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Situation analysis on determination of types and volumes of fee paying services delivered by health organizations

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Acronyms

ADU	Ambulatory-Diagnostic Unit/Department
CCH	City Clinical Hospital
CDU	Clinical- Diagnostic Unit/department
DSSES	Department of State Sanitary-Epidemiological Surveillance
ECG	Electro-cardiogram
FMC	Family Medicine Center
HCDC	Health Care Delivery Center
HCF	Health Care Facility
HCO	Health Care Organization
HTF	High Technologies Foundation
KR	Kyrgyz Republic
MHI	Mandatory Health Insurance
MHIF	Mandatory Health Insurance
MLEC	Medical-Labor Expert Commission
MOH KR	Ministry of Health of the Kyrgyz Republic
NMR	Nuclear Magnetic Resonance/NMR
Oblast SSES	Oblast State Sanitary-Epidemiological Surveillance
OOPs	Out Of Pocket Payments
SBP	State Benefits Program
SSES	State Sanitary-Epidemiological Surveillance
TH	Territorial Hospital

Introduction

There are three main financing sources in health system of the Kyrgyz Republic: state/public, private and external financing. State/public sources of financing – are being the state budget (which includes expenditures of both the republican/national, and local budgets), replenished by contributions from the general taxation and Mandatory Health Insurance Fund (MHIF), replenished by the contributions from Labor Remuneration/Compensation Fund. Private funds include cash or out of pocket payments of households (OOPs). External financing represents funds, allocated by international organizations into health care system of the Kyrgyz Republic.

Funds arrive from the republican budget to:

- The Ministry of Health, which in its turn executes financing of: (a) tertiary level health care institutions; (b) internats/boarding schools and other institutions, providing care; (c) sanitary-preventative services and institutions; (d) expenses on administration, (e) other services, related to health (for example, education).

- Other Ministries and Agencies, which execute financing of health/medical institutions, subordinate to corresponding agencies (e.g., Military Hospital under the Ministry of Defence).

- And the Health Insurance Fund at the republican level pools and distributes funds by Oblasts, which are aimed at financing of health care institutions of primary and secondary levels, as well as funds of MHI from the Republican budget and Social Fund.

At present, financing from the local budgets is virtually not executed due to the fact that the Law, passed on the 25th of September 2003 «On Financial-Economic Foundations of Local Self Administration» implied transition from four -to two-level budget starting from 2006. In this connection, Ministry of Health (hereinafter MOH) of the Kyrgyz Republic (hereinafter KR) through consultations and negotiations with the Ministry of Finance (hereinafter MOF) of the KR has agreed to transfer financing from Oblast level to the Republican/National level. Bishkek City made the only exception, where financing remained to be at the level of local budget.

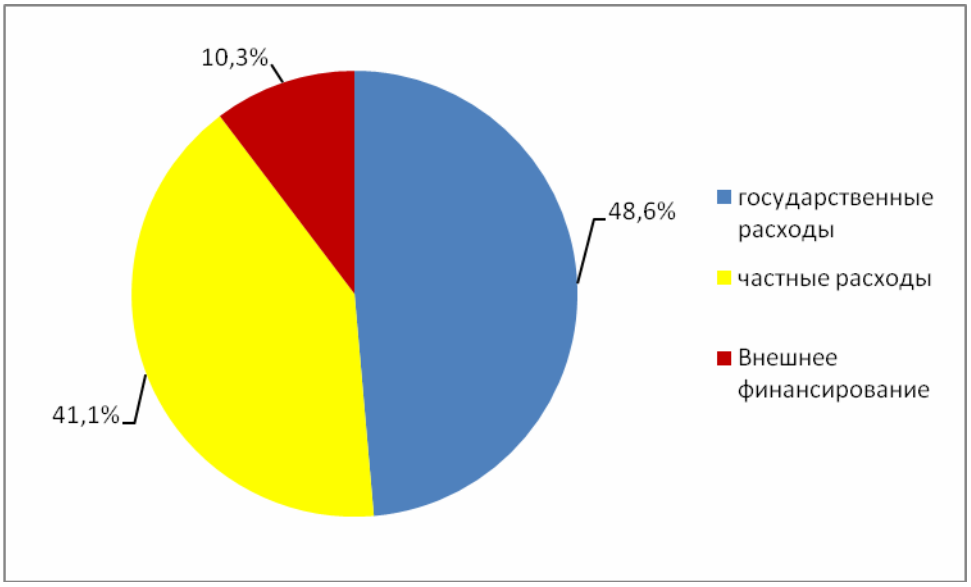
The funds, acquired through collection of insurance contributions for MHI come into the MHI Fund, and first of all, they are allocated for implementation of the State Benefits Program (SBP), as well as MHI Supplementary Package to provide drugs/medicines for the insured population.

Private expenditures of Kyrgyzstan are mostly presented by households' funds. Households make cash payments for the services, provided both at primary and secondary health care levels. This type of payments can be both formal (co-payment, payment for non-medical services), and informal. However, majority of payments fall onto the purchasing of drugs at ambulatory level.

