NATIONAL HEALTH INSURANCE COMPANY ACTIVITY IN 2012

CNAM
COMPANIA NATIONALA DE ASIGURARI IN MEDICINA

Description of the logo elements

Hands-leaves – power and will of the CNAM to protect the beneficiary by providing access to qualitative medical services.

Stem – the CNAM assures connections and relationships of support and equitable distribution of financial resources for maintaining the equilibrium and safety within the framework of the health system.

Dandelion – health of the whole society protected with care and fidelity by the CNAM.

Plinth – the CNAM bases on safe policies and efficient strategies of the health system.

NATIONAL HEALTH INSURANCE COMPANY ACTIVITY IN 2012

RUBICON POINT IN STRATEGIC INSTITUTIONAL DEVELOPMENT

We lived 2012 under the title of the First Institutional Strategy of CNAM. It surely was an innovating activity. Experience in organization of a proactive public management and that one of modeling the future for the financing system that we administrate, to the scale of strategic groups' expectation, marked every employee of the Company.

As for the executive management, the Institutional Development Strategy of CNAM has always been a desideratum to be realized, which we transformed into a collective one, together with WHO specialists, discussing it on a large scale. Thus, the strategic document was, first of all, an act of will and assumption of responsibility of the team and partners that assisted us over different periods with regard to definition of the status quo and development vectors.

We managed to develop an ambitious document and in this way, we laid the grounds for a stage that supports changes, but the innovating elements were not expected to be necessarily included in the agenda of next year actions plan realization. As a consequence, the 2012 generic perpetuated in the activities that could become CNAM history, being marked by the sign of the starting point.

Progresses of Institutional Strategy implementation are in the glare of external sponsors of the Republic of Moldova and activities that we will develop may become an object of donators' financial support. What we have to do is to register progresses in strategic steps application, mentioning them within the planned middle-term budgetary framework.

The Rubicon point – point of no return – set out this year is to maintain the positive tendency of total health allocations growth in the context, in which the Republic of Moldova wants to keep the policy of development of a veridical system of mandatory health insurance that presumes guaranted safety and financial protection to insured persons for access to qualitative medical services, as well as dicreasing the burden on the state budget.

CONTENTS

Vocabulary of acronyms

- **CNAM –** National Health Insurance Company;
- **TA –** Territorial Agency;
- **MHI –** Mandatory Health Insurance;
- **MHIF –** Mandatory Health Insurance Funds;
- **MHIS –** Mandatory Health Insurance System;
- **MSI –** Medical-Sanitary Institution;
- **PMSI –** Public Medical-Sanitary Institution;
- **EHC –** Emergency Health Care;
- **PHC –** Primary Health Care;
- **HHC –** Hospital Health Care;
- **SOHC –** Specialized Outpatient Health Care;
- **HPMS –** High-Performance medical services;
- **WHO –** World Health Organization;
- **MH –** Ministry of Health;
- **DRG –** Hospitals payment system depending on cases complexity (CASE-MIX).

I. GENERAL CONTEXT

Mission: guaranteeing financial protection and security to insured persons for access to qualitative medical services.

Values:

- Professional integrity and ethics – we realize our job duties in a responsible, efficient, correct and conscious way;
- Cooperation – we create atmosphere of trust in internal collaboration and cooperation with our partners;
- Receptivity – we are open and promptly response to beneficiaries necessities of MHI system;
- Development – we are creative and directed towards continuous development of organizational competences and services provided, in order to promote and implement health reforms.

Obiectives:

- Improvement of client services and provision of insured persons with assistance;
- Diminution of direct and informal payments;
- Support of health reforms (PHC decentralization, hospitals regionalization, etc.);
- Improvement of medical services quality control;
- Increase of contracting and payment methods efficiency;
- Increase of efficiency of compensated drugs allocations;
- Attraction of persons and target groups into the MHI system;
- Growth of amount of MHI funds;
- Development of process and quality management;
- Improvement of internal and external communication;
- Alignment of the CNAM structure in conformity with the Strategy;
- Development of the CNAM personnel competences;
- Improvement and elaboration of new information systems;
- Improvement of data and analysis quality, consolidation of strategic and operational planning.

CNAM tasks:

- Elaborating proposals for MHI legislation amendment;
- Elaborating the MHI funds draft law in conformity with approved macroeconomic indicators, provisions of middle-term expenses base and priorities of the health system on a yearly basis;
- Organizing the process on insurance contributions collection and insurance policy issuance;
- Concluding contracts with MSIs for rendering medical aid and monitoring their fulfillment within the MHI framework;
- Checking efficient use by MSIs of MHI funds assets and assessment of the cost of medical services provided;
- Administering automated informational systems within the MHI framework;
- Financing campaigns on healthy lifestyle promotion and disease risks reduction;
- Managing MHI system.

MHIS History in Dates

1998

- Law no.1585-XIII of February, the 27th, 1998, on Mandatory Health Insurance – **the first legislative act laying the basis of reforms in the health financing system.**

2001

- **CNAM foundation;**
- Creation of the Council for Coordination of MHI Implementation.

2002

- Approval of the CNAM Statute;
- Foundation of Administration Council – the supreme body of CNAM management;
- Approval of the Regulations on MHI Funds Creation and Administering;
- Approval of the MHI policy form;
- Foundation of 11 Territorial Agencies of the CNAM;
- Law no.1593 on Amount, Procedure and Terms of MHI Contributions Payment – **the 2nd legislative act in order of importance;**
- Approval of the specimen of a typical contract for rendering health care within the MHI framework;
- Approval of the 2003 MHI First Unique Program that served the base for rendering health care to the insured persons with the pilot project framework in Hincesti district;

2003

- Abrogation of Law no.267-XIV of February, the 3rd, 1999, on the Minimal Level of Free Health Care Guaranteed by the State; necessity in this law disappeared concomitantly with MHIS implementation;
- The pilot project was initiated in Hincesti district on July, the 1st;
- Elaboration and implementation of the information system of "Mandatory Health Insurance";
- The first sum transferred from the state budget for current expenses and amounting to 900.0 ths lei was registered in the CNAM unique account;
- It was decided to cover emergency health care at the pre-hospital stage from the MHI reserve fund in case of major medical-surgical emergencies endangering person's life, as well as primary health care granted to uninsured persons with examination and treatment recommendations;
- There was set out the legal basis for remuneration of employees from PMSIs included in the MHI system;
- Approval of the typical Statute of PMSIs included in the MHIS;

2004

- **MHIS implementation in the whole territory of the Republic of Moldova;**
- Inclusion in MHI of post-university education residents and pregnant, birthing and new mothers/confinement as persons that are insured by state budget;
- CNAM and PMSIs change from the chart of accounts for book-keeping of expenditure estimate administration of budgetary institutions to charts of accounts of economic-financial activity of enterprises;

2005

- Elaboration of criteria for contracting healthcare services providers within the MHI framework;
- Introduction of performance indicators in PHC and EHC;

- Inclusion in the MHI Unique Program of the notion of partially/integrally compensated drugs from MHI funds;
- Treatment in the outpatient, hospital or home conditions, within the framework of PHC contracted by the CNAM;

2006

- Modification of the method of calculating the sum of transfer from the state budget into MHI funds with regard to insure the vulnerable population categories – a percentage rate from the total sum of approved basic expenses of the state budget not less than 12.1%;
- Inclusion in MHI of persons that are taking care home of a disabled child with severity I or of a bed-bound person disabled since childhood of the Ist degree and aged up to 18 years and of mothers with seven or more children as insured persons from the state budget;

2007

- The Law on MHI Funds was elaborated in accordance with programs and subprograms;

2008

- First-time application of 50.0% discount for the amount of MHI contribution set out in fixed sum;
- Foundation of Bender TA for the purpose of coverage with mandatory health insurance of citizens of the Republic of Moldova residing in the Nistru, left bank areas;
- Coverage of expenses for treatment of uninsured persons suffering from socially conditioned diseases with major impact on public health, within the HHC scope;
- Home health care contracted by the CNAM;
- Registration of persons at a family physician with a possibility of his/her free choice;
- PHC was legally delimited from HHC at the district level;

2009

- As a result of macroeconomic parameters modification and of economic-financial crisis effects on accumulations in MHI funds, there were made amendments to the Law on 2009 MHI Funds, according to which, expenses of MHI funds were reduced by 10.7% for the first time, in comparison to initial ones, and a deficit of 250.8 million lei was approved;
- Modification of the structures from the CNAM central units through creation of the Internal Auditing Service, Public Relations Service, and Evolution and Control Department;
- Inclusion in MHI of persons from unfavorable families that benefited from social assistance in conformity with Law no.133-XVI of June, the 13th, 2008, on Social Assistance as insured persons insured from the state budget;

2010

- First-time application of 75.0% discount for the amount of the MHI contribution set out in the fixed sum for owners of agricultural land;
- Modification of PHC contracting procedures through adjustment of the "per capita" sums considering the life risk;
- Uninsured persons benefited from the whole set of emergency and primary health care services and from SOHC, as well, in case of some socially conditioned diseases having major impact on public health (HIV/AIDS);
- Prescription of partially/integrally compensated drugs to all persons (insured and uninsured ones);
- Health care rendered in hospice conditions that are contracted by the CNAM;
- Creation of the fund for development and modernization of public providers of healthcare services;

- Change of priority accent towards the citizen – motivates the action of re-launching of CNAM corporative identity, starting with September, the 10th, 2010;

2011

- The pilot project of the **hospitals payment system depending on cases complexity DRG (CASE MIX)** was carried out in 9 MSIs;
- Assurance of uninsured persons' access to SOHC in case of tuberculosis, through modifications introduced into the MHI Unique Program, realizing in such a way one of the health system objectives, aimed to ensure the financial protection and population access to essential healthcare services;
- Administering partially/integrally compensated drugs to uninsured persons, including only the drugs from psychotropic, anticonvulsant and oral antidiabetic groups (in the 2011 second half);
- The CNAM initiated a project on logistic support in MHIS organization and development in the Republic of Moldova in collaboration with the Health Insurance Fund from Estonia. The main objective of that project was logistic support in elaboration of middle- and long-term development strategy of MHIS;
- A jubilee conference on the *health financing system in the Republic of Moldova* was organized in collaboration with WHO Bureau in the Republic of Moldova, within the context of actions dedicated to the tenth (10) anniversary of CNAM foundation and to approximately eight (8) years of MHIS implementation.

2012

- The CNAM Institutional Development Strategy 2013-2017 was approved through the Decision of the CNAM Management Board;
- Nine(9) MSIs were contracted within the framework of hospital health care, based on the new payment system – DRG (CASE MIX);
- Modification of the CNAM central units structure through creation of the Strategic Development and Human Resources Department;
- On April, the 10th, 2012, the first Healthcare Awards was organized – the most important healthcare event of the year, destined to encourage recognition and appreciation of the physicians, of those persons, who obtained remarkable results in the health sphere, having the WHO as a partner;
- The CNAM and e-Government Center from the Republic of Moldova signed a Collaboration Agreement, whose object was e-CNAM electronic services project. E-CNAM electronic service should be available 24/24 on the governmental portal *Government for Citizens* - www.servicii.gov.md, as well as on www.cnam.md site. This service should save the time of legal persons and institutions responsible for activation or deactivation of the status of employees and those 14 categories of persons insured by the Government;
- The CNAM and Public Health Management School signed a Collaboration Agreement in the sphere of health policies analysis and development, of public health interventions and health system consolidation;
- The CNAM and Eesti Haigekassa signed a Collaboration Agreement on development and consolidation of cooperation in the sphere of health financing system;
- The CNAM and Health Policies and Analysis Center signed a Collaboration and Cooperation Agreement in the sphere of public health management – the first CNAM agreement with representatives of the civil society from the health sector.

Beneficiaries, partners:

CNAM **beneficiaries** are all the persons benefiting of health care within the MHI system framework.

CNAM **partners** are:

Medical-sanitary institutions and pharmaceutical institutions with which contracts for services rendering were concluded, inclusive of republican, municipal, departmental, district, private hospitals, centers of family physicians, health centers, diagnostic centers, etc.

Governmental institutions: Ministry of Health, Ministry of Finances, Ministry of Economy, Ministry of Information Technologies and Communications, Principal State Tax Inspectorate, Agency for Medical Preparations, National Council for Health Assessment and Accreditation, Health Management National Center, etc.

Social partners: National Confederation of Trade Unions and National Confederation of Patronages from the Republic of Moldova, "Health" Trade Union and Trade Union of Telecommunication Workers.

Civil society: profile NGOs (human rights and health protection), professional organizations of medical workers.

Administration:

The **Management Board** is the CNAM supreme self-management body, through which interests of all the insured persons are supported in relations with the CNAM executive management and guarantees the correctitude of social equity realization in MHI.

Composition of the Management Board is approved by the Government and includes 15 members, amongst whom there are representatives: Parliament – 1 person, Presidency – 1 person, Government – 5 persons (including 2 persons co-opted by the Ministry of Finances and Ministry of Economy and 2 persons co-opted by the Ministry of Health), National Confederation of Patronages from the Republic of Moldova – 3 persons, National Confederation of Trade Unions from the Republic of Moldova – 3 persons, professional organization of medical workers – 1 person, and organizations for patients' rights protection – 1 person.

Activity of the Management Board is governed by the president, Mr. Roman Cazan, Deputy General Secretary of the Government, who exercised the function of the Management Board president in 2012.

The **Executive Directorate** of the CNAM exercises operational administration within the limits of the competences established by the Management Board.

Activity of the Executive Directorate is governed by the General Director, Mr. Mircea Buga, appointed to this position by Government Decree no.524 of August, the 26th, 2009.

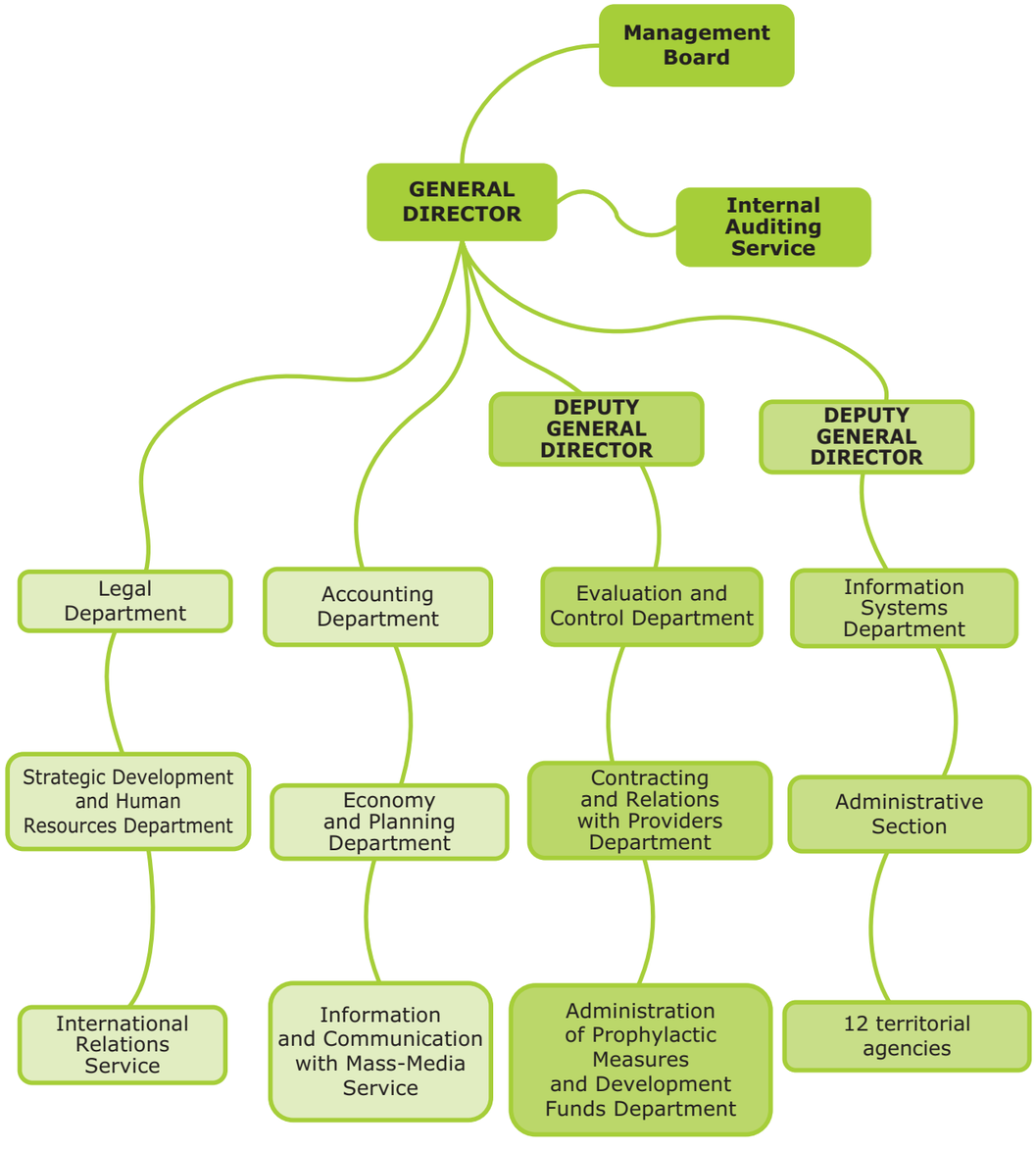
The CNAM is represented by 12 territorial agencies in relations with beneficiaries and partners throughout the territory of the Republic of Moldova. They have the status of branches and are subordinated to the Company, and exercise their obligations in accordance with effective laws and normative acts.

A new subdivision – Strategic Development and Human Resources Department – was created within the CNAM framework, through Decree of the Government of the Republic of Moldova no.71 of February, the 06th, 2012, "On Modification and Amendment of Government Decree no.1432 of November, the 07th, 2002".

Table 1. Key Indicators (2008-2012)

	2008	2009	2010	2011	2012
Number of insured persons	2 568 734	2 448 072	2 760 622	2 751 223	2 801 275
Number of persons insuring themselves in the individual way	35 300	25 700	33 548	52 699	51 780
Share of insured persons in the total number of population (%)	75,0	71,6	80,8	80,6	82,1
MHI funds incomes (millions lei)	2 688,7	2 878,9	3 424,4	3 636,6	3 870,0
Rate of transfers from the state budget in MHI funds incomes (%)	54,9	50,6	56,3	54,5	52,8
MHI funds expenses (millions lei)	2 572,0	3 071,4	3 367,7	3 615,7	3 951,2
Rate of MHI funds expenses in GDP (%)	4,1	5,1	4,7	4,4	4,5
Rate of MHI funds expenses in health budget (%)	75,8	79,8	84,3	84,9	83,2
Amount of percentage-based MHI contribution (%)	6	7	7	7	7
Amount of MHI contribution in the fixed sum (lei)	1 893,6	2 637,6	2 478,0	2 772,0	2 982,0
Fund for labor remuneration from which is calucated the MHI contribution (billions lei)	18,7	19,1	20,7	22,5	24,6
Number of medical and pharmaceutical contracted institutions	307	320	384	428	517
Number of primary medical institutions contracted directly by the CNAM	72	73	95	111	145
Number of paid-up compensated medical prescriptions	1 975 526	2 180 557	2 744 381	3 212 714	3 481 225
Average cost of a medical prescription (lei)	48,8	55,3	71,5	68,6	73,0
Average sum compensated per medical prescription (lei)	28,0	34,0	42,6	47,8	47,8
Compensated share per medical prescription (%)	57,4	61,5	59,6	69,7	65,5
Expenses for compensated drugs (millions lei)	55,3	74,1	116,8	153,5	166,2

Chart 1. Organization chart of the CNAM



II. EVOLUTION OF THE LEGISLATIVE AND NORMATIVE FRAMEWORK IN THE MHI SYSTEM

During 2012, there was carried out work on perfection of the legislative and normative framework in this sphere, relying on the needs of the day. Here the main realizations are the following:

- Law no.83 of April, the 14th, 2012 (effective since May, the 18th, 2012), on Amendment of Article 16 from Law no.1585-XIII of February, the 27th, 1998, on Mandatory Health Insurance, which established the way of using the monetary assets balances formed as a result of MHIF execution in the previous budgetary year;

- Law no.170 of July, the 11th, 2012 (effective since July, the 27th, 2012), on Modification and Amendment of Law on 2012 Mandatory Health Insurance Funds no.271 of December, the 23rd, 2011, which revised the sum of MHIF incomes and expenses;

- Law on 2013 MHI Funds no.251 of November, the 08th, 2012 (effective since January, the 01st, 2013). Discounts for payment of MHI contributions in fixed sum for certain categories of payers were included in this law, as well as in previous years;

- Draft Law on Modification and Amendment of Some Legislative Acts (Law no.1585-XIII of February, the 27th, 1998, on MHI; Law no.1593-XV of December, the 26th, 2002, on Amount, Procedure and Terms of MHI Contributions Payment; Law on Health Protection no.411-XIII of March, the 28th, 1995; Code of Administrative Offences, etc.), adopted on April, the 12th, 2013 (Law no.77), effective since July, the 01st, 2013, wherein there was proposed correlation of the MHI legislative framework in accordance with needs of the day. The main moments from the adopted legislative act are enumerated below:

  – article 8 from Law no.275-XIII of November, the 10th, 1994, on Legal Status of Foreign Citizens and Apatrides in the Republic of Moldova was modified, with regard to concretization of their position in the MHIS in the context of Law on Integration of Foreign Persons in the Republic of Moldova no.274 of December, the 27th, 2011, a measure stipulated in the Actions Plan of the Republic of Moldova – European Union in the sphere of visa liberalization regime. Similar modifications are also contained in the Law on Health Protection, Law on Mandatory Health Insurance, and Law on Amount, Procedure and Terms of MHI Contributions Payment. Thus, at the moment, foreign persons and apatrides indicated in letters a)-f) of paragraph (1) of article 2 from Law no.274 of December, the 27th, 2011, on Integration of Foreign Persons in the Republic of Moldova, who are employed in the Republic of Moldova on the basis of an individual labor contract, foreign citizens and apatrides with the right to permanent stay in the Republic of Moldova, as well as refugees and beneficiaries of humanitarian protection, benefit from the same rights and obligations in the MHI sphere, as the citizens of the Republic of Moldova do, in conformity with the effective legislation, if international treats do not stipulate otherwise. At the same time, foreign persons and apatrides, who were granted the right to temporary stay in the territory of the Republic of Moldova for family reunification, for studying, for humanitarian or religious activities, are bound to self-insurance in the individual way, paying a MHI contribution just as the citizens of the Republic of Moldova who pay the insurance contribution set out in the fixed sum, if international treats do not stipulate otherwise;

  – all persons officially registered as unemployed were included in the categories that are insured by the state budget, regardless of the fact whether they benefit from the unemployment compensation or not;

  – at the same time, the Government will have the capacity of the insurer not only for the people, who take care of bed-bound persons with disabilities of severe degree since childhood, but for all people taking care of persons with disabilities of severe degree appeared under different circumstances (since childhood, general diseases, professional diseases, etc.), who need care and/or permanent supervision of another person;

  – categories of the persons insured by the state budget were completed with *"foreign persons benefiting from a form of protection and included in the integration program"* for the purpose of bringing the provisions of the Law on Mandatory Health Insurance in conformity with article 13 from Law on Integration of Foreign Persons in the Republic of Moldova no.274 of December, the 27th, 2011. Pursuant to article 16 from Law on Asylum in the Republic of Moldova no.270-XVI of December, the 18th, 2008, a person is granted one of the following forms of protection in the territory of the Republic of Moldova: a) status of a refugee; b) humanitarian protection; c) temporary protection; d) politic asylum;

  – modifications included in paragraph (2) of article 10, paragraph (2) of article 12, article 14, and article 18 of Law no.1585-XIII of February, the 27th, 1998, on Mandatory Health Insurance are aimed to eliminate some inexactitudes related to record and control of contribution payers and beneficiaries activity of MHI funds. Thus, there were modified the terms for presentation of the lists of nominal recording of employed persons, this facilitates the servicing of economic agents by territorial agencies; there were regulated the terms for distribution of insurance policies to employed persons and for verification of territorial agencies of presented information by employers for activation/deactivation of insurance policies, this granting employers access to medical services. At the same time, there was introduced responsibility of medical services providers within the MHI framework for unintended use of financial assets obtained from MHI funds, similar to those ones stipulated in article 55 from Law on Budgetary System and Budgetary Process no.847-XIII of May, the 24th, 1996;

  – through exclusion of paragraph (8) from article 17 from Law no.1585-XIII of February, the 27th, 1998, there was eliminated the provision that had set out possibility to suspend action of a MHI policy for employed persons, due to delayed payment of insurance contributions established in percentage terms from the salary and other remunerations by the employer. Otherwise, access of the employee to healthcare should not be limited in case when the employer did not fulfill the obligations established by laws;

  – in Law on Amount, Procedure and Terms of Mandatory Health Insurance Contributions Payment no.1593 of December, the 26th, 2002, there was included article 23^1 stipulating that natural persons breaking the terms of MHI contributions payment (paragraph (1) of article 22 and paragraph (1) of article 23 from the respective legislative act) would be able to benefit from health care on the basis of the MHI policy upon expiry of 7 calendar days from the moment of MHI contribution and its penalties payment. The respective practice is adopted from Estonia and is aimed to increase the degree of MHI coverage of the population bound to self-insurance in the individual way;

  – with regard to establish the unique prescriptive limits for submitting claims against natural and legal persons bound to pay insurance contributions in accordance with law, article 17 was amended and 3-year limits were set out, analogous to article 267 from the Civil Code, etc.

- Government Decree no.71 of February, the 06th, 2012 (effective since February, the 10th, 2012), on Modification and Amendment of Annex no.4 to Government Decree on Some Measures for MHI Implementation no.1432 of November, the 07th, 2002, through which a new subdivision – Strategic Development and Human Resources Department – was created within the CNAM framework;

- Government Decree no.265 of April, the 26th, 2012 (effective since May, the 04th, 2012), on Modification of Clause 9 from the Regulations on Procedure of Mandatory Health Insurance Funds Creation and Administering no.265 April, the 26th, 2012;

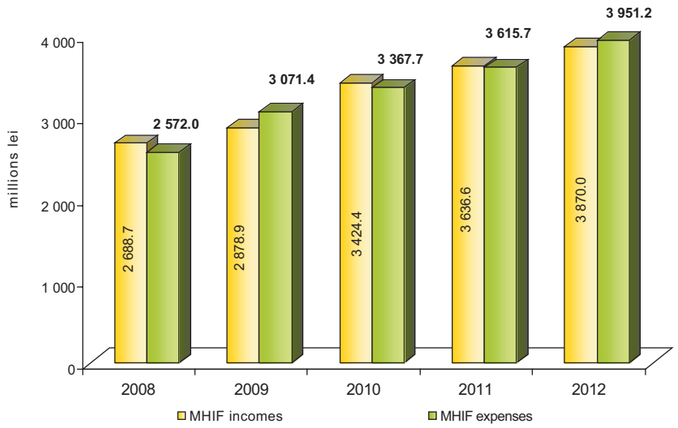
- Government Decree no.519 of July, the 18th, 2012 (effective since July, the 20th, 2012), on Modification of the Annex to Government Decree on Creation of CNAM Management Board no.213 of February, the 22nd, 2002, that approved new nominal composition of the CNAM Management Board;

- Government Decree no.899 of December, the 03rd, 2012 (effective since December, the 07th, 2012), on Modification and Amendment of Annex no.1 to Government Decree no.1372 of December, the 23rd, 2005, according to which physicians-neurologists were additionally granted the right to prescribe compensated drugs from MHI funds.

III. SYNTHESIS OF MHI FUNDS INCOMES AND EXPENSES

For the last four years, MHI funds incomes have registered 9.7% average growth and MHI funds expenses have registered 11.4% average growth. More prominent growth of expenses is attributed to the measures taken with regard to full and efficient execution of planned expenses.

Chart 2. Dynamics of MHIF incomes and expenses (2008-2012)

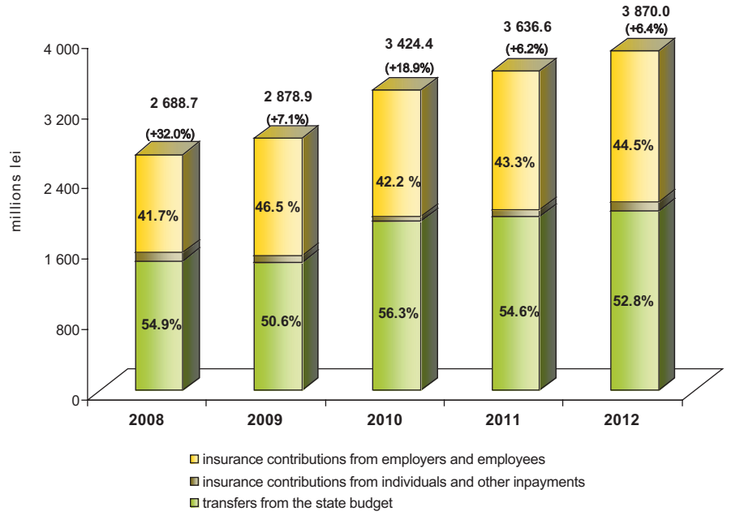


In the context of gradual increase of MHI contribution in the share of percentage, there is registered a tendency of growth of the rate of the MHI contributions sum collected from employers and employees, in the total savings of MHI funds, from 41.7% (2008) to 44.5% (2012), and there is also recorded decrease in the rate of transfers from the state budget for the categories of insured persons by the Government, from 54.9% (2008) to 52.8% (2012).

MHI contributions in the fixed sum had one of the biggest growths – 24.1% – within the framework of 2012 MHI incomes, in comparison to the previous year. It may be regarded as an important realization in the process of incomes accumulation in MHI funds, due to the fact that in 2009-2010, growth of these contributions accumulations was from 4% to 5%.

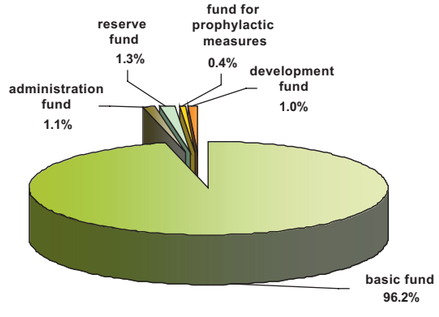
Distribution of incomes according to the funds is realized on the basis of the Regulations on the Procedure of MHIF Creation and Administering approved through Government Decree no. 594 of May, the 14th, 2002. According to this Regulation, the revenues collