

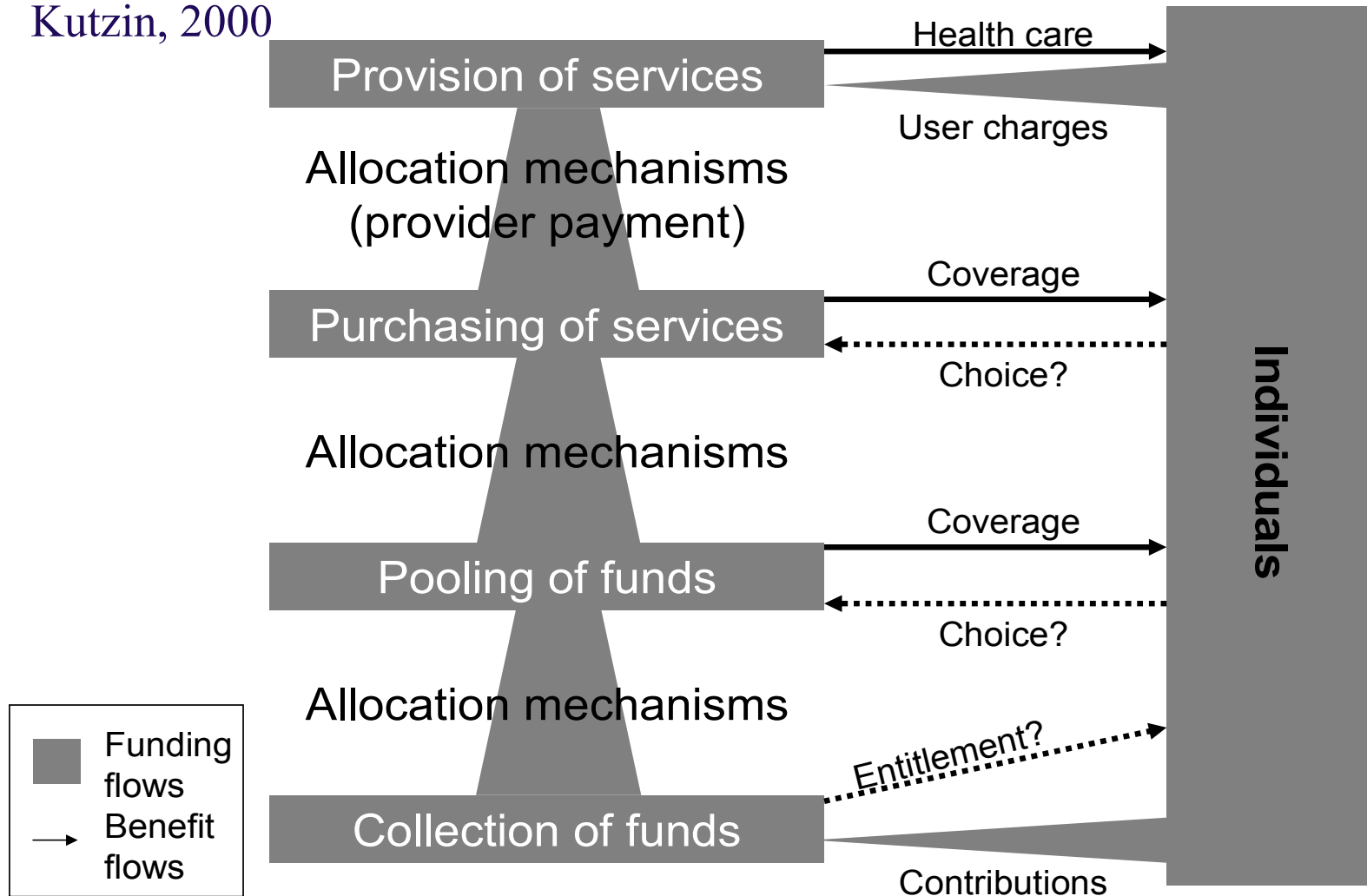
An open padlock is shown on a textured, light-colored surface. The padlock is made of metal and is open, with the shackle raised. The number '4014110' is visible on the body of the padlock.

Health Financing and 10 Years of Reform

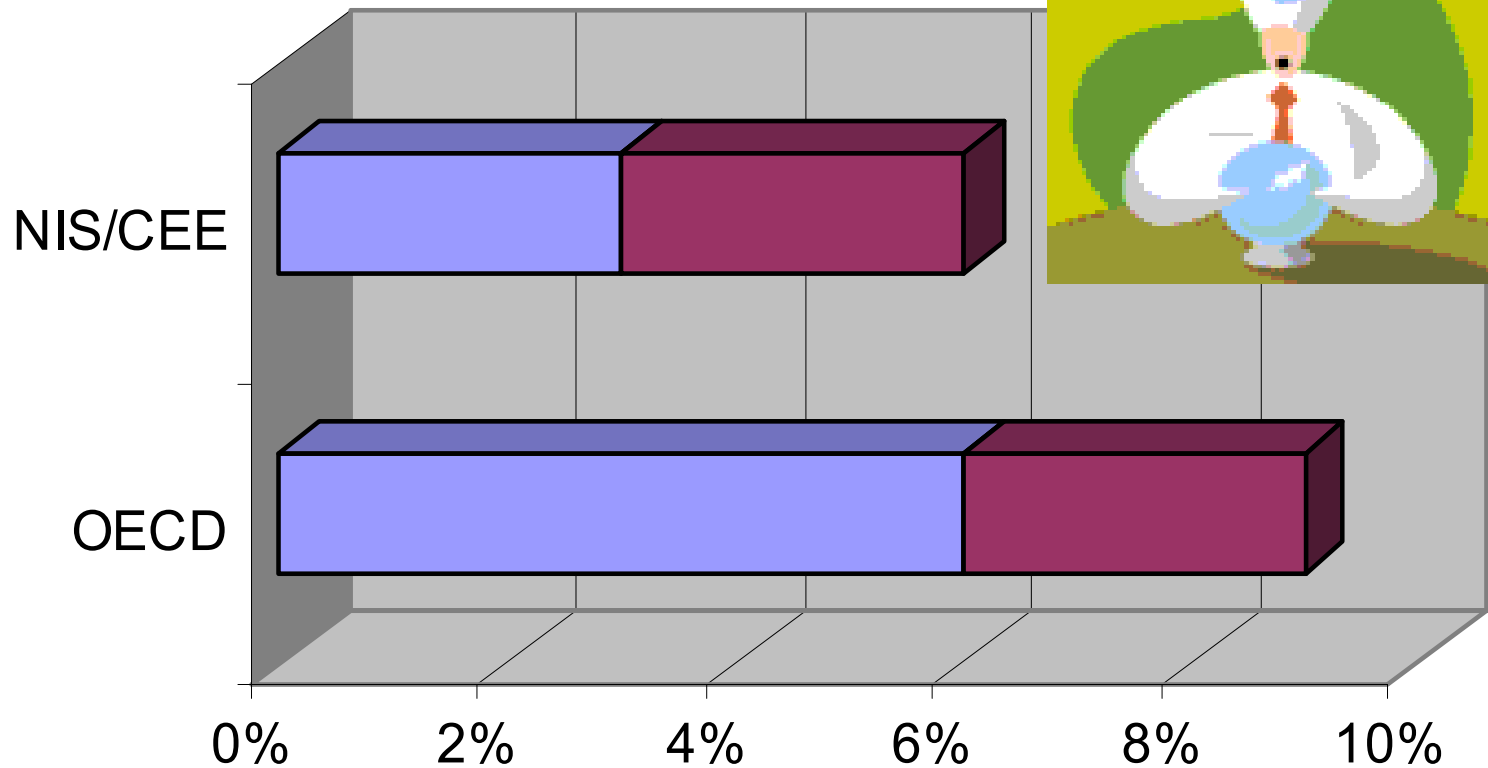
An Unfinished Agenda?

What are We Talking About?

