Decision no. 135, dated 03.12.2014, "On approval of the drugs list reimbursed by the Compulsory Healthcare Insurance Fund and the scope of their price coverage".** This list is conceived based on the international classification system ATC (anatomic, therapeutic and chemical) and contains 477 drugs just like the previous year. 56 new drugs (or 33 new active principles) are added to the reimbursed drugs list, which cover a large number of diagnoses and more specifically are: oral anti-diabetics; drugs for children with diabetes and hormonal disorders; antithrombotic in vassal surgery, drugs for cardiac therapy, drugs for patients with prostate; drugs for the treatment of some types of cancer, drugs for Nephrology - Dialysis Service, from which patients with organ transplants and under dialysis process will benefit; drugs for patients with hepatitis; drugs for palliative care to the benefit of patients in the terminal stage; drugs for psychiatric service that will help patients suffering from psychological disorders to have a better mental health, drugs to combat alcohol to the benefit of alcoholics, drugs for Allergy diseases to the benefit of the patients with more severe forms of bronchial asthma; drugs for Ophthalmology service to the benefit of patients with eye macular degeneration; drugs for Gynecology service and treatment of a rare disease for children. 2014 Reimbursable Drugs List is expanded with 56 new drugs, compared to reimbursed drugs list of 2013, which will be used in all areas of ambulatory medicine in the interest of a greater number of patients. The 2014 list of reimbursable drugs provides for the same scope of coverage, as in the previous year drugs list. So, the reimbursed drugs price will be covered at a rate of 50 % to 100 %. Social categories such as pensioners, full disabled people, children 0-12 months, patients suffering from CA, TB, orphans, blind people will benefit free of charge the first alternative of each drug included in this list. Social categories such as veterans and war invalids benefit 100% free all the drugs in the reimbursable drugs list and those registered in the Republic of Albania.

**-According the Council of Ministers Decision no. 737, dated 05.11.2014 "On the financing of primary health care services from the compulsory health care insurance scheme",** Compulsory Healthcare Insurance Fund gains

independence in providing its services to insured persons, being the direct contractor of health centers and monitored of their performance. Meantime, the minimum package of services that health centers will provide is determined by the Ministry of Health and approved by the Council of Ministers. Additional services and those offered to uninsured individuals are determined by special agreements between the Ministry of Health and Compulsory Healthcare Insurance Fund.

The Health Center services packages contracted by the FUND include 7 services, which are the following ones:

- Health Care in emergency cases
- Health Care for Children
- Health Care for Adults
- Health care for women and reproductive health
- Health Care for the elderly
- Mental Health Care
- Promotion and health education

Recent legal amendments mean that primary health care is funded by ISKSH (and partially from the Ministry of Health with respect to investment costs) through contracts signed between Compulsory Healthcare Insurance Fund and health centers (HC). Health centers offer primary health care as a non-budgetary and non-profitting public legal person. Health centers are responsible for the use of funding provided by Compulsory Healthcare Insurance Fund. Based on this decision, being the direct contractor and supervisor of the work done by Health centers, Compulsory Healthcare Insurance Fund has autonomy to render services to insurance beneficiaries. This type of funding and supervision exercised by the Compulsory Healthcare Insurance Fund upon health care centers is quite progressive because

it allows for further improvement of the conditions in which such services are provided and it attracts better-qualified medical personnel. Meanwhile the minimum service package, to be offered by the HCs is defined by the Ministry of Health and approved by the above mention decision, which include pediatric health care services, health care for children's and adults, woman health care, medical urgency and mini laboratory services. In 2013, the Health Center physicians registered 1,669,496 persons who performed visits for the first time or 290 thousand persons more compared to 2012. In 2013, 414 primary contracted healthcare centers performed 6 million and 537 thousand visits, from which 6.1 million visits performed by the general and family practitioners and 420 thousand visits from the specialist of the Specialty Health Center of Tirana (Annual Report 2013 Compulsory Healthcare Insurance Fund).

## **2. The compulsory health insurance services package in pharmacies and public primary health care**

The FUND signs contracts with public hospitals, regarding the health services financing provided by them. More specifically with:

- University Hospitals
- Regional Hospitals
- Municipality Hospitals

The hospital organizes and provides hospital health services to the population according to the district/region in which it is situated in 3 (three) levels, which are: 24 hours emergency service, specialist ambulatory service and inpatient hospital service.

In this regard, the hospital is obliged to provide health service according to the relevant specialty of the services list as stated in the contract and the referral system. According to the region it covers, the hospital provides free of charge services per insured inhabitants for controls, visits, examination, diagnosis and any other necessary treatment in service environments based solely on the General/Family/Specialist Practitioners of the district or the region (Gertler P 2000). The patients' identification is done through the type recommendation issued by the physician and accompanied by the health booklet and patient's ID.

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 Durres Hospital has demonstrated success in improved governance and management.

The Compulsory Health Care Insurance Fund 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 Compulsory Health Care Insurance Fund use. Also Compulsory Health Care Insurance Fund 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.

**-The Council of Ministers Decision No. 308, dated 21.05.2014, "On approval of the health services package to be financed by the Compulsory Health Care Insurance Fund".**

This decision defines health service packages to be financed by the Compulsory Health Care Insurance (Fund) such as;

Dialyses Service Package

Cardiology services Package

Cardio surgery services package

Kidney transplant services package

Cochlear implant services package

The approval of these packages materializes the new approach of the Compulsory Healthcare Insurance Fund that funding of the health services will be based on their real value and they will be used efficiently for the patient's needs. The purpose of the Fund to finance the afore-mentioned packages is to improve and increase patient's access to services and extend financing in the private sector as well.

