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\(^1\) Sami Frashëri
To dream anything that you want to dream. That’s the beauty of the human mind. To do anything that you want to do. That is the strength of the human will. To trust yourself to test your limits. That is the courage to succeed.

Bernard Edmonds
1. INSTEAD OF INTRODUCTION

If a person was to come to Kosovo since 1999 until now, he would encounter two moments that are at the same time contradictory and he would not understand or be able to explain:

The first example of Kosovan reality: A scientist – a doctor surrounded by computers, CT echo-sonography and other modern equipment, which are used in other developed countries that enjoy an enviable health system.

The doctor performs his tasks by using such equipment without any problem, but by asking in return to be paid for his services just like his colleagues in other countries of the world. His patient is a well developed man, who is lying tied to the electrodes of this medical equipment.

The second example of Kosovan reality: The same person may come across a doctor examining a child, who has dehydrated due to diarrhoea he was suffering from, under the candle light and surrounded by pieces of coal for heating.

In 50 years time, it would be difficult for archaeologists and anthropologists to determine the time and stages of development the second doctor belonged to, despite both of them being doctors in Kosovo who receive the same salary in euro from the Kosovan budget.

They are both lucky they have not reached the age of 65 and gone on retirement because that way they would not be able to count on those salaries either and maybe both of them would be faced with candle lights at their homes.

Implication of global politics, which has and is still being implemented by bodies responsible for the implementation of Resolution 1244, despite the declaration of the independence of Kosovo since 2009 and its recognition by now (May 2011) by 75 countries of the world, has contributed greatly to an unclear present and future position in Kosovo, including the Kosovan health sector. Taking into account the current position of Kosovo it is not clear whether it is:

- An international colony led by different initiatives and interests of institutions that take part in countries that administer and influence Kosovo.
- An undetermined administrative region in respect of the role of participation of Kosovan citizens in determining what should have been determined by them (maybe due to absence of good articulation by Kosovans themselves?!).
- A domineering role of Kosovan citizens in decision making and implementation, where the internationals play an advisory role.
- Something else or bits of everything.
1.1. The role of international organizations

Past korrikut 1999, është konsideruar se Kosova nuk ka mekanizma që do të mund ta After July 1999 it was considered that Kosovo lacks mechanisms that could manage the Kosovan health system. The structure, which was the Ministry of the Kosovan health system that provided services to the Albanian population (acceptable for 90% of population), was not accepted. Being in such position, without a head of the family, the absence and the gap of managerial structures had to be covered by a body established by international structures and any other foreign institution, since the Kosovans had no initiative to assume powers in this field or maybe their initiatives were obstructed. In the beginning, international organizations were surprised by the dominating role they assumed in guiding the Kosovan health system. But, in order to achieve success they lacked:

- Experience for such situations (the case of Kosovo was proven to be Sui Generis);
- Necessary staff;
- Staff qualifications did not correspond to the required level (a qualified baker was the manager of public health projects);
- Program and strategic guidelines were often models of countries of origin of project managers, thus we had a vast range of different approaches that in the global plan resembled the leopard skin and were often incompatible. Consequently, their activation and implementation did not pertain to the situation in the Kosovan reality. One could count in fingers the projects that were applied and based on Kosovan resources and conditions.

1.2. The role of local organizations

Local organizations were in a leadership vacuum and they were imposed co-heading, which in many cases and due to numerous reasons fails to produce co-administration. The local staff was unable to communicate in and use the English language that became a condition one could not do without. Also, the quickened communication by using electronic mail was not possible due to lack of experience and skills to use it, but also due to lack of equipment and internet access. Local non-governmental organizations, as beacon of carrying out a governmental activity, were mostly placed in frameworks that are typical for countries in transition. So, the influence in the course of the future strategy of the Kosovan health system was poor or completely absent.

Past public institutions (such as the system of health financing through health insurance) were destroyed and suffered a 10 year pause of being removed from schemes of influence in health policy, thus becoming unable to activate health insurances even in the initial stage because even the policymaking structures showed no interest in restarting such forms of health financing.
1.3 The role of the Ministry in realizing health policy

After 1999, the Ministry of Health went through several stages. In the beginning it was administered by structures appointed by UN-UNMIK. During the year 2000 it was co-chaired by international and local authorities. Before the national elections, the Ministry or the Department, as it used to be called, remained without a joined administration and until the first minister assumed the position, it was administered by international staff.

The first initiative involved a group composed of the WHO, international representatives-experts and local experts, who were involved in planning and implementing health strategies in Kosovo.

After a while, they worked towards re-determining the strategy with a more dominating participation of the Kosovan side. This new policy was approved during the year 2001 as a document that lays out the aims of Kosovans for the health system direction in future.

The basis of the policy and the strategy suffers no changes in respect of essential viewpoints of orientation towards primary medicine and, within it, in supporting family medicine. Apart from some parts, the application of health strategy legged behind. This legging behind could have happened as a consequence of:

1. Failure to financially support the strategy (there is no sustainability or determined financial mechanisms for this);
2. Failure to politically support the strategy (the undetermined concept of responsibilities in levels according to the administrative division accepted at that time: local -district-national);
3. Failure to support professionals, whose position and role is not clear to them yet (orientation towards family medicine and their future role in that reformed system);
4. The undetermined issue, unregulated legally and the unclear issue of health activity in private practice;
5. The yet unregulated environment to support and stimulate orientation towards embracing new health policy.
6. Absence of Kosovan legal framework, which would establish Kosovan health as a unity managed in a unique manner by Kosovans throughout the territory;
7. Lack of access to health services for everybody.
2. INTRODUCTION

According to the World Health Organization health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity\(^1\).

The true meaning of the word ‘health’ has been forgotten in Kosovo. Being healthy in Kosovo now, implies exactly the state of not suffering from a disease, no need for an operation, no need for care before, during and after birth, no need for intensive care, mammography, radiotherapy, cytostatic or other drugs, simply said “may you never need doctors!”

The importance of longevity among Albanians, which depends on essential best possible health state, is illustrated by the saying “t’u ngjat jeta” (may you have a long life), whereas for those who measure the well-being of a nation it is reflected by longevity, one of the important indicators of the well-being of a nation.

But, now the human being is more than ever at danger from different biological, physical and chemical factors. This danger is greater in developing countries due to weak institutions, weak structures of drafting non-existing or existing non-professional and corrupt standards, norms and mechanisms for prevention, treatment and health care. Considering that Kosovo is a developing country, its citizens are no exception. When they need health services, they take a chance in respect of quality of public health services, “depending on who happened to be on duty at the reception”. Whereas those who can afford to pay can choose the doctor, be it in private or public sector.

But, the problem is not over with the selection of the doctor. It continues with ensuring and paying for tests mostly in the private sector to find out diagnosis, since those in the public sector are out of function for various reasons.

When a citizen of Kosovo is informed that he suffers from a deadly disease, such as cancer, such a bad news is worsened further due to insecurity of availability if not of cytostatic drugs, then of radiotherapy. Furthermore, the insecurity of what will be found or nor found or what can the patient secure for treatment comes even before the fact whether the therapy will be successful.

Imagine (unfortunately some have no need to imagine) how you would feel if someone informed you that you suffer from an incurable disease, but the chance for your living and the progress of the disease, apart from other things, will depend on therapy drugs and methods you are not sure you can secure because of the lack of a written information on “what is offered by the state and what is not”! Therefore, you are left to the mercy of the destiny, and if you fall sick in a period of time when the Ministry of Health is supplied with these drugs, then maybe it is “being lucky in an unfortunate situation” for you or if you have no money to ensure them from your friends and family.

\(^1\) Preamble of the World Health Organization Constitution, approved by the International Health Conference, New York 19 June–22 July 1946: signed on 22 July 1946 by representatives of 61 countries and entered into force on 7 April 1948. The definition has not been changed since 1948.
Prishtinë, 23 April 2011 – Equipment CUCK (Clinical University Center of Kosovo) often are not operational. This time we will focus on magnetic resonance, which has been out of function for two weeks now.

“...we expect for it to be put into function as soon as possible, it is broken due to an internal defect. All the preparations have been carried out to intervene and repair the defect, in order to make operational the resonance that is necessary for many in-patients of the CUCK”, says the doctor in charge. Patients, on the other hand, bear the consequences and they have reached the situation when they express their distrust that the magnetic resonance is broken.

"My 22 year old daughter is here. But I do not know whether equipment is working. They say it is not working, and I do not know why would not it be working, maybe just because they do not want it to work, it is not working. If I go to the private sector it will cost at least 100 euro, where do I get the money for that. If you have someone in the hospital, if you have a sick person to care for, it is very difficult to provide assistance to the sick person”, says the patient. While the CUCK officials promise that the magnetic resonance will soon be at the service of patients, this causes dilemma among the patients because the CUCK was not able to provide the exact date when the equipment will be repaired. Newspaper “Lajm”

Increase of risk factors that endanger health, increase of knowledge in respect of them, increase in being exposed to risk factors, development of technology and other tools to diagnose the disease, carry out treatment and rehabilitation, growing of commercial marketing and lack of social marketing continue to increase health related expenses throughout the world, including Kosovo. But, growing of expenses in Kosovo is taking place in a specific political and social context, at the time when the Kosovo Government is faced with limits of capital, financial and human capacities to cover them. Due to inability of the Government to cover more than half of these expenses, they become a burden to the patient, namely the citizen of Kosovo. The citizen of Kosovo is subject to financial risk due to illness, which leads him to poverty that in turn exposes him further to risk factors, thus continuing to endanger health. So, it is a vicious circle of growing expenses in the health sector.

Moreover, apart from the limitation of expenses by the Kosovo Government, the Kosovo health financial system has no mechanism to control health expenses in Kosovo. What is worse, the only way of reducing health related expenses in Kosovo remains payment out of pocket and health insecurity related to that which becomes a norm so that the Kosovo citizen is unaware of services and medicine he may be provided with, when needing them and which means “he will have to find a solution about them on his own”. There is an issue we in Kosovo are faced with; people lose trust in their health system day by day.

The present report deals with five decisive issues of the health system, which decide about the destiny of a sick or a healthy person in Kosovo, which were realized or ig-
nored by competent people: funding, payment, legislation, organization and behaviour.

The aim of the report is to provide an analysis of the health system, but only with the purpose of presenting the influence of the system in the life of the citizens. Furthermore, the report provides the steps that need to be taken in order to avoid the situation when the citizen is faced with distrust and insecurity and regain the trust in our health system.

3. LACK OF CLARITY – HEALTH SYSTEM FINANCING

Health services are different from other public services. Despite offering “universal access and coverage”, the current health system does not contribute to the poor. Political, economic and social context determines the loss in the health system and place the system and the patient in a vicious circle. The model suggested by the WB, the one suggested by the Government of Kosovo and lessons learned during the last decade are the steps to be taken into consideration in future.

We can not purchase health services as if we are purchasing clothing or food. First, health services are used to maintain welfare or to cure an illness. So, if not purchased when they are necessary, they endanger life in short or longer term. Second, when and what will be necessary is very difficult to predict. Third, they may be expensive and if the individual cannot afford them, they can cause considerable financial problems, often financial bankruptcy by selling necessary property for a dignified life. It is exactly these characteristics of health services behind the reason why people are interested to buy/pay for health insurance throughout history in the world and Kosovo.

It is simple if one says “I am going to the doctor to be cured” or “to maintain health”, expressions we often hear from citizens in distress. At the moment the citizen communicates with the health staff and is provided with a health service, there is an interaction between the interests between buyers, providers and regulators of health services. The citizen communicates with the health personnel, receives services within health institutions and gets registered, pays according to standards and rules determined by the state and the market. Moreover, this interaction takes place in a certain economic, political, social, cultural and ethical context, which makes the receipt, provision and regulation of health services more complex for the population. The patient and the doctor are interested in more sophisticated health services, with the patient wishing to pay less and the doctor to gain more, whereas the Ministry of Health, based on the terms of reference and principles determined by the Law on Health, should be interested in improving health and reducing disparity in health, whereas the Ministry of Finance and Economy should not oppose anything as long as it is within the fiscal possibility.

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2 Health Sector Reforms Harvard
3 Rules of Procedure of the MH
If patients had plenty of money to pay for many health services, providers would gain a lot and services would be provided to all the people in need. But, we live in a world of limited resources, where the poor need much more health services than the wealthy (horizontal inequality) and much more financial assistance (vertical inequality)\(^4\). This is one reason behind the failure to provide health services to those that cannot afford to pay. These relations are present throughout the world not only in Kosovo. But, in other countries issues related to the cost of health are regulated in different ways. For now, in Kosovo there is a universal access to health services, namely everybody has access to entire range of health services provided in public health institutions in Kosovo. But, when the citizen goes to family medicine centres or to hospitals, he ends up paying for bio-chemical tests and radiological diagnostication, medicine, transportation, health personnel and other things, which amount to half of the overall expenditure in the health sector in Kosovo.

The current financial system is not favourable for the poor. “Pray to God that you have connections in hospital when you fall sick!”, is a sentence everybody living in Kosovo has heard. A sentence that means that the current health system creates double standards and better off households may buy private health services and have greater chances of being provided with them in case they have “connections” in the public system. Such a system with universal access leads to the system with two rankings. This is the reason why the universal access in Kosovo is working against the poor, that is to say nearly against half of the population.

The Kosovo citizens pay half of overall health expenditures out of their pocket. But, this payment is devastating for somebody, whereas it is still bearable for some others. The citizens of Kosovo are very well aware of what it means to pay out of the pocket: it implies buying anaesthetics, muscular relaxants, infusions, cytostatic drugs or other things not available in state hospitals when the patients need them. It also implies to conduct tests and x-rays when there are no reagents or x-ray films. Paying out of your pocket also means seeking health services in the private sector and abroad.

This payment is also enabled by the unregulated pharmaceutical market that now offers medicine without prescription and medicine such as anaesthetics and muscle relaxants are sold in the same manner as vitamins. Citizens are not informed about the list of medicine and expendable materials funded by the MH. Many imported medicine provide no instructions in the Albanian language and this makes the adequate use of them even more difficult. The communication between the GP and the prescriber of the medicine with the pharmacist or service provider in the pharmacy does not exist at all. It is normal for the citizen not to know when he will fall sick, but it is not normal for him not to be provided the information on how to protect health or where to obtain services, also what medicine he should not pay for, regardless of receiving services in public or private sector.

Another important issue that increases payments out of pocket is the new health technology, so the patient ends up paying for them in the private sector of Kosovo or abroad. Typical example of a “museum investment in the new health technology “ is the radiotherapy equipment that has been non-operational for years now and as a consequence citizens still need to travel abroad. The same goes for all the equipment expenses of which related to maintenance and use cannot be covered, which increases

\(^4\) See the reference Social Epidemiology
expenses out of pocket, because they are necessary and the citizen should find a way to pay for them and as an old saying goes “the thread breaks where it is thinnest” the poor end up paying more.

When citizens pay out of pocket, when the poor pay more than those that have more and when the Government is unable to find a sustainable solution to accumulate and distribute financial risk, scepticism in common ideas is born and ticks like a tempered social bomb.

Bypassing of institutional solidarity in the health system in Kosovo due to poor management, unimplemented procedures and growing corruption, has caused the loss of available funds and burdened the poorest. This is the main source of scepticism among citizens when it comes to health institutions, and it is growing more and more. Since 1999, consultants, entrepreneurs, experts from private foundations and internationals agencies have provided professional and material assistance to Kosovo, which in some cases ensured sustainability, whereas in many other cases failed to ensure it.

Sustainable financial system belongs to the latter group and the Kosovan leadership received recommendations that a system based on solidarity is unbearable and that a pro private health system is the right solution for the time. On the other hand, the Government was not able to prove the opposite (MFE 2003 -2007).

According to assessments of the WB, health related expenditures will further increase the level of poverty for 2 to 3 percent a year due to expenditures out of pocket.

Therefore, it is only normal that the Kosovo Government is faced with so many pressures to change the financial health system, improve its management and increase the level of expenditures.

These requests are made by both providers and requesters of health services. This pressure would not pose any problem if it did not happen in a context without a vision, combined with limited macroeconomic resources, including fiscal ones and an inefficient health system. Proof of inefficiency is reflected by the big number of services out of the public health system, permanent pressure for treatment abroad, and growing payments of patients for treatment and medicine, as well as dissatisfaction with the health system. On the other hand, the level of preventive activities is underestimated also with financial limitations (total lack of means dedicated especially to health promotion and education) for prevention of many illnesses, especially those related to environment (hemorrhagic fever Kongo-Krime, acute contagious diseases related to inappropriate – NIPHK reports, 2009).

Political, economic and social context influences the level of performance in the health system in Kosovo and also causes losses. Losses are result of political, governance and institutional fragmentation. Political fragmentation is reflected in the management of health intuitions by the Government of Belgrade, governance fragmentation is reflected in decentralization of health institutions in the primary care level with grants allocation from the IMF, whereas the institutional one, due to absence of a
referral system, including the one abroad, results in losing the overseeing of who provides what, in what volume, at what price, as well as at what quality.

The above said leads to evaluation of poor performance of health system functions, poor quality of health services, low transparency and accountability, inequity which leads to poor results of the health system (which is manifested with a poor health status, poor protection from financial risk and sensitivity of the system regarding requests and needs of citizens), which according to WB assessments increases further the level of poverty due to out of pocket spending for health (Qosaj, Berisha, 2010).

As of 1999, the wave of political, social and economic transformations overwhelmed the health sector too. Development of national structures and attraction of international ones, decentralization, parallel health system, growing disparity of income, the change of the state role, economic instability, and economic growth without creating new jobs despite high unemployment rate, has challenged the role of the Government in the health sector. Moreover, lack of understanding of health policies and issues of health system by local macroeconomists poses discouraging future for interventions of the Government by allowing this way a “laissez-fare” in the system of health financing.

Year after year, there was progress in the quality of three-year MTEF planning document and organization of the meetings foreseen in the process of planning, execution and assessment of the budget. The connection between the content of MTEF and health sectional planning remains a challenge due to existing gap between health policies and health economy. Therefore, the aims of health policies do not remain locked within the budgetary circular and MTEF and investments remain fragmented thus failing to bring long term benefits, because of the failure to set priorities within the health sector and the overall economic development. This can be seen in MTEF 2011-2013, where eventual expenditures for the establishment of Health Insurance Fund (HIF) were not taken into consideration (MFE.2010) although the Government is expected to submit to the Parliament the draft Law on Health Insurance in the course of this year.