Kutzin, 2000



(1) Sources of Funds: Where We Started

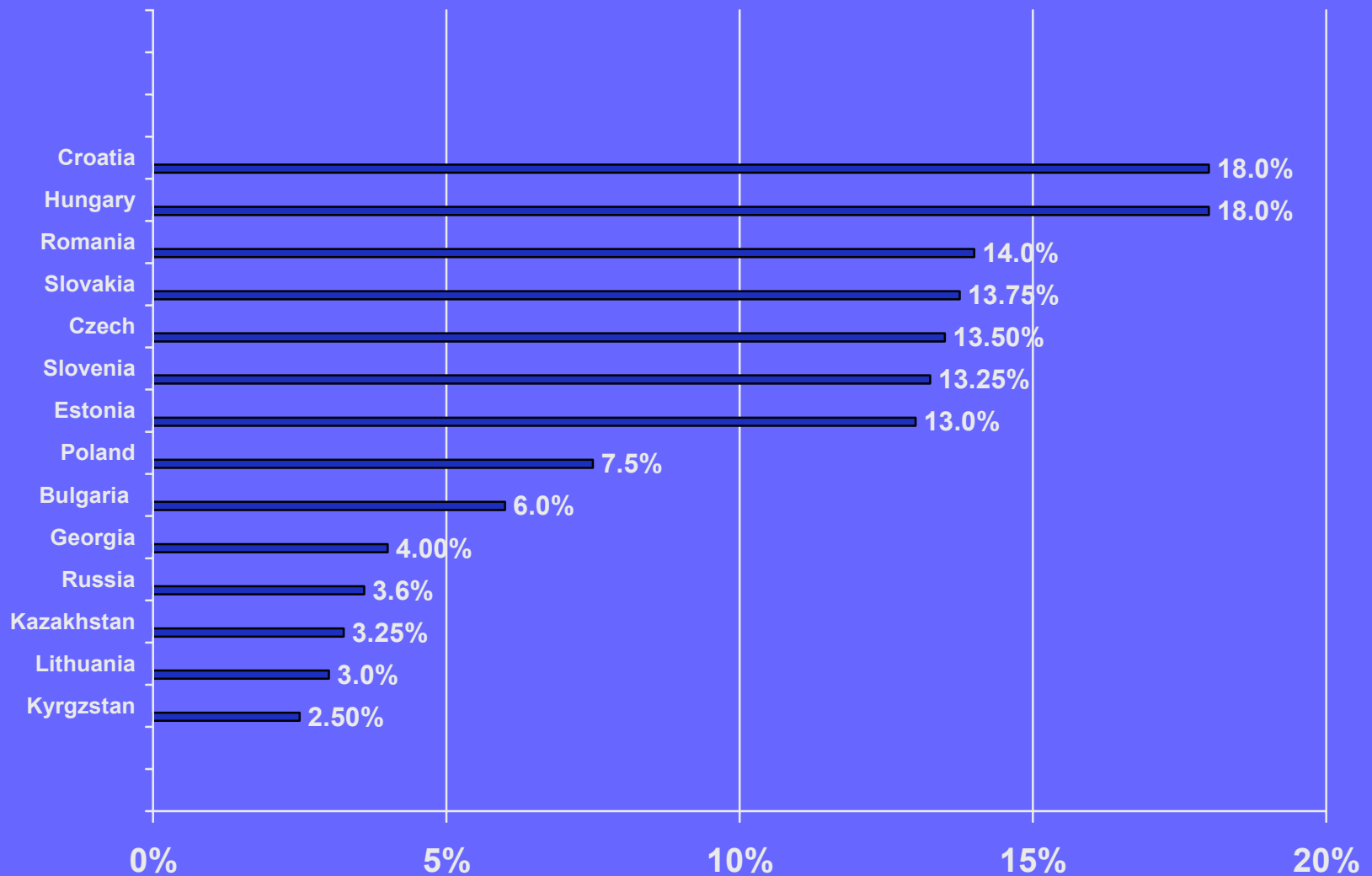




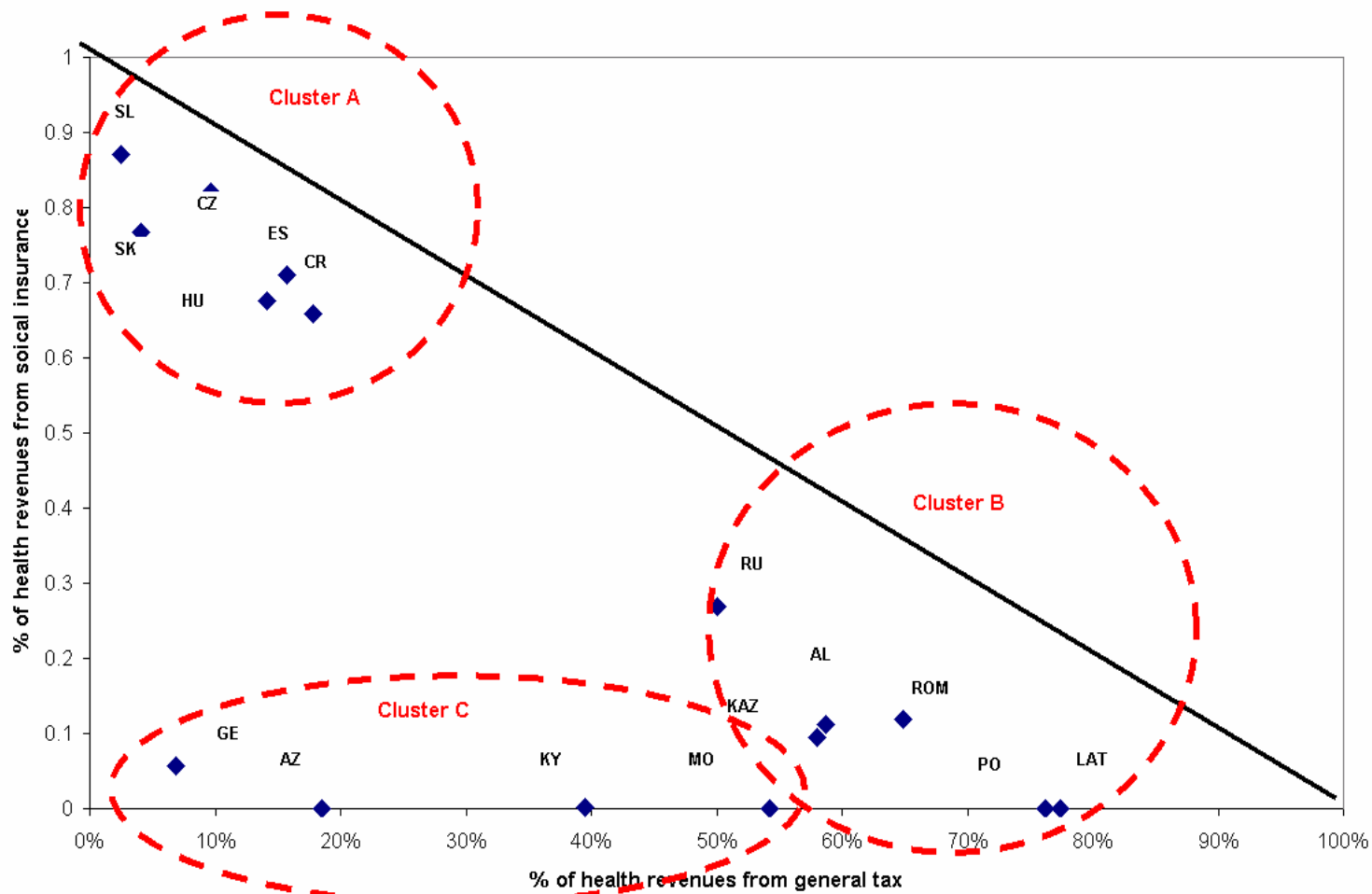
Main Funding Options

- ◆ **Direct taxation**
- ◆ **Indirect taxation**
- ◆ **Social health insurance**
- ◆ **Voluntary health insurance**
- ◆ **User charges**

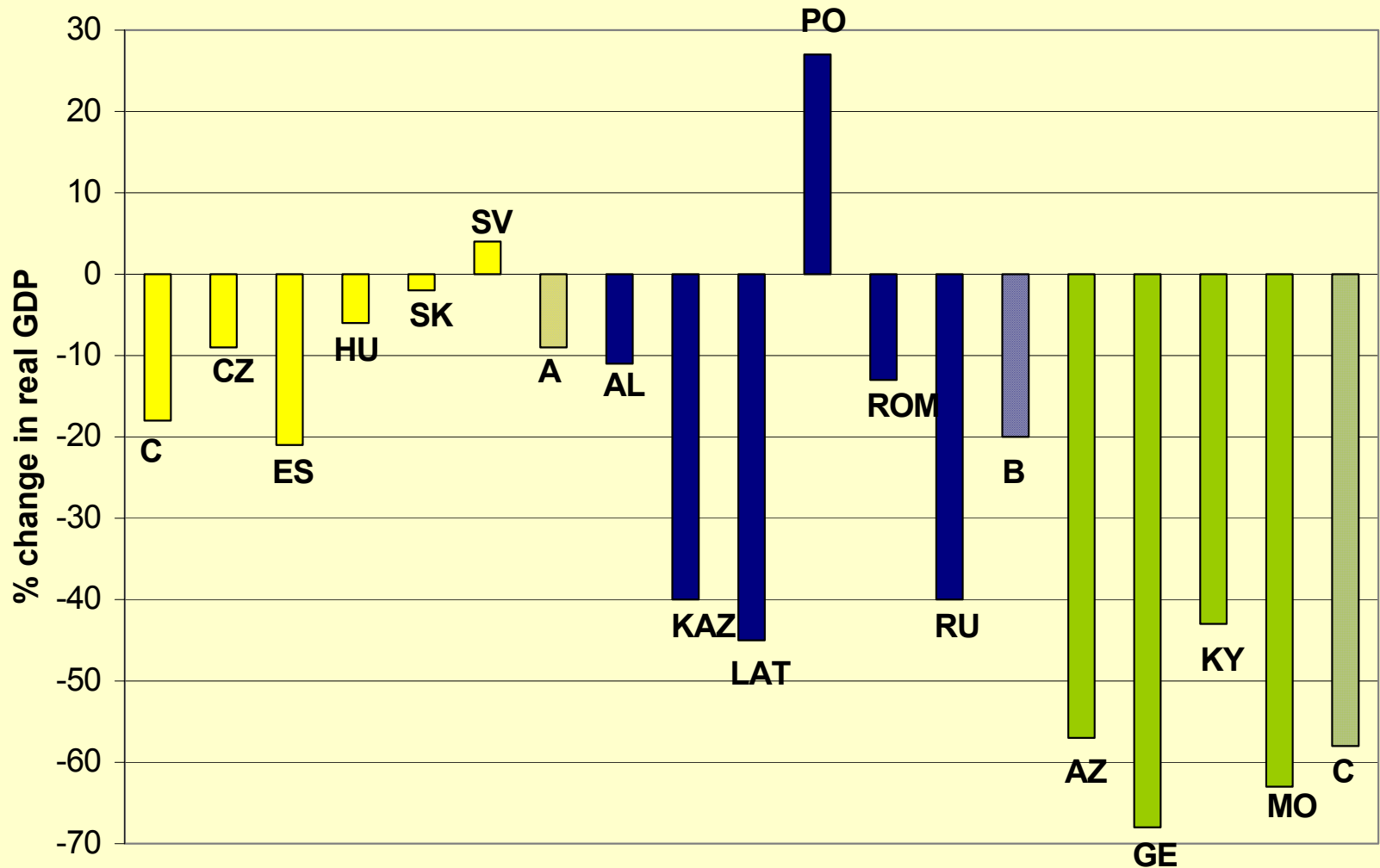
Health Insurance/Payroll Tax



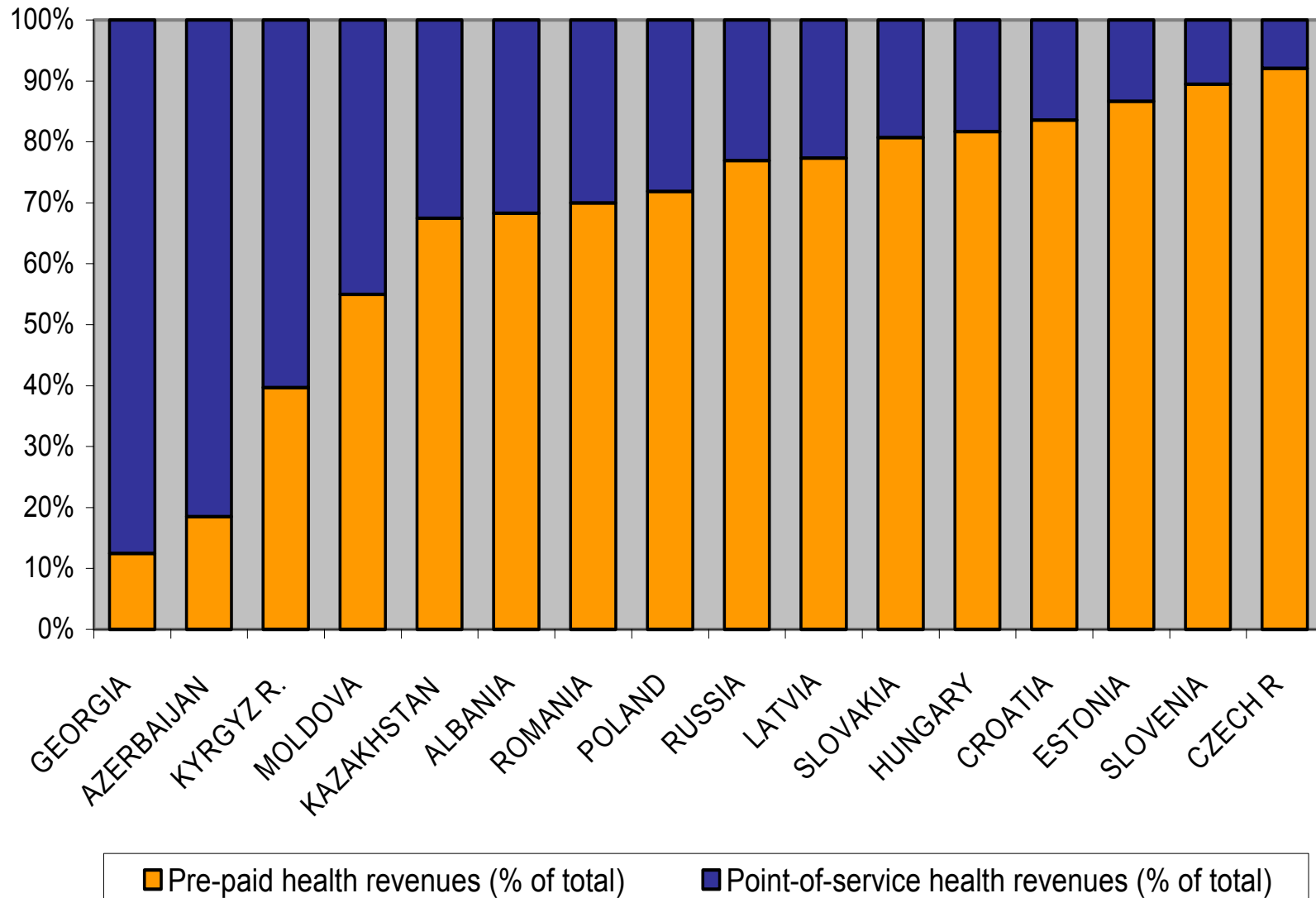
Late 1990s: Changes in Sources of Funding



