

COSTING OF BASIC BENEFIT PACKAGE, MACEDONIA

Brief paper on provisional results

Oxford Policy Management (OPM) is commissioned by the World Bank PCU on behalf of the Government of Macedonia to conduct a financial analysis of the Basic Benefits Package (BBP). In July and August 2007 a survey of facilities was designed and implemented. In October a supplementary survey will be conducted so as to provide more detailed analysis of health service costs. To assist discussions around the 2008 Budget this paper presents some preliminary and provisional results of particular relevance to budget discussions.

On the basis of survey of sampled health facilities, the provisional costs are calculated under four scenarios:

1. Cost on the basis of cash accounting.
2. Accrual cost by adding unpaid expenses.
3. Cost by adding annualised equipment replacement value.
4. Cost by adding annualised values of both equipment replacement and facilities depreciation.

The details of above referred costs for health houses, general hospitals, special general hospitals and clinics are given in Table 1

Table 1 Total Costs

	<i>Amounts received from HIF in 2006</i>	<i>Cost (Cash accounting)</i>	<i>Cost estimates accruals basis)</i>	<i>Additional Cost with annualised equipment</i>	<i>Additional Cost with annualised equipment and facility</i>
		<i>All figures are in millions Denars</i>			
Clinics and Institutes	4,171.52	4,197.71	5,159.37	253.74	281.63
General Hospitals (Special)	809.55	775.61	818.05	39.98	42.92
General Hospitals	2,885.77	3,046.31	3,382.48	368.16	397.49
Health Houses	2,017.04	1,945.01	1,994.69	59.51	64.18
OVERALL TOTAL	9,883.87	9,964.63	11,354.59	721.40	786.21

Cost Per Person

In order to arrive at cost per person, the catchments population is taken for the health houses, general hospitals and special general hospitals and the results of the sampled facilities extrapolated on the basis of population above

referred; but since the central clinics are unique in nature in terms of provision of services therefore whole population that is 2.06 million is taken to extrapolate the results of sampled clinics.

To provide costs on an accrual basis it is necessary to add debt incurred in 2006. This figure was available for the Central Clinics but not for the Health Houses and Hospitals. For these 2006 debt was estimated at one third of accumulated debt (this figure will be validated in the supplementary data collection).

Table 2 shows the provisional total cost and cost per person of BBP services.

Cost (accrual basis)		11,355
HIF Reimbursements to Pharmacies		1,254
HIF Individual Reimbursements		220
Capitation Amount		2,572
Treatment Abroad		164
Other health services		19
Total		15,583
Per Person cost	Denars	7,565

The figures relating to HIF expenses to pharmacies and individuals, capitation, treatment abroad and other health services are taken from the annual report of HIF since these were not included in the survey being outside the scope of the consultancy.

The cost per person on the basis of above scenarios are given below:

Cost per person (accrual basis): **7,565** Denars

Cost per person if annualised equipment cost added: **7,915** Denars

Cost per person if annualised equipment and facilities cost added:
7,946 Denars

Uninsured persons

Out of 130,000 currently estimated as uninsured, we are informed that 95,000 have the means but have not exercised the right for insurance and the remaining uninsured therefore total 35,000. The cost of meeting the personal health service costs of 35,000 uninsured persons at full economic cost and based on the current range and quality of services is

35,000 X 7,565 = 265M Denars

Dentistry

In order to cost preventive and emergency dentistry, Shtip health house was surveyed and costed. The specialist consultative services and outpatient services are calculated on the basis of survey of Dental Clinic Skopje.

Per visit cost of preventive and emergency dental services at health house may be seen at Table 3.

Some special procedures / treatments were also costed.

Table 3

Shtip Health House	Denars	
<u>Preventive Dentistry Services</u>	1,017.42	Per visit
<u>Emergency Dentistry Services</u>	1,648.78	Per visit
Dentistry Clinic		
<u>Orthodocny</u>	34,731.68	Per episode of 3 visits
<u>Mobile Braces</u>	36,868.39	Per episode of 3 visits
<u>Dental Pathology</u>	33,619.17	Per episode of 3 visits
<u>Oral Surgery</u>	34,181.60	Per episode of 3 visits
<u>Mouth Diseases</u>	42,486.01	Per episode of 3 visits
<u>Trijaza Technick</u>	29,085.40	Per episode of 3 visits
<u>Outpatient Specialist Clinic</u>	9,610.21	Per visit

Note: The above costs will be refined once a supplementary survey is carried out

13 Special Programmes

In addition to above, two of the 13 special programmes i.e. drug addiction and mental illnesses are also costed. The provisional results are at Table 4.

Table 4

CONDITIONS	COST PER BED DAY
	Denars
<u>Inpatient Alcoholism</u>	2,547.48
<u>Inpatient Methadone Therapy</u>	1,650.91
<u>Inpatient Acute Mentally Ill</u>	469.64
<u>Inpatient Chronic Mentally Ill</u>	284.43
<u>Inpatient Long Term Mentally Ill</u>	149.85

Note: The above costs will be refined once a supplementary survey is carried out

For the preparation of budget for 2008, it may be noted that since the survey was done for the year 2006 therefore appropriate inflation rate may be incorporated.