



**REPUBLIC OF ALBANIA
MINISTRY OF HEALTH**

**Development and Institutionalization of National
Health Accounts (NHA), Albania
- Executive Summary -**

Health System Modernization Project

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Steering Committee / Komiteti Drejtues
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In 2009, the Ministry of Health of Albania started to institutionalize national health accounts in the Department of Financial Planning at the MOH supported by Health System Modernization Project of the World Bank. June 2010, accounts for three consecutive years (2007-2009) have been compiled. The work included training of Albanian National Health Accountants during workshops, analysis of the data, development and institutionalization of NHA, and support to the Department of Financial Planning at the Ministry of Health. The project aimed to add value to the activities within the Ministry of Health particularly by linking information about total health care financing and provision with information at the Department of Financial Planning of the Ministry of Health.

The project has been supervised by a Steering Committee under the lead of the General Secretary Mirela Cano from the Ministry of Health, including representatives from the Ministry of Finance, the Health Insurance Institute, and the Institute of National Statistics. The Steering Committee secured both data access and timely implementation. Technical support was provided by BASYS, Applied Systems Research Consulting Corporation Ltd, which helped the implementation of health accounts in Germany and other European States.

Results: Because of the new methodology applied comprehensive information have been gathered and linked to each other not available before in Albania. In the following, main results of the compilations of health expenditures are summarized, and estimates for the years 2007, 2008, and 2009 are presented. Structures and growth of health expenditures have been analysed as well as the status of the implementation of health accounts. The following five results should be highlighted:

(1) Database as platform for discussion and analysis

Based on the decision to build up the accounts bottom-up from the micro-level, the whole organisation of the Albanian National Health Accounts (AHNA) compilation was organised around a database which has served all stakeholders as platform for discussions. During the second half of 2009, the consultants had several meetings with the stakeholders in which they discussed the actual situation of macro- and micro-economic information about the health sectors and the needs of the Department of Financial Planning at the Ministry of Health. Together with the established National Health Accounts Team at the Department of Financial Planning at the Ministry of Health the coding of the data sets were done in accordance with the International Classification of Health Accounts (ICHA) for the years 2007 - 2009. The database has been developed and installed at the Ministry of Health linking the various sources of public and private health financing.

(2) Functional allocation of health expenditures

The applied international functional classification adds new information for health policy and budget planning. The methodology used for health accounts is following the international standard of the OECD 2000 (A System of Health Accounts 1.0). The SHA 1.0 introduced a split between providers and functions and thereby made the health accounting framework three-dimensional together with a financing dimension, intended to answer three basic questions:

- where does the money come from? (source of funding);
- where does the money go to? (provider of health care services and goods);
- what kind of (functionally-defined) services are performed and what types of goods are purchased?

The functional classification (HC) of ICHA highlights the dominance of medical goods in the allocation of financial resources within the Albanian health sector (see Table 1).

Table 1: Health expenditures by functions, 2007-2009 [

Variable	2007	2008	2009
		in 1000 LEK	
Total health expenditures	52.004.977	59.618.766	65.166.360
International functions		as % of THE	
HC.1 Curative Care	35,7	39,6	37,8
HC.2 Rehabilitative Care	5,8	5,9	7,0
HC.3 Long-term nursing care	0,1	0,1	0,1
HC.4 Ancillary services	2,6	2,5	3,6
HC.5 Medical goods	42,5	41,5	40,6
HC.6 Public health *	6,2	3,5	3,2
HC.7 Administration	1,3	1,4	1,0
HC.R Investments	5,7	5,3	6,7
Total health expenditures	100,0	100,0	100,0
Albanian functions		as % of THE	
SC.1 Primary care	61,0	59,4	59,6
SC.2 Secondary care	29,4	32,3	31,3
SC.3 Public health *	6,9	4,0	3,7
SC.4 Administration **	2,7	4,2	5,4
Total health expenditures	100,0	100,0	100,0

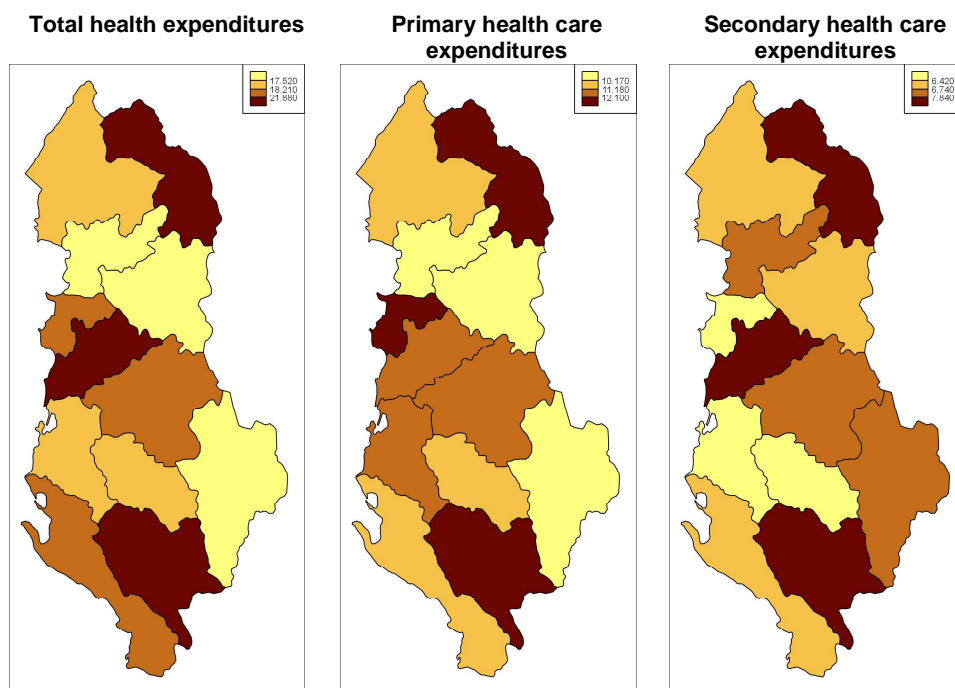
* Break in 2008 because of changes in classifications

** Including investments

(3) Regional allocation

Further new information is provided by the regional health expenditure estimates of ANHA. The regional allocation of public expenditures shows a fair distribution with some room for improvement. The bottom-up compilation of health expenditures allows to use the Albanian National Health Accounts for both planning purposes and regional comparisons of productivity.

Figure 1: Regional allocation of total health care expenditures per inhabitant in LEK, 2009



(4) Public / private mix

One important objective of health policy is sustainable and equitable health care financing. ANHA gives a comprehensive picture about the various financial flows. In Albania, total health expenditures increased from 52 to 65 billion LEK in the period 2007 – 2009. As compared to earlier estimates the privately financed share is significantly lower. In total, 5.7 per cent of the GDP is devoted to health in 2009, 50 per cent public funded, 47 per cent privately funded, and 3 per cent financed by Foreign Programs. The Albanian share of GDP devoted to public health care expenditures is the lowest share in Europe together with Cyprus.

Table 2: Financing of health expenditures, 2007-2009 [1000 LEK]

Variable	2007	2008	2009
	in 1000 LEK		
HF.1 Public Financing	25.441.700	29.112.314	32.414.293
HF.2 Private Financing	25.940.352	28.923.492	30.647.333
HF.3 Foreign Aid	622.926	1.582.959	2.104.734
Sum Total Health Expenditures	52.004.977	59.618.766	65.166.360
	as % of GDP		
HF.1 Public Financing	2,63	2,68	2,81
HF.2 Private Financing	2,68	2,66	2,66
HF.3 Foreign Aid	0,06	0,15	0,18
Sum Total Health Expenditures	5,38	5,48	5,65

In the context of public private mix of health care financing often Albanians health professions are accused of informal revenues. Within this project of health accounts the accusation of bribes could not be generally confirmed and needs further investigation. The results of the Household Budget Survey 2007 do not confirm the results of the Living Standard Measurement Survey 2002, 2005, and 2008.

(5) Link with non financial data and performance measurement

Performance measurement as well as budget planning requires thorough analysis of expenditure data with non-expenditure data. The organisation of the Albanian Health accounts allows to expand this area for each type of health care providers and public health institutes. The Ministry of Health is presently developing a comprehensive Monitoring & Evaluation Framework (M&E). All financial Indicators can be provided by the national health accounts data. The current system of ANHA permits already the compilation of unit cost for hospital care and their regional variation.

Recommendations: In co-ordination with the Steering Committee the Consultants of this project propos to

- continue the compilation of health accounts in Albania;
- expand the Albanian functional classification of health care used for Budget planning;
- secure the macro-micro link of the data in order to guarantee the usefulness of ANHA for financial planning and health policy analysis;
- develop a long-term program for improvements of health care statistics; develop further the application for the compilation of ANHA and respective data collection;
- increase the technical and analytical capacities of the Albanian National Health Accounts Teams;
- tight the co-ordination between ANHA, ANHA application development within the Ministry of Health, and the statistical information system / Monitoring and Evaluation Framework (M&E) of the Ministry of Health;. and finally
- build up the legal framework for compilation and data development.