Macro-Economic Context

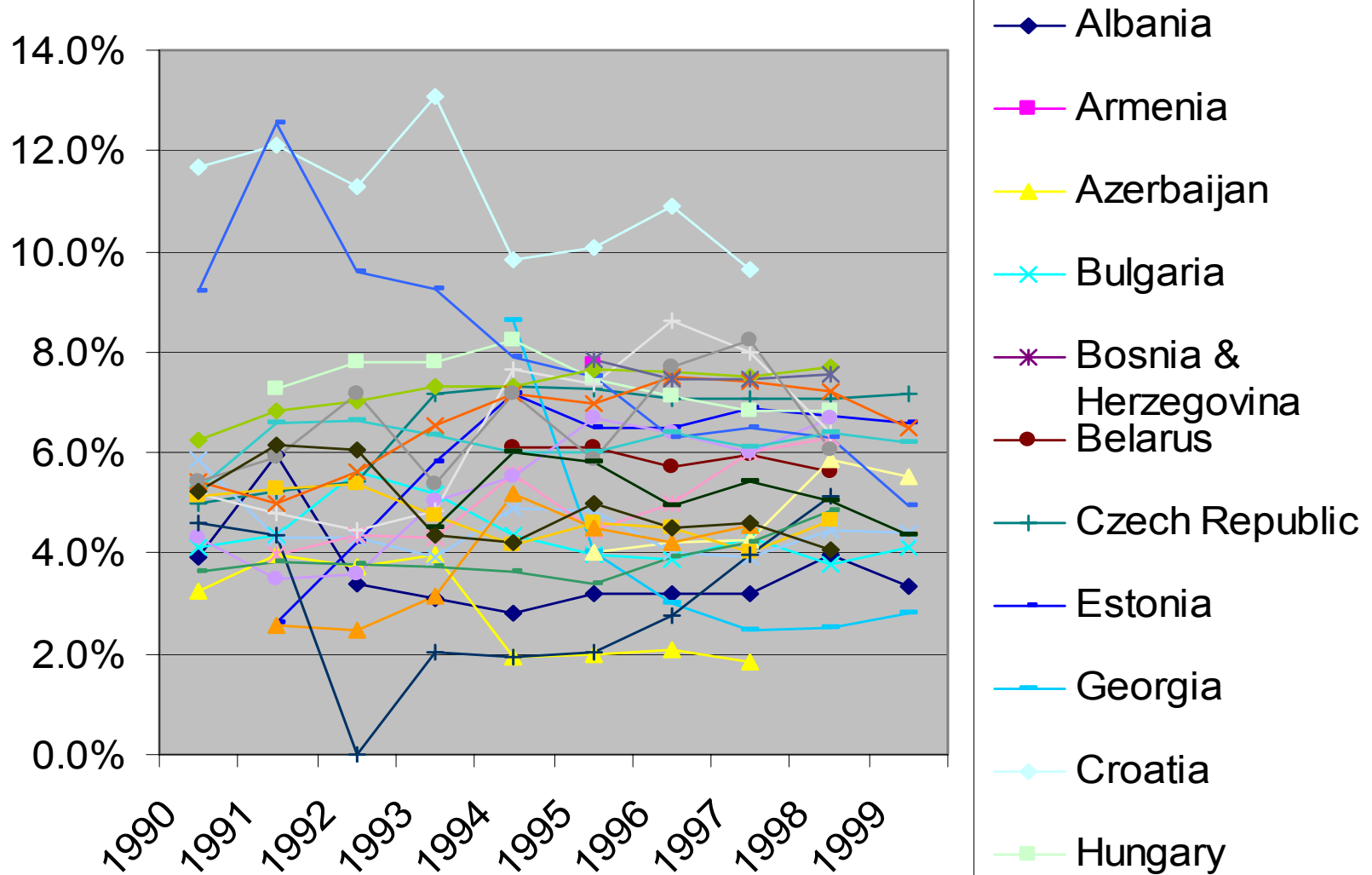


...Loss of Financial Protection



In Retrospect...

What Happened?

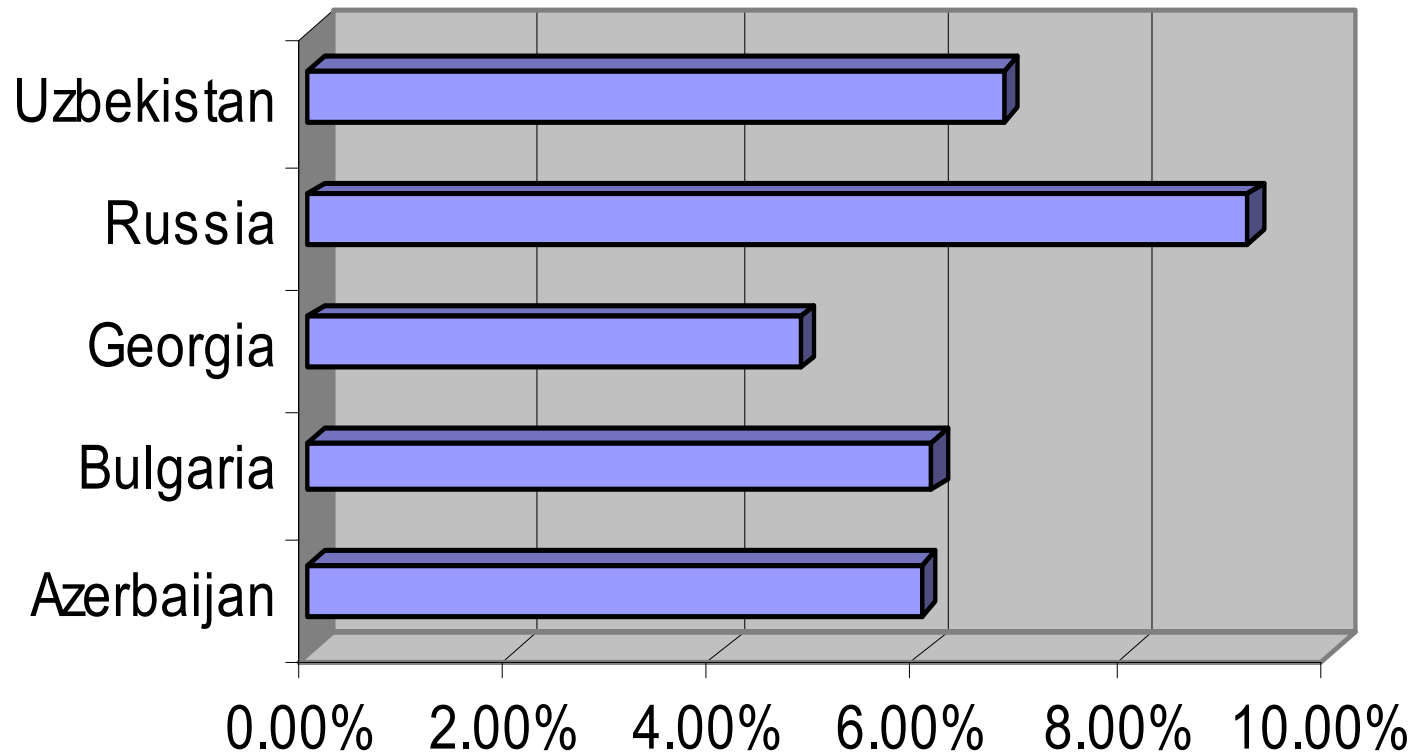





Out-of-Pocket...as a % of Total

Macedonia	38 %
Bulgaria	40 %
Kazakhstan	42 %
Uzbekistan	50 %
Moldova	51 %
Russia	54 %
Kyrgyzstan	61 %
Azerbaijan	83 %
Georgia	85 %
and....	

But.. Add in “Out-of-Pocket” New Total...as a % of GDP...



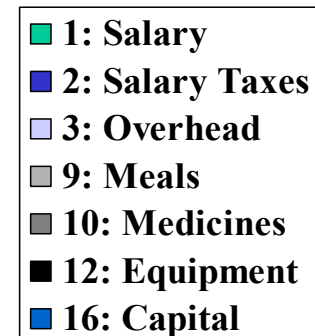
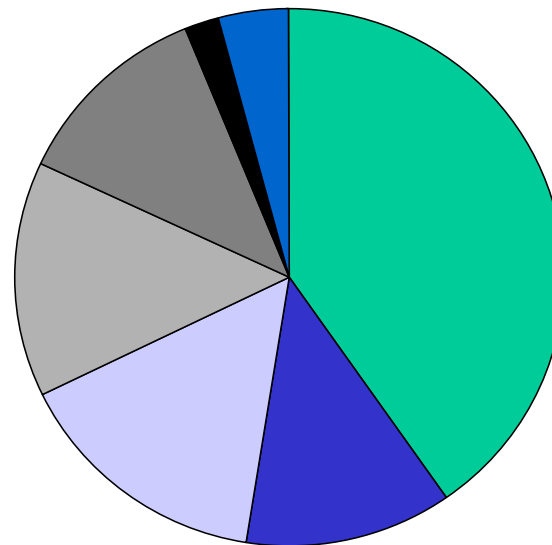


Revenues: Challenge for Future

- ◆ Not So Much...”More Money”
 - Exception: Moldova, Azerbaijan, Albania, Armenia, Georgia, Kyrgyzstan, Uzbekistan
- ◆ More Emphasis on
 - Improved Use of Funds
 - Improved Financial Protection (Pooling)
 - Poor
 - Impoverished

(2) Uses of Funds: Where Did We Start?

