



REPUBLIC OF ALBANIA
Ministry of Health

Albania National Health Accounts 2003

Prepared by:

Osmat AZZAM

Health Economist – International Consultant

Sotirag DHAMO

Health Economist - Local Consultant

Tonin KOLA

Health Economist - Local Consultant

December 2004

*Albania Health Recovery and Development Project
Funded by the World Bank*



Acronyms / Abbreviations

MOE	-	Ministry of Education
MOH	-	Ministry of Health
MOF	-	Ministry of Finance (Treasury)
FY	-	Fiscal Year/Financial Year
GDP	-	Gross Domestic Product
GOA	-	Government of Albania
HCC	-	Health Care Center
HIS	-	Health Information System
HH	-	Household
HHS	-	Household Survey
HSR	-	Health Sector Reform
LSMS	-	Living Standard Measurement Survey
NGO	-	Non-Government Organizations
NHA	-	National Health Accounts
OECD	-	Organization for Economic Co-operation and Development
OHRF	-	Other Health Related Function
OOP	-	out-of-pocket
SNA	-	System of National Accounts
THE	-	Total Health Expenditures
Donors Abbreviations		
AEC	-	International Cooperation Spanish Agency
AE	-	Austrian Embassy
CIDA	-	Canadian International Development Agency
DANIDA	-	Danish Embassy
DFID	-	Department for International Development – UK
ECHO	-	European Commission Humanitarian Office
FC	-	French Cooperation
GG	-	Greek Government
IC	-	Italian Cooperation
IOM	-	International Organization for Migration
ISS	-	Instituto Superiore di Sanita
JICA	-	Japan International Cooperation Agency
KFW	-	German Financial Cooperation with Albania
OLGC	-	Our Lady of Good Council
SDC	-	Swiss Development and Cooperation
SIDA	-	Swedish International Development Cooperation Agency
SNV	-	Netherlands Development Organization
UNDP	-	United Nations Development Programme
UNFPA	-	United Nations Population Fund
UNHCR	-	United Nations High Commissioner for Refugees
UNICEF	-	United Nations Children's Fund
USAID	-	USA Agency for International Development
WB	-	World Bank
WHO	-	World Health Organization

Executive Summary

Albania Health Care System

The Government of Albania is the major provider of health care services in the country through a network of 51 general and districts hospitals, 564 health centers and 1582 MCH clinics called Health Posts. The public sector service, in terms of its distribution of skills, is reasonably balanced except for the number of specialists. The number of beds available (10,197) for a population of 3 million is high for a country like Albania. Overall there is a fairly low utilisation of hospital beds (54%) and there appears to be a generally adequate hospital capacity to meet expected needs for the growing population in the short to medium term. The change in philosophy around health care delivery to a Family physician based health service would suggest that there will be specialist over-staffing in the short to medium term. Hospital bed occupancy rates are low and declining in the rural areas and at districts' level. Local Government own PHC facilities in the rural areas. In Urban areas, Health facilities are owned by the MOH

Data Limitations

As with all new initiatives to establish baseline information on a national scale, there are inherent limitations in the completeness and validity of data with this NHA report. Most significant is:

- The lack of information from some government agencies on their spending on health related activities mainly due to difficulties in deciphering from their budgets actual spending on health related activities.
- Missing information on spending on overseas treatment in the main three host countries, Turkey, Greece and Italy. These missing ingredients are due to lack of information systems or sources of data.
- Gifts and Informal payments are also a major key information missing. In order to better estimate the size of the Informal payments we analyzed the LSMS Data for estimating actual global informal payments by the household. In addition to the analysis of the data provided by LSMS we also examined other studies mainly the Out-Of-Pocket payments and utilization of health care services in Albania – PHRplus (August 2004), the Progress Report 2003 on implementation of the national strategy for socio-economic development (April 2004), Health care system in transition (Vol 4 No. 6 2002) and other recent studies. However, it is clear that Informal payments by household are a major area of the Government of Albania that needs to be better abolished, controlled and regulated.

Health Care Financing

Albania is one of the poorest countries in Europe. However, the Albanian population enjoys a reasonable long life expectancy, which seems paradoxical when one takes into consideration the country's low incomes, very limited health services and frequent outbreaks of infectious diseases.

The Albanian Household is the major financier of health sector 60% of total health expenditures (THE) with the Government of Albania share providing approximately 34%. This National Health Accounts 2003 estimate that overall, Albania spent 43.8 billion Lek (USD 360 million) on the health sector and per capita expenditures of 13,983 Lek (USD 114.7). The total expenditure on health is 5.9 percent of the GDP and is significantly higher than previous estimates that had placed health care expenditures at 2.9% of GDP. This level of expenditure is more in line with middle income countries and is lower than the average for European neighbor's countries. The proportion of government budget allocated to health sector is a little over 7.5 percent. Public sources account for 34 percent, private sources for 62 percent of health care financing and international donors for the remaining 4 percent. The largest source of financing comes from households which represents 60 percent of total expenditures. In terms of expenditures, private pharmacies are the major provider of health services.

Main Findings

The main findings inferred from the three NHA matrices, Table 10, 11 and 12, are summarized below:

TABLE 9: SUMMARY NHA STATISTICS (2003)

Population	3,135,000	
Total Health Expenditures	Lek 43,836,808,500	USD 359,612,867
Total Government Budget	Lek 201,152,000,000	USD 1,650,139,459
GDP Estimates for Albania	Lek 744,974,000,000	USD 6,111,353,568
GDP Per Capita		
US \$	\$1,949	
Lek	237,631	
Gov Exp Per Capita		
US \$	\$526	
Lek	64,163	
Percent GDP Spent on Health		5.9%
Per Capita Expenditures on Health		
US \$	\$114.71	
Lek	13,983	
MOH Expenditures	Lek 15,121,000,000	USD 124,044,299
MOH as Percent Government Budget		7.52%

Sources of Funds:

Public:	34%
Private: Households	60%
Employers Funds	2%
Donors:	4%

Share of Total Health Care Expenditures by Financing Agents:

Public Financing Agents	37.5%
Private Sector	59.0%
Rest of the World	3.5%

Distribution of Total Health Care Expenditures by Providers

General Public Hospitals	13%
University Hospital	6%
Clinics & Physicians	7%
Health Posts	5%
Private Dentists	2%
Diagnostic Laboratories	4%
Public Pharmacies	2%
Private Pharmacies	45%
Administration of Health	2%
Institution Providing HRF	5%
Patient Transport	4%
Others	5%

Uses of Health Funds

Inpatient Curative Services	19%
Primary & Outpatient Services	13%
Dental Services	2%
Clinical Lab	4%
Drugs and Pharmaceuticals	47%
Public Health Programs	2%
Administration of Health	2%
Capital Formation	2%
Education & Training	2%
Transportation Cost per patients	4%
Gifts & Informal Payments by patients	4%
Other	1%

Main Policy Issues

This NHA report identifies problem areas for the reform of the Health sector and allows policymakers to make informed policy decisions. Key Policy issues arise out of the NHA findings are broad and numerous and include:

- How much should Albania spend on health services?
- How should health services be funded?
- Who should fund health services?
- How should health resources be allocated?
- What should be the role of the Donors, public sector and private sector in Albania?

Some of the key policy issues that stem out of the NHA findings are summarized into 6 major areas related to:

- Analyzing the institutional framework and development of health care financing policy.
- Containing cost and improving the Health Insurance Institute efficiency.
- Regulate and control the abuse of the system and eliminate corruption mainly the under-the-table spending.
- Regulate and control the Drugs consumption and quality of pharmaceutical care.
- Coordinate donors' assistance.
- Organize the routine collection of overseas treatment and coordinate it with the three main host countries (Greece, Italy and Turkey)

1. Introduction

The dissolution of the communist model in Albania meant the collapse of its institutions. New systems had to be developed and the new health care system faced a very difficult situation: a population with urgent health needs on one hand and a severe budget constraint as a result of a shaky economy on the other hand.

The Ministry of Health proposed a new health care policy in June, 1993 identifying two general objectives. “First, prevent further deterioration of basic services; and second transforming the health care system into a financially sustainable system”¹.

Several policy goals were written supported by specific aims and a reform policy was proposed. New laws and legislations had to be issued to support the new health care reforms.

Many reforms were implemented successfully “however many were implemented only partially or not at all”². This is due to political and economical factors. According to *the Health Care Systems in Transition – Vol. 4 No 6 2002*, the lack of implementation is also due to considering the health sector as a low priority on the government agenda and it was only recently put higher.

There are many issues that make improving the health sector an important high priority:

- The most important issue is the high infant mortality rate. The infant mortality rate in 1990 was 41.5 per 1000 live births and was reduced to 16.8 per 1000 live births in 2003. “In the northeastern districts of Albania, such as Diber, Kukes, Tropoje, and the Puke the mortality rate is twice as high as the national average”³. This rate is considered very high to the European levels. The aim of the health sector is to reduce this mortality rate to 10 per 1000 live births by 2015. “*Skzhes NSSSED*”⁴ also mentions the malnutrition of children under the age of 5 and iodine deficiency of children under the age of 6 however numbers and rates are not supplied.
- Another problem that the Ministry of Health faces is the use of narcotics and addictions among the young people. The “*Young Voices*” opinion survey carried out in 2001 conducted with 400 young people shows that 12% of them used narcotic substances and 3% have grown addicted.
- Disabled persons who are born as such or affected by the disability before the age of 21 years form another challenge to the health sector. “In 2003 their number increased to 46,000 and the largest part of them live in the countryside having no access to special services”³.
- The elderly is another issue for the health sector to consider. “*Skzhes NSSSED*” describes them as a vulnerable group with low income and insufficient access to basic health services.
- “Financing by the public budget is still very low despite annual increases. Last estimate shows that 2.9% of GDP is allocated to the health sector which is lower not only to developed countries but also to developing countries”³. This is a big issue for the health sector to look at and solve.

All the above mentioned issues and much more require the health sector care and solving them takes time and needs continuous emphasis from the health sector reform.

¹ Albanian MOH, a new Policy in the health care sector in Albania. Tirana 1993

² Health Care systems in transition, Vol. 4 No. 6 2002

³ Progress Report 2003 on implementation of the National Strategy for socio-economic development (skzhes NSSSED)

⁴ Strategjia Kombetare E Zhvillimit Ekonomik Dhe Social - April 2004

2. National Health Accounts as a Policy Tool

Albania health sector is in the process of undergoing significant changes. The Key reform approach introduced is public sector development and improving the efficiency and effectiveness. The Ministry of Health is coordinating and managing Health Sector Reforms with significant support from its key development partners such as the World bank, World Health Organization, USAID, SIDA, JICA, Italian Cooperation, European Commission Humanitarian Office (ECHO) and other donors, to implement government reforms and also to address key health sector systemic and operational issues.

The NHA 2003 study represents a fundamental tool to assist policy analysts and decision-makers to trace the source and amount of resources spent, by whom, for what, and who received the payments. National Health Accounts are designed to give such a comprehensive description of resource flows in a health care system, showing where resources come from, and how they are used. Tracing this flow of funds is crucial both to understanding how the current system is functioning, informed decision-making regarding appropriate policies for change, monitoring the effects of economic and behavioral incentives, and evaluating the extent to which desired goals are being achieved. Although previous health care expenditure studies have been carried out in Albania, none have used the integrated framework of National Health Accounts and the NHA Producers' guide to organize and compile data.

Key health sector values and approaches that guide health policy reforms improving the efficiency and effectiveness of the health sector are:

- Improvement of the planning process based on detailed analyses of problems in each district and institution.
- Improvement of resource allocation and monitoring of their use at the central and local levels as well as corruption;
- Improvement of monitoring and financial control by experimenting with different forms of public involvement and evaluation of health services;
- Improvement of public health financing methods. Apart from increases in the size of the resources, it is also very important to allocate these resources effectively and use them efficiently.
- Improvement of the regulatory system.

To undertake the above policy reforms, comprehensive, and reliable macro health system information is required about the composition of the health system, which the key actors are in the system, their relationship with each other and the key financing sources, agents and utilization of national health funds in Albania.

National Health Accounts are designed to give a comprehensive description of resource flows in a health care system, showing where resources come from, and how they are used. The first NHA Report has been carried out by Barents Group of KPMG Consulting using data for 1999. Before Barents, limited information has been provided regarding sources and uses of Health. This NHA Exercise started in July 2004. Six months much has been accomplished and the Albania Health Recovery and Development Project have produced the second round of National Health Accounts for the financial year 2003 in December 2004. It provides the information base needed to guide health policy based on the new *Producers guide launched in the International Health Economic Association in San Francisco- June 2003*. The NHA shows that total health spending is 43.8 billions Leks (USD 360 million) which comprises 5.9% of the GDP. This level of spending is more than would be expected and given by Barents Group in 1999. Barents Group estimated the total spending on health of 2.9 percent of officially estimated GDP. It should be noted that NHA considered many claims on patients' purses which are less formal but equally compelling. These include nurses who do not provide shots or medication absent an "under-the-table" gratuity; hospital porters who do not provide needed assistance without a tip; and MOH-employed physicians unwilling to provide their services without additional, unsanctioned "envelope" payments by patients. This suggests that the key problem is not the lack of the resources, but how those resources are used. The key challenge of the next few years will be to convert the findings from the NHA findings into a broader framework for health financing reform.

