

HEALTH CARE SYSTEM DEVELOPMENT IN THE REPUBLIC OF MACEDONIA

RAZVOJ ZDRAVSTVENOG SUSTAVA U REPUBLICI MAKEDONIJI

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Abstract: *This paper analyses health care system development in the Republic of Macedonia, as well as trying to reach recommendations for its improvement. After independence, the need for central resource management led to transformation of the disjointed system of municipally-funded health services to a social insurance-funded model with central coordination and planning. The World Bank supported health sector development projects addressed different reforms targeting health financing and management, primary and preventive health care and drugs policy and procurement. The projects also addressed health care professionals and health policy makers with the objective of providing sustainability of the health sector reforms.*

Key words: *health, system, policy, development, strategy*

Sažetak: *Ovaj rad analizira razvoj zdravstvenog sustava u Republici Makedoniji i pokušava odrediti smjernice ka njegovom poboljšanju. Nakon proglašenja neovisnosti potreba za središnjim upravljanjem dovela je do transformacije razdvojenog lokalno financiranog zdravstvenog sustava u model financiranog socijalnog osiguranja sa središnjom koordinacijom i planiranjem. Svjetska banka potpomogla je razvojne projekte zdravstvenog sustava, potakla pokretanje različitih reformi usmjerenih na financiranje i poslovanje zdravstva, primarnu i preventivnu zdravstvenu zaštitu, politiku i nabavu lijekova. Projekti su također bili usmjereni ka zdravstvenim djelatnicima i nositeljima zdravstvene politike s ciljem osiguranja održivosti reformi zdravstvenog sustava.*

Ključne riječi: *zdravstveni sustav, politika, razvoj, strategija*



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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 immunisation 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 improvement of the health status of the population, 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.

Having all this in mind, in this paper we are trying to achieve the following objectives: (1) to present the current situation in the health care system in Macedonia, (2) to analyse the developments and results of the recent health care reform, (3) to analyse the planned health care reforms, and (4) to reach recommendations for the health care system improvement in the near future.

2. Current situation in the health care system

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

Health care in Macedonia is provided through an extensive net of health care organizations. It is organized on three levels: primary, secondary and tertiary. 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 insufficiency 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 (United Nations Development Program, 2004; European Commission, 2007).

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 health of the population 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.

Yet, substantial challenges remain. The political and economic uncertainties since the early 1990s have had a strong negative impact on the health status of the population, as well as on the health care system in the Republic of 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 primary health care (PHC) sector, strengthening continuing medical education and addressing low morale among staff, the 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. 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. (World Bank, 2004; European Commission, 2007).

4. Ongoing and planned health care reforms

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

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

In order to meet the demands for high quality accessible health and long-term and

expensive 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. (Ministry of Health, 2007)

The Republic of Macedonia has received a Specific Investment Loan from the World Bank in amount of US\$ 10 million for the Health Sector Management Project. The objectives of the project are: (i) to upgrade MH and HIF capacity to formulate and effectively implement health policies, health insurance, financial management and contracting of providers; and (ii) 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 project comprises the following components:

Component 1: Policy Formulation and Implementation. This component will assist the MH 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:

- support to overall health policy and strategy development,
- public relations and communications, and
- improving MH 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:

- Eligibility criteria and revenue collection,
- HIF management, and
- 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 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 (World Bank, 2004):

- Hospital Management and Primary Care, and
- Grant Facility for Improving Service Quality and Efficiency.

All other policy changes in the sector are directly or indirectly linked with these main areas of activities.

5. Conclusion

Since 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 MH will need to strengthen its policy formulation, implementation and monitoring capacities, while the HIF 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, yet. However, in a few strategic documents the country has put a special emphasis to provision of and improving health care services of 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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