These services will be primarily offered by public health institutions, in accordance with their medical and technical capabilities. In case they are short of these capacities, these services are projected to be delivered by licensed private health institutions, which are contracted and financed from the Fund.

The price of health services packages is equally financed by the Fund both at public and private health institutions. Insured persons who benefit from these packages are exempt from co-payment.

It is anticipated that the services specified in the package will be provided according to the contract to be made with the Fund based on health insurance legislation and according to clinical protocols, which will be drafted by the Ministry of Health.

The Fund will create for the first time the register of health packages beneficiaries. The register will be held by the Fund and will be administered in cooperation with university services. The Fund will also monitor the quality of these packages delivery, in order it may use financial resources with a greater efficiency.

**-The Administrative Council Decision nr 88, date 9.07.2014, "On approval of rules, criteria and ways how to draft the National Register of Packages financed by the Fund".**

Pursuant to Law no. 10383, dated 24.2.2011, "On compulsory healthcare insurance in the Republic of Albania", as amended and Council of Ministers Decision no. 308, dated 21.05.2014, "On approval of the health services packages to be financed by the Compulsory Health Care Insurance Fund at the hospital service" there are adopted all criteria, rules and ways how to draft the National Register of Packages to be financed by the Fund. The National Register of Packages funded by Compulsory Health Care Insurance Fund is a state document saved in a physical and electronic form and administered by the Fund, which reflects the beneficiaries of health services packages financed by the Fund. The register will have the form of an opened book for every package of health services. It will be held at the authorized offices of the Fund and will be administered according to the rules defined in this draft decision. All the movements at the National Register of Packages and other documents shall be made by computer and manual techniques. The decision has defined documents needed for actions in the Register as well as documents to be issued based on the content of the Register. The office authorized by the Fund, which is part of the structures of the University Hospital Services Directory of

the Fund, receives from any health service provider that has made contracts with the Fund an updated information for free capacities of each service package. Registration of patients (Planning) will be made based on the basic documents such as: the consultation decision made by the relevant service at UHC and the priority form of emergency treatment, which are submitted to the Fund office by these services. Registration at private medical institutions is made on equal basis, according to an alphabetical order, taking into consideration the offered capacities, location of the institution in relation to patients, according to the particularity of service. Notice for registration is sent to private health institutions in an electronic form and in hard copy. Patients are deregistered from the National Registry of Packages in cases of death and only from that package sheet for services provided consistently (e.g. dialysis). Patients who currently receive dialysis service package will be registered in the Packages National Registry according to public and private health institutions where they actually receive service.

***-The Administrative Council Decision nr 90, date 9.07.2014, "For the approval of type contracts on financing of health services packages offered by private health institutions"***

Decision no. 308, dated 21.05.2014 "On approval of the health services packages to be financed by the Compulsory Health Care Insurance Fund at hospital service" entitles Compulsory Healthcare Insurance Fund (Fund) to finance packages of some health services in private health institutions. In connection with this financing, the Fund has approved the type contract with private health institutions. Contracts take into consideration the specifications of services packages and namely the fact that the dialysis service unlike other services is a procedure that develops continuously. The Fund will observe the hospital rules, procedures and obligations stipulated in the contract while financing the service package. The contract describes at the beginning the hospital obligations, focusing on the way the hospital will exert its activity by abiding by and implementing the orders, instructions and other normative acts concerning the compulsory health care insurance scheme.

We would like to underline that for the services provided by Tirana University Hospital Center and University Hospitals in Tirana, the contract will be made by the University Hospital Services Directorate, and for dialysis services that are provided in the districts, the contracts shall be signed by the Regional Fund Directorate. A special clause deals with obligations of the Fund's Directorates that are party to the contract, concerning payment and communication between the Fund and Hospital for all matters described and derived from this contract. Contract provisions elaborate ways of how to control funding of dialysis packages service, medical records and clinical records, implementation of a referral system from national registration of service packages, implementation of contractual, technical, administrative and financial obligations etc. The contract also describes sanctions as well as procedures, content and form of a complaint in case of a contractual partnership. All provisions of this contract are in support and pursuant to the legislation on compulsory healthcare insurance.

## **Conclusions**

After decades of centralized control with the Ministry of Health managing many of the health sector functions in Albania, the Health Insurance Institute was formed in 1995. Early after that, the pharmacy reimbursement program commenced followed by the primary health care delivery system. The Compulsory Health Care Insurance Fund 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. The Compulsory Health Care Insurance Fund 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 Albanian Constitutional and legal framework provides for the existence of independent organs. There are several key principles in the Constitution that support it. The Constitution, by viewing the social protection under the human rights viewpoint, considers that the health care and insurance is a state duty, by not understanding at any moment that the institutions running this sector should be dependent to the executive.

One key concept in the Albanian legislation that can help in establishing autonomous (or independent) organs is that of the public entity. This concept refers to non-state actors that serve a public interest. Such organs in any case, being established by law, reflect the state will. However, the daily management is not under the supervision of the executive. Also, establishment and finance enjoy the same status. This model can easily be a good reference for any amendments to the Compulsory Health Care Insurance Fund organization and functioning. There is another perspective, not mentioned so far in this material that is to be considered for the models of public administration organs adopted by the Republic of Albania and the reformation of the public administration. It is related to the acceding to the European Union and the obligation to comply with the Copenhagen criteria, which imposes to all candidate countries reforms in the direction of the *acquis communautaire* including the public administration reform.

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