As a macroeconomic policy device, NHA can assist the Government of Albania in obtaining “the big picture” of the size, structure, and relative efficiency of the health care sector. It allows the government to:

- 1- Estimate the proportion of GDP spent of health care;
- 2- Identify areas within the health system that may be operating less or more efficiently than others;
- 3- Assess the alignment of the health care system with national health policies, and
- 4- Assist in evaluating the impact of national and health sector policies over a period of time.

Up until now, information on health resource sources, expenditure and the distribution of expenditure in Albania nationally has been limited to the public health sector. Health expenditure information previously reported thus reflected mainly some guesstimates and government’s expenditure on health. This NHA round includes as much as it was possible, health resource information from all main sources and distribution of utilization for Albania nationally inclusive of the formal private health sector, NGO’s and all players in the health sector as noted in the Methodology and Source of Information Section.

3. National Expenditures on Health

Government expenditure on health as a proportion of its total national expenditure remains within the range of 5 to 7% over the past few years (5.33% in 1998, 7.73% in 2003). Whilst there has been an average of 2% increase in health expenditure as a proportion of overall national expenditure. The greatest period of growth in health expenditure as a proportion of total government expenditure occurred in FY 2003.

Consequently, Government Health Expenditures as a share of Government Expenditures have remained relatively stable at the level of 5 to 7%. The Ministry of Health Government Budget has increased continuously during 1998 and 2003, but the rate of increase has been different to that of Government Budgets. The highest increase in Health Budget was in the year 1999; it is no coincidence that the Government faced enormous changes during the Kosovo crisis. Many refugees arrived undernourished and ill. More than 4000 refugees were admitted to hospitals where more than 50% children under the age of 5. Extraordinary efforts by the Albania Government and aids from international donors helped the health system to cope well with the Kosovo refugees.

These trends relate to the total level of health expenditures in Albania. Since the population of the Albania is also increasing over time, the level of Ministry of health spending per person has increased at a higher rate than Total government spending. Overall, real Ministry of Health spending increased at an annual rate of 16% during 1998 to 2003, compared with an increase in real Government budget of 8% (Table 2).

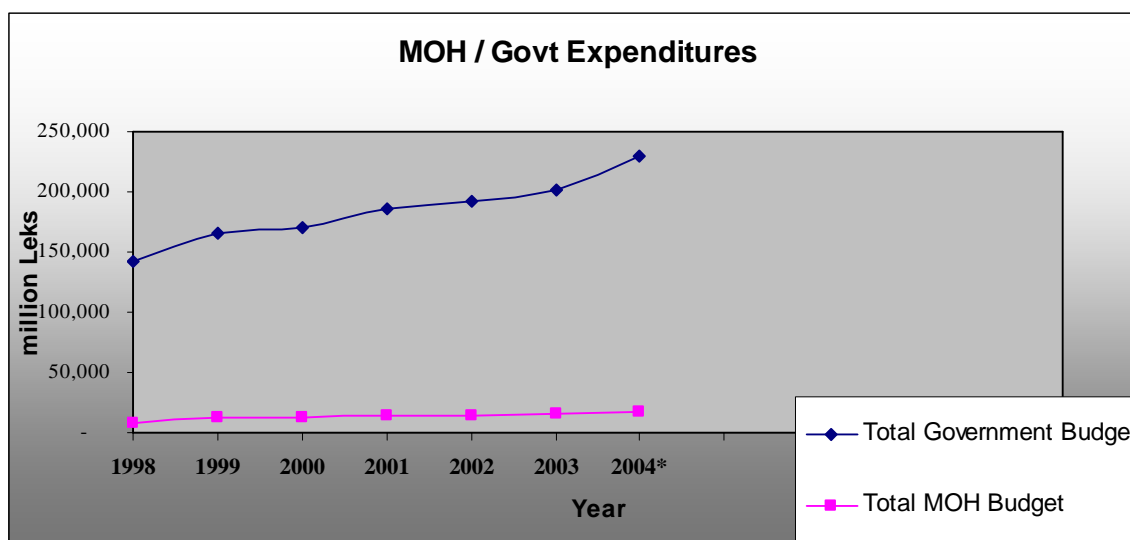
The highest increases in Government budget over the past 8 years occurred in 1999 (24 million Lek) with a 17% increase in expenditure from 1998 expenditure. It is no coincidence that this was the year in which government introduced the national reform.

TABLE 1 GOVERNMENT HEALTH EXPENDITURES AS PER CENT OF TOTAL GOVERNMENT EXPENDITURE

in Million leks	1998	1999	2000	2001	2002	2003	2004*
Total Government Budget	141,628	165,693	170,621	186,052	192,518	201,152	229,435
Total MOH Budget	7,739	11,863	12,120	13,440	14,117	15,544	17,956
Health / Government	5.46%	7.16%	7.10%	7.22%	7.33%	7.73%	7.83%

Source: Ministry of Finance

FIGURE 1. HEALTH EXPENDITURE AND GOVERNMENT EXPENDITURE 1998-2004



Source: Ministry of Finance

TABLE 2 INCREASES IN GOVERNMENT HEALTH EXPENDITURES & TOTAL GOVERNMENT EXPENDITURE

Fin. year	Government Expenditures (In million Lek)		Government health expenditures (in Million Lek)		Health as a proportion of Government Exp
	Gvt Exp	Annual increase (%)	Health Expenditure	Annual increase (%)	
1998	141,628		7,739		5.46%
1999	165,693	16.99%	11,863	53.29%	7.16%
2000	170,621	2.97%	12,120	2.17%	7.10%
2001	186,052	9.04%	13,440	10.89%	7.22%
2002	192,518	3.48%	14,117	5.04%	7.33%
2003	201,152	4.48%	15,544	7.11%	7.73%
2004	229,435	14.06%	17,956	18.75%	7.83%

Annual rate of increase

8.5%

16.2%

As Tables 1 and 2 illustrate, health expenditures during years 1998 to 2003 have increased faster than the rate of Government Expenditures growth.

4. Socio-economic background

Albania remains a poor nation compared to all of Central Europe and also to the former Soviet Union. The

results of the 1998 Institute of Statistics (INSTAT) information (Albania in Figures) indicate the country's population was 3.1 millions and the projected population for Albania for 2009 is 4.1 million. Assumptions built into this projection over the ten-year period include a slow reduction in birth and death rates with a small shift upward in the overall population age. Population growth is anticipated to be slightly negative (-. 3%) in rural areas because of the significant levels of migration into urban areas. Population growth is around 1 percent; in urban areas it is anticipated to be 3.8% and as a result of the migration, urban populations are anticipated to increase by 10% over the ten-year period resulting in 55% of the population being urban by 2009 (Reference 1998 INSTAT information: Albania in Figures)

It is assumed that the majority of the large Kosovo refugee population will return to Kosovo and they are therefore not considered in establishing future populations over the ten-year period. Population is estimated with a land of 28748 Km2 and over 45% of the population living in the urban area.

Albania is divided into 36 Health districts with a population of 3,135,000: The most populated Districts are Tirana with 555,565 (18% of the population), Elbasan 226,670, Durres 209,989, Fier 201,397, Shkoder 184,989 and Vlore 148,821.

5. Demographic & Health Status

Health and Demographic Status

Albania has made a promising start in the reform of its health sector since 1990 but a great deal remains to be accomplished. Most of the documents produced so far since 1998, present a great deal of information and analysis regarding the health infrastructure and human resources, the demographics, health status and unmet needs of the Albanian people.

The Albanian health reforms should be fashioned on the principles of improved equity, efficiency, effectiveness and sustainability of the health care system based on improved integration of the public health sectors that provides improved quality and affordable services responsive to consumer needs.

The health reform restructuring has been supported by many international donors include the World Bank, WHO, USAID, Italian Cooperation, Greece Government, Swedish International Development Agency, Austrian Government, the European Union, Canadian International Development Agency, JICA and others.

The last population census was carried out in 1998 by the Institute of Statistics (INSTAT). Recently no major population surveys have been carried out. There is an urgent need of conducting a new household expenses and Utilization surveys for Albania. The 1998 Institute of Statistics (INSTAT) estimates the current population to 3.1 millions (51% female and 49% male). Of the total population, 1.8% is under the age of one years old, Thirty three percent is under the age of 15 and 6% over age 60. Population has been growing at an average of one percent per year. The projected life expectancy at birth for females is 75 and 69 for males. There is discrepancy between the national figures: Skzhes NSSD shows that Births per 1000 population has decreased from 23 in 1999 to 21 in 2003. INSTAT declare a rate of birth of 15.13 per 1000 population in 2003. Infant mortality rates, as per Skzhes NSSD, has decreased from around 41.5 per 1000 live births in 1990 to 23 in 1999 and 16.8 in 2003. Again IMR figures as per INSTAT is 12.2 in 1999 and 8.4 per 1000 live births in 2003.

TABLE 3. POPULATION AGE GROUP AS PER INSTAT

Population by Age

Group		
<1 year	1.8%	56,430
1-4 year	10.5%	329,175
5-14 year	22%	689,700
15-44 year	44%	1,379,400
45-64 year	15.7%	492,195
65+ year	6%	188,100

3,135,000

Ave Age	28.6 years old
---------	----------------

TABLE 4. MORTALITY RATE

Mortality Rate	Total	Female	Male	Urban	Rural	Hospital	Home
	5.5 / 1000 inhabitants	40%	60%	46%	54%	22%	78%

Source: INSTAT

Health Profile

With changing disease patterns and like most of other third world countries, more Albanians are now suffering from non-communicable lifestyle related diseases such as hypertension, diabetes and cancer.

The National Health Accounts report present new challenges to the further improvement of health status for the Albanian population. A total Mortality of 492 deaths were reported during the year 2003. The most leading causes of mortality are the circulatory system (45%), Neoplasma (14%) and poisoning and external injuries (12). Non communicable diseases, especially diabetes and disease of the circulatory system are recognized as the major health problem and account for the majority of deaths as well as the largest financial burden to the health system.

The five leading causes of mortality in 2002 were:

TABLE 5. CAUSE OF DEATH

Cause of Death

	No of Death	% of Total
Circulatory System Diseases	222	45%
Neoplasma	73	14%
Posoning & External Injury	58	12%
Respiratory System	39	8%
Undefined causes	42	9%
Others	58	12%
Total	492	100%

Source: MOH

Family Planning & RH indicators

Maternal mortality	20 per 100 000 live births
Abortion rate	419 per 1000 births
Infant mortality	21 per 1000 births
Fertility Indicator	2.1 child per mother
No of pregnancies	71,081
No of abortions	21,004
No of births	50,077
Birth Rate	16.3 / 1000 pop
Rate: pregnancy /abortion	3.4 / 1

The five leading cause of morbidity during the year 2003.

TABLE 6. LEADING CAUSE OF MORBIDITY

	Ave Density / 1000 inhabitants
Respiratory system	11,7
Gastro intestinal system	10,69
Infectious	4,9
Genitourinary	4,8
Circulatory system	4,2

Infectious diseases

	Number
Gastro – enteritis	46,921
Tokso –infections	1,365
Shigelozat	669
Salmonella	373
Typhoid	15
T. Brucelosis	506
Hepatitis	2,439
HIV/AIDS (serio positive)	72

Vaccinated coverage

	%
BCG	83
Diphtheria	97
Tetanus	97
Pertus	97
Measles	91
Hepatitis B	93
Polio	97

6. Health Sector

Toward Reform:

The Albanian health system is in the process of undergoing significant changes. Many aspects of health care policy in Albania continued to follow the Soviet Semashko model. Sanitary Health centers were set up in each of the 36 districts. In the sixties an extensive primary health care system was developed, providing every village a midwife responsible for antenatal care and immunizations. However in the nineties and with the collapse of the communist regime, government services have suffered several problems, the emphasis switched to hospital care. The quality of services was poor and there was little continuing medical education and hospitals were overstaffed by keeping salaries low. The health system of Albania faced enormous changes during the Kosovo crisis. Many refugees arrived undernourished and ill. During 1999, more than 4000 refugees were admitted to hospitals where more than 50% children under the age of 5. Hospitals' fields were set up by relief organizations. The result was a shift in the utilization of hospitals services within the country. Extraordinary efforts by the Albania Government and aids from international donors helped the health system to cope well with the Kosovo refugees. The Kosovo crisis brought many new health Donors reaching an amount of US \$200 million helping improving the health system in Albania.

Toward the end of the nineties, the Ministry of Health continue to place priority in the development of its various cadres of health personnel, through in service, local training, overseas attachments and formal programs funded by donors grants and Loans. As a reform, the Government has developed an outline for a public sector reform program. Health has been recognized as a core function of the Government in this reform program. As one of the most important sectors for human development, the health sector is defined as one of the priorities of the Government of Albania for the year 2004-2007. In relation to increasing access to health services and improving quality of services, it is intended to cover the entire country with health centers and half of the national territory with ambulatory services. For this purpose, 190 health centers were constructed and

reconstructed during 2003. The hospital law, which will be the base for establishing regional hospitals was completed. Attempts were made to rebalance the geographic distribution of staff.

The MOH long term Strategy for the development of the Albanian Health system, aims at directing the MOH toward function of compiling policies, strategies, and national plans for health care development, by shifting gradually from its traditional role as “Health Directorate” thus as direct management of health services. Decentralization was the choice of the Government which comprise of delegating the authority from the central level to a lower level closely linked with the managerial capacities of the regional and local bodies. This is aimed at creating autonomous, contracted and HII financed health services. The establishment and functioning of Regional Health Authorities (RHA) has started in pilot projects in order to have services delivered in geographic areas according to the needs of the population

Albania Health Care System

The Government of Albania is the major provider of health care services in the country through a network of 51 general and districts hospitals, 564 health centers and 1582 MCH clinics called Health Posts. The public sector service, in terms of its distribution of skills, is reasonably balanced except for the number of specialists. The number of beds available (10,197) for a population of 3 million is high for a country like Albania. Overall there is a fairly low utilisation of hospital beds (54%) and there appears to be a generally adequate hospital capacity to meet expected needs for the growing population in the short to medium term. The change in philosophy around health care delivery to a Family physician based health service would suggest that there will be specialist over-staffing in the short to medium term. Hospital bed occupancy rates are low and declining in the rural areas and at districts’ level. Local Government own PHC facilities in the rural areas. In Urban areas, Health facilities are owned by the MOH.

At the primary care level, the Ministry of Health operates 564 Health Care Centers and policlinics, each staffed by up to 3 PHC doctors and 1582 Health Posts, each staffed by a nurse or midwife, and providing:

- maternity care and child care.
- Delivery of health education services
- Provide antenatal services
- Conduct home visits and cases follow up
- Provide school visits
- Deliver immunization Programs
- Conduct country inspection and sanitation services

At the secondary care level, the MOH operates 51 Public Hospitals mainly in urban area with a total of 10197 beds, or 3.2 beds per 1000 population.

Tertiary Care level operated by the MOH consists of:

- Tirana University Hospital (Mother Tereza) with 1600 beds
- Tirana Obstetric & Gynecology Hospital
- Lung Disease Hospital.

Utilization of ambulatory services is declining at health centers while they are increasing at Hospital mainly due to increased access of the population in urban area. Utilization of MCH centers remains high. Total number of outpatient visits is 5,596,680 visits per year with an average of 1.6 visits per capita.

The private sector is small and consists largely of dentistry and pharmacy, with only a relatively small number of clinical specialists practicing in the urban areas.

The health workforce numbers 28,624 staff, of which 90% (25,670) work in the public sector. The number of staff as a whole employed in the health service is high and compares with Western European countries in its ratio to the population.

The formal public Health care sector employed 25670. There were 4494 Medical Doctors or 1.3 doctors per 1000 population, 3.9 Nurses per 1000 population, 0.34 Dentists and 0.28 pharmacists. And the remaining is mainly for Administrative/ Supportive Services and Hospital Support Personnel.

TABLE 7. HEALTH SERVICES INDICATOR

Hospital Indicators	
Number of hospitals	51
Number of Hosp beds	10,137
Number of Hosp cases	260,770
Number of days	2,034,006
Average LOS	7.8
Bed occupancy	50%

Health Services Indicators	
Number of Physicians	4,176
Number of clinic of Dentists	700
Number of Pharmacists	1,150
Number of Pharmacies	1,075
Number of Nurses	11,526
Hospital beds	10,137
Number of PHC units	2,001
Number of health centers	611
Number of ambulances	1,579
Number of polyclinics	60
child consultations	1,752
Contacts per person in primary health care	1,65

Source: MOH and INSTAT

	Pharmacy	Dentistry			Medical clinics	
		Clinics	Laboratories	Persons	Diagnostic	Laboratories
Total	1075	875	6	11	38	10

Source: MOH (License Sector)

Profile of Health Sub-Systems in Albania

TABLE 8. PROFILE OF HEALTH SUBSYSTEM IN ALBANIA

Benefits by Health Subsystems	Coverage/ Special Categories	Principal Financing Sources	Provider – Payer Relationship	Percentage of Population Covered or Eligible	Size of Operation
Describes types of services and benefits available.	Describes coverage and eligibility criteria, special programs for specific population groups	Describes main sources of financing	Describes relationship between financing and service delivery functions	No. of people covered or eligible by health system nation wide	As indicated by staff, beds, or number of facilities
The Government Sector					
Ministry of Health					
Provides comprehensive public health services; primary, preventive and curative care services through its facilities	All citizens and residents	<ul style="list-style-type: none"> ▪ Ministry of Finance (general tax revenues) ▪ Household Spending (out-of-pocket) ▪ Donors (through grants and loan for vertical programs) 	Primary and Secondary services treatment as well tertiary treatment provided by the MOH – financed through budget derived from general revenue (tax) and donations from donors	All Albanian citizens are eligible	<p>In rural areas, Local Government own PHC facilities. In Urban areas, Health facilities are owned by the MOH.</p> <p>Operates:</p> <p>Primary care: 564 Health Care Centers and policlinics, each staffed by up to 3 PHC doctors</p> <p>1582 Health Posts, each staffed by a nurse or midwife, and providing maternity care, child care and immunizations.</p> <p>Secondary care: 51 Public Hospitals mainly in urban area with a total of 10197 beds, or 3.2 beds per 1000 population.</p> <p>Tertiary care:</p> <ul style="list-style-type: none"> • Tirana University Hospital (Mother Tereza) with 1600 beds • Tirana Obstetric & Gynecology Hospital ▪ Lung Disease Hospital. <p>Staff: The public Health care sector employed 25670. There were 4494 Medical Doctors or 1.3 doctors per 1000 population, 3.9 Nurses per 1000 population, 0.34 Dentists, 0.28 pharmacists. And the remaining are mainly for Administrative/ Supportive Services and Hospital Support Personnel</p>
The Health Insurance Institute (HII)					
<p>HII is a separate autonomous body accountable to the parliament.</p> <p>HII aims to offer a broader range of health services, control administrative cost and ensure equity.</p> <p>It covers most of the unwaged, children, women work at home and the elderly.</p>	<p>The scheme is weak. It covers very limited services. Enrolment doesn't appear to confer advantage.</p> <p>Coverage:</p> <ul style="list-style-type: none"> • Unwaged population • Children. 	<p>Principally funded through a system of low premiums. Contribution rates are set according to income rather than health risks.</p> <ul style="list-style-type: none"> ▪ Premium set at 3.5% of wages, split equally between employers and employees. Self employed contribute between 3% to 7% of their income. ▪ Insurance contributions are collected by the district offices of the Social insurance institute. 	<p>Contracted providers include MOH, MOD and Private Providers.</p> <p>HII spent in average 70% of its budget on drugs, 22% on General practitioner salaries and 8% on administration.</p>	<p>Serve only small proportion of unwaged population and of the active workforce (70% of the population) about 40% was covered.</p>	<p>Contracted providers include MOH, MOD and Private Providers.</p>

	<ul style="list-style-type: none"> • Women work at home • Elderly • Mandatory for self employed 	<ul style="list-style-type: none"> ▪ MOF covers operating losses. 			
The Ministry of Defense					
Curative care including hospitalization, physician specialist, and ambulatory care, pharmaceuticals Covers all dental care, and ophthalmic care with copayments Subject to limit covers preadmission costs associated with treatment abroad Covers all expenses associated with open heart surgery, kidney transplant, and renal dialysis	Coverage: Those employed in the army and their dependents Those employed by the Internal security and police department Mandatory for others local citizens	<ul style="list-style-type: none"> • Ministry of Finance • Transfers from Ministry of Defense budget 	The MOD has its own facilities where employees are paid a salary.	Serve who's employed by the MOD.	The MOD has one Military tertiary care hospital specialized in Traumatology and containing the university orthopedic department.
Other Ministries					
Ministry of Public Order provides free health and medical care for police Ministry of Justice Ministry of Education and Science provides Research and medical education for the MOH	Main insurers must be a police. Insurer of Prisoners. Provide Health related functions mainly medical research and studies.	Ministry of Finance (general tax revenues)	Primary, secondary and Tertiary Treatments	Interior security forces and their families Prisoners	Use public providers include MOH and MOD and Private Providers.
Non Government Organizations					
Provides Health related programs mostly; some cases they provide primary health care medicine and first aid kids to urban and rural organizations related to raise public awareness and public health care	All citizens	Mainly from International Non-Government Organizations, Donors and donations from other countries.	Delivering of Primary Health Care related activities and first aid kids mainly through grants and donations from International Non-Government Organizations	Minimal number of the total population benefits from these programs	The NGO sector as a whole is regulated by the Ministry of Social Affairs.
Foreign Donors					
International aids paid to the government of Albania	Everyone are covered through these funded programs	Mainly from external governments and organizations	Providing funds for Primary Health Services Programs and Secondary Health Services. Much of those aids and vertical programs are in the form of non-economic assistance and not transferred to the social sectors.	Minimal number of the total population benefits from these programs	Difficulties in compiling information. Foreign donors believed to be insignificant. Bilateral and Multilateral donors: mainly WHO, World Bank, UNFPA, UNICEF, UNDP, Swedish Government and European Union
Private Sector					

Private Providers (Hospital, Dental and Pharmacies)					
These are pharmacies and one hospitals owned by individual and are operating in the private sector	All citizens are eligible to use services Costs of drugs is expensive as compared to the inpatient drugs provided free.	Mainly Household out-of-pocket spending	Dental care, medicine and drugs	All citizens (100%) have a choice to access these services offered provided they can afford to meet the costs	Operates: 60 private medical clinics, 43 located in Tirana 764 dispensing pharmacies 700 Dental centers.
Household (out-of-pocket)					
These are spending by people on health services provided by health providers for them	All citizens	Mainly from their disposable income	Pay for primary, secondary and tertiary care	All citizens	Number of visit per capita 1.6 # of Admission/capita 0.08

7. National Health Accounts Activity

Methodology

The NHA team adapted the NHA Producer's guide distributed in the International health Economics association meeting held in San Francisco- June 2003 to compile the 2003 Albania National Health Accounts.

As a definition, National Health Accounts (NHA) is an internationally accepted tool for summarizing, describing, and analyzing the financing of national health systems – essential to better use of health financing information to improve health system performance. To date, NHA has been conducted in more than 50 middle- and low-income countries (Reference NHA Producers guide 2003).

The Albania NHA team organizes and tabulates health-spending data in the form of three “matrices”. Each matrix is a two-dimensional table showing the flow of funds from one category of health care entity to another, that is, how much is spent by each health care actor and to where those funds are transferred. It identifies three information matrices that allow for three levels of analysis:

- Sources of health funds.
- Financing agents handling funds
- End users of health funds and functional classification of services delivered.

Following is a list of the key components of the three matrices:

i. Sources of health funds

- Ministry of Finance
- Private Sector (Employers funds and Households funds)
- Rest of the World (Donors Funds)

ii. Financing Agents

- Public Health Sector (Ministry of Health, Health Insurance Institute, Ministry of Defense, Ministry of Public Order, Custom, Justice Department and other Ministries providing health services.)
- Private Health Sector (Private Households out-of-pocket spending and Non Governmental Organization)
- Donors agencies
- Overseas Treatment (data limitation - excluded)

iii. Providers of health funds

- General Public Hospitals
- Durres Hospital
- University Hospital
- Military Hospital
- Public Health centers and Health Posts
- Private Polyclinics and Physicians
- Public and Private Dentists
- Traditional healers
- Public and Private Pharmacies
- Other providers

iv. Health services and functions

- Inpatient curative services
- Primary and outpatient services
- Dental
- Medical goods

- Public Health and Collective Health services
- Health services administration
- Other health related services (mainly Capital Formation and Education and Training)

Health Care Financing in Albania

Albania is one of the poorest countries in Europe. However, the Albanian population enjoys a reasonable long life expectancy, which seems paradoxical when one takes into consideration the country's low incomes, very limited health services and frequent outbreaks of infectious diseases.

The Albanian Household is the major financer of health sector 60% of total health expenditures (THE) with the Government of Albania share providing approximately 34%. This National Health Accounts 2003 estimate that overall, Albania spent 43.8 billion Lek (USD 360 million) on the health sector and per capita expenditures of 13,983 Lek (USD 114.7). The total expenditure on health is 5.9 percent of the GDP and is significantly higher than previous estimates that had placed health care expenditures at 2.9% of GDP (Barents Group study, 1999). This level of expenditure is more in line with middle income countries and is lower than the average for European neighbor's countries. The proportion of government budget allocated to health sector is a little over 7.5 percent. Public sources account for 34 percent, private sources for 62 percent of health care financing and international donors for the remaining 4 percent. The largest source of financing comes from households which represents almost 60 percent of total expenditures. In terms of expenditures, private pharmacies are the major provider of health services.

In term of administration of health funds, other than the household, the Ministry of Health and Health Insurance Institute are the main agents handling the health funds. Ministry of Health resource allocation is skewed mainly towards primary and outpatient care at the health Centers and Health Posts to cover the entire country. Although the government has not yet adopted a clear health policy that provides a comprehensive health sector strategy, but introduced a social health insurance in 1995 managed by the Health Insurance Institute (HII). The scheme allows patients to obtain one free consultation with a general Practitioner or Family Doctor in order to treat illness episode and to free consultations for care received at facilities where the patient is referred, in addition of subsidies of more than 330 drugs if prescribed by a GP. In order to receive benefits, individual must present a health license that documents their membership.

In terms of Provider, public sector is the main provider of health services but most of the health expenditures are spent at the level of private Chemists. Albania's Ministry of Health accounts for nearly all health care delivery with primary health centers (PHC) being the centerpiece of the government's strategy for primary health care. Private sector consists largely of a network of 764 Dispensing Chemists, 700 Dental centers and 60 private medical clinics mostly practicing in the capital city of Tirana. There is no Private hospital and Albanians rely mostly on public Hospitals and on health centers and Health Posts distributed in the rural area.

A breakdown of total health expenditures by function indicates, almost 19% is spent on Inpatient curative services, 13% on Primary and outpatient services, 6% on ambulatories, as high as 47% on medical goods and pharmaceutical, 2% on collective services, 2% on health administration, 4% on patient transportation, 3% on Health Related Function and 4% on informal payment or gifts to Providers. This pattern of expenditures is reflective of the fact that Albania relies largely upon the public sector for the provision of all services and a large private drugs industry. Expenditure on drugs in Albania accounted for approximately 47% of the Total Health Expenditure and more than 2.8% of the GDP in 2003. Drug purchases accounted for 45 percent of total health spending with the majority of it being out-of-pocket expenditures by households.

Data Limitations

As with all new initiatives to establish baseline information on a national scale, there are inherent limitations in the completeness and validity of data with this second NHA report. Most significant is the lack of information from some government agencies on their spending on health related activities mainly due to difficulties in deciphering from their budgets actual spending on health related activities.

Other key information missing was health expenditure on overseas treatment in the main three host countries, Turkey, Greece and Italy. Effective analysis of overseas treatment performance requires the existence of accurate cost and output data. However, these are the missing ingredients due to lack of information systems or sources of data.

Gifts and Informal payments are also a major key information missing. We used the The Living Standard Measurement Survey (LSMS) to extrapolate the data missing. Therefore we used special methodology for estimating detailed out-of-pocket expenditure, which contributed to the finalization of the NHA report. Like most surveys, LSMS does not contain information that allows us to separate household expenditures into the amounts spent on mandated payments vs. the amounts spent informally. In order to better estimate the size of the Informal payments we analyzed the LSMS Data. The LSMS Health data was useful in estimating actual global informal payments by the household. In addition to the analysis of the data provided by LSMS we also examined other studies mainly the Out-Of-Pocket payments and utilization of health care services in Albania – PHRplus (August 2004), the Progress Report 2003 on implementation of the national strategy for socio-economic development (April 2004), Health care system in transition (Vol 4 No. 6 2002) and other recent studies. However, it is clear that Informal payments by household are a major area of the Government of Albania that needs to be better abolished, controlled and regulated.

Main Findings

The main findings inferred from the three NHA matrices, Table 10, 11 and 12, are summarized below:

TABLE 9: SUMMARY NHA STATISTICS (2003)

Population	3,135,000	
Total Health Expenditures	Lek 43,836,808,500	USD 359,612,867
Total Government Budget	Lek 201,152,000,000	USD 1,650,139,459
GDP Estimates for Albania	Lek 744,974,000,000	USD 6,111,353,568
GDP Per Capita		
US \$	\$1,949	
Lek	237,631	
Gov Exp Per Capita		
US \$	\$526	
Lek	64,163	
Percent GDP Spent on Health		5.9%
Per Capita Expenditures on Health		
US \$	\$114.71	
Lek	13,983	
MOH Expenditures	Lek 15,121,000,000	USD 124,044,299
MOH as Percent Government Budget		7.52%

Sources of Funds:

Public:	34%
Private: Households	60%
Employers Funds	2%
Donors:	4%

Share of Total Health Care Expenditures by Financing Agents:

Public Financing Agents	37.5%
Private Sector	59.0%
Rest of the World	3.5%

Distribution of Total Health Care Expenditures by Providers

General Public Hospitals	13%
University Hospital	6%
Clinics & Physicians	7%
Health Posts	5%
Private Dentists	2%
Diagnostic Laboratories	4%
Public Pharmacies	2%
Private Pharmacies	45%
Administration of Health	2%
Institution Providing HRF	5%
Patient Transport	4%
Others	5%

Uses of Health Funds

Inpatient Curative Services	19%
Primary & Outpatient Services	13%
Dental Services	2%
Clinical Lab	4%
Drugs and Pharmaceuticals	47%
Public Health Programs	2%
Administration of Health	2%
Capital Formation	2%
Education & Training	2%
Transportation Cost per patients	4%
Gifts & Informal Payments by patients	4%
Other	1%

TABLE 10: SOURCES OF FUNDS TO FINANCING AGENTS, LEK, 2003

Albania National Health Accounts 2003 Sources to Financing Agents 2003						
Amount in Leke		FS.1 Public Funds	FS.2 Private Funds		FS.3 Rest of the World	TOTAL
		Min of Finance (FS.1.1)	Private Employer Funds (FS.2.1)	Household funds (FS.2.2)	Donors Funds	
HF.1	Public Sector - Government of Albania					
HF.1.1	Central Government					
HF.1.1.1	Ministry of Health	10,670,049,000		55,500,000		10,725,549,000
HF.1.1.2	Ministry of Defense (hosp in Tirana + drugs reg ce	432,669,000			87,233,000	519,902,000
HF.1.1.3	Local Government	467,239,000				467,239,000
HF.1.1.4	Ministry of Public Order	21,700,000				21,700,000
HF.1.1.5	Custom Department	7,026,500				7,026,500
HF.1.1.6	Justice Department	38,500,000				38,500,000
HF.1.2	Health Insurance Institute	3,650,000,000	698,394,000	300,000,000		4,648,394,000
HF.2	Private Sector					
HF.2.1	Private Employer					-
HF.2.3	Private Households' out of pocket			25,858,498,000		25,858,498,000
HF.2.4	Non-Governmental Organization NGO				50,000,000	50,000,000
HF.3	Rest of the World					
HF.3.1	Donors				1,500,000,000	1,500,000,000
TOTAL		15,287,183,500	698,394,000	26,213,998,000	1,637,233,000	43,836,808,500

TABLE 11: FINANCING AGENTS TO PROVIDERS, LEK, 2003

Albania National Health Accounts 2003 Financing Agents to Providers												
		Government of Albania								Rest of the World		Total
		MOH	MOD	Local GVT	Min of Public Order	Custom	Other Ministries	Health Ins. Institute	HH	NGO's	Donors	
HP1	Hospitals											
HP1.1	MOH Gle & Spec Hospitals	4,211,194,385					2,300,000	387,296,000	238,262,311			4,839,052,696
HP1.2	Durres Hospital	146,140,000						301,000,000	21,846,243			468,986,243
HP1.3	University Hospitals	2,362,944,000							106,411,754			2,469,355,754
HP1.4	Military Hospital		322,509,000						15,757,056			338,266,056
HP1.5	Private Hospitals											-
HP1.9	Overseas Treatment Providers											-
Total Hospitals		6,720,278,385	322,509,000	-	-	-	2,300,000	688,296,000	382,277,363	-	-	8,115,660,748
HP2	Nursing & long term facilities											
HP3	Providers of Ambulatory Care											
HP3.1	Policlinics & Physicians	1,063,709,390							1,915,143,872			2,978,853,262
HP3.2	Health Posts	1,196,258,484						992,423,000				2,188,681,484
HP3.3	Offices of Dentists	279,098,940							544,000,000			823,098,940
HP3.4	Public Health & Outpatient Care	398,028,186										398,028,186
HP3.4.1	Public Health & FP Centers	398,028,186										398,028,186
HP3.4.2	Outpatient Mental Health centers											-
HP3.4.3	Dialysis care centers											-
HP3.4.4	All other outpatient multi speciality											-
HP3.5	Medical and Diagnostic Laboratories								1,780,853,496			1,780,853,496
Total Providers of Ambulatory Care		2,937,095,000	-	-	-	-	-	992,423,000	4,239,997,368	-	-	8,169,515,368
HP4	Retail sale and other providers of medical goods											
HP4.1	Public Pharmacies	708,819,429	90,000,000		3,100,000	3,508,100	12,200,000					817,627,529
HP4.2	Dispensing Chemists							2,248,710,000	17,644,824,914			19,893,534,914
Total Providers of Medical Goods		708,819,429	90,000,000	-	3,100,000	3,508,100	12,200,000	2,248,710,000	17,644,824,914	-	-	20,711,162,443
HP5	Provision & Administration of Public Health Programs											
HP5.1	Health Programs									50,000,000	225,000,000	275,000,000
HP5.2	Health Inspection Units											-
HP5.3	Vaccine	12,502,186										12,502,186
Total Provision & administration of Pu		12,502,186	-	-	-	-	-	-	-	50,000,000	225,000,000	287,502,186
HP6	Administration of Health											
HP6.1	General health administration and insurance	224,294,000	33,993,000	73,480,000	18,600,000		24,000,000	314,772,000				689,139,000
Total Administration of Health		224,294,000	33,993,000	73,480,000	18,600,000	-	24,000,000	314,772,000	-	-	-	689,139,000
HP8	Institutions providing health related services											
HP8.1	Institutions providing health related services (investments & other HRrelated)	122,560,000	73,400,000	393,759,000		3,518,400		121,332,000			1,275,000,000	1,989,569,400
Total Inst. Providing HRS		122,560,000	73,400,000	393,759,000	-	3,518,400	-	121,332,000	-	-	1,275,000,000	1,989,569,400
HPsk	Provider nsk (Gifts, Informal Payment)								1,764,840,367			1,764,840,367
	Annual surplus/deficit of HII							282,861,000				282,861,000
	Provider nsk (Patient Transport)							1,826,557,988				1,826,557,988
Total		10,725,549,000	519,902,000	467,239,000	21,700,000	7,026,500	38,500,000	4,648,394,000	25,858,498,000	50,000,000	1,500,000,000	43,836,808,500

TABLE 12: FINANCING AGENTS TO FUNCTIONS, LEK, 2003

Albania National Health Accounts 2003												
Financing Agents to functions												
Government of Albania												Rest of
	MOH	MOD	Local GVT	Min of Public Order	Custom	Other Ministries	Health Ins. Institute	HH	NGO's	Donors	Total	
HC1	Services of Curative Care											
HC1.1	6,720,278,385	322,509,000				2,300,000	688,296,000	382,277,363			8,115,660,748	
HC1.2											-	
HC1.3											-	
HC1.3.1	2,272,470,060		360,052,000				992,423,000	1,915,143,872			5,540,088,932	
HC1.3.2	279,098,940							544,000,000			823,098,940	
HC1.3.3											-	
HC2	Services of Rehabilitation Care											-
HC3	Services of Long-term Nursing Care											-
HC4	Ancillary Services to Med Care											-
HC4.1								1,780,853,496			1,780,853,496	
HC4.2									1,826,557,988		1,826,557,988	
HC4.3											-	
	Total Personal Health Services											18,086,260,104
HC5	Medical Goods											-
HC5.1	708,819,429	90,000,000		3,100,000	3,508,100	12,200,000	2,248,710,000	17,644,824,914			20,711,162,443	
HC5.2											-	
HC5.3											-	
	Total Medical Goods											20,711,162,443
HC6	Prevention & Public Health Services											673,028,186
	Total Collective Health Services											673,028,186
HC7	Health Administration											689,139,000
	Administration											689,139,000
	Total Health Services Administration											689,139,000
HC.n.s.	HC Exp not specified by any kind											1,764,840,367
	Gifts Informal Payment by patient											1,764,840,367
	Annual surplus/deficit of IIII											282,861,000
	SubTotal											42,207,291,100
	Health Care Related Expenditures											969,517,400
HCR1	122,560,000	73,400,000	33,707,000		3,518,400		121,332,000			615,000,000	969,517,400	
HCR2										660,000,000	660,000,000	
HCR3											-	
HCR4											-	
HCR5											-	
HCR9											-	
	Total Health Care Related Services											1,629,517,400
	Total											43,836,808,500

Analysis of Sources and Uses of Funds

Expenditure

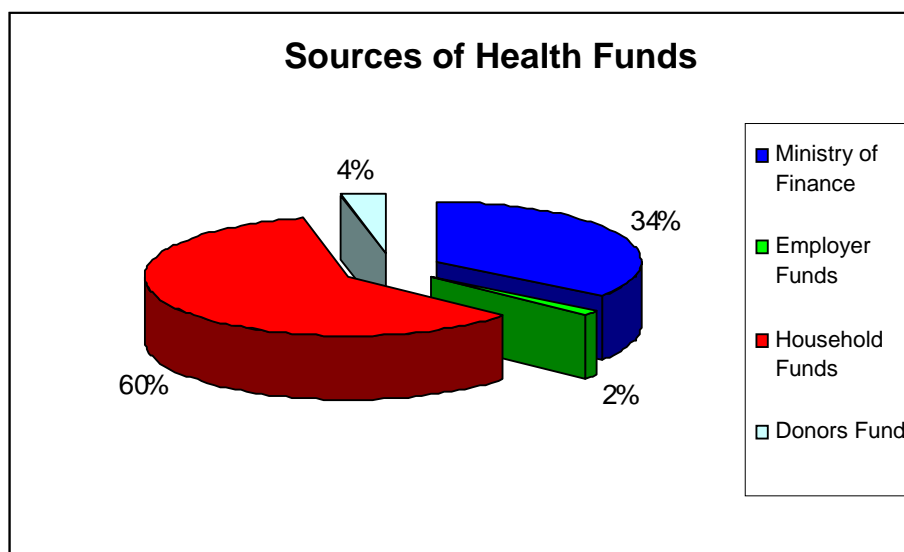
As indicated in Table 9 total expenditure on health in Albania in 2003 amounted to Lek 43.8 billion (USD 360 million). Per capita expenditure was Lek 13,983 (USD 114.7). Total expenditure on health is 5.9% of the GDP and is in the range of middle income country. The proportion of household share is as high as 3.5% of GDP and the government share is 2.1% and donors are 0.3%. Public sources account for 34% and private sources for 62% (out-of-pocket for private sector including Employers) of health care financing. International donors account for the remaining 4%. In terms of expenditure, pharmacies accounted for most of the THE. Private Dispensing Chemists accounts for more than 45% and public Pharmacies for 2% of the Total Health Expenditures.

Sources of Funds

There are three principal sources of finance for the health sector in Albania: the Government, the private sources, and the Rest of the World sources

Sources	Amount	Percent
<i>Ministry of Finance</i>	15,287,183,500	34%
<i>Employer Funds</i>	698,394,000	2%
<i>Household Funds</i>	26,213,998,000	60%
<i>Donors Funds</i>	1,637,233,000	4%
Total	43,836,808,500	100%

FIGURE 2. SOURCES OF HEALTH EXPENDITURES -2003



Financing Agents:

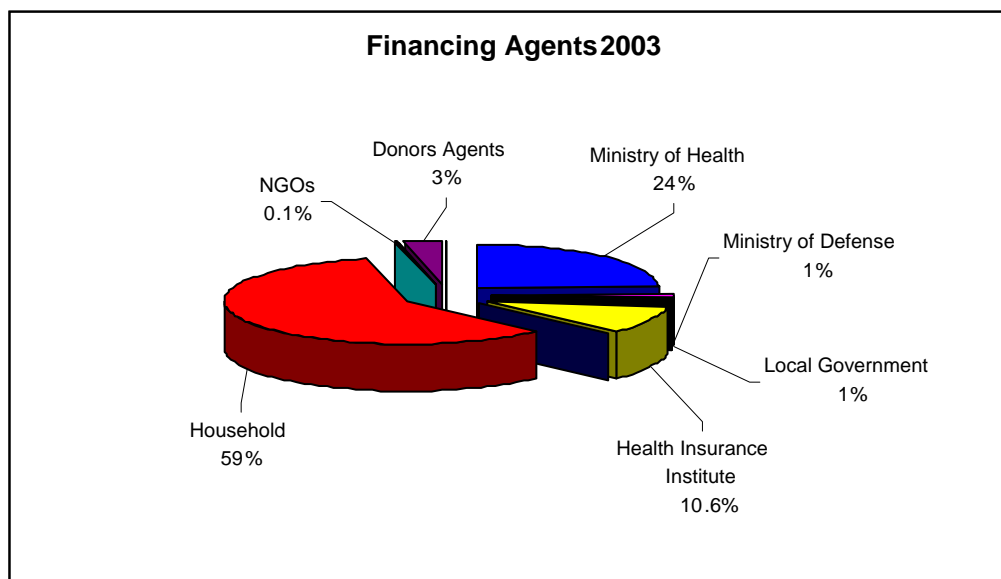
Financing Agents in Albania receive health funds from the three main sources. The involvement of Agents presents opportunities for financial risk sharing. Moreover, this middle layer will also be useful in regulating and managing providers through incentive schemes, controls and utilization reviews. Financing Agents have been divided into several categories, which are listed in the Profile of the Health system above.

TABLE 14- SHARES OF HEALTH CARE SERVICES AND EXPENDITURES BY FA, IN LEK, 2003

Financing Agents	Amount	Percent
<i>Ministry of Health</i>	10,725,549,000	24.5%
<i>Ministry of Defense</i>	519,902,000	1.2%
<i>Local Government</i>	467,239,000	1.1%
<i>Ministry of Public Order</i>	21,700,000	0.0%
<i>Custom Department</i>	7,026,500	0.0%
<i>Justice Department</i>	38,500,000	0.1%
<i>HII</i>	4,648,394,000	10.6%

Household	25,858,498,000	59.0%
NGOs	50,000,000	0.1%
Donors Agents	1,500,000,000	3.4%
Total	43,836,808,500	100%

FIGURE 3. ADMINISTRATION OF HEALTH EXPENDITURES -2003



Providers:

Private Pharmacies are the major recipients of national health funds. It receives most of the total health expenditures (THE) in Albania. Public Providers consists of MOH Hospitals, University Hospital, Primary Health Centers, and Health Posts. Private providers consist mainly of private GPs, Diagnostic Laboratories and large network of Pharmacies.

Expenditures by Provider

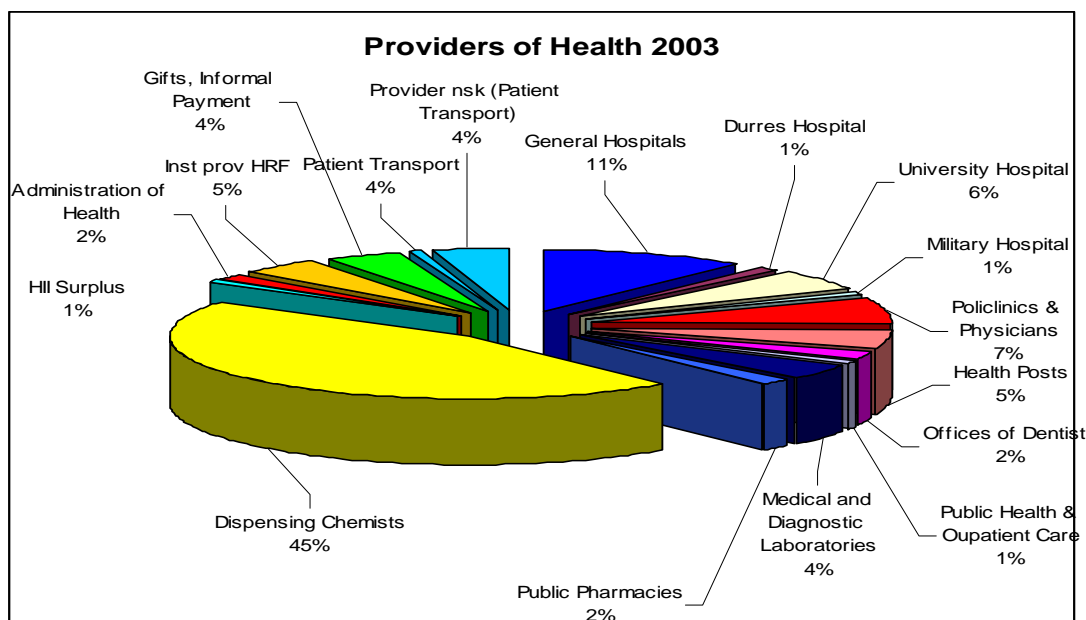
As shown in Table 15, private sector providers accounted for more than 50 percent of THE and consists mainly of a network of private Pharmacies (45%), Dental Clinics (2%) and Diagnostic Laboratories (4%), public sector providers for less than 50 percent, mainly General Hospitals, Policlinics and Health Posts managed by the MOH and one unique Hospital (Durrës Hospital) managed and financed by HII as follows:

TABLE 15. SHARE TOTAL HEALTH CARE EXPENDITURES BY TYPE OF FACILITY, IN LEK, 2003

Providers	Amount	Percent	Per Capita
General Hospitals	4,839,052,696	11%	1,544
Durrës Hospital	468,986,243	1%	150
University Hospital	2,469,355,754	6%	788
Military Hospital	338,266,056	1%	108
Policlinics & Physicians	2,978,853,262	7%	950
Health Posts	2,188,681,484	5%	698
Offices of Dentists	823,098,940	2%	263
Public Health & Outpatient Care	398,028,186	1%	127
Medical and Diagnostic Laboratories	1,780,853,496	4%	568
Public Pharmacies	817,627,529	2%	261
Dispensing Chemists	19,893,534,914	45%	6,346
Provision & Administration of Public Health	287,502,186	1%	92
Administration of Health	689,139,000	2%	220

Inst prov HRF	1,989,569,400	5%	635
Provider nsk (Gifts, Informal Payment)	1,764,840,367	4%	563
Annual surplus/deficit of HII	282,861,000	1%	90
Provider nsk (Patient Transport)	1,826,557,988	4%	583
Total	43,836,808,500	100%	13,983

FIGURE 4. PROVIDERS OF HEALTH -2003



Private Pharmacies is the major provider of health in Albania, followed by The Ministry of Health and HII. Private Pharmacies or providers of Drugs are major providers of Pharmaceuticals and accounts for more than 45% of the Total health care expenditure. Pharmaceuticals account for a large proportion of the Household health funds. The NHA 2003 estimated that more than Leks 20 billion is spent on drugs out of the household direct spending. (refer to pharmaceutical Chapter).

Functions	Amount	Percent	Per Capita
Inpatient curative	8,115,660,748	19%	2,589
Primary & Outpatient	5,540,088,932	13%	1,767
Dental	823,098,940	2%	263
Clinical Lab	1,780,853,496	4%	568
Pharmaceuticals	20,711,162,443	47%	6,606
Public Health	673,028,186	2%	215
Health Administration	689,139,000	2%	220
Capital formation & investment	969,517,400	2%	309
Education & training	660,000,000	2%	211
Patient Transport	1,826,557,988	4%	583
HII Surplus	282,861,000	1%	90
Gift & Informal Payments	1,764,840,367	4%	563

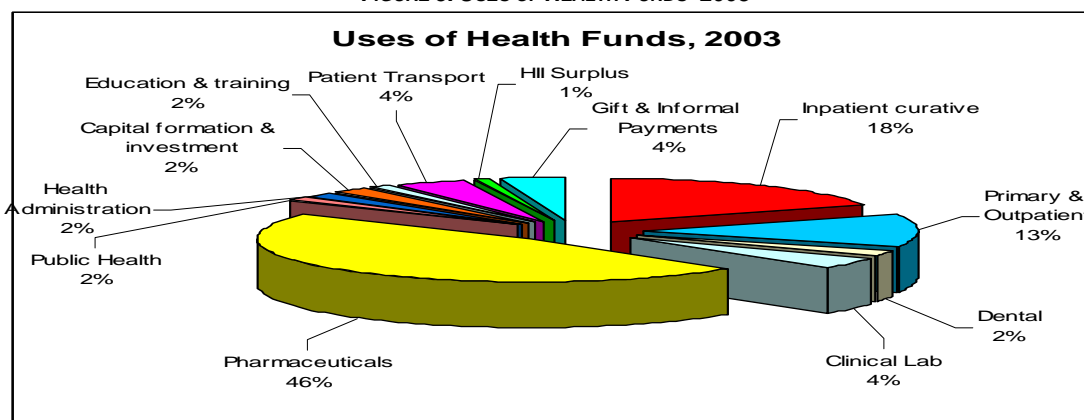
Total

43,836,808,500

100%

13,983

FIGURE 5. USES OF HEALTH FUNDS -2003



Ministry of Health

The Ministry of Health is the major funder and provider of health care services in Albania. The Ministry has been reorganized, and it continues to assume the lead role in most areas of health care. It owns most health services, with the partial exception of primary care. The MOH devotes most of its efforts to health care administration, rather than policy and planning. The lack of management tools and experience to take major activities affected the main two goals of its major step toward developing the new Policy and Planning Department in November 2000:

- Planning the health policy
- Developing capacity for making better use of donor interventions in accordance with Short and medium term strategies.

Administratively, Albania is divided into 12 regions and 36 sub-regional districts. Districts are further subdivided into communes and municipalities. Following decentralization, administrative responsibility for the primary care system, and “ownership” of those facilities, resides with these local government entities and remain the responsibility of the MOH on behalf of the central government.

Many health care institution and directorates are under the Ministry of Health authority and its small and overloaded staff make the direct administrative control difficult. The main institutions are:

- District directorates and Tirana Regional Authority (TRHA)
- The Institute of Public Health (IPH)
- Local Health Governments

The Ministry of Health highly subsidizes health care services for the entire population. It provides public health services; primary, preventive and curative care services through its facilities. Primary and Secondary services treatment as well tertiary treatment provided by the MOH – financed through budget derived from general revenue (tax) and donations from donors.

In rural areas, Local Government own PHC facilities. In Urban areas, Health facilities are owned by the MOH. All Albanian citizens are eligible. This coverage is independent of the income and asset status of the individual.

The MOH operation summarized as follow:

Primary care:

- 564 Health Care Centers and policlinics, each staffed by up to 3 PHC doctors
- 1582 Health Posts, each staffed by a nurse or midwife, and providing maternity care, child care and immunizations.

Secondary care:

- 51 Public Hospitals mainly in urban area with a total of 10197 beds, or 3.2 beds per 1000 population.

Tertiary care:

- Tirana University Hospital (Mother Tereza) with 1600 beds
- Tirana Obstetric & Gynecology Hospital
- Lung Disease Hospital.

The public Health care sector employed 25670. There were 4494 Medical Doctors or 1.3 doctors per 1000 population, 3.9 Nurses per 1000 population, 0.34 Dentists, 0.28 pharmacists; and the remaining is mainly for Administrative/ Supportive Services and Hospital Support Personnel

Ministry of Health Budget

The Ministry of Health Government Budget has increased continuously during 1998 and 2003, but the rate of increase has been different to that of Government Budgets. Government Health Expenditures as a share of Government Expenditures have remained relatively stable at the level of 5.33% (1998) to 7.52% (2003). The highest increase in the Ministry of Health Budget was in the year 1999 as a government major step toward prioritizing health reform. (Refer to Section 3 above)

Figure 6 MOH Budget (in million Leks)

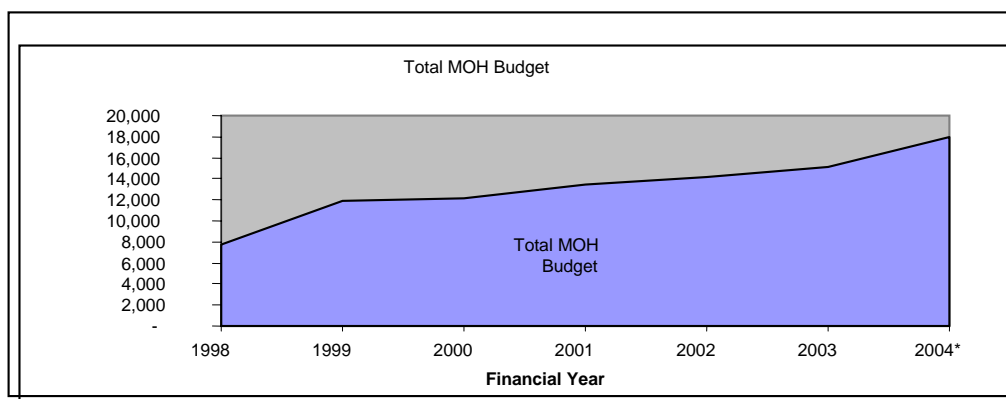


TABLE 17- MOH BUDGET 2002-2003-2004 (AMOUNTS IN 000 LEK)

Albania National Health Accounts 2003

MOH Budget 2002-2003-2004

Amounts in 000 Lek	Budgeted			Actual Expenditures	
	2002	2003	2004		2003
Primary Health Care					
Salary & Wages (600)	1,543,760	1,720,070	2,042,000		1,592,605
HII Contribution (601)	481,300	564,569	575,000		461,721
Running Cost (602)	23,520	66,000	618,000		55,253
Transfer to HII (604)	1,800,000	2,100,000	2,350,000		2,100,080
Investment (230-231-232)	1,043,270	337,900	517,400		441,990
	4,891,850	4,788,539	6,102,400	-	4,651,649
Public Health					
Salary & Wages (600)	223,000	303,727	319,000		234,096
HII Contribution (601)	66,500	73,641	75,500		59,486
Running Cost (602)	73,000	70,000	60,000		68,099
Transfer to HII (604)	15,000	15,000			15,230
Transfer to Inter Org (605)					12,231
Investment (230-231-232)	56,100	85,750	45,800		23,845
	433,600	548,118	500,300	-	412,987
District Hospitals					
Salary & Wages (600)	1,719,580	2,123,404	3,422,000		2,009,440
HII Contribution (601)	532,468	599,689	940,000		561,043
Running Cost (602)	2,022,460	2,072,760	3,471,260		1,887,084
Transfer to HII (604)					
Investment (230-231-232)	2,357,860	614,100	2,478,800		621,089
	6,632,368	5,409,953	10,312,060	-	5,078,656
University Hospitals					
Salary & Wages (600)	713,660	858,360			826,068
HII Contribution (601)	230,999	243,225			227,328
Running Cost (602)	1,105,320	1,008,000			1,100,058
Transfer to HII (604)					135
Investment (230-231-232)	1,427,770	2,506,400			209,490
	3,477,749	4,615,985	-	-	2,363,079
Administration HQ					
Salary & Wages (600)	113,000	83,965	108,500		69,476
HII Contribution (601)	33,091	20,350	18,000		12,215
Running Cost (602)	58,900	39,500	52,980		62,040
Transfer to HII (604)					
Transfer to Inter Org (605)					1,609
Investment (230-231-232)	34,800	37,590	62,220		80,563
	239,791	181,405	241,700	-	225,903
Upgrading of Health Service System					
Salary & Wages (600)					5,321
HII Contribution (601)					520
Running Cost (602)					
Transfer to HII (604)					
Transfer to Inter Org (605)					
Investment (230-231-232)					116,719
	-	-	-	-	122,560
TOTAL MOH Budget	15,675,358	15,544,000	17,156,460	-	12,854,834
TOTAL Govt Budget	192,516,640	201,152,000	229,435,000		

Source: MOF

MOH budget in Albania is classified by line items. One of the most significant challenges was to distribute the itemized classification into NHA functions as per the NHA Producer Guide. Converting the classification by Item into functional breakdown is summarized in tables 18 and 19 below:

Source of the MOH Funds

The Ministry of Finance is the major sources of funds in Albania. It allocates money to all ministries including the Ministry of Health, and provides local government with earmarked funds. In addition of this fund, the Ministry of Health has a direct role of administering foreign aids. Other sources of funds is the users fees recovery and money transferred from regulating the private sector but still it is so minimal and other parties are less inclined to pay for it. . So far, this fund is so minimal caused by the introduction of the Health Insurance Institute in 1995 and thus shifting those resources to HII.

MOH Expenditure by Type of Health Services

Overall, the MOH funds is oriented to wages and salary of Health personnel which make the total spending on curative care high. In 2003, Total MOH spending on curative inpatient accounted for 52% of Total MOH Expenditures, outpatient care for 20%, direct transfer to HII accounts to 17%, Drugs for 6% and 2% for wages & salaries of administrative staff. Preventive and Public Health services accounted to 3%. The Direct transfer to HII accounted to 2.1 billion and it is not accounted in the main NHA matrices tables 10-11-12 in order not to double count this amount. That was the reason behind the MOH total spending of 10.7 billion in the main matrices (refer to Table 19).

TABLE 18- LINE ITEM CLASSIFICATION - MOH BUDGET AND SPENDING -2003 (AMOUNTS IN 000 LEK)

MOH 2003 Budget vs. spending		
	Budget 2003	Actual 2003
<i>Salary & Wages (600)</i>	5,089,526	4,737,006
<i>HII Contribution (601)</i>	1,501,474	1,322,313
<i>Running Cost (602)</i>	3,256,260	3,172,534
<i>Transfer (604-605)</i>	2,115,000	2,129,285
<i>Investment (230-231-232)</i>	3,581,740	1,493,696
Total	15,544,000	12,854,834

TABLE 19- NHA CLASSIFICATION - MOH EXPENDITURES -2003 (AMOUNTS IN 000 LEK)

MOH Expenditures 2003

	2003	%
<i>Inpatient Curative care</i>	6,720,278	52%
<i>General Outpatient</i>	2,272,470	18%
<i>Outpatient Dental</i>	279,099	2%
<i>Medical Goods</i>	708,819	6%
<i>Prevention & Public Health Services</i>	398,028	3%
<i>Health Administration</i>	224,294	2%
<i>Capital Formation for Health care Providers</i>	122,560	1%
<i>Direct MOF transfer to HII</i>	2,129,285	17%
Total	12,854,834	100%

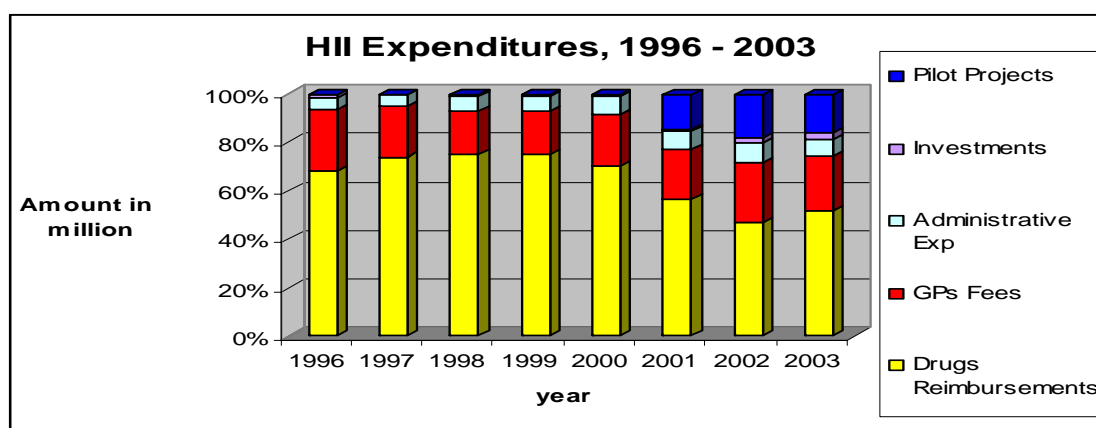
<i>Net MOH direct spending</i>	10,725,549
<i>Direct MOF transfer to HII</i>	2,129,285

Health Insurance Institute

The Health Insurance Institute is a parastatal, semi-autonomous agency accountable to the Parliament. HII is a universal social security program set up, under the supervision of the Minister of Health, in 1995. It aims to offer a broader range of health services, control administrative cost and ensure equity. The contributions to this fund are in general compulsory and nearly 70% of the population is covered.

It covers most of the unwaged population, children, women work at home, Elderly and mandatory for self employed. The HII is funded through a system of low premiums. Rates are set according to income rather than health risks. Premiums are set at 3.5% of wages, split equally between employers and employees. Self employed contribute in average of 3% to 7% of their income. Ministry of Finance generally covers the operating losses. HII contracted providers of the MOH, the Ministry of Defense and privates. For the last decade, total spending on drugs reach 70% of the HII budgets, 22% on General Practitioner salaries and 8% on administration. (Figure 7)

FIGURE 7, HII EXPENDITURES 1996-2003



The HII contracted pharmaceutical network consisted of 698 dispensing entities, pharmacies and agencies, of which 201 were in rural villages to provide HII members with up to 300 pharmaceuticals in four pharmacotherapeutic classes of drugs similar to the World Health Organization's essential drug list. It contracted 1623 General Physicians and 1287 Specialists.

In 2000, the HII initiated two pilot initiatives:

1. Funding all PHC expenditures in the Tirana prefecture, including salaries of not only doctors but also nurses and other personnel, as well as recurrent costs of these services.
2. Funding Durres Regional Hospital.

These pilot initiatives are part of the government's strategy to extend health insurance coverage. Despite some resistance, the HII is on its way to becoming the primary purchaser of health services in Albania.

- The health insurance scheme is perceived by the general public as a positive reform. It has become essential, especially for the employees working in the private sector as well as to the public, together with their families, who support themselves. However, many are poorly informed about the benefits which the health insurance scheme offers. Those who are less informed about the benefits of the health insurance scheme are also less inclined to pay for it. These are mainly rural dwellers, self-employed and unemployed people.
- The Survey of *the Albanian Public's Perceptions of the Health Care System* shows that in order to avoid further and unpredictable costs in the health care system, a majority of the population would be willing to pay higher contributions, if that guarantees that all services would be free of charge to those contributing to the insurance scheme.

Source of HII Funds

As indicated in table 20, the Ministry of Finance is the major source of funds. It allocates more than 79% of HII funds. Household Premium accounts to 6% and Employers contributions for around 11%. In addition to contributions from the government, workers and employers, the HII also secures quite modest additional revenues, primarily from interest on its reserves amount to almost 200 million Leks.

TABLE 20- SOURCES OF HII FUNDS -2003 (AMOUNTS IN LEK)

Incomes	Total	%
Ministry of Finance	3,650,000,000	79%
Household contribution	300,000,000	6%
Employers contribution	500,000,000	11%
Others inst.	198,394,000	4%
Total Incomes	4,648,394,000	100%

Source: Health Insurance Institute

Uses of HII Funds

In terms of expenditures, HII fund is oriented to wages and salaries, and Drugs. General Practitioners and Pharmacies accounted for most of the HII provisions. HII use more than 51 percent of its expenditures for drugs purchased mainly from the private sector, and more than 22 percent for GPs salaries. Of the total expenditures more than 7% is spent on funding Durres Regional Hospital.

FIGURE 8, USES OF HII FUNDS -2003

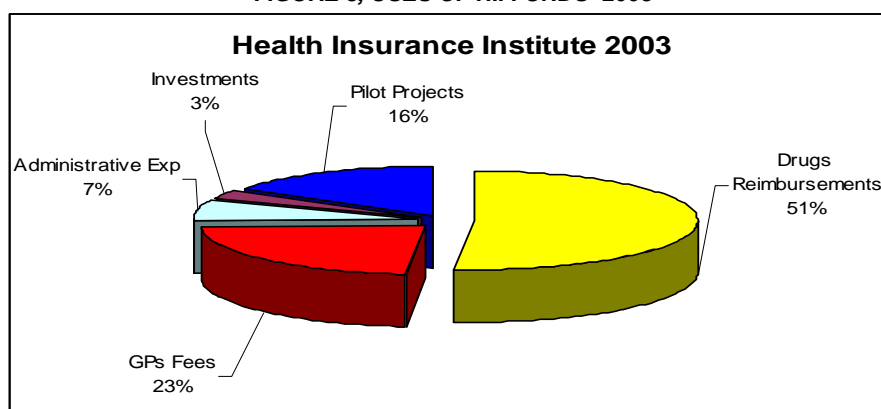


TABLE 21- USES OF HII FUNDS -2003 (AMOUNTS IN LEK)

Expenditures related to the health	Total
Wages & salaries	1,711,199,000
- Administration	252,317,000
- GPS	953,321,000
- TRHA	346,865,000
- Durres	158,696,000
Current Expenditures	284,292,000
- Administration	62,455,000
- GPS	39,102,000
- TRHA	40,431,000
- Durres	142,304,000
Drugs Medical Goods	2,248,710,000
Capital Investment	121,332,000
Total Expenditures	4,365,533,000
HII surplus	282,861,000
	4,648,394,000

Source: Health Insurance Institute

Pharmaceutical Sector

One major area in the Health sector is pharmaceuticals, where not enough is known to make recommendations. Also it is one of the critical areas for the success of health interventions in primary and hospital care. If a patient is hospitalized, but does not get the proper drugs, there is a strong likelihood of clinical failure.

In the last decade, different estimates describe different level of consumption of drugs In Albania. The size of the pharmaceutical market in Albania might have been underestimated by previous studies. In Tirana and other urban areas, there seem to be a sufficient number of pharmacies. In rural areas, on the other hand, the majority of people complain that the nearest pharmacy is too far away from where they live. Whether from own experience, or from rumours, many people say that they do not trust the quality of medicines sold in pharmacies. Mainly, they worry about the origin and the quality of drugs, but also about drugs being sold beyond their expiry date. Pharmacists themselves are concerned about their role in what may be illegal drug trading across countries⁵.

⁵ Survey of the Albanian Public's Perceptions of the Health Care system

HII covers more than 300 pharmaceuticals in four pharmaco-therapeutic classes of drugs. The cost of medicine is a major burden of the household. This should perhaps be seen in connection with the public's lack of knowledge and insecurity about what exactly is - should be - covered by the health insurance scheme.

In most of the previous studies, households might be under reporting the amount they spend on drugs and might not include items such as routine consumption that other studies include.

The pharmaceutical sector in Albania constitutes a big part of the health services bill. In 2003, pharmaceutical expenditures accounted for over 47% of total health expenditures. As a percentage of health expenditures, Albania's expenditure on pharmaceuticals is higher than the OECD average. Eighty five percent of the pharmaceuticals sold in Albania in the private market and paid out of pocket with only 15% provided by the public financing agents. Thus, Albania has not only high per capita expenditures on pharmaceuticals (USD 54) but most of the drugs are paid by the household.

Estimating the Size of the Pharmaceutical Sector

In order to better estimate the size of the pharmaceutical market we analyzed the Living Standard measurement survey (LSMS) Health Data. The LSMS Health data was useful in estimating actual consumption in the private sector. In addition to the analysis of the data provided by LSMS we also examined other studies of the pharmaceutical sector including those declared by Public Financing agents mainly the Health Insurance Institute. As part of the NHA activity we obtained information on pharmaceutical expenditures from all public Agents. The LSMS provided information on out-of-pocket expenditures on pharmaceuticals. Other estimates can affect the size of pharmaceutical in Albania; this could be in the form of donations received by NGOs that might bypass normal channels. Finally, it is probably a combination of the various factors mentioned above that explains the differences between NHA estimates and other estimates.

In order to get a clear estimate of the national consumption on drugs, the above mentioned sources were used and three steps have been followed:

- *Step I-* Collect data from all Financing Agents to derive total public spending on Drugs during the year 2003, including vaccines. (table 22)

TABLE 22- PUBLIC EXPENDITURES ON DRUGS -2003 (AMOUNTS IN LEK)

Public General hospital	389,904,880
Vaccine by Inst of Public Health-MOH	11,355,473
University Hospital	318,914,549
Other Drugs - TB	1,146,713
HII reimbursement of Drugs from patient	562,912,000
HII Drugs (100%)	1,685,798,000
MOH	708,819,429
MOD	90,000,000
Min of Public Order	3,100,000
Custom	3,508,100
Other Min	12,200,000
All Public Exp on Drugs	3,066,337,529

- *Step II-* Use the LSMS Household survey to get the total OOP spent at the private sector as Inpatient, outpatient and drugs.
- *Step III-* Stepping down the drugs consumption out of the outpatient and inpatient.(table 30-household Chapter)

However, it is clear that at 47 percent to total health expenditures and 68% of out of pocket expenditures, pharmaceutical expenditures is a major area of the health sector that needs to be better managed and regulated if health care costs are to be held in check. Thus the estimates of the Size of the Pharmaceutical Market in 2003:

TABLE 23- SUMMARY DRUGS BILLS OUT OF OOP SPENDING ON HEALTH FUNCTION-2003 (AMOUNTS IN LEK)

	Outpatient	Inpatient	Drugs	
Outpatient	1,915,143,872			
Dentistry				
Inpatient		382,277,363		
Gifts	866,033,472	898,806,895		
Medicines	7,264,174,139	425,511,112	9,955,139,663	17,644,824,914
Lab Tests	1,560,133,828	220,719,668		
Transportation	1,478,412,532	348,145,456		
	13,083,897,843	2,275,460,494	9,955,139,663	

TABLE 24- SUMMARY PUBLIC AND PRIVATE EXPENDITURES ON DRUGS -2003 (AMOUNTS IN LEK)

Public Exp on Drugs		3,066,337,529
Household Exp on Drugs		17,644,824,914
Total Expenditures on Drugs		20,711,162,443

Donors

The agenda for health reform in Albania is extensive. Overseas aid donors play an important role in the Albanian health system. Albania has numerous international partners providing assistance in health care and rehabilitation of the sector. WHO in Albania plays a major role in coordinating most donors' role and activities. A study conducted by the MOH and WHO in April 2004 with the help of the DFID and Italian Cooperation found that in 2003, Albania was cooperating with 27 major development agencies including international organizations, bilateral agencies, Embassies and international NGOs (table 25).

Most significant under this chapter is the lack of information from the Ministry of health and international donors on their disbursements and spending on health related activities. The decline in the level of disbursements is significant and needs further study. In 2003, the total donors' disbursements to MOH projects and other projects were estimated of 1.5 billion Leks and it comprised less than 4% of Total Health Expenditures. Comparing this level with the level of disbursements in NHA 1999 shows that total donors disbursements declined around 35%, thus this is normal considering that Albania is not anymore in an emerging phase, but still it is a strategic basic and health reform issue and need to be raised with the Ministry of Health Officials and the Government of Albania.

TABLE 25- SUMMARY OVERSEAS AIDS AND DONORS (10YEARS) -2003

Albania National Health Accounts 2003						
Donors Summary						
10 years projects		1st project Start	Last Project end	Total Budgets (Euro)	Total Budgets (USD)	Total Budgets (Other ccv)
1	AEC (International Cooperation Spanish Agency)	Sep-01	Oct-03	495,924 €		
2	Austrian Embassy	1993	Apr-03	4,226,020 €		
3	CIDA (Canadian International Development Agency)	Mar-01	Jun-04		USD 4,356,740	
4	DANIDA (Danish Embassy)					
5	DFID (Department for International Development - UK)	Feb-02	Feb-04			£443,000
6	ECHO (European Commission Humanitarian Office)	Mar-00	Oct-02	7,491,000 €		
7	French Cooperation	Nov-01	Jun-04	4,690,000 €		
8	Greek Government	2001	Jan-04	339,562 €	USD 722,536	
9	IC (Italian Cooperation)	1998	Jun-04	13,934,040 €		
10	IOM (International Organization for Migration)	2001	Jan-04	150,000 €	USD 5,770,000	
11	ISS (Istituto Superiore di Sanita)	Oct-01	Oct-04	1,034,515 €		
12	JICA (Japan International Cooperation Agency)	1998	Nov-01		USD 3,500,000	
13	KfW (German Financial Cooperation with Albania)	1997	Jan-08	590,000 €		17,930,000
14	OLGC (Our Lady of Good Council)				USD 8,550,000	
15	ROYAL NETHERLANDS EMBASSY	Nov-01	Oct-04	17,260 €	USD 1,022,700	
16	SDC (Swiss Development and Cooperation)	2002	Dec-05			8,219,709
17	Sida (Swedish International Development Cooperation Agency)	2001	2003		USD 2,070,000	
18	SNV (Netherlands Development Organization)	Jun-02	Dec-02		USD 20,855	2,446,685
19	UNDP (United Nations Development Programme)	Nov-01	Jan-03		USD 202,000	
20	UNFPA (United Nations Population Fund)	Jan-97	Oct-05		USD 3,270,391	
21	UNHCR (United Nations High Commissioner for Refugees)	Jan-02	Dec-03		USD 87,014	
22	UNICEF (United Nations Children's Fund)	2001	2005		USD 4,414,250	
23	USAID (USA Agency for International Development)	Oct-98	Oct-04		USD 8,111,905	
24	WB (World Bank)	Sep-98	Mar-04		USD 35,950,000	3,900,000
25	WHO (World Health Organization)	Mar-01	Apr-05	700,021 €	USD 3,139,400	1,000,000,000
26	Islamic Bank & OPEC	1995	2002		USD 9,900,000	
27	Islamic Bank	2003			USD 7,000,000	

Summary External investments by Functions		
Description	Estimate 2003 disbursements	%
Investment	615,000,000	41%
Training & ISP	660,000,000	44%
Health Programs & community services	225,000,000	15%
	1,500,000,000	100%

Coordinating Donors disbursements and programs is a major key policy issue in Albania and it is a strategic basic and health reform issue and need to be raised with the Ministry of Health Officials and the Government of Albania.

