

GUARANTEEING THE RIGHT TO HEALTH THROUGH THE COMPULSORY HEALTH CARE INSURANCE FUNDS IN THE REPUBLIC OF MOLDOVA

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Abstract: *Health, like education, defense or social protection, represents a field of particular importance, which requires a significant volume of resources, a large amount of services, as well as the entire population as a consumer. The actuality of the article resides in the complexity of the compulsory health care insurance funds, especially in conditions of crisis and financial stress. The aim of the article is to highlight the existing problems in the effective execution of the compulsory health care insurance funds, but also their reconfiguration in the context of the reduction and aging of the population as a demographic indicator, which greatly affects the consumption of medical goods and services. The main results obtained as a result of the investigations, consist in performing a broad diagnosis of the compulsory health care insurance funds, as well as offering practical recommendations for improving the respective process. Regrettably, the uncertainty and financial tension we are in, requires us to find new opportunities to maintain and develop the financing mechanisms of the healthcare system, but also to control costs.*

Keywords: *compulsory health care insurance funds, accumulated income, expenses executed, financial tension, crisis.*

JEL Classification: *H51; H61; H75; I15.*

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Introduction

The financing of the healthcare system continues to be an acute problem for the whole society, determined by the place it occupies in the structure of the national public budget. Financing, being one of the main factors that ensures the sustainable functioning of the healthcare system, creates favorable conditions for satisfying the population's need and demand for qualitative and sufficient medical services. The opportunity of this research is also motivated by the fact that the Republic of Moldova requires the intelligent use of the financial and administrative possibilities of the healthcare system. The Republic of

Moldova ranks unfavorably in most of the population health evaluation indicators, including demography, which indicates both the existence of deficiencies in the healthcare system and the need for increasing financing of this system. Moreover, the share of health expenses in GDP is higher in Moldova, compared to the countries in the region, but public expenses cover only half of the total expenses. Certainly, such a high share of health expenses in GDP, especially private expenses, may reflect both the very high financing needs and the inefficiency of public expenditures. As mentioned before, the financial strain on the compulsory health care insurance funds (hereinafter CHCIF) is largely generated by the aging of the population, quality of life, as well as the health situation of the population. A good state of health is a value and a true source of economic and social stability and sustainability. This is a key factor for reducing poverty, an element that contributes to the sustainable development of the healthcare system and the country, and every citizen only has to benefit from it. The most important thing is that good health indicators are no longer the result of a single field: the sustainable improvement of population health respecting the principle of social equity is, in fact, a product of effective policies promoted at all levels of the state and collaborative efforts from all segments of society [16].

The financial resources allocated to the healthcare system are considered short-term costs and not long-term investments, therefore, a budgetary amendment is required to accept, by all the decision-making components, that health is not a cost, but an investment. Health is not only a concern of the Ministry of Health, the National Medical Insurance Company and the medical institutions, but of all the authorities responsible for economic growth and sustainable development. As a result, by investing in health, benefits will be obtained in favor of economic development and, finally, it will contribute to the increase of the general budget of the country [2].

Data sources and used methods

As sources of information, the authors have used the statistical data of the World Health Organization, the Organization for Economic Cooperation and Development, the Ministry of Health of the Republic of Moldova, the Ministry of Finance of the Republic of Moldova, the National Bureau of Statistics, the National Medical Insurance Company, etc. In the paper, the authors have used classical methods of analysis and synthesis, induction and deduction, history and logic, comparative and systemic analysis, as well as a contemporary approach to health care revenue and expenditure trends.

Analysis and interpretation of results

The pandemic has generated emerging and unprecedented challenges for both human health and the well-being of healthcare systems, which is why financing mechanisms are becoming vital to promote health and support health equity and accessibility. According to specialized literature, the most widespread ways of financing health systems at the international level are [1]:

1. The national health care system, which is based on financing from taxes (Great Britain, Italy, Greece, Norway, Israel);

2. The health care system, based on medical insurance that is financed from the contributions of employers and employees (Germany, Austria, France, Czech Republic, Japan, Romania, Russia, Armenia, Republic of Moldova);

3. The private health insurance system, which is largely based on voluntary health insurance made at insurance companies (USA). To begin with, one can address the notion of compulsory health care insurance, which is found in the Law on compulsory health care insurance [8], namely "Compulsory health care insurance is an autonomous state-guaranteed system of financial protection of the population in the field of health protection by establishing, on the principles of solidarity, from the account of insurance premiums, some monetary funds intended to cover the expenses of treatment of states conditioned by the occurrence of the insured events (illness or condition). The system of compulsory health care insurance offers the citizens of the Republic of Moldova equal opportunities to obtain timely and qualitative medical assistance". The object of the compulsory health care insurance is the insured risk, related to the expenses for providing the necessary volume of medical and pharmaceutical assistance, provided in the Single Program. In order to achieve the objectives of compulsory health care insurance, NMIC establishes and mandatorily manages the following funds:

1. the fund for the payment of medical and pharmaceutical services (on medical services sub-programs and, separately, on the pharmaceutical services sub-program intended for the compensation of medicines) (the basic fund); 2. the reserve fund of the compulsory health care insurance (the reserve fund); 3. the fund of preventive measures (prevention of insurance risks) (the fund of preventive measures); 4. the fund for development and modernization of public medical service providers (the development fund); 5. the management fund of the compulsory health care insurance system (the management fund). The financial means accumulated in the above mentioned insurance funds, including the sums of penalties and pecuniary sanctions, are intended for carrying out activities specific to compulsory health care insurance. The breakdowns from all the payers of compulsory medical insurance premiums are accumulated in the NMIC single account [4], which is later used to cover the specific expenses of each individual fund. At the same time, according to the provisions of GD no. 594 of 14.05.2002, the revenues received from the NMIC's single account during the year, except for the amounts with a special destination, are distributed as follows: □ the basic fund – not less than 94%; □ the reserve fund – up to 1%; □ the fund of preventive measures – 1%; □ the development fund – up to 2%; □ the management fund – up to 2%.

The CHCIF is approved annually by the Law on Compulsory Healthcare Funds and amended as necessary. During the analyzed period, the changes to the CHCIF were determined by a number of factors, such as: covering expenses for dialysis services, food, public transport for tuberculosis patients, the cost of medicines intended for oncological patients, of compensated medicines, motivation of the staff involved in the treatment of COVID-19, salary increases for employees in medical institutions, etc. Therefore, further, we will examine the CHCIF indicators for the period of 2015-2022, based on the data from the NMIC Reports and the Ministry of Finance.

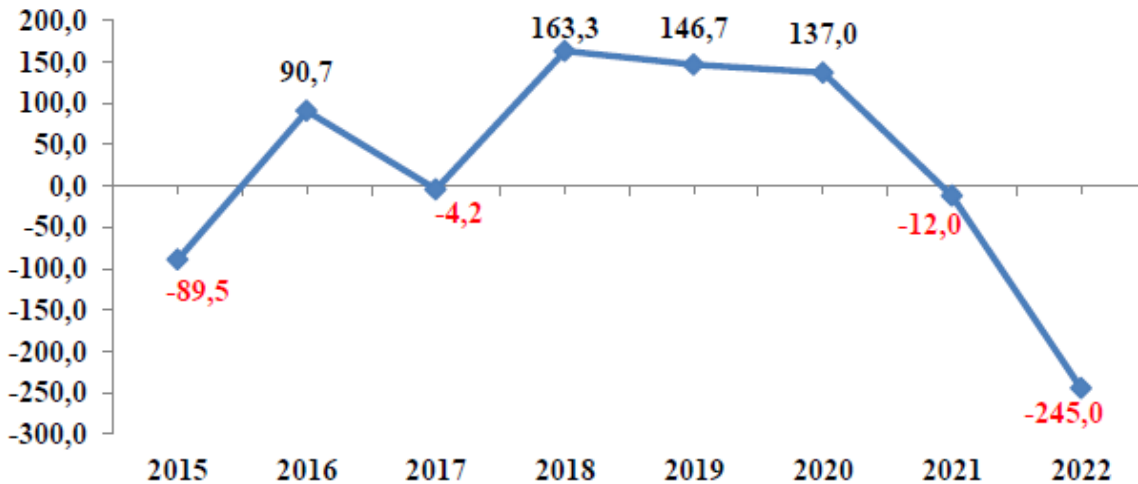
Table 1. The evolution of CHCIF indicators for the period of 2015-2022, million lei