Hospitals Pre-1989: Line Item Budget Example from Ukraine





Line Item Budgeting

<u>Chapter (Line Item)</u>	<u>Basis of Norm</u>
1: Salaries	# of Staff/Grade
3: Operating Expend.	Last budget
9: Meals	# Bed days
10: Medicines	# Bed days
12: Equipment	# Beds
14: Supplies	# Beds/# of Staff



Move to Strategic Purchasing

- 1) *For Whom to Buy?*
- 2) *What to Buy*, in which form, and what to **exclude**
- 3) *From Whom*, at what price and how much
- 4) *How to Pay*, and what incentives to meet which policy objectives

But...How Successful?



For Whom To Buy? Issues

◆ Coverage for All?

- Gaps in most insurance systems: < 100%
 - Albania, Poland, Kazakhstan

◆ Targeting the Groups that Need Care

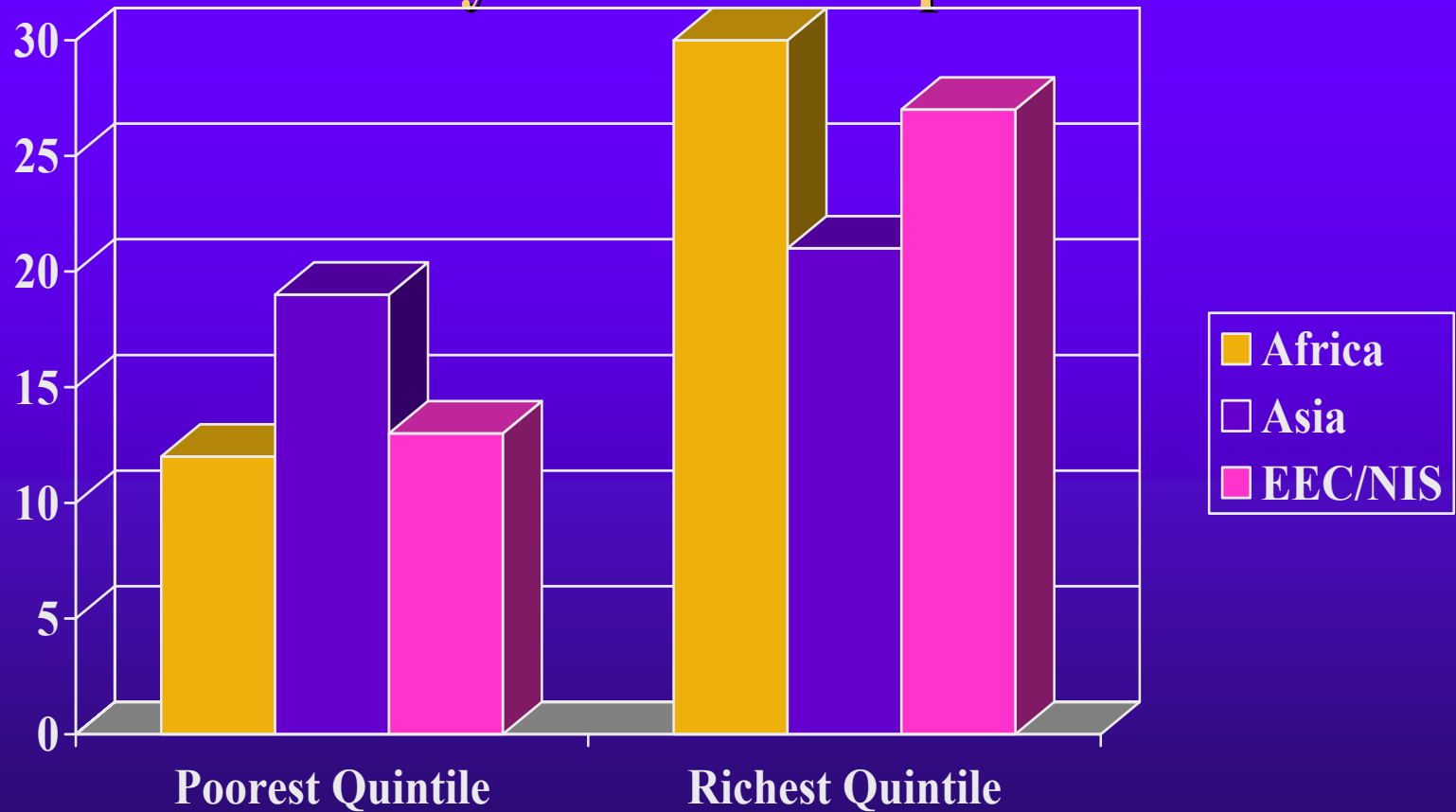
- poverty groups
- women during their reproductive years
- children





Is the Government Targeting the Poor?

% Government Subsidy for Health, by Income Groups



“What to Buy”

Many Have Borrowed..



Romania	1991
Poland	1992
Macedonia	1996
Kyrgyzstan	1996
Bosnia/Herzegovina	1996
Bulgaria	1996
Georgia	1996
Armenia	1997
Russia	1997
Latvia	1998
Uzbekistan	1998
Kazakhstan	1999
Moldova	2000
Azerbaijan	2001

A Few Successes...



Funding Source

Benefits

Private

Uncovered Services (non-contracted)

Private, out-of-pocket

Co-payment

Social Fund payroll tax;
Republican Budget
transfers for “insured”

Fully Exempt

Partially Exempt

M
Supplemental Benefits: reduced
copayment, **H** outpatient drugs

“uninsured”

Budget – local
governments buy
universal coverage for
their populations

Basic Benefit Package: free **I** primary care from enrolled
FGP, referral care with co-payment, from which defined
population groups are fully or **F** partially exempt

Services Contracted by MHIF

Service Coverage (Depth)

0%

Population Coverage (Breadth)

100%



From Whom/How To Pay...

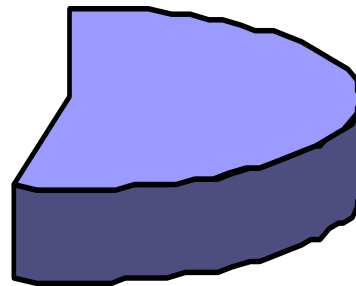
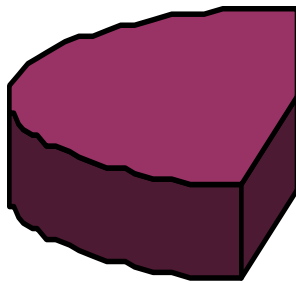
- ◆ Almost every country “Contracts” for services
 - But little “selective contracting”
 - Still excludes private sector

- ◆ Payment Systems
 - “Heat” but how much “Light”?

Primary Care...



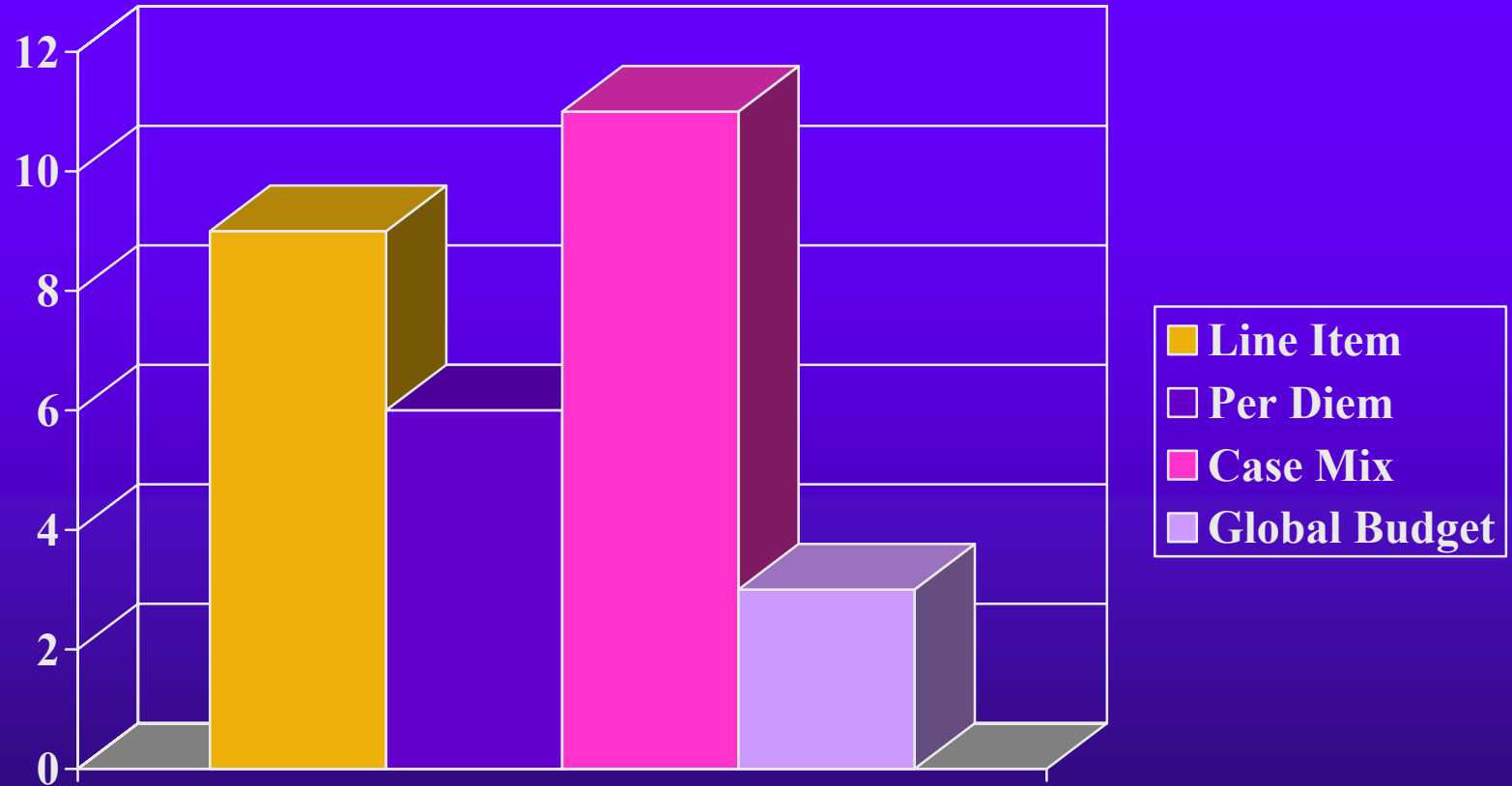
Line Item
47%



Capitation
53%



Hospitals...





Current and Future Issues

◆ **Contracts**

- **Lack of Stable Funding**
- **Lack of good MIS Systems**

◆ **Payment Systems**

- **Right Mix of Incentives?**
- **Capital Payment: Not Included**
- **Providers: No Autonomy/Internal Incentives?**
- **Lack of Civil Service Reforms**
- **Informal Payments**
- **Debt and Arrears**



In Conclusion...

◆ Congratulations!

- ✓ Dynamic Changes
- ✓ New Leadership
- ✓ New Management and other Skills
- ✓ Some countries have made the transition ...look very much like?

◆ Still much to do!

- ✓ Pooling and Financial Protection
- ✓ Coverage for All/Equity
- ✓ Benefits = Resources?
- ✓ Contracting and Payment Incentives = full impact?