Priorities are mainly not set because of poor managerial capacities due to lack of information, education, habit to analyze existing data in a critical manner. Consequently, priorities in the health sector in Kosovo are based on the majority voting model, meaning politicians invest in places they gain more votes (example: they invest in those projects where they are empowered and where benefits are within the scope of their activity (example: radiotherapy\(^5\) or incremental too, where investments follow historical trends with marginal changes).

\(^5\) It is based on answers of question 4.5, Focus Group 2011
Museum Investments

“Oncology Institute within the Clinical University Center of Kosovo (CUCK) has not been fully operational since 2004, say officials of the Ministry of Health. Since 2004, 6 million euro was invested in the Institute of Oncology. Recently, the CUCK has established a Council for the Institute of Oncology, with the purpose of involving all the people that were involved in the issue of the institute. A doctor says that the institute is partially operational and that "We should start with the diagnostic part, chemotherapy and then radiotherapy. Patients have suffered a lot, extremely. We have to make it operational because of the patients that are suffering a lot, not for the sake of the Ministry of Health or the CUCK."

Whereas, officials of the MH say that even if the Oncology Institute is made operational, maintenance of institution’s equipment costs dearly. According to them, the budget of the Ministry of Health and the one of the Clinical University Center are rather limited in order to cover expenses related to maintenance. The equipment that was installed since 2004 has not been put into operation. It needs servicing and maintenance. The Ministry of Health and the CUCK have limited budget. Making them operational will pose a problem because technical mistakes were made during many stages of the work.

Nevertheless, it is the cancer stricken patients that bear consequences due to failure to make Oncology Institute operational. "Bota Sot", 25.09.2010.

While, elsewhere in the world there are discussions about the improvement of the method of cost effectiveness of health services to advance the practical use of these tests in setting priorities, in Kosovo, due to lack of these data, the Government of Kosovo should consider data on mortality in Kosovo. The cause of death of only 60% of cases in Kosovo is known (KSO.2009). Existing basic data are incomplete; they note that reported deaths can be avoided. Allocations in health sector should be strategic and should consider identified priorities.

Apart from financial capabilities, organizational and institutional factors should consider that capital investments, investments on human resources and operational expenditures, are more numerous in order to ensure sustainability. Above all, ownership of the project and accountability regarding successful or unsuccessful implementation should be ensured. Panacea is seen in the establishment of health insurance funds, but the latter has many challenges.

The issue of investment on priorities is a more complicated matter and goes beyond the health sector in general and in particular public health institutions are inefficient partially due to political advantages. The current health sector is more used to exercise patronage than provide services, to employ not work and allows the Government to build a political base within institutions. Health staff in a small territory, such as
Kosovo, is easily identified and those that have influence are grateful to government officials for employment and positions. Whereas, patients are more difficult to identify and are not well-organized as an advocating power, therefore they have no influence in the designing and functioning of the health system. These are factors that led to the Kosovo public health system having irrational employment, poor management, useless staff, poor hygiene and poor quality services.

According to experts, 2011 is expected to be the most difficult year financial wise, whereas prognosis for 2010 will maybe be even bleaker than for the previous year. This, in experts’ opinion, does not mean that we can expect the start of health insurances. The establishment of the health insurance fund is a long process; according to the WB it takes 10 to 17 years whereas according to the Kosovan experts it takes 4-5 years, i.e. even if the Parliament of Kosovo shows understanding the law is expected to be implemented only after 2015/2016. It is clear that it will provide for a limited coverage, according to experts, in the beginning it will cover 30 – 40 % of universal needs, but this should not be the reason not to start serious preparations for the establishment of the Health Insurance Fund. Moreover, lessons from the past decade should be taken into account (Focus Group, 2011).

In recent years, starting from 2004, the Government has drafted three versions of the draft Law on Health insurance (MH 2007, 2009) and proposed the Law on Health Insurances. Last review of the Law on Health Insurance did not take into account recommendations of the WB study and of AUK lecturers. Therefore there is a chance of failure of any future group of drafters of the Law on Health Insurance that will not consider or understand mistakes that were made.

The first lesson learned these past ten years, in relation to health financing, is that sustainable financing goes beyond powers of the Ministry of Health and implicates amendments not only to health legislation, but also to legislation related to public funding. Therefore any intervention by suggesting taxes as a source of sustainable income for health funding should be drafted with experts of the field, by considering short and long term implications in macro-economic sphere.

The second lesson learned from the last decade is that Law on Health Insurance should be submitted to the Parliament together with a medium and long term development plan within the macro-economic framework, not as it is now when mid-term expenditure framework (MTEF) does not take into account expenditures related to the Law on Health Insurances. Until now, the Law on Health Insurances was considered to belong to the health sector, by bypassing or ignoring the fact that in reality it presents the Law on Health System Financing that bears implications in the macro-economic stability.

The third lesson is that the stand on the establishment of the fund was not understood correctly and in the last decade there was an opposition to communication between the WB, IMF and the Government of Kosovo.

There was one truth in governmental circles and another one with the international community. The information in international circles was that local institutions do not understand implications in macro-economic stability, due to establishment of health insurance system, whereas in local circles it was said that the IMF and the WB are against establishment of health insurance. There was never consent to a proper pro-
posal that considers the social-economic context, which would be acceptable, hence applicable.

If the fund is expected to contract quality public and private health services, then creation of a competitive public health system would be precondition for establishment of a health insurance fund that would bring public benefits.

The fourth lesson has to do with the establishment of the Agency for commissioning of health services within the Ministry of Health, isolated from the Ministry of Economy, which has shown a failure since 2001. Despite the efforts made through different projects to make this agency operational, it has never been functionalized, not even for incremental functions, such as treatment abroad or reimbursement from insurances of workers working out of Kosovo or those that work in international institutions in Kosovo that enjoy insurance and receive services from the public system but do not pay for them. This failure makes us realize that the Agency should be between the MH and the ME or in the ME in order to be turned into a Fund for Health Insurances, according to a development plan, which would be approved by the Parliament together with the Law on Health Insurances within a realistic time framework enjoying political support, which was absent in the last decade.

The fifth lesson dealt with the current state of affairs. It should be clear to the Government of Kosovo that shortcoming in the sector of transport and energy bear implications in productivity and competition and that efforts to improve infrastructure accompanied by pressure to address social issues have in recent years led to “worsening of public finances”. Furthermore, promises are made in the letter that there will be self-restraint in relation to increase of expenditures and income increase to improve fiscal sustainability. Public investment program will be funded from expenditure reallocation, “one off revenues” and continuation of privatization in order to ensure fiscal sustainability.

In the first annex of the Memorandum of Economic and Fiscal Policies, the Government pledges that “we will make sure that salaries of public employees do not exceed 7.4 percent of the GDP”. In a medium term period, the Government will seek the help of the IMF for a strategy to rationalize expenditures. This strategy, according to the request of the Government, should address: first, restructuring/rationalization/streamlining of public employees, which would ensure the increase of remuneration for essential employees in the public sector; second, an overall strategy of sustainable expenditures in the fiscal aspect for health, pension and social care. These policies brought to Kosovo a loan of 110 million euro, followed by 300 million euro assistance from the EU and the WB.

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6 Kosovans spend 70-80 mil. euro per year in Turkey
7 Although the latter does not happen often, given that they have insurance they use more private health institutions
9 The Memorandum of Economic and Fiscal Policies, page 9, paragraph 19
10 The Memorandum of Economic and Fiscal Policies, page 10, paragraph no. 21
But, it did not happen; promises were made during the electoral campaign for an increase of 50% of salaries of teachers and 30% increase for civil servants, as well as increase of pensions that would be over 7.5%.

Taking into account the above said, in order to maintain fiscal sustainability the Government of Kosovo should have applied economic policies and policies reflected in the Letter of Intent. Failure to implement the Letter of Intent is making more difficult the initiative for establishment of the HIF.

The last, sixth lesson, not the least important is that every initiative to establish the HIF should be part of the MTFE and initially the annual expenditure plan in the MH.

3.1. The model suggested by the World Bank

Based on analyses of the World Bank (WB, 2008) Kosovo is recommended the model of health insurance comparable to the one of Estonia and the Republic of Kirgizstan, also by acquiring local lessons from the Kosovo Pension Saving Trust (KPST). At the end of this study, a framework of financial reforms in three stages has been offered, which, according to the WB, can last from 10 to 17 years.

The Government should consider the macro-economic, fiscal, and labour force situation and their preparation, and also health financing and organizational structure of the health system.

Given that Kosovo has a small population, it is suggested to have a mandatory inclusion of the entire population in a single “pool” in order to prevent risk selection by the insurant. According to the WB this would overcome fragmentation of the current “pooling” at the municipal level regarding the secondary and tertiary care in the level of the MFE. The bank also suggests the possibility of contracting an international company to manage health insurances in Kosovo, which would help development of human capacities, as well as information technology system.