| Indicators | Executed | | | | | | | Precise A.2022 |
|---|--------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------------|
| | A.2015 | A.2016 | A.2017 | A.2018 | A.2019 | A.2020 | A.2021 | |
| Income | 5 062,9 | 5 764,2 | 6 256,6 | 6 877,4 | 7 636,3 | 8 542,5 | 11 540,0 | 12 373,6 |
| Expenses | 5 152,4 | 5 673,5 | 6 260,8 | 6 714,1 | 7 489,6 | 8 405,5 | 11 552,0 | 12 618,6 |
| Surplus/ Deficit (surplus (+/ deficit (-)) | -89,5 | 90,7 | -4,2 | 163,3 | 146,7 | 137,0 | -12,0 | -245,0 |

Source: elaborated on the basis of [3;9;10;11;12;13;14;15]

From the data in Table 1, it can be noted that the revenues of CHCI in 2022 increased by 2.4 times compared to 2015, from 5 062.9 million lei to 12 287.6 million lei, which is positively appreciated for the healthcare system. Also, the CHCI expenses approved for the year 2022 are increasing by 7 135.2 million lei compared to 2015. The CHCIF indicators approved for the year 2022 [6] under the influence of some factors have undergone changes [7], respectively the revenues have increased up to 12 373.6 million lei and, respectively, expenses up to 12 618.6 million lei, with a deficit of 245.0 million lei. The evolution of the CHCIF surplus/deficit during the years 2015-2022 is reflected in Figure 1.

Figure 1. The evolution of the CHCIF surplus/deficit during the years 2015-2022, million lei



Source: elaborated on the basis of [3;9;10;11;12;13;14;15]

From Figure 1, one can deduce that the medical insurance system in 2015 recorded a deficit of 89.5 million lei, this decreasing to 12.0 million lei in 2021 and increasing by 155.5 million lei in 2022. Also, a surplus of resources can be observed in 2016 (90.7 million lei), 2018 (163.3 million lei), 2019 (146.7 million lei) and 2020 (137.0 million lei).

CHCI revenues are made up of [15]:

- a) compulsory health care insurance premiums (hereinafter – *CHCI premiums*),

b) transfers from the state budget (hereinafter – *transfers from SB*) and
 c) *other revenues*, represented by fines and pecuniary sanctions, bank interest,
 breakdowns from the single tax levied from residents of information technology parks.

Further, we will analyze the volume and structure of CHCI revenues, for the period of 2015-2022.

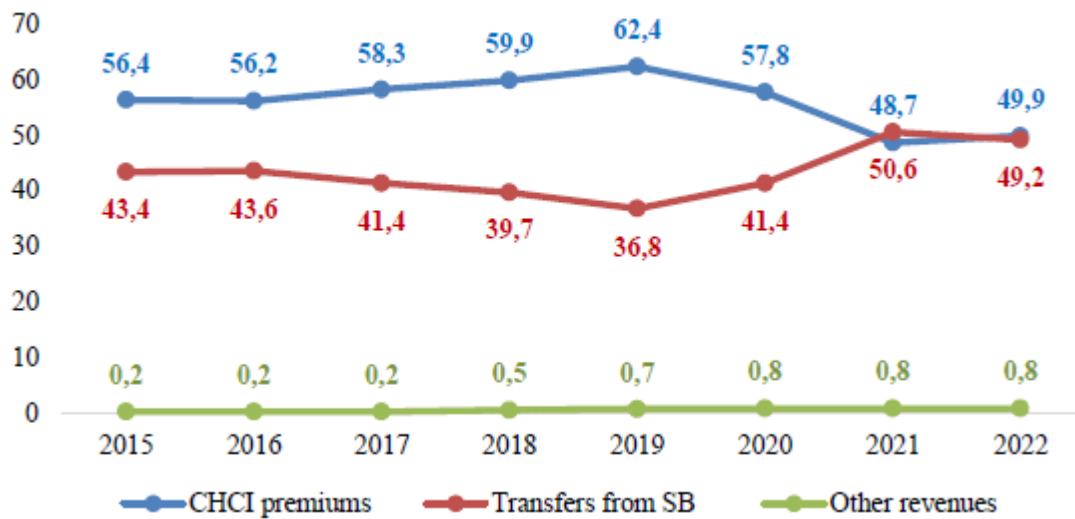
Table 2. The structure of CHCI revenues, for the period of 2015-2022, million lei

| Indicators | Executed | | | | | | | Precise A.2022 |
|-------------------|----------|---------|---------|---------|---------|---------|----------|----------------|
| | A.2015 | A.2016 | A.2017 | A.2018 | A.2019 | A.2020 | A.2021 | |
| Total revenues | 5 062,9 | 5 764,2 | 6 256,6 | 6 877,4 | 7 636,3 | 8 542,5 | 11 540,0 | 12 373,6 |
| CHCI premiums | 2 854,5 | 3 240,2 | 3 648,4 | 4 117,6 | 4 768,1 | 4 939,5 | 5 615,1 | 6 179,9 |
| Transfers from SB | 2 197,7 | 2 512,7 | 2 593,0 | 2 728,0 | 2 813,7 | 3 533,7 | 5 835,0 | 6 095,2 |
| Other revenues | 10,7 | 11,3 | 15,2 | 31,8 | 54,5 | 69,3 | 89,8 | 98,5 |

Source: elaborated on the basis of [3;9;10;11;12;13;14;15]

From the data in Table 2, it follows that during the analyzed period, the majority share in the structure of CHCIF revenues belongs to CHCI premiums. The CHCI premiums represent a fixed amount or a percentage contribution to the salary and other rewards, which the taxpayer is obliged to pay in the CHCI funds for taking over the risk of illness [9]. It is observed a constant increase of the own incomes and a stability of the transfers received from the state budget. The graphic presentation of CHCI revenues is presented in Figure 2.

Figure 2. The structure of CHCI revenues in the period 2015-2022, million lei



Source: elaborated on the basis of [3;9;10;11;12;13;14;15]

In the structure of CHCI's revenues, the most significant share is owned by own revenues (including other revenues). At the same time, it is observed that in 2021, compared to the other analyzed periods, the revenues transferred from the SB increased significantly, exceeding 50.6% of total revenues, which in our opinion is due to the crises faced by the healthcare system, especially the pandemic crisis (COVID-19). Therefore, the state used all the available levers to reduce the financial strain, which took hold of the healthcare system. In 2022, based on the data specified in the Law on compulsory health care insurance for the year 2022, a slight decrease in transfers from SB to CHCIF can already be observed. Currently, the expenditures for the healthcare system in the Republic of Moldova are at an extremely low level, compared to other developing countries. According to the official data of the National Bureau of Statistics of the Republic of Moldova, starting from 2015 and until 2021, the expenses for health protection in the total expenses of the consolidated budget registered a positive progress of approximately 16.5% in 2021 (Table 3). This aspect is seen as positive for the healthcare system, although the financial tension during the analyzed period was extremely high, in crisis conditions, in national and international post-crisis. In Table 3, the expenses for healthcare protection are analyzed, as well as their share in the total expenses of the consolidated budget and in the GDP, in dynamics for the years 2015-2021, based on the data of the National Bureau of Statistics of Moldova.

Table 3. Analysis of the expenses for healthcare protection, during the years 2015-2021

| Indicators | A.2015 | A.2016 | A.2017 | A.2018 | A.2019 | A.2020 | A.2021 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| The expenses for healthcare protection, mil. lei | 6 455,8 | 6 505,5 | 7 268,7 | 7 799 | 8 935 | 9 990,2 | 13 527,8 |
| Share in total expenditure of the consolidated budget, % | 13,9 | 13,4 | 13,3 | 13,1 | 13,1 | 13,6 | 16,5 |
| Share of health spending in GDP, % | 5,3 | 4,0 | 4,1 | 4,1 | 4,1 | 5,0 | 5,6 |

Source: elaborated on the basis of NBS data [5]

From the data in the Table, one can note that, in 2021, the expenses for healthcare protection amounted to 13 527.8 million lei, which is 2.1 times more compared to 2015. Likewise, a positive trend of health expenses is attested in the total consolidated budget, which in 2021 registered 16.5%, or practically, the largest share of the entire analyzed period, when this indicator accounted for approximately 13%. Public expenditure on health in relation to GDP amounted to 5.0% in 2018, registering a significant increase of 1.4% compared to 2009 and an increase of 0.3% compared to 2015, when they accounted for 5.3% from GDP. We find that the highest share of spending on the healthcare system was reached during the years 2021 (5.6%), 2015 (5.3%) and 2020 (5.0%). The country's economic recession will have a significant effect on both, the health of the population and expenditures on healthcare protection. Nowadays, for the Republic of Moldova, as a developing country, it is extremely important to make investments in the healthcare system to maintain the stability and security of the country, as well as to accelerate the recovery of the economic situation.

We conclude that in the current conditions of economic, social, political, energy crises, as well as limited financial resources, the share of public expenditures for the healthcare

system in the national public budget is increasingly feeling the financial tension, a situation that requires, of course, undertaking efficiency measures and identifying possible additional financial sources.

With respect to the CHCIF expenses for the period of 2015-2022, one can note that they were executed (planned - 2022), resulting from the amount of existing financial means, as well as the capacity of medical institutions in the healthcare system. Table 4 presents CHCIF expenses in evolution and for each individual insurance fund.

Table 4. Expenses analysis CHCIF for the period of 2015-2022, million lei

| Indicators | Executed | | | | | | | Specified A.2022 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------------|
| | A.2015 | A.2016 | A.2017 | A.2018 | A.2019 | A.2020 | A.2021 | |
| Total expenditure | 5 152,4 | 5 673,5 | 6 260,8 | 6 714,1 | 7 489,6 | 8 405,5 | 11 552,0 | 12 618,6 |
| The basic fund | 4 899,6 | 5 570,2 | 6 162,9 | 6 586,4 | 7 333,7 | 8 270,1 | 11 436,2 | 12 428,8 |
| The reserve fund | 14,9 | 15,1 | 0,0 | 0,0 | 0,0 | 10,0 | 0,0 | 10,0 |
| The fund of preventive measures | 12,9 | 2,5 | 6,0 | 11,8 | 22,0 | 25,3 | 19,6 | 50,0 |
| The development fund | 154,3 | 12,8 | 18,6 | 38,1 | 55,3 | 19,9 | 9,5 | 15,0 |
| The management fund | 70,7 | 72,8 | 73,3 | 77,8 | 78,6 | 80,2 | 86,7 | 114,8 |

Source: elaborated on the basis of [9;10;11;12;13;14;15]

From the data in the Table, it can be seen that the basic fund (for the payment of medical and pharmaceutical services) annually allocates resources that constitute no less than 94% of the total revenues of CHCI, which ensures compliance with the legal provisions [4]. Thus, in 2021 the expenses allocated to the basic fund recorded the amount of 11 436.2 million lei (99%), which is with 7 529.2 million lei more than in 2015 or by 2.3 times more. The management fund is on the second position, with 86.7 million lei in 2021, followed by the fund of preventive measures with 19.6 million lei, the development fund with 9.5 million lei and on the last position is placed the reserve fund.

According to the Regulation on the manner of constitution and management of the compulsory health care insurance funds [4], the financial means accumulated in:

- 1) **the basic fund**, are intended for expenses for the realization of the Single Program of CHCI, which includes: pre-hospital emergency medical assistance; primary healthcare; specialized outpatient medical assistance, including dental; hospital medical assistance; high performance medical services; community and home health care; palliative care; compensated medicines;
- 2) **the reserve fund**, are used to cover additional expenses related to illnesses and urgent conditions; compensating the difference between the actual expenses related to the payment of current medical services and the accumulated contributions (expected income) in the basic fund;
- 3) **the fund of preventive measures**, are used to cover the expenses related mainly to: carrying out measures to reduce the risks of illness, including through immunizations and other methods of primary and secondary prophylaxis; performing prophylactic

examinations (screening) in order to detect diseases early; financing events and activities aimed at promoting a healthy lifestyle; the purchase, based on the decision of the Government, the Extraordinary National Public Health Commission, of medical devices, equipment, medicines and consumables for the implementation of measures to reduce the risk of illness and treatment in case of public health emergencies; other activities of prophylaxis and prevention of the risks of illness, accepted for financing on the basis of projects, according to the regulation approved by the Ministry of Health, Labor and Social Protection and the Company;

4) **the development fund**, are intended to increase the quality of medical services, the efficiency and performance of public medical service providers and are mainly used for: procurement of high-performance medical equipment and means of transport; implementation of new heating technologies, medical waste processing and water supply and sanitation; modernization and optimization of buildings and infrastructure; implementation of information systems and technologies;

5) **the management fund**, are used for: salary of the Company's employees and territorial agencies (branches); covering travel expenses; maintenance of the information system and organizational infrastructure; carrying out quality control of medical services and respective expertise; operational expenses; procurement of fixed assets, the necessary equipment with the performance of depreciation breakdowns; household and office expenses; staff training and improvement; other activities related to the administration and management of the compulsory health care insurance funds.

Conclusions and suggestions

In conclusion, one can mention that the low level of funding, especially in crisis situations, exposes the healthcare system to a huge danger, namely: the impossibility of providing medical institutions with medicinal products, food products, utilities and paying the salaries for medical staff. In this context, we consider it imperative to focus on reducing the financial strain on the health system, from the perspective where a series of problems/factors persist in different fields (education, defense or social protection) that directly or indirectly affect the revenues and expenses of the healthcare system. At the same time, it is extremely important that health reforms focus not only on access to medical services, but also on improving the cost control mechanisms. Taking into account the volume of revenues and expenses of CHCI, the purchase of high-performance equipment, investments in the technical-material base of hospitals, better hotel conditions, but also decent salaries for the medical personnel involved in the medical act cannot be fully covered at the moment.

In the context of the aforementioned, we consider it necessary to undertake the following actions:

1. The Republic of Moldova must give a higher priority to the healthcare system, to improve the health of the population, prevent diseases, undertake control actions to reduce threats to the health of the population.
2. Strengthening the capacities of the healthcare system to deal with possible pandemics or crises.
3. Digitization of the healthcare system and modernization of the healthcare infrastructure.

4. A more prudent monitoring of healthcare expenditure in order to reduce financial stress (continuous control of costs, conducting audits, performing resilience tests, financing from mixed sources, strategic planning, etc.).
5. Promoting policies regarding the aging of the population, in order to maintain the quality of life and the sustainability of the healthcare system.
6. Improving the resilience of the healthcare system in the Republic of Moldova.

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