Household

The Living Standard Measurement Survey (LSMS) has been completed in the year 2002. Household expenditures are estimated based on the LSMS survey study and some assumption made by the NHA team. The survey covered a representative sample of the general public of between 15 and 99 years of age in urban and rural areas throughout Albania and addressed the following main questions:

- Understand people's own viewpoints and concerns regarding their own health and the health care services.
- gain a better understanding of public knowledge, perceptions, expectations and attitudes towards the health sector - its mission, responsibilities, service delivery capacity, quality, financing and problems
- Explore the priorities, perceptions and views of the Albanian public towards the health care system and its ongoing health reforms.
- Health Care Utilization rate for both outpatient and inpatients services

- Out-of-pocket expenditures by type of provider and service
- Information about the role of MOH, HII and health care providers in meeting the health care demand.
- Gender Equity in health care use
- Type of corruption in the Health sector.

The information based on household sources of funds and uses of expenditures was carefully examined to match all household spending during the considered year. Having done this, it was possible using best judgement to estimate: (i) the approximate volume of out of pocket payment formally and informally and premium paid to HII, for which budgetary records were not available, plus (ii) the proportion of outpatient, inpatient and drugs as well as household spending on other health related functions, for whom financial statements were not available too. Combining both estimates, an estimation was made as to the total volume of expenditures funded from households and by Financing Agents. This estimate was not enough to get total household spending, additional analysis and stepdown the outpatient and inpatient expenditures has been carried out by the NHA Team to complete the whole figure.

Estimating Out of Pocket Expenditures

For the purposes of the NHA report we will be using a few select figures, from both household survey and the gathered information on utilization of inpatient, outpatient and drugs from the Public Financing Agents.

As per LSMS, table 27 shows that Household expenditures (not included Dental) account for 25.3 billion in 2003. On average, Albanian households spend 347.8 Lek per month on outpatient, 60.5 Lek per month on Inpatient, 264.6 Leks per month on drugs.

TABLE 27- OUT OF POCKET EXPENDITURES (NOT INCLUDED DENTAL)

	Hospital	Outpatient	Drugs	Total
Per Capita Monthly	60.5	347.8	264.6	672.9
Total yearly Household Exp	2,275,460,494	13,083,897,843	9,955,139,663	25,314,498,000

In order to estimate the total Out of Pocket expenditure on Dentistry we used Barents Group assumption. In average total Dentist income in Albania accounts nearly twice and a half as much as GPs income, which account for a total yearly income of 544 million paid in full by the household.

As per LSMS, Table 28 and 29 show the distribution of outpatient and inpatient expenditures by functions:

TABLE 28- OUT OF POCKET EXPENDITURES ON OUTPATIENT

Household outpatient spending		
	LSMS	
Treatment	14.6%	1,915,143,872.25
Gifts	6.6%	866,033,471.74
Medicines	55.5%	7,264,174,138.90
Lab Tests	11.9%	1,560,133,827.77
Transportation	11.3%	1,478,412,532.03
	100%	13,083,897,842.70

TABLE 29- OUT OF POCKET EXPENDITURES ON INPATIENT

Household Inpatient spending		
	LSMS	
Treatment	16.8%	382,277,363
Gifts	39.5%	898,806,895
Lab Tests	9.7%	220,719,668
Medicines	18.7%	425,511,112
Transportation	15.3%	348,145,456
	100%	2,275,460,494

In order to complete the whole figures, stepping down the outpatient and inpatient expenditures has been carried out by the NHA Team. We combine all estimates as well as table 27 and household payment on Dentistry. Table 30 shows the the total volume of expenditures funded from households on outpatient, inpatient, dentistry and drugs distributed by functions. As indicated in table 30, Drug consumption accounts to 68% of total out of pocket expenditures and 45% of total Health Expenditures.

TABLE 30- OUT OF POCKET EXPENDITURES

Household Out of Pocket spending (Stepping Down)						
	Outpatient	Dentistry	Inpatient	Drugs	Total OOP	
Outpatient	1,915,143,872				1,915,143,872	7%
Dentistry		544,000,000.00			544,000,000	2%
Inpatient			382,277,363		382,277,363	1%
Gifts	866,033,472		898,806,895		1,764,840,367	7%
Medicines	7,264,174,139		425,511,112	9,955,139,663	17,644,824,914	68%
Lab Tests	1,560,133,828		220,719,668		1,780,853,496	7%
Transportation	1,478,412,532		348,145,456		1,826,557,988	7%
	13,083,897,843	544,000,000	2,275,460,494	9,955,139,663	25,858,498,000	100%

Cross Country Comparative Analysis

As indicated in Table 31 total expenditure on health in Albania is 6.1% of the GDP and is in the range of middle to high-income country. The proportion of government share is also high at 2% of GDP and private sources for around 4% of GDP. As we can observe, Albania lies in the middle of the European countries. Health Expenditures as a percentage of GDP is high compared to East Europe and Central Asia. Private sources exceed the average of the ECA. In terms of expenditure on health care, Albania spending on health is high compared to Low income countries and high compared to its neighbors and to similar socio economic countries.

TABLE 31: INTERNATIONAL COMPARISON OF HEALTH EXPENDITURES AS A PERCENTAGE OF GDP

Country / Region	GDP Per Capita	Health Expenditure	Health Expenditures As Percentage of GDP (early 1990s)		
	(US\$)	(per capita US\$)	Total	Public Sources	Private Sources
Albania	1,949	119	6.1	2.1	4.0
East Europe &	1,600	120	5.5	4.5	1

Central Asia					
Sub Saharan Africa	500	10	2.7	1.3	1.4
East Asia & Pacific	970	28	3.5	1.5	2.0
Middle East & N. Africa	5,608	54	4.8	2.6	2.1
South Asia	400	16	5.0	1.2	3.8
Latin America & Caribbean	3,000	138	7.2	2.9	4.3
OECD	24,930	1,827	8.3	6.5	1.8

Source: World Development Indicators, <http://www.worldbank.org>

TOWARDS INSTITUTIONALISATION

National Health Accounts, as important tool, has raised important issues on health Financing, allocation of public resources. Given that NHA highlight some key financing issues and challenges, a health financing options paper is to be developed by the MOH. The second NHA Report has been produced, but a great deal remains to be accomplished. Next step is the institutionalization of the NHA at the Ministry of Health.

The Institutionalization is an ongoing process in which NHA activities, structures, and values become an integral and sustainable part of government operations. With institutionalization, a department or other unit is designated to oversee the collection, analysis, and reporting of health expenditure data in a routine and systematic fashion, with the full support of the government. This complex process can take some times and multiple estimates before it is fully integrated into the country's formal structure, but in order to ensure that NHA remains an effective policy tool in the future, institutionalization should be a goal from the initiation of NHA.

Four steps are essential to the process of institutionalizing NHA. The Staying power of NHA necessity the following:

- Organize a methodological guidelines for NHA
- Supportive approval by the Director of Health and the Minister on the institutionalization plan.
- Standardized the method for data collection, reporting and analysis.
- Get adequate resources earmarked mainly to NHA activity out of the yearly MOH budget.

Important key tasks for institutionalization are summarized as follow:

I- Setting a timeline and a cost:

Experience shows that Preliminary data can be collected and produced in a short time while detailed analysis may require more time and technical assistance.

This NHA exercise in Albania shows that the production of NHA round needed at least six month with the help of national and international experts.

NHA exercise necessity a little cost in Albania and can be earmarked within the MOH budget. The only concern is the cost of surveys and mainly the household survey.

II- Housing the NHA Project:

In most middle and low income countries, NHA is housed in the MOH, where key NHA Staff are based and where the work will be based.

Many factors influenced the choice of the NHA housing in Albania:

- Availability and facility to get easy access to the required information.
- Easy access to representatives of major stakeholders and institutions

III- Resources

The value of a good set of National Health Accounts depends on the quality of data, the tool used to underlie them and the staff who prepare them.

1- People

The task of preparing Health Account is best accomplished by forming two teams:

- A steering committee (to expose high-level policymakers to NHA at conferences)
- NHA team to produce NHA.

In Albania, More staff is needed mainly a NHA coordinator. This position is critical for the sustainability of the NHA. The size of the team in Albania can begin with three members from the MOH, the MOF and HII; though often one or two members do the majority of the work.

2- Tools

NHA do not require a lot of computing power, although a powerful desktop computer needs to be allocated for NHA at the MOH.

3- Data

NHA requires lots of data. These can be found in readily accessible sources such as government financial accounts and records, private Financing Agents, Donors reports and existing surveys.

Following the same method we use for this round of NHA make the collection of data for round three easy to access. A set of main matrices and spreadsheets have been developed as standard forms are included in the main NHA matrices spreadsheet.

MAIN POLICY ISSUES

National Health Accounts, increasingly used worldwide, have become an essential tool for analyzing health care financing at the national level, and a basic reference source of national health care financing indicators for health system assessment, planning, monitoring and for the evaluation of health system reforms.

From the analysis presented in the NHA Report, it is clear that deciding on a health care financing policy involves taking into account a number of complex variables. In addition to the potential for resource mobilization, one needs to keep in mind issues of equity, administrative feasibility, and its overall effects on the health system. Albania already spends 6 percent of its gross domestic product on health and the government allocates nearly 6.4 percent of its budget to the health sector. Government resources tend to be allocated disproportionately to urban/rural, and curative/ preventive, thus there is a need to achieve a better balance in resource allocation.

For the last decade, the government increase of health spending makes it very unlikely that it will be able to continue increasing its health allocations in the near future. Therefore, it is envisaged that changes in how health care is financed will essentially involve redistribution of expenditures and pooling of funds.

Major key policy issues arisen from this NHA are summarized into 6 major areas related to:

- Analyzing the institutional framework and development of health care financing policy.
- Containing cost and improving the Health Insurance Institute efficiency.

- Regulate and control the abuse of the system and eliminate corruption mainly the under-the-table spending.
- Regulate and control the Drugs consumption and quality of pharmaceutical care.
- Coordinate donors' assistance.
- Organize the routine collection of overseas treatment and coordinate it with the three main host countries (Greece, Italy and Turkey)

1- Health Financing sustainability

Policy questions are:

- Should government continue financing 34% of the THE?
- Should the household continue financing 59% of the THE?
- What is the role of the Health Insurance Institute in financing of the Albanian health system?
- Should donors continue with this level of disbursement or should the level of their funding be reduced or increased?

2- Cost containment

All publicly provided and funded health services are highly subsidised with very little co-payment by the users at the point of service delivery. What is the role of the MOH in containing cost from one side and what is the HII role? Are we in need to a national planning committee overseeing the health need and health in minimizing waste among different sectors and avoid oversupply of drugs? To improve the financial situation in the health sector, the Government would require to identify potential areas to contain costs like improving the insurance mechanisms at the HII. This component will support the review, development and implementation of policies which define the funding and overall allocation of resources to health services.

3- Regulate and abolish corruption and abuse of the system.

The LSMS Health data was useful in estimating actual global informal payments by the household. Informal payments account to almost 5% of the THE. It is clear that Informal payments by household are a major area of the Government of Albania that needs to be better abolished, controlled and regulated. NHA highlight the issue that the MOH is the major provider of health services in the country. The high level of under the table payment by the household is an indicator of the willingness to pay for health service by individual. The high level of expenditures also is likely due to the lack of a significant health system regulation. There is a need to develop guidelines for financing, providing and regulating health services. Hence, Albania should initiate Health Financing Policies for improving and regulating the efficiency and effectiveness of the provision, improve its management and oversight of this sector.

4- Rationalizing expenditures on Pharmaceuticals

Albania spends 45 percent of its total health expenditures and 68% of out of pocket expenditures on Drugs. Pharmaceutical expenditures is a major area of the health sector that needs to be better managed and regulated if health care costs are to be held in check. The high level of expenditures on Drugs is likely due to the lack of rules and regulation controlling this major sector and lack of a significant policy for using generic drugs, as substitutes for other equivalently higher prices prescription drugs, theft for personal use and diversion for private sector resale. Hence, to effectively contain overall health care expenditures, Albania should initiate policies for improving the efficiency by which pharmaceuticals are imported, distributed and sold in the country and improve its management and oversight of this sector.

5- Coordinate Donors Assistance

The agenda for health reform in Albania is extensive. Overseas aid donors play an important role in the Albanian health system. Most significant is the lack of information from the Ministry of health and international donors on their disbursements and spending on health related activities. The decline in the level of disbursements is significant and needs further study. Coordinating Donors disbursements and programs is a

major key policy issue in Albania and it is a strategic basic and health reform issue and need to be raised with the Ministry of Health Officials and the Government of Albania.

6- Oversight of the Overseas Treatment

The main key information missing in this round of NHA was health expenditure on overseas treatment in the main three host countries: Turkey, Greece and Italy. Effective analysis of overseas treatment performance requires the existence of accurate cost and output data. However, these are the missing ingredients due to lack of information systems or sources of data. Albania should initiate policies for overseas treatment mainly the criteria and referral procedures by local providers and improve its management and follow up.