Staring from 2006, part of international donors' funds has begun to enter within the framework of Wide Sectoral Approach (SWAp), envisaging pooling of donors' funds to support health sector in the Kyrgyz Republic. External joint financing is executed within SWAp by the following international organizations: World Bank (WB), DfID, KfW, SDC, SIDA. The remaining part of funds in the form of parallel financing is spent for implementation of various projects in health care area.

Overall, general/total health care expenditures in 2009 comprised over 13 bln Soms or 6,7% of GDP. At that, it was for the fist time for the last few years that the share of state financing has exceeded the share of private financing and has made 48,6% of the total health care expenditures.

Figure 1. Structure of Health Sector Financing by Financing Sources for 2009.



State/public expenditures

Private expenditures

External Financing

State/public funds are divided into:

- Republican (national) budget;
- Local budgets;
- Insurance contributions, collected by the Social Fund on behalf of the MHIF.

In 2009 their proportion has made 76,8%, 12,7% and 10,7% respectively of the total amount of the state funds. In the nominal terms/value, the total amount of state funds has comprised 6 398,8 bln Soms, including republican budget – 4 911,2 mln Soms, local budget - 805 mln Soms, and insurance contributions – 682,6 mln Soms.

Besides, the funds, obtained from patients in the form of co-payment within SBP and payment for fee-paying services (are reflected in the state budget as Special funds) also represent supplementary source of financing of health services providers. Despite the fact that these funds come into the health care organizations (hereinafter HCO) directly from patients/clients, they are incorporated into the state financial reporting system. In 2009, the total amount of co-payment and special funds comprised 618,5 mln Soms, including Special funds– 396,3 mln Soms and co-payment– 222,2 mln Soms. In relation to the state expenditures, the share of these funds makes less than 10%.

Table 1. Use/Flow of Special and Co-Payment Funds, 2009

	Expenditures Items	Special Funds		Co-payment	
		mln. Soms	%	mln. Soms	%
I	***Current Expenditures***	***369,4***	***93,2%***	***222,2***	***100,0%***
1	*Staff associated Expenditures*	*208,1*	*52,5%*	*43,2*	*19,5%*
1.1	Wages/salary	167,0	42,1%	36,4	16,4%
1.2	Social Fund Contributions	31,5	8,0%	6,8	3,1%
1.3	Travel expenses	9,6	2,4%		
2	*Use of goods and services*	*64,8*	*16,4%*	*149,6*	*67,3%*
2.1	Procurement of items and materials for operating purposes	34,5	8,7%	149,6	67,3%
2.1.1	Expenditures for meals	12,1	3,0%	41,7	18,8%
2.1.2	Expenditures for procurement of drugs and dressings/ bandages	22,5	5,7%	107,9	48,6%
2.2	Services, including:	30,3	7,6%		
2.2.1	Municipal services	18,7	4,7%		
2.2.2	Other services	11,6	2,9%		
3	*Other expenditures*	*96,4*	*24,3%*	*29,3*	*13,2%*
II	***General capital investments***	***26,9***	***6,8%***		
	TOTAL	**396,3**	**100,0%**	**222,2**	**100,0%**

As seen from the Table 1, use of funds, received as co-payment and special funds, differs by the structure. Co-payment funds are used completely for operating expenses, at that, in accordance with the approved regulatory-legislation on the use of these funds, about 20% of funds are allocated for payment of HCO staff, and 80% - for the needs of patients. The largest amount was spent for procurement of medicines/drugs and medical items (49%), and about 19% was used for provision of meals for patients. A little bit over 13% of co-payment was used for other expenses, associated with delivery of services for patients.

In contrast to co-payment, HCO have bigger independence in distribution of special funds. In 2009, about 7% of special funds were allocated for capital investments, of which about half was spent for current repair/refurbishment of buildings and premises. Main proportions of funds was allocated for financing of operating expenses, which comprise about 93% of the total amount of special funds. Operating expenses are mainly grouped into such basic categories as: «Staff related expenses» and «Use of goods and services» (52% and 16% correspondingly). The highest percent of expenses is allocated to cover fixed expenditures - staff (42%), as well as other expenditures (24%). High proportion of other expenditures is due to the fact that health institutions try

to cover the shortage/gap of financing for procurement of goods and services by the special funds, distribution of which is not regulated by any regulatory-legislative documents. It should be pointed out that, in compliance with the current legislation, 20% of funds gained through payment of population for fee paying services, come into the state budget as revenues and hence, can not be used by HCO directly for their own needs. At the same time, when calculating the cost of services, HCO have to proceed from the actual production cost of provided service on the basis of the existing financing norms/standards, which restrict them from incorporating/including the allocations to the state budget into the cost of services. As a result, one can estimate from the figure on special funds use that health care institutions received a little bit over 475 mln Soms for fee paying services, provided to the population, but about 79 mln Soms of this amount was transferred to the state budget.

1. Review of Regulatory Framework

Fee Paying Services

As of now, the KR MOH regulates fee paying services in the country based on the Decree «On the Measures on Further Improvement of Extra Budgetary Activity in Health Care Institutions of the republic», which was approved back in 1998. (Decree №128 dated 6.05.1998). Besides, this Decree was necessary to reduce types of fee paying health services and expand extra budgetary activity in health care organizations (HCO). It should be noted, that at that time, the KR Government pursued policy of small and medium size business development in the KR, and in this connection the Kyrgyz Government has issued Resolution «On Measures of Development of Small and Medium Size Business in the KR» (№ 206 as of 21.04.1998). Within the framework of the KR MOH Decree, a number of methodological and regulating documents were approved, including:

1. Methodical Recommendations «On Organization of extra-budgetary activity in the state health care institutions of the republic»;
2. Instruction for price formation for medical services;
3. List of fee paying medical services, provided in the state health care institutions of the republic;
4. List of population categories, to whom free medical care is provided at the state health care institutions of the republic;
5. List of diseases, in cases of which free health care is to be provided.

The above MOH Decree (№ 128 dated 6 May, 1998) has approved the List of types of fee paying services, provided by state health care institutions of the republic, which includes services of both medical and non-medical nature/character. Thus, the List approved the following **services of medical character**: functional studies/examinations, physiotherapeutic procedures, endoscopic studies, X-ray studies, ultrasound studies, radio-isotopic methods of studies, computer tomography, nuclear magnetic resonance (NMR), methods of gravitation surgery and blood, consultations of physicians, services of doctors and paramedics, lab tests. And the following services are included into the List **of Non-Medical character services**: conducting of sanitary-hygienic and lab studies, expertise of project documents, issuance of licenses for foods, hygienic items, scientific-research-production activity, medical-pedagogical, publishing

and advertising activities, contractual works, household services, auto-transportation services, service.

Prices for fee paying services are formed based on the Regulations on the methodic of formation of tariffs for fee paying services, developed back in 2000 under the KR Government Resolution «On Approval of the Regulations on the methods of formation of tariffs for fee paying services» (№637 dated 26.10.2000). That was necessary in order to set unified methodological principles for formation of tariffs for fee paying medical services, provided by HCO. Then, in 2005, by the KR Governmen's Resolution №54 dated 3.02.2005, modifications and addenda were entered into KR Government's Resolution №637. This methodic has been developed in conformity with the KR Government's Resolution «On the Work of the State Commission on Anti-Monopoly Policy and De-monopolization of Economy and Price Regulation under the KR Government» (№401, 31.07.2001).

Prices are formed following unified rules of calculation of production cost for each type of services. Prices for fee paying services are determined/estimated proceeding only from the expenditures of the body, authorized to provide fee paying services. Calculation of production cost of all types of services is done in accordance with the Regulations "On Methodic of prices formation for fee paying services", approved by the above KR Government Resolution.

The indexes of the year, in which prices and tariffs were developed, serve as the basis for calculation of production cost and determination of prices and tariffs, taken into consideration perspectives of development of this area (type of service) in the nearest years and expected impact/influence of the main appreciating or impoverishing factors in these years (change of tariff rates and post/position salaries, introduction of progressive norms/standards of labor and material expenses, change of prices for materials, tariffs for transportation, electricity, change of organizational structures of enterprises, etc.).

The funds, received by budgetary institutions in the KR in addition to allocations, are released from the state budget of the KR. I.e. the funds, earned though fee paying services, are marked as special funds. Special funds are spent only according to the target or ear-marked purpose. They are included into the state budget of the Kyrgyz Republic and are marked as a separate item/line in the income and expenditures' parts of the budget. All income revenues of the above funds are completely placed on the current account of the special funds treasury via transit accounts of the corresponding regional departments of the treasury. Managers of the budgetary institutions granted the right to manage the budgetary allocations, are the special funds managers/agents. In accordance with the legislative framework of the KR on tax contributions, 20% tax is imposed for Special funds on the amount, entered onto the special account.

It should be pointed out that no regulatory-legal acts were issued in addition to the above almost ten years old Resolutions and Decrees, with the exception of the acts, issued in the area of state sanitary epidemiological surveillance (in 2009 the Department on State Sanitary Epidemiological Surveillance (DSSES) has revised the Decrees and issued a unified price list for fee paying services for each region). In this connection, HCO regulate fee paying services inside their own organizations following the internal Decrees, based on the KR Government's Resolution №637 as of 26.10.2000. This issue is described in more detail in the Section «Results». As for the Decree №128 dated 6.05.1998, most of HCO managers do not know it.

Co-payment.

Co-payment was launched since 2001, and is regulated by the State Benefits Program (SBP). Co-payment is participation of citizens in payment of the cost of medical services, received by them, and provided to them by health care organizations, working in Single Payer system, beyond the volume of SBP financing. The following health care facilities and activities are subject to co-payment:

- At ambulatory level – laboratory and diagnostic studies and tests (except basic laboratory and diagnostic studies, provided under the SBP free of charge), performed in the Family Medicine Centers (FMC), Centers of General Medical Practice, Ambulatory-Diagnostic Departments/Units (ADO/ADU) of wide-profile hospitals, Consultation-Diagnostic departments of tertiary hospitals.

- At Hospital/In-patient level – all measures directly associated with treatment process and provision of meals for patients.

The Level of co-payment is differentiated by regions, depending on the availability of referral and entitlements to benefits.

Co-payment was introduced to transform already existing non-official or out of pockets payments to doctors into the official and transparent area, as part of the general strategy of mobilization of health sector funds. Co-payment was also introduced to protect people with low incomes and serious diseases from impoverishing impact of expenses for health care through transparent, clearly set mechanisms of benefits allocation.

At FMC, ADU, Clinical DU, and ambulatory departments of Health Care Delivery Centers (HCDC), co-payment for performed lab and diagnostic studies/tests are made in accordance with the price list for medical/health services. The price list is developed and approved by the KR MOH in consultation with the State Agency on Anti-Monopoly Policy and Competition Development under the KR Government, and is unified/single for all HCO, working in Single Payer system.

Both in the KR MOH Decree № 128 as of May 6, 1998 and in the SBP on co-payment, many types of fee paying services are duplicated. In particular, services for performed laboratory and diagnostic tests/studies. E.g. X-ray services are included both into fee paying services and co-payment.

2. Research Objective

Analysis of the current situation on fee-paying services of medical and non-medical nature/character, provided by HCO at primary, secondary and tertiary levels (with exception of services, included into High Technologies Foundation (HTF)), as well as services, provided by DSSES. This analysis will serve as the basis for updating of legislative framework concerning fee paying services of the Ministry of Health.

3. Research Targets:

1. To determine volumes and types of fee paying services and co-payment, provided at different levels of HCO (primary, secondary and tertiary).

2. To determine how HCO differentiate services, provided within the framework of fee paying services and co-payment.

4. Methodology of Data Study and Collection

Within this research it is planned to conduct interview of managers, financial managers /accountants of HCO, as well as doctors.

Research Tools

- Questionnaires for interview: semi-structured interview with HCO managers and financial managers to find out their opinion on fee paying services, formation of prices for them, what problems they face, what they want change in this area.
- Review of documentation and forms for filling out with specific data, such as types of fee paying services, volume of fee paying services, etc.

Preliminary testing of Research tools

Upon development of questionnaires, testing was carried out in institutions, not included into the list of objects for research.

Research Object

State health care institutions, which are on complete budgetary financing, including primary, secondary and tertiary levels, as well as institutions of sanitary-epidemiological surveillance.

Sampling of regions for Research

- Issyk-Kul oblast
- Chui oblast
- Bishkek City

Table 1: List of Research Objects of State Health Care Facilities:

Region	State Health Care Facilities/Institutions
Bishkek City	1. City CH № 1 2. FMC № 1
Bishkek City. **Tertiary health care institutions**	1. Scientific Research Institute (SRI) of Cardiac Surgery & Transplantation of Organs 2. National Center of Cardiology & Therapy 3. National Hospital 4. National Center of Hematology 5. Institute of Balneology
Issyk-Kul Oblast: • **Jetyoguz Rayon** • **Tyup Rayon**	1. Oblast TH 2. Oblast FMC 3. Oblast SSES Center 4. Rayon TH (2) 5. Rayon FMC (2) 6. Rayon SSES Center (2)
Chui Oblast • **Alamudun Rayon** • **Issyk-Ata Rayon** • **Moskovskii Rayon**	1. Oblast TH 2. Oblast FMC 3. Rayon TH (2) 4. Rayon FMC (2)

5. Results

Fee paying services and services, for which co-payment is charged, are provided both at primary and secondary health care levels. Tertiary level provides only fee paying services, with the exception of the National Center of Cardiology and Therapy under the National Hospital of the KR.

Overall, the interviewed respondents know about the terms «fee paying services» and «co-payment», yet a deeper interview indicated that there is some confusion between the names of these services.

5.1. Fee-paying services

Regulatory-legislative framework. In compliance with the KR MOH Decree (№128 dated 6.05.1998 «On the Measures for further improvement of extra – budgetary activity in the state health care institutions of the republic»), the state HCO were allowed to provide fee paying services of both medical and non-medical character. In addition, the list of population categories was approved, for whom health care should be provided free of charge (exempt categories); also the list of diseases was approved by the same Decree, which should be treated free of charge. Then, in 2001, implementation of the State Benefits Program has been initiated, with the incorporated Price list for medical services for HCO, working in Single Payer system. This price list covered the main number of laboratory-diagnostic analyses and medical procedures, for which co-payment was supposed to be made.

The rest of fee paying non-medical, as well as other types of medical services, not included into the State Benefits Program, can be provided by HCO both to legal and physical entities in conformity with the KR Government's Resolution № 363 dated 24.08.2007 «Regulations on Special funds of Health Care Organizations, working in Single Payer system».

The price list for non-medical and certain types of medical services, not included into the SBP, is developed and approved by HCO in agreement with State Agency on Anti-Monopoly Policy & Competition Development under the KR Government or their authorized bodies. Formation of prices is executed following unified rules by calculating the production cost of each type of service, in accordance with the regulations on the methodic of tariffs formation for fee paying services (KR Government's Resolution №637 dated 26.10.2000).

To account/keep records of incoming and spending of special funds by HCO, a separate transit account is opened in the Treasury regional department.

Special funds represent one of the sources of HCO financing and are allocated for current maintenance and strengthening of material-technical base.

Special funds are formed through payment of legal and physical entities for the following types of services:

- Medical examination of health status/condition of citizens upon recruitment to secondary and higher professional educational institutions, recruitment to work, as well as upon receipt of driving license;
- Vacuum-aspiration (termination of pregnancy in early pregnancy) at ambulatory level in Family Medicine Center (FMC);
- Plan/routine medical examination of health condition in the decreed contingency citizens' (except workers of budgetary school and pre-school children's institutions, secondary general educational institutions);

- Anonymous examination/testing and treatment of STIs;
- Stomatological/dental services (orthopedic, orthodontic, surgical and therapeutic);
- Service non-medical services (staying of patient in the conditions of improved comfort, individual medical and household serving of patients, meals upon placed order, etc.);
- Production of children's formula, bio-stimulators, biological dietary supplements, vaccines, sera, preparations from blood components, pharmaceuticals of vegetable, mineral and animal origin, cultures, disinfectants, medical purpose items, agricultural and other products;
- Cosmetology services;
- Forensic and ceremonial services;
- Serving of cultural-mass events with ambulance teams;
- Consultative, informational-educational services and other contractual services, provided by HCO.

The funds, gained through payment for medical services by CIS and foreign citizens, also fall under special funds, except people having residence permit and MHI policy.

It was found out in the course of the interview, that in general, HCO managers and their deputies, economists and accountants are familiar with regulatory-legislative framework, and that was further proved by availability of Decrees and Resolutions with economists and accountants. As for medical personnel, it was found out that less than half of the interviewed know based on which regulatory-legal documents they provide fee paying medical services to population, and which services are included into the List. Thus, e.g., it was proposed to include into the list such services as: acupuncture, endoscopy, colonoscopy, X-ray, while these types of medical services had already been included into the price list for fee paying services. Besides, the interviewed suggested introducing consultation of doctor with scientific degree and supreme and first category doctors into the list of fee paying services, explaining that they have a higher competence.

General Situation. Primary HCO managers, as well as economists pointed out that, quite often, ECG machine is the only one available in the rayon and it serves people of the entire rayon, while its consumables are expensive and are supplied by only one HCO, which is burdensome on the budget of this organization. In this connection, it was suggested to introduce ECG into the list of fee-paying medical services.

Besides, doctors proposed to introduce into the fee paying services list the services of ambulatory care, provided in the evenings and nights, as it happens quite often when people arrive to in-patient facility late in the evenings or at nights to get consultation/advice from doctors on treatment. These patients usually do not need hospitalization.

Only 34.2% of all the interviewed know that HCO should calculate prices for fee paying services independently, using the methodic of calculation of prices for fee paying services, approved by the Regulations, and this is known mainly only to HCO managers and financial managers. The rest 65.8% (medical personnel, especially doctors) are convinced that prices are developed for them by the KR MOH, MHIF, State Agency on Antimonopoly Policy and other state structures. According to the findings of the interview of medical personnel, it is possible to conclude that only HCO managers

and financial managers are informed about the issues of calculation of prices for fee paying services.

Situation with fee paying services is regarded as problematic both by HCO managers and personnel of health care institutions. According to the opinion of 81.6% workers, the situation is complicated by 20% state tax charged in favor of the state budget, in the result of which the cost of prices for fee paying services in the Pricelist does not correspond to the actual expenses of HCO. The point is that health care institutions are not entitled to incorporate the cost of 20% tax into the cost of fee paying service, so they have to work at a sacrifice. As chief doctors noted: *«If there were no contributions into the state budget, may be the situation with fee paying services would not be as problematic as it is now»*.

The existing procedure for approval and agreement of the developed pricelists for fee paying services at the KR MOH and State Anti-Monopoly Agency was also reported as a big obstacle in work by HCO managers and financial staff. According to financiers, the procedure of approving the Pricelist by the State Anti-Monopoly Agency is very time and efforts consuming. They have to work with 2-3 years old pricelists, where the prices do not correspond to the current ones, i.e. inflation is not taken into account. Thus, 65.8% of the interviewed pointed out imbalance of the cost of prices for fee paying services and expenses of their HCO, justifying this imbalance by imperfect calculations of production cost of services, which do not take into account inflation rate, do not include increase of prices for material expenses, overhead costs, percent of contribution to the Social Fund and low salary. About 38.2% of the interviewed believe that it is necessary to pay attention to increasing of the cost and expanding of the list for fee paying services, as these changes, to their mind, should have a positive impact on the financial situation.

In addition, outdated regulatory-legislative framework can be regarded among others as another reason of imperfect system of fee paying services delivery (KR MOH Decrees, Resolutions of the KR Government which were passed 5 and sometimes even 10 years ago); and the interviewed have to follow this outdated legislation nowadays; this opinion is shared by 50% of respondents.

Despite the existing shortcomings in work, a considerable proportion of the interviewed– 90.8%, have a positive attitude to fee paying services, viewing them as one of the additional/supplementary sources of financing (for distribution of salaries, procurement of necessary items, equipment, reagents, expenses for current operational needs, transportation expenses, etc.). The opinion of chief doctors and chief accountants coincides with the attitude of doctors to fee paying services. This gives them the possibility to spend funds in a more flexible way for refurbishment of premises, purchasing of necessary items and equipment; this is also an additional financing, enabling them to increase salaries for medical personnel, enables them to introduce new technologies for diagnostic and treatment.

Besides, the interviewed specialists believe it is necessary to introduce similar tariffs for fee paying types of medical services everywhere. Or, the request was expressed to the KR MOH to develop unified/single pricelist for fee paying services with a possible breakdown of prices into services depending on the regions and health care institutions levels.

Over half of the staff (doctors) does not have an idea which items of expenditures their managers distribute the funds to. Institutions' managers and chief accountants pointed the following items of expenditures as the main ones: «payment for workers' labor» (53.9%), «procurement of medicines/drugs and dressings» (44.7%), as well as «purchase of other services» (32.9%). Virtually no money is allocated to the item of

expenditures «general capital investments», which is accounted for by the shortage of monetary funds.

Through the course of interview of the staff of State Sanitary Epidemiological Surveillance Department (DSSES), who also provide fee paying services to the population, it was found out that the DSSES has already developed a unified pricelist for fee paying services, and that was pointed out as a positive aspect. All employees of this department were pleased with this. However, a few interviewed staff pointed out that the prices in the same pricelist are high and they requested to decrease them if possible, as not all the people can afford these prices.

5.2. Co-payment

Regulatory-legislative framework. In Family Medicine Centers (FMC) co-payment is contributed according to the Price list for laboratory-diagnostic studies, provided by primary HCO (with the exception of basic laboratory-diagnostic studies/tests, provided free of charge) of the Kyrgyz Republic, working in Single Payer system. The pricelist if developed by the Mandatory Health Insurance Fund, approved by the KR Ministry of Health and agreed upon with the State Agency on Anti-Monopoly Policy and Competition Development under the Kyrgyz Republic Government.

The insured citizens and students of primary educational institutions, students of secondary and higher educational professional institutions till they reach the age of 21 (except the students of correspondence or evening type of education) make co-payment in the amount of 50% of the cost of studies/tests according to the Pricelist, if they have referral for laboratory and diagnostic studies/tests from a family doctor (specialist of FMC, ADU, CDU), with the exception of laboratory and diagnostic studies/tests and procedures, referred to expensive ones.

The KR citizens without referral for laboratory and diagnostic studies/tests from a family doctor or FMC specialist should pay the full cost of all laboratory and diagnostic studies/tests regardless of their entitlements to benefits.

The following laboratory and diagnostic studies/tests should be provided free to the enrolled population in FGP, FMC, ADU, CDU and ambulatory departments of Health Care Delivery Centers (HCDC):

- general blood test;
- general urine test and microscopy of urinary sediment;
- microscopy of urethral and vaginal smear;
- analysis of sputum (smear microscopy);
- determination of sugar in blood and urine;
- ECG;
- All laboratory-diagnostic studies/tests to women, who got registered due to their pregnancy, and during 8 weeks after delivery;
- Children under 5 years of age (4 years, 11 months and 29 days).

MHI funds, earned by FGPs (FMCs), can be used as follows:

- 70% - for additional salary, including contributions to Social Fund. Calculation of additional payroll is run on a monthly basis;

- 30% - for purchasing of medical equipment and instruments, medicines and medical items for provision of emergency medical care at primary level, preparations of blood and its components, consumables, chemical reagents and reagents for laboratory-diagnostic studies/tests, procurement of soft and furniture/equipment, computer, facsimile and other equipment; refrigerators; other expenses, including repair and regular technical maintenance of equipment (instruments/apparatus); procurement of prescription forms on MHI AP and benefit/privileged drug supply under the SBP through pharmacies; reimbursement of travel expenses.

Co-payment is made by the hospitalized patients for the activities, directly associated with treatment process and feeding/meals. Co-payment is made depending on the availability of referral for hospitalization, profile of disease and patients rights to medical services benefits. In case referral is available from a family doctor, FMC doctor or specialist of Military Medical Commission, KR citizens, entitled to either free health care or under benefits/privileged conditions in accordance with SBP, contribute the amount in accordance with the co-payment sizes for medical services under hospital treatment and depending on the disease profile, in compliance with the KR Government's Resolution №.269 dated 30.04.2009 «On the conditions of provision of medical-sanitary care to the KR citizens under the State Benefits Program in 2009».

All patients, hospitalized due to emergency indications, are provided with emergency hospital care without co-payment from the moment patients are hospitalized, till they are resuscitated from life threatening condition. Once patients are resuscitated from life threatening condition, they make co-payment in the amounts, similar to hospitalization with referral and depending on their benefits. The patients, hospitalized for a planned/ routine treatment without referral, pay the average cost of treatment in full amount depending on the profile of the department they are treated.

Under hospital treatment, it is not permitted to charge additional payment for necessary consultations, laboratory and diagnostic studies/tests, with the exception of costy diagnostic studies and procedures, approved by the KR Ministry of Health. When expensive diagnostic and diagnostic studies have to be conducted, payment should be made either by the patient himself, or against the funds from the High Technological Types of health care Foundation.

Funds of co-payment, earned by in-patient facilities/hospitals, can be used as follows:

- 25% - for remuneration of labor, including contributions to KR Social Fund. Additional payroll/salary accounting is done on a monthly basis;
- 75% - for procurement/purchase of medicines/drugs, medical supplies, reagents, blood preparations and its components, consumables for lab and diagnostic tests/studies, medical equipment and tool/instruments, computers and other equipment, foods and other expenses. Distribution of co-payment funds on the above items is done by HCO independently, proceeding from its current operating needs.

General Situation. Majority of the interviewed got familiarized themselves with the regulatory-legislative framework, based on which health services are provided within «Single Payer System». MOH Decrees and KR Government's Resolutions are available. KR HCO, working in «Single Payer» system, have unified/single Price list for health services.

Through the process of work, it was revealed that only 55.3% of the interviewed know that the cost of services under co-payment is calculated by MHIF specialists. And they are represented mainly by chief physicians, chief accountants and financial managers. As a general rule, doctors are not interested in such peculiarities of their work, and on the other hand, the managerial level /staff does not see the necessity to give feedback on peculiarities of HCO financial work to their staff.

According to the opinion of the majority of the interviewed (53.9%), the MHIF should enter modifications and changes into the exempt categories list, approved within the SBP. About 33% of them are convinced that this list should be reduced; they also attribute deterioration of health services quality to this list. Also suggestions were expressed to reduce the number of exempt categories by clinical indications and main diseases. Examples were given, when doctors had to provide all services free of charge to the patient with mellitus diabetes, who was hospitalized to the surgical department due to the surgical condition, as this patient belonged to the exempt categories list. Or, as it is known, the same mellitus diabetes is pathology, giving a large number of complications, but treatment of non-complicated diabetes and diabetes with symptomatic hypertension, tropical ulcers or diabetes retinopathy costs the same amount of money against totally different expenditures. Again, cases with emergency patients can be given, when meals have to be given for these patients, tests should be performed, treatment has to be administered during the first 3 days, upon expiration of which, the patients, after they get better, refuse to be hospitalized and to contribute co-payment. Besides, doctors asked to deliver their message and request to MLEC (Medical Labor Expert Commission) to make criteria for selection of patients for disability status more stringent.

However, 13.2% of the interviewed, on the contrary, have expressed their request to expand the list of exempt categories, as they see it as one of the tools to change the situation with human rights and freedom in the KR for better, especially in the light of the recent political events; in particular, they requested to identify the category of people, who got injured in the events of the 7th of April, Mayevka village and Osh events, as they believe that these people are entitled to get free health services under the SBP. Also, according to them, rural residents quite often can not afford paying for hospitalization, and that's why they have to treat themselves at home, which in their opinion, is a significant argument for inclusion of rural residents into the category of people, entitled to benefits. A few interviewed doctors expressed their request to include doctors themselves into the category, entitled to partial benefits upon receipt of health services under the SBP. As for the remaining 53.9% of respondents, they were not able to give any answer to this question.

Regarding the adequacy of co-payment level and the HCF actual expenditures, only 10.5% of the interviewed were convinced of this balance/proportion. The rest of the respondents share the same opinion that, expenditures for patient's treatment quite often are higher than the amount, contributed by the patient as co-payment. Doctors believe that, when the level of co-payment for health services was calculated for the HCO, working in «Single Payer system», such parameters as average annual inflation, material expenses/costs, social insurance contributions, depreciation of material-technical base, rise of prices for drugs, consumables, and high expenses for communal services (electricity, water and heating) were not taken into consideration.

Half of the interviewed (51.3%) share the same opinion that it is necessary to enter changes into the principles of distribution of funds, gained through co-payment in compliance with the KR MOH Decree №281 dated 26.05.2009 «On implementation of the KR Government's Resolution №269 dated 30.04.2009 «On the Conditions and Terms of Medical-Sanitary Care Provision to the KR citizens in 2009 under the State

Benefits Program». As an alternative, the respondents propose to increase the item “increment of salaries” from 30 to 50% and to allocate the rest of the funds of co-payment for current/operating costs.

It should be noted that workers of primary health care level did not express such opinion, probably due to the peculiarity of distribution of funds, gained through co-payment: 70%-additional salary, 30% - purchase of equipment, drugs, tools, etc.

About 49% of the interviewed believe that it is necessary to allow distribution of funds gained through co-payment at the discretion of HCO, as the existing inflexible system, envisaged by the KR MOH Decree №281 dated 26.05.2009, considerably sidelines the HCO to effectively solve the detected problems.

During the years of existence of «Single Payer» system and co-payment funds, many doctors realized all benefits of this initiation. In the course of the interview, only 14.5% were against co-payment, as they see advantages in creation of private health care system besides the state one. In addition, proposals were expressed to incorporate all items of HCO revenues into the state budget and to finance HCO from a single source.

However, most of the respondents believe that to make HCO, working in «Single Payer» system more efficient, it is necessary to increase the sizes of co-payment from patients, as well as to increase the amounts of reimbursements from the state.

In addition, the respondents of tertiary health care level have expressed desire that institutions of this level should be included into the «Single Payer» system.

It was also suggested to differentiate the cost of treated case by level of health care provision/delivery, as less severe cases are treated at the Territorial and Oblast Merged Hospitals compared to the cases, treated at tertiary hospitals and National Centers.

6. Conclusions

Fee Paying Services

- Half of HCO staff is not aware based on which regulatory-legislative documents health services are provided. Overall, MOH Decrees and KR Government's Resolutions are known by the Chief Physicians of Health Care Institutions and Financial Managers. They pointed out that, out-dated regulatory-legislative framework causes some difficulties in their work.
- Only 34.2% of the interviewed health workers are aware of the necessity to calculate price list for fee paying types of health services independently in compliance with already existing methodic for calculation of prices for fee-paying services, approved by the KR MOH Decree № 152 as of 20.04.2005 «On Approval of the Price Formation Methodic for fee-paying services (works) in Health care institutions of the KR taking based on the modifications and addenda».
- 81.6% of the interviewed health workers believe that the current situation with fee paying services is problematic and they see 20% tax contribution payable to the state budget as the main reason of the situation.
- The procedure for approval of the price list for fee paying services is very time and efforts consuming.
- Because the process of distribution of the funds, received through fee paying services is not sufficiently transparent, more than half of the staff does not have an idea how these funds are distributed.

Co-payment

- Over half of the interviewed got familiarized themselves with the MOH Decrees and KR Government's Resolutions, based on which they provide services.
- Majority of the interviewed believe that it is necessary to enter changes into the List of exempt categories, approved by the SBP, towards reduction of the number of exempt categories by clinical indications and main disease.
- Funds gained through co-payment do not cover the real/actual expenditures of HCO.
- About 49% of the interviewed believe that it is necessary to allow distribution of funds gained through co-payment at discretion of the staff/HCO.
- Most of the respondents suggest to increase the size of co-payment, as well as to increase reimbursement from the state.
- Respondents of tertiary HCO propose to introduce tertiary HCO into «Single Payer System».

7. Recommendations

1. It is necessary to review regulatory-legislative framework, concerning fee paying services in particular.
2. It is necessary to create a unified/single price list for fee paying services by Oblasts and HCO levels.
3. It is necessary to consider the possibility to revise the List of services, provided on fee paying basis, towards its expansion.
4. It is necessary to re-calculate the cost of fee services to bring them in compliance with the real expenditures for these services.
5. The MOH of the KR should start the dialogue with the MOF of the KR on cancellation of 20% taxation of fee paying services (payable to the state budget). Or – to agree with the Anti-Monopoly Committee to give Health Care Facilities the possibility to incorporate this tax into the cost of services.
6. It is necessary to revise the List of exempt categories of citizens, receiving health services under the SBP towards reduction of the number of exempt categories by clinical indications and main disease.
7. It is necessary to consider the possibility of introducing tertiary HCO into «Single Payer System».

Annex № 1

Approved by the Decree № 431 b
of the MOH of the KR dated
December 6, 2007

List
of basic laboratory and diagnostic studies,
to be provided free of charge to the KR citizens under the State Benefits Program on provision of the KR citizens with medical –sanitary care

The following studies/tests, provided to the KR citizens free of charge shall be regarded as basic laboratory and diagnostic studies:

1. general blood test;
2. general urine test and microscopy of urinary sediment;
3. microscopy of urethral smear;
4. microscopy of vaginal smear;
5. analysis of sputum (smear microscopy);
6. determination of sugar in blood;
7. determination of sugar in urine;
8. ECG.

Annex № 2

Approved by the Decree № 431 b
of the MOH of the KR dated
December 6, 2007

List
of expensive types of diagnostic studies and procedures, to be provided to the Kyrgyz Republican citizens under the State Benefits Program on Provision of the Kyrgyz Republic citizens with medical –sanitary care

The following types of diagnostic studies and procedures, provided according to indications to the Great World War invalids and participants, being KR citizens, shall be regarded as expensive:

1. Angiography of peripheral vessels, cerebral and internal organs vessels;
2. Cardio-angiography in cardiac failures;
3. Hemodialysis;
4. Hemo-sorption;
5. Computerized tomography;
6. Coronary arteriography;
7. Plasmapheresis;
8. MR imaging (MRI) (not more than twice a year);
9. Lithotripsy.