Like with every other reform, in order to build and functionalize the model of the financial system proposed by the WB, which is focused on the citizen, there will be changes in the role and responsibilities of current relevant factors such as, the MFE, MH and CBA. In this model of financial system, starting point is division of buyer and provider of health services. The Ministry will no longer have the role of buyer. The MH will strengthen the role of the drafter of policies, regulations and ensuring of health services by managing resources in health institutions, including medicine and expendables. The MFE will ensure the transfer of income to the HIF, which will assume the responsibility for “risk accumulation” and purchase of health services from licensed providers of public and private health institutions. Therefore, there will also be implications in the reform of payment system and it is suggested that payment of hospital services is carried out according to cases, whereas those of the primary care based on capitation. According to the WB, health institutions will offer health services determined by basic consequences, which will be evaluated based on performance standards that are to be assessed by an institution that is neutral to providers and
users of health services, respectively the HIF. This would ask for a greater autonomy of managers of health institutions to manage production factors. Another precondition suggested by the WB would be to determine again the role of municipalities in this respect.

Regarding the Steering Board of the Fund, the WB suggests the model of the KPST. The Board would be comprised of national and international members, whereas it would be supervised by the Central Bank of the Republic of Kosovo. According to the WB, the statutory reserves would be invested in safe places, according to best international practices, and would bring to insurers “positive real net returns” at low administrative cost.

Based on statistics of the Kosovo Statistical Office for 2005, the WB study estimates the basis of contributions up to 1,1 billion euro.

**Table 1. Basis of the contributions for health insurances in Kosovo, 2005**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Public</th>
<th>Private</th>
<th>Agriculture</th>
<th>Total</th>
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<tbody>
<tr>
<td>% employed</td>
<td>25%</td>
<td>69%</td>
<td>18.8%</td>
<td></td>
</tr>
<tr>
<td>Employed per sector, approximate number of individuals, around</td>
<td>90,313</td>
<td>249,985</td>
<td>67,915</td>
<td>408,213</td>
</tr>
<tr>
<td>Average salary in € per sector</td>
<td>1,800</td>
<td>3,600</td>
<td>720</td>
<td></td>
</tr>
<tr>
<td>Annual salary: basis of contribution for insurances, € for sector</td>
<td>162,562,500</td>
<td>899,946,000</td>
<td>48,898,800</td>
<td>1,111,407,300</td>
</tr>
</tbody>
</table>

Source: WB, 2008

The WB envisages zero fiscal evasion for income in the public sector in Kosovo, 50 % from the private sector and 80 % of agriculture and as consequence came forward with three possible scenarios.

The first scenario envisages the level of contribution of 10 %, lower than in Macedonia, Serbia and Turkey (12 %).
Table 2: Scenario 1. The level of contribution 10 %, equal to public health expenditures of 2004

<table>
<thead>
<tr>
<th>Sector</th>
<th>Public</th>
<th>Private</th>
<th>Agriculture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of contribution of the HIF/income tax</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Level of contribution evasion</td>
<td>16,256,250</td>
<td>89,994,600</td>
<td>4,889,880</td>
<td>111,140,730</td>
</tr>
<tr>
<td>Shkalla e evazionit të kontributeve</td>
<td>0%</td>
<td>50%</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>Annual income of the HIF (€)</td>
<td>16,256,250</td>
<td>44,977,300</td>
<td>977,976</td>
<td>62,231,526</td>
</tr>
</tbody>
</table>

Source: WB, 2008

According to this scenario, the level of contributions would be the same to the one of expenditures of 2004, according to the WB estimates.

The third scenario assumes that total health expenditures will increase by 10 % compared to expenditures of 2004, as a consequence of greater use of health services.
<table>
<thead>
<tr>
<th>Funds from income</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>%</td>
<td>€</td>
<td>%</td>
</tr>
<tr>
<td>Funds from income</td>
<td>62,231,526</td>
<td>40%</td>
<td>93,347,289</td>
</tr>
<tr>
<td>Cost sharing</td>
<td>62,300,000</td>
<td>40%</td>
<td>12,446,305</td>
</tr>
<tr>
<td>Central budget</td>
<td>87,900,000</td>
<td>56%</td>
<td>82,752,169</td>
</tr>
<tr>
<td>Donors</td>
<td>7,200,000</td>
<td>5%</td>
<td>-</td>
</tr>
<tr>
<td>Total health</td>
<td>157,430,000</td>
<td>100%</td>
<td>157,430,000</td>
</tr>
</tbody>
</table>

Source: WB 2008
3.2. The model suggested by the Ministry of Health

While the WB model focuses more on the organizational and functional structure of the Fund within the health system, the draft Law on Health insurances, drafted by the Government, tries to regulate establishment, organization, functioning and the manner of health insurance funding. The Law also tries to define the rights and obligations of the parties involved in the Health Insurance Fund.

The draft Law on Health Insurance’09, although more structured than the ‘07 version, does not take into consideration the WB recommendations. This version suffers from lack of clarity regarding professional terminology, costs more than the ’07 version, because, apart from providing basic health insurance, it also provides material compensation due to temporary disability to work, as well as 9 months payment for maternity leave. The Law does not determine criteria for determination of health services of the basic package. The Law ensures provision of health services in all health levels, including treatment abroad. It provides prevention, diagnostication, treatment and rehabilitation services (Section 16, MH 2009). The degree of rights from compulsory health insurance for health care is determined by the Government of Kosovo through the list of health services covered by the fund. In the complementary sense, in professional terminology, the insurance provided is compulsory and voluntary. The Law also envisages functioning of private health institutions that will offer complementary services, on top of health insurance fund. As the WB suggests, there will be a “risk pool” where everybody will be included. The standards of provided services in the primary health care are determined by the Ministry of Health. The Law also envisages services that are not included in the compulsory health insurance. The Law also determined the criteria, duration, as well as the basis of calculation of material compensation for temporary disability and maternity, as well as exclusive criteria for material compensation.

The draft law defines the percentage of compensation of health services and co-payment that insurants are to pay when being provided with health services, receiving medicine and expendables, as well as prosthetics an ortho-prosthetics assistance tools.

The draft law suggests combination of financial sources from direct and indirect taxes, contributions from monthly income, co-payments, same as the WB proposal. Basis and manner of calculation of contributions for compulsory health insurance, as well as the deadline of payments, are determined by the Government based on a proposal of the Fund. But, the Government is responsible to ensure the necessary financial means for the compulsory health insurance at the central and municipal level. According to this draft law, the monthly transfer of these financial means from the Government is envisaged. Foreseen reserves are 4 % of the overall amount of financial means. Whereas financial means of voluntary insurance are registered in a special account, without the right to use for other purposes but the purpose they have been collected for.

As far as the management of the Fund is concerned, differently from the model suggested by the WB, part of Steering Council, with a three year mandate and the possibility of re-election for another mandate, will be the minister of Health, minister of Finance and Economy, minister of Labour and Social Welfare, a representative of the Assembly of Kosovo, two representatives of insurants, two representatives of employ-
ers, two representatives of public institutions, a representative of the trade union and one representative of the civil society. The Council members are appointed by the Government of Kosovo following a proposal by relevant institutions. The president of the Council is selected from among the Steering Council members. The Steering Council approves the short and medium term strategy and the annual budget of the fund. The Fund is led by the director who is selected by the Steering Council based on a public vacancy announcement issued by the Fund.

According to the draft law, the contracting will determine composition, volume and quality of work of health institutions in line with priorities of health policies set by the MH. The contract will regulate the price of health services, the manner of assessing and paying for services, the mechanism to oversee contract implementation, stimulating measures, punitive measures, the mechanism of arbitrage and when the latter is not achieved, regulation of issues through the competent court according to the applicable laws.

According to this law, the Government requests annual additional reports from the Fund. “It requests issuance of bylaws of the Fund”, oversees implementation of lawfulness of Fund’s affairs. In the end, the law also envisages punitive provisions if one fails to pay compensation of income during the time of temporary disability, in the amount 20 times higher than the amount of minimal income in the Republic of Kosovo. This draft envisages other punishments regarding failure to respect smooth running and obligations, activities and record keeping in health institutions.

The Law on Health Insurances as such is not applicable. First, expressions that are used such as professional services of the fund, then co-payment, regular education are not clear, then expressions voluntary and complementary services have not been explained well. The principles of comprehensiveness, equality and efficiency have been added to solidarity compared to version of the draft law’07, but not all the principles have been determined. In relation to developments in the health sector, the role of the MH in exercising supervision is weak.

The law stipulates that health services provided by licensed public and private health institutions will be contracted, but fails to determine specific contracting criteria, thus leaving space for monopoly in purchasing health services.

So, the first and most necessary thing in relation to establishment of the HIF would be autonomy and accountability of health institutions managers that would strengthen the trust of citizens in health institutions.

The law fails to determine the manner of payment for health services; therefore this makes unable calculation of the cost of this law. The cost of the law cannot be carried out without prearrangements, which are suggested by the WB in the last study.

The law does not mention anti-discrimination laws, whereas regarding equality provides same conditions for all those insured in the primary, secondary, tertiary health care, both in the public and the private sector.
The law defines the rights for basic health care that are to be included in the list of services covered by the fund and approved by the Government (Section 16). The rights of compulsory health insurance are realized through health institutions determined by law and there is no proposal about finalization and implementation of the master plan of health institutions according to the Law on Health Sector. The array of rights from compulsory health insurance is determined every year by the list of health services covered by the Fund. The draft law determines services left out of basic rights of the list defined by Section 20 of the present law.

The Ministry estimates that annual cost of health insurance will be 296,100,000 €, whereas they envisage that 187,366,054 € can be collected and the difference of 108,733,946 € will be funded by the KB.

Direct impacts, according to the MH, will be 78 million € and:
- Payment of contributions as employer 14 million € (5% of salaries of 281 million €)
- Payment of contributions through government institutions amounting to 64 million € (Section 13, contributions for special categories for insurants, Section 11, sub-paragraph 12-20)

### Table 4 - Planning of collection of contribution for health insurance

<table>
<thead>
<tr>
<th>No</th>
<th>Contributors</th>
<th>Manner of calculation</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee contribution</td>
<td>200,000 workers x 312 euro/yeard</td>
<td>62,400,000 €</td>
</tr>
<tr>
<td>2</td>
<td>Contributions of others obliged to contribute</td>
<td>0</td>
<td>0 €</td>
</tr>
<tr>
<td>3</td>
<td>Contributions of farmers’ families</td>
<td>183,200 familje x 240 euro/vit</td>
<td>43,968,000 €</td>
</tr>
<tr>
<td>4</td>
<td>Means from co-payment</td>
<td>Participim në koston e shër-bimit shëndetësor nga 10-80%(neni 36.2)</td>
<td>17,000,000 €</td>
</tr>
<tr>
<td>5</td>
<td>Jobseekers’ contributions</td>
<td>350,000 punëkërkuces x 144 euro / vit</td>
<td>50,400,000 €</td>
</tr>
<tr>
<td>6</td>
<td>Pensioners’ contributions</td>
<td>174,949 pensionistë x ≈62,8 euro/vit (mesatare)</td>
<td>10,986,171 €</td>
</tr>
<tr>
<td>7</td>
<td>Contributions for social assistance benefactors</td>
<td>34,307 familje x ≈76 Euro/vit</td>
<td>2,611,883 €</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>187,366,054 €</strong></td>
</tr>
</tbody>
</table>

Source: Government of Kosovo, MFE, MH 2010

*Indirect impacts, according to the MH obligations of the KCB for funding fund’s deficit are considered to be 108,700,000 €.*
According to the MH, estimated expenditures of the HIF have been presented in table 5 and they amount to 296,100,000 €.

### Table 5. Annual cost of the work of health insurance Fund – Fund expenditures (in euro)

<table>
<thead>
<tr>
<th>Health and other services</th>
<th>200,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicine</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Temporary disability to work, injures at work and professional diseases</td>
<td>37,674,000</td>
</tr>
<tr>
<td>Maternity leave</td>
<td>4,334,400</td>
</tr>
<tr>
<td>Sub–Total</td>
<td>282,008,400</td>
</tr>
<tr>
<td>Reserve 4%</td>
<td>11,280,000</td>
</tr>
<tr>
<td>Annual operational expenditures 1%</td>
<td>2,820,000</td>
</tr>
<tr>
<td>Sub –Total</td>
<td>14,100,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>296,100,000</strong></td>
</tr>
</tbody>
</table>

Budget assessments of the WB and the MH differ in methodology but also in time. While the MH calculates annual expenditures of the MH, the WB remains strict in calculating expenditures by equating them with revenues. Therefore, even in the WB calculations, the KCB will transfer to the HIF the current portion of the MH, whereas according to the MH assessments, the Government should carry out the transfer, including direct and indirect impacts 186,733,946 €.

Both the Government of Kosovo and the WB consider that the law can have "considerable“ impact in the economy of Kosovo. The Kosovo Government does not foresee significant increase of jobs for a period of three to five years, from 200.000 that have been determined in Kosovo (MFE, 2010) and, according to them, “it will be rather challenging to ensure sustainability of proposed Fund”.

According to assessments of the Government, unemployment rate in Kosovo is around 40 %. In their opinion, “due to unemployment it will not be possible to ensure sustainability of the Fund by collecting health contributions from active employees only, which will automatically activate the need for support by the Kosovo Budget”.

Contributions for health insurance will be collected from employees and employers. According to the Government, it is the obligation of both parties to contribute with 5% of revenues each, on top of contributions they pay now. This, according to the Government, will "rise the labour cost from 10 %, as it is now, to 20% “. According to the Government this will be a burden for businesses by encouraging informal employment and its increase, which will have an influence on decreasing competition in the
market. Whereas the positive effect, according to the Government, could come from “the pressure of employees to register and actively contribute to the Health Insurances Fund”.

The Government also envisages that the law may have “effects in increasing overall prices of goods in the country”. Considering that expenditures of labour force are considerable for every enterprise, according to the Government, this will increase labour cost, prices of goods and would damage businesses and customers.

Apart from difference in methodology, time and contribution basis, the main difference between assessments of the WB and the Government consists on the fact that while in WB opinion, it is understood that collection of contributions and expenditures should be equated, in Kosovo Government’s opinion there is a difference between the monetary amount of contributions contained in Section 33 on insurants, and Section 11, sub-paragraphs 1.12 -1.20, that amount to 78 million euro, according to Government assessments, as well as the annual deficiency of Fund’s expenditures that amount to 108,7 million €.

Moreover, the Government foresees the cost of 3.2 - 3.5 million € for the preparatory stage 2010 – 2012.

The Kosovo Government carried out a study regarding the influence, assessing it as “a law with possible budget implications that presents a high level of insecurity and sustainability” and differently from the WB did not suggest the possibility to secure additional income. Apart from 108,7 million € under suggestions and recommendations, it considers that “whatever additional budget cost that might come up as a result of implementation of this law, should be dealt with when the MTEF 2011-2013 is prepared and approved”, whereas expenditures of preparations should be within the 2010 budget.
4. HEALTH PERSONNEL UNSATISFIED – PAYMENT

“You get what you pay for”, is a known saying that is valid for health services in Kosovo too. The current health system is as it has been designed to be.

Health services providers in Kosovo receive a salary based on the time the doctors are at work irrespective of the number of patients they treat, the volume of services or the price of provided services. This way doctors have a guaranteed salary and bear less financial risk, but they can decide to treat less patients, provide lower volume of health services, by referring patients to private health clinics or private hospitals, whereas in the case of primary care doctors by referring patients to specialized private hospitals or clinics. Referrals to private clinics are also seen as a possibility of abuse by referring patients that have no immediate need for such services, which could be more spread in the area of setting the diagnosis.

Health institutions are paid according to budget lines based on historical budgets. Such manner of performance causes that most directors are not aware of the cost of provided services, provide lower volume of health services, pay less attention to the level of treatment results and the level of satisfaction among patients and there is no stimulation to rationalize the number of health personnel. This is reflected in the low level of occupancy of hospital beds in the CUCK, average duration of treatment, complications during treatment, number of medical checks for a doctor in the primary health care.

The payment for ten or more days in the hospital, without the treatment of operation, is forty euro, whereas it costs additional 30 euro for hospitalization with the treatment of operation. But, according to the CUCK doctors, only 20% of hospitalized patients pay this price. The reason for this is because some possess disability cards, social assistance cards, war veterans cards, martyrs’ family members cards, the sick with chronic diseases, the mentally sick, schoolchildren, as well as students. It is a fact that in order to see proper financial functioning, there should be a reduction of number of cases exempt from payment, and in relation to cases that are exempt, a safe source of compensation should be found.

Payments, respectively the manner of payment, in the health system are due to lack of knowledge of health managers regarding the cost of provided services and their failure to adapt to an environment with limited resources, lack of stimulation to rationalize the number of health personnel and support staff, health staff that show no care about the results of their work and finally unsatisfied patients.

There are attempts of economists to overestimate payment as a mechanism of performance control and underestimate health personnel. The truth is that the manner of payment defines the possibility of health services providers to profit and values and stands they posses and receive in return. Some doctors still provide non-profitable health services because of their sense of responsibility, whereas some others at a different level stimulate the increase of request for health services, which are limited by professional norms.
5. NO INFORMATION ON WHO OFFERS WHAT, WHEN AND WHERE IT IS OFFERED- ORGANIZATION

The Ministry of Health in Kosovo now represents interests of patients and health personnel despite them having opposite interests: the patient is interested to receive services at a lower price, whereas the interest of the doctor is to provide fewer services for more money. The MH restructuring requires functionalization of the Chamber of Doctors, as an independent professional entity, which would include functions of the board of ethics, licensing and constant education. The insurance Fund should deal with issues of health financing, whereas medicine supply should be transferred to health institutions so that the Ministry deals with policies, regulation and approval of standards, respectively supervision of functioning of health institutions in cooperation with inspectorates and the National Public Health Institute, protect interests of citizens in the field of public health at the level of the country and abroad (control of food, air, water and other products), the Chamber of Doctors (where interests of health professionals will be protected as provided by Section 100 of the Law on Health) and the Health Insurance Fund (where interests of patients will be protected). This reorganization would make possible to address issues in an institutional and sustainable manner (Focus Group 2011).

A staff of Emergency Centre attacked physically

“The nurse L.TH, a night shift staff in the Emergency Centre of the Kosovo Clinical University Centre, has been physically attacked today in the morning. The assault happened at 6:05, while the nurse was carrying out his duty.

As the person subject to assault described, the assault happened while he was explaining a family member that due to lack of urine bags they had to buy them. Soon after this, the unsatisfied party initially assaulted the institution and the staff verbally.

The nurse tried to calm down the party by explaining to him that there is a lack of many items, including urinary bags, but the party was not convinced. After the dissatisfaction the party conducted a physical assault on the nurse L.TH, says a press release of the CUCK.

The CUCK considers that such acts of violence on health personnel on duty, in public institutions, are unacceptable and damage greatly the image of health personnel and provision of quality health services for all Kosovo citizens.

The CUCK requests that competent bodies undertake measures to protect all health personnel, who despite many difficulties and problems are showing great success at work. /Telegrafi/ 30/07/2009“
Corporatization of health sector would be one of the possibilities that would require wider debate because this would require investments in the public sector to be at the same competitive level with those in the private sector. Having in mind planning, monitoring and evaluation capacities of the public sector, this would pose a serious challenge (Focus Group. 2011).

Lack of medicine and expendables in health institutions is consequence of procedural delays in the MH to be supplied with medicine and expendables, moreover priorities are not set and there is mismanagement and bad organization in relation to medicine supply. There is no mechanism that follows who is the end recipient of products contained in the essential list of medicine. The MH should ensure not only content but also the volume and transparency of medicine distribution (Focus Group 2011).

Accountability at the institutional level should be strengthened, the statutes approved by health institutions should be modern and have a clear vision on future developments in health institutions. Terms of reference should be drafted having in mind also developments in modern professional levels.

Regulation of referral system within levels of health system should take place and in case of failure to observe referral, payments should be made for required services on self initiative, with the purpose of increasing efficiency of health services, proportional allocation of work for professionals, preservation and enhancement of quality of health services, as well as financial saving to provide cheaper services at the levels where check ups could be realized.

Enhancement of managerial capacities should be a permanent action within the health system and the activity should be sponsored by the Ministry of Health, health institutions where candidates come from, but also by a personal self-participation or legal obligation related to deadline for service provision. This would provide for greater responsibility of individuals towards capacity increase, as well as the cost for their realization. Since the health system is becoming more and more open, then the increase of managerial capacities should also be considered as professional priority and efforts should be made to accomplish it as done in the countries of the region and also in the most prominent world centres, with the purpose of creating basis for managerial competence that will bring better performance of the health system in Kosovo (Focus Group 2011).

Monitoring of legislation implementation is another chapter the Ministry of Health but also other institutions (the Parliament of Kosovo through the Parliamentary Committee on Health and Health Institutions) have to deal with. It is useless to create good laws and legislation and on the other hand fail to implement them in practice. Even the worst law is good if it is implemented. This should be the motto of relevant institutions with the purpose of advancing specific legislation in health and advancing legislation through day to day practices and realistic situations.

Determination of terms of reference at the level of government and health institutions is unavoidable and should follow changes and dynamics of developments. Health institutions often lack medical staff, kindergartens and schools are faced with lack of systematic checks, whereas there is no use discussing safety at work.
Division of institutional secondary and tertiary health services for Prishtina region, respectively the tertiary level of the CUCK.

In the buildings of health institutions there are different equipment and machines, of different producers, without adequate staff and no spare parts for their maintenance. We may add to this also the recklessness during operations performed by this equipment, which is becoming a big problem and in case of public sector, a threat in the free market of providers because very often this equipment is out of order due to their breaking down (there are voices that it is done on purpose for material gain of private sector).

Concerning the equipment, they come from different producers and often are out of function, due to lack of maintenance or experts of this field, who know how to maintain them and often because of lack of regular funds to provide regular sustainable maintenance contracts with the maintenance company have expired, including here “additional equipment and expendables” …“the equipment comes as a donation, reagents are spent and is not operational”, are justifications that are often heard from managers in health institutions (Focus Group 2011).

Enhancement of quality of health services would serve best to improve the damaged image of the health system. This is why, in future, the Chamber of health professionals or their specific chambers, depending on how they are organized, should be carriers of creation of sustainable systems of building adequate mechanisms, in order to provide permanent professional improvement, competitive in the market of services, at a reasonable costs, as well as acceptable by users. In order to achieve this, provided services should be competitive not only in respect of their cost, but also their quality, volume, access, standard and norm used to provide the service. Apart from these elements, providers should not neglect either elements such as: communication, environment of the institution, access to institutions, accompanying services that guarantee the comfort of the patient and the person accompanying him, as well as the overall performance of the health institution.

Improvement of health information system would ensure realistic overview of the situation, priorities and possible directions of developments in health sector, based on evidence. In the last decade, considerable amount of financial means has been invested, such as the purchase of information technology equipment, training of individuals on collecting, processing and analyzing health information, but the fragmented approach led at the beginning by donations and donors, poor interest of health policy on the role and importance of the information in the field of health, as well as existence of impression that health services are free, since there were no structures that take care of data and their translation into financial means or cost, resulted with an information system that is now almost as in the beginning of 2000.

Reorganization of the MH is another important step in consolidating health system. In conformity with dynamics of the course of events, reforms made within the Ministry of Health should be applied in the health system. It should be freed from the pressure of daily policies it was subject to until now and focus on developments that will bring sustainability in this important area. From the beginning of work, the Ministry of Health was a big project with unmotivated staff that had no experience in necessary
areas to work in an institution of this level. In the last decade there was a big move of both professional and political staff, which did not bring anticipated changes in this ministry. The Ministry of Health was influenced by the structure of many persons that enjoyed the epithet of expertise, which in reality did not show it in practice, but their effect lasted as long as projects they were working on.

Improvement of material situation of health personnel and payment based on their work, namely their performance, is one of old requests of staff working in public health sector. Many times, since 1999, there were strikes due to unfavourable material position of the staff of this sector. Efforts to make changes were useless, and many strikes organized by workers failed and they were often subject to mockery due to position of workers and were identifies as seeking something that does not belong to them. In recent years, there is an open game being played with the 44 euro foreseen for each staff member in this sector in the name of food rations. There are still some municipalities that did not manage to make this compensation, with justification that they have no funds foreseen for this purpose. Thus, workers are denied what is granted to them by law and something that their colleagues have been enjoying for months.

Measuring of performance has started to be implemented as an idea in some pilot projects in health institutions, but there is no evaluation of its effect, especially the effect in increasing the income of health professionals, quality of services, dedication to work, discipline and finally benefits for citizens.

Another new aspect in the health system is organization of health services of minorities, which could be divided in two groups, as far as respect of the health system organized by the Government of Kosovo is concerned. A part of minority communities and RAE are part of the health system and use the health system in all levels. Another part is not integrated and continues to use parallel health system and does not report about issues that would be beneficial to undertake measures to prevent diseases, advance health and reduce health damage for all citizens of Kosovo. Although not registered in the official health system of Kosovo, both institutions where health care is provided and also health professionals that are engaged in these parallel institutions, continue their operation without obstruction by officials, which could reflect negatively especially on cases of threats for massive emergency situations such as epidemics, floods or other natural or human disasters. Lack of functioning, in a large part of territory with a threatening health potential, should be an alarming concern for the international community too that can still create the possibility for service unification with the purpose of improving and joint action of all institutional and regional health components in Kosovo.

Since there are no reports on health situation at the level of Kosovo, routine statistical data of health institutions do not provide an overview of health situation of the population, but there are assumptions that possible differences in morbidity, mortality and lethality may be present only as consequence of age difference and economic-social and hygienic conditions.

In recent years, special attention is being paid to the population of RAE communities and their health situation, by initiating additional preventive measures such as health education, caution regarding reproductive health, but also prevention of diseases with
specific measures, as: immunization, environment improvement, drinking water supply, sewerage and living conditions

6. **NO INFORMATION ON WHO IS THE HEAD - LEGISLATION**

Indicators of health status are interdependent from economic, political and social context, both at the state and international level. Implications of international politics applied by the Government of Kosovo and international institutions constantly contribute to unclear position of the present and the future of Kosovo in political and economic aspect, which is directly or indirectly reflected in the health sector. Advancement of Kosovo’s positioning within created states that are recognized members of the United Nations remains an aspiration that will depend on:

1. Dynamics of development of international politics;
2. Development of awareness to lead the state influenced by citizens’ viewpoints through democratically elected structures;
3. Positioning of Kosovo as an equal partner within the international partnership.

While countries of the former Yugoslavia have in last years harmonized their legislation with “aquis communitaire”, Kosovo has since 1999 drafted numerous laws, taking into account primarily the experience of the countries in the region and experience of professional assistance supported by donors of international community. Due to lack of institutional memory and at times its neglect in the health sector, legislation drafted is primarily based on legislation of the countries of the region by neglecting necessary resources for their implementation.

Monitoring of legislation implementation also remains a job to be carried out, in particular, by the Committee on Health, Labour and Social Welfare, inspection structures and citizens of Kosovo organized in relevant associations.

None of the laws in the health sector was discussed longer than the Law on Health Insurances. There were even no discussions on amendments of the Law on Health which had mainly to do with requirements stemming from the Ahtisasri Proposal\(^\text{11}\). They mainly related to the health system in municipalities with majority Serb population. This intervention legitimized defragmentation of the health system in Kosovo on ethnic basis.

Now, Kosovo has health institutions, funded by the KB and the Government of Belgrade, and also those funded by the Government of Belgrade only. The establishment of the HIF in Kosovo should consider political defragmentation that has to do with health institutions in municipalities with majority Serb population and governing defragmentation that has to do with the management of the primary health care by

\(^{11}\) See health and health care
municipalities, respectively grants for municipalities that are allocated to municipalities directly by the MFE.

It is no news that the Government and the Parliament approve laws that are not applicable. No matter how the draft proposal of the Law on Health Insurances is, it will not be perfect in situations when there are no clear objectives and policies. What would make this law different from others is the framework of legislation that incorporates the abovementioned elements; the framework of activity implementation as well as the framework of additional documents to enable implementation of this legislation. These frameworks will enable the evaluation of implementation of the Law on Health Insurances and the undertaking of measures to revise it as needed.

Planning of human resources should take place at the central level, so that specialist doctors do not lose their jobs following the completion of specialization, health institutions should develop cadre in line with standards determined by the Department of Social Medicine of the National Institute of Public Health of Kosovo and approved by the Ministry, while considering the needs of health institutions based on their function. This would also require clear determination of the span of health services provided at the primary, secondary and tertiary level and functional division of health levels. Human resources planning also involves cooperation with MEST in planning education of the students of the Faculty of Medicine, having in mind demographic and economic dynamics and also morbidity and mortality trends.

Reforms in the Faculty of Medicine, as well as continuous education, should reflect practical and theoretical training of young doctors based on the most recent scientific achievements. Continuous education should also ensure to firstly expand the span of performance of health services and improve those offered.

Sustainable financing goes beyond competences of the Ministry of Health and involves changes not only in health legislation but also in legislation related to public funding. Therefore, any intervention in proposing taxes as sustainable income of health financing will be drafted by the experts of the field, by foreseeing short and long term implications, as well as the manner of payments that foresees the behaviour of patients, so that they are made aware of the cost of health services, pay attention to the level of results at work and satisfaction of patients.
Performance of health system and health situation depends a lot on individual behaviour. In the last decade, a lot of investments were carried out in the public health sector, investments were fragmented and not sustainable but above all they lacked good maintenance. The Government has done little or nothing at all in social marketing mainly due to reason that effects of marketing could be seen after a longer period than the period of political governance, therefore politicians were not interested in using social marketing aiming at changing the behaviour of citizens, in order to achieve aims of the health system.

Otherwise, commercial marketing has and continues to influence more and more the behaviour of citizens, having in mind commercial goals more than the public ones. It influences every walk of life by selling everything, starting from cigarettes, alcohol, computers, cough syrups, anaesthetics, muscle relaxants, antibiotics and other products.

While waiting for results of a test in the corridor of the Emergency Centre of the CUCK, a friend hears the story of the doctor on duty on how they in the Emergency Centre have on daily basis discussions with family members who, although not professionals and have no right to stay in areas where health care is provided, insist on health procedures, certain treatment heard of or suggested by doctors of the private sector or read in the internet, whether the patient should be given this or that, undergo operation or perform this or that on him. Angered and concerned due to lack of conditions to provide quality health services and in line with norms and standards, the doctor said: “You see here is similarly to being in a “workshop”, each family member, visitor or escort suggest activities to be carried out and if we refuse it, we will face constant problems with family members, and are subject to different accusations, even being accused of unprofessional treatment, accusations that if the doctor knew patients or his relatives, the treatment would be better, allegations that they avoid service provision due to requests for bribe and many other accusations.

So, it is seen from the above said that performance of the health system and the health status are influenced greatly by unregulated behaviour of patients and health personnel, as well as unhealthy lifestyle.

Patients seeking treatment overcome primary and secondary health levels, institutions of primary and secondary health care, such as regional hospitals, in order to be treated in the CUCK, and there are even those that go abroad for treatment in spite of the fact that medical intervention can be provided to them in Kosovo. This happens due to reason that there was never proper promotion of the concept of family medicine by investing in quality improvement and span of services provided in primary, secondary and tertiary care. Moreover, there is no sustainable mechanism to control transfers from one health level to another.
The payment of 15 euro, when being admitted to the CUCK without a referral, is not applied by health personnel since health staff sees no benefits in collected payments taking into account bitter experiences with redistribution by the Government of funds collected with hardship in the health sector (Focus Group 2011). Health personnel fail to apply protocols of treatments and they are left to individual knowledge and experience or requests of patients to be treated (Focus Group 2011).

Doctors are often accused of prescribing injections but they are forced to do so because this is the only way to make sure that patients are using the therapy prescribed by him, the therapy that will help to treat the illness (Focus Group 2011).

On the other hand, termination of regular supply with anti-retroviral medicine against tuberculosis or failure to take them regularly can cause increase of resistance of respective antibiotics. Therefore raising awareness on taking therapy regularly and on regular supply plays an important role in adequate treatment of patients.

As far as behaviour and healthy lifestyle is concerned, what endangers greatly the life of citizens of Kosovo is smoking, unsafe driving, unsafe sex, dangerous behaviour among drug addicts, throwing and elimination of garbage, hygiene in toilets of public institutions, especially of health institutions. The latter, apart from having an influence on health situation, also influences performance of health system leading to routine prescription of antibiotics after the operation and the presence of antibiotic resistance bacteria.

This and any other government should understand basic elements of social marketing; The Government is faced with marketing challenges and their influence which in some cases may be harmful for health. This is the reason why Government can benefit from social marketing. This marketing should be designed by public health specialists who are aware of the problem, the audience and know how to meet basic needs for right information of citizens, i.e. if starting to smoke is to be prevented, marketing product should be clearly defined, namely being smoke free, independence from manipulations of tobacco industry and their representatives who often use huge amounts of money to advertise products that damage health and which have been confirmed as such by numerous researches based on evidence.

Now, the CUCK is a compound that absorbed many investments and remains the only secondary /tertiary institutions that is in the most miserable state in Kosovo regarding hygiene and infrastructure.

How realistic and related to quality and performance is request for services in private sector and how much is it conditioned by blackmail in public sector?

Request for services in private sector is result of lack of quality due to failure to maintain medical equipment, their non-functioning due to breaking or prices of reagents or other expendables. Investments are often carried out on equipment without thinking whether there are resources to operate with them or to conduct professional servicing in case they need necessary repair.

There were cases of doctors being beaten up, detained and sentenced with imprisonment due to omissions, suspicions for abuses of different nature. These are symptoms of a degrading health system that leaves no room for “laissez-faire” in health.
8. RECOMMENDATIONS

Establishment of the HIF seems to be unavoidable in Kosovo now. Kosovo, as a member state of the IMF and the World Bank, is obliged to work towards ensuring financial stability, increasing employment rate, developing economic sustainability and reducing poverty. Kosovo also aspired to become member state of the WHO, which as far as health financing is concerned, is expected to advocate for sustainable health financing within specific state context based on payment in advance and collection of means and risks (WHO, 2005). There are also expectations that financial health system of member states of the WHO should be developed in such manner so as to guarantee necessary services by providing protection from financial risk. Therefore, considering objectives of Kosovo as member of the WB, IMF and her objectives to become member state of the WHO in the existing political, economic and social context, the concept of health insurance in Kosovo is currently under political protection and fiscal attack.

None of estimates suggested until now provides solution for further steps of approval and implementation of the draft Law on Health insurances. Assessment of budgetary implications by the Government, despite being transparent attempt within the possibility to show accountability about expenditures related to implications and financial sustainability of the draft Law on Health Insurances, is not convincing to clarify the manner for achieving such sustainability (Government of Kosovo 2005, 2009). On the other hand, the WB offers global institutional experience (WB, 2008) for the Government of Kosovo, but the document was not adopted by the Kosovo Government maybe due to the reason that relevant structures that have drafted the analysis of the budget implications of the draft Law on Health Insurances on the Kosovo Budget did not take part in the study, therefore they were unable to “follow” the WB recommendations, the assessments of which lack annual projections of economic growth, population and dependency level that is important in this context of high unemployment rate (WB.2008) since the average size of Kosovan family has been assessed to be 6.4 members.

Therefore, the Government of Kosovo is recommended to work in two directions in the five coming years:

I. Strengthening of the Kosovo health system – in order to establish the HIF, Kosovo Government should adhere to the letter of intent sent by the IMF (IMF. Republic of Kosovo 2010). Initially the Parliament of Kosovo should approve a five – year strategic plan, with a plan of two-year activities, together with the “master plan for health system network” according to Section 56 of the Law on Health of Kosovo, documents that are part of the MTEF. This process would ensure an accountability process enabling investments to be carried out where they should. In order to realize this process, the strategy should be managed by the Ministry of Health, a group of enthusiastic and dedicated experts that would review and adopt “the master plan of the network of health institutions in Kosovo” that would be submitted to the Parliament for approval. Within the MH structures and the budget planning process, this strategy should be planned, invested on and monitored by a special unit closely related to the Office of the Minister, the Permanent Secretary and the Department of Budget and Finance. Through the Committee on Health, Labour and Social Welfare, the Parliament of Kosovo could play a

To use investments throughout the territory of Kosovo
more active role in determining and following implementation of the strategy, master plan through different mechanisms including the process of budget approval ensuring that investments in health reflect investments that contribute to the strategy and the master plan, approved according to the Law on Health in Kosovo.

Another project would strengthen the Department of health services at the macro-management level; a process of assessment of existing capacities and existing managerial processes of health institutions; working directly with the MH staff and managers of institutions to ensure addressing of daily problems health institutions are faced with, including addressing the problems of primary health care related to the MH policies and regulations.

The next step would be strengthening of the role of the Public Health National Institute in promoting health and suggesting norms and standards with the help provided by the WHO as a specialized agency in this field.

The role of Health Inspectorate should be promoted in respect of monitoring implementation of these standards and norms for provision of health services, approved by the MH. This would be a decisive step which would contribute to accountability network, monitoring of structures and functions of licensed health institutions that would be ready for equal competition for contracting by buyers of health services, such as the HIF when it is established or other buyers.

II. HIF establishment – Initially, there should be initiated an activity aiming at the establishment of the Unit for preparations of reforms of health financing in Kosovo, with the support of the Kosovo Government and assisted by the WB. This unit that would be part of the MF, within the macro-economic unit, with the approval of the Law on Health Insurances, would be turned into the future nucleus of the HIF.

At the beginning, a review of the draft Law on Health Insurances should be carried out by a group of competent experts that would draft a law with realistic and sustainable estimate. The group would take into account needs of Kosovo citizens, obligation of the Government as IMF and WB member by ensuring transparency in communication during the process of reviewing the draft Law on Health Insurances.

The cost of the draft Law on Health Insurances should be ensured, determination of income sources for health insurance, calculation of cost of basic services, rights and obligation of insurants focusing on the poor and vulnerable groups, suggest standards of treatment especially in case of diseases that cost a lot, present the cost of implementation of the Law on Health Insurances together with a business plan for 3-5 years.

The legal basis for division of buyer from provider of health services should be ensured with the purpose of starting the trial of health services contracting. This is the only way to implement the draft Law on Health Insurance’s and make it sustainable.

Kosovo Government should consider this as the last moment to intervene and avoid the variety of insurances and providers who, at this stage, would complicate the system and increase the cost of health services without improving the service and health status.
9. HOW LONG WILL THE REFORM TAKE?

Procesi i tranzicionit drejt sigurimeve shëndetësore universale është proces gradual. The process of transition towards universal health insurance is a gradual process, having in mind that health systems are different from one country to another and are subject to specific political, economic and social contexts. Studies of health systems, based on cluster analysis, have identified three groups of countries in the world as far as the level of income, development and health system performance are concerned.

Such studies show that in countries where the annual GDP per capita is less than USD 1800\textsuperscript{14} (in 2010 the GDP per capita in Kosovo, according to the IMF assessments was 2,750 $, whereas according to the MFE 3,750 $.) 50-60% of health income are funded by taxes, 10 -15% from employees’ contributions, 40 – 60% payments out of pocket, whereas private health insurance companies are not significant at this stage of economic development. With the increase of the income, for example at the level with average income, health insurance expands in the same way as the increase of the formal sector, private insurances are not significant yet, and still the greatest part of public expenditure is funded by taxes (revenues) and payments out of pocket (countries with low income USD 1800-4800\textsuperscript{15}). Difference between these two levels\textsuperscript{16} of income (poor and low income countries) is relative portions of sources of health expenditures. Countries with average income (the second level) with reduced portion of general taxes (20-40 %), increase of social insurance (30 -60 %), portion of private insurance (15-40 %) and reduction of payments out of pocket (15-25 %). Countries with high income (except the USA) with the annual GDP per capita higher than USD 12.000 have established health insurances that ensure a universal access to health services. In most European countries that have reached the universal access, transition period lasted more than five decades: while lately in countries such as Costa Rica, Republic of Korea and Thailand it has lasted two decades (Roberts et al. 2004).

Based on these experiences and having in mind the letter of intent, the Government should first ensure a plan of foreseen activities, within the medium expenditure framework, by explaining and ensuring macro-economic and fiscal stability, first by considering restructuring and reallocations promised in the letter of intent, then by considering other income from direct and indirect taxes. It should be done so because, according to some assessments, only 15 % of the population of Kosovo is employed in the formal sector whereas it is expected that 2 million people will use these services. Therefore if taxes, be them direct or indirect, would be one of main sources to reduce administrative expenditures, their collections would be carried out by the Kosovo Tax Administration and would be transferred to the Insurance Fund on yearly basis.

In order to ensure equality in the financial access of health care (i.e. collected means to suffice for everybody) through progressive health financing (those that earn more should pay more) the WB suggests the combination of the use of direct and indirect taxes, as well as direct contribution of individuals paid directly to the Health Insurance

\textsuperscript{14} Stage I
\textsuperscript{15} GDP per capita
\textsuperscript{16} Stage I
Fund, including complementary payments to ensure services out of the basic package (WB.2008).

Current calculations respectively risk calculations by specialized mathematicians that deal with premiums, reserves, level of insurance payment respectively the basic package of health services for all citizens of Kosovo.

There should be a review of the law in respect of the purchase of health services for the poor and the rest of population with a high priority. It should be made sure that the poor will benefit, that the basic package contains priority services and services are bought by public and private health service providers that offer services at a reasonable price by using incentives of payments corresponding to objectives of policies.

Buyers of services at the moment are unable to gather information on the quality of services; therefore current providers consider the level of their service provision “state of the art”

Buying according to quality, performance, value of purchase, responsibility, concept of the influence of the buyer to come up with quality services for health improvement is a clear issue that is at the centre of future health financing.

The definition of the basic package should be based on principles, norms, standards, procedures and calculation of prices of the common package for certain groups of population. Preparations would also require the development of a system of collection, management, analysis and implementation of health information that would enable the process of health services contracting. A necessary precondition is also strengthening of monitoring of health policies, including the referral system, since currently in Kosovo patients are self-referred (Focus Group 2010).

Changing of legislation for implementation of the health insurance fund will cause the change of the Law on Health and also of the Law on Public Finances. Moreover, it will require additional means that would correct the amount of monetary means for gross salary and for contributions of employers. A special challenge would be the informal sector which, according to a study carried out by Riinvest, employs 500,000 people and a system that would provide services with an economic price for those that decide not to be insured. Furthermore, this would require an administration that would clearly define the figure of 300,000 or 350,000 people as well as the number of persons benefitting from the social assistance scheme, who need a universal coverage in line with existing possibilities. But there are such cases when patient pays 60 Euro for staying in the hospital for ten days, two weeks, one month or three months. 20 out of 100 patients pay whereas 80 do not pay. Around 80% of these patients have a disability card, be it of a war invalid, social invalid, or different forms and this is how they overcome barriers of financing of health care use (Focus Group 2011).

Moreover, orientation of foreign investments and their absorption within the health system is of special importance.

Concluding a contract to purchase health services implies singing of the contract between the buyer of health services and provider of services within the standards and
norms. In order to buy health services, even individually, first we should know what service we need, then we identify health institutions that are licensed and provide relevant service/services and show interest to find out about the capacity and experience of provider and in the end we decide on using those services.

Same procedure should be applied both in public and private possession. An agent should be determined to deal with planning of the volume and type that is to be bought by licensed health services providers. Currently, the agent in Kosovo is the Ministry of Health and they have no precise information on how much and what it buys and from whom it buys (in the public sector). There is an impression that it has the double role of both provider and buyer, at the same time, in the same organization or health institution. The first necessary thing is to ensure the legal basis and determine who the authorized agent to buy health services for the population of Kosovo will be. It should be an institution that has neutral approach towards both sides in contracting negotiations. Also the manner of contract evaluation or arbitrage should be set. Another thing that has to be done is the licensing of private and public institutions, ensuring of institutional capacities to provide set health services, then an evaluation takes place through transparent and competitive process and services are contracted.

After deciding what to buy, who to buy it from, it is very important to decide how much we will pay. At the individual level each time we pay out of our pocket, we want to know what we are paying for, be it food items, clothing or even health services.

Setting of prices of health services should be calculated in conformity with the set standards so that they could be negotiated afterwards based on volume. The Public Health National Institute respectively the Department of Social Medicine has traditionally played a role in setting the prices of health services and according to them were then contracted services from the Health Insurance Fund. At the same time, this department played the role of the party that concluded contracting between financial institutions or the insurance fund and health institutions.

The manner of payment of health services affects the cost and quality of health services. Now, provided health services are paid by the Ministry of Health in secondary and tertiary health institutions, whereas primary health care institutions are paid through transfer of grants from the MF within the municipal budget. In Kosovo, we have budgets according to budgetary lines (goods, services, salaries and daily-pay, utilities and capital investments). These budgets are administered easier without measuring the cost. Because this kind of budgeting does not reflect the cost of activities, it stimulates under provision of health services and does not encourage managerial flexibility.

Setting of real price of service unit is complicated by a range of factors such as lack of information regarding expenditures of the service unit, then amortization price (the data for them are not always available). The regulatory role of the Ministry of Health in Kosovo in relation to service cost and health care is very small. Price of services is determined by the market because there is no negotiating mechanism between the buyer and health services provider, primarily due to lack of autonomy\textsuperscript{17}, organized structures of health services providers, negotiating power as well as competition level.

\textsuperscript{17} A tooth can be pulled in Prizren for two Euro or a specialized check up at the dentists varies from 5 – 20 Euro
In order to determine and affect the amount respectively quality of health services, other ways of payment may be used, such as: payments for the use of health services, payments for hospital stay, capitation and payment according to performance.

All these and other manners can be used to specify what needs to be paid. All these payments are more advanced than those used in Kosovo now. All types of payments have their advantages and disadvantages, and a right combination accompanied by processes, suitable organizational structures would enable the use of means towards determined objectives of health policies. So, if for example infant mortality is a problem there would be ensured (bought/provided) services with determined standards that will decrease mortality and which would be evacuated. This enables elimination of providers that fail to meet the standards. The manner of payment determines who takes the risk, sets the quality of the provided service, the price that is to be paid and administrative expenditures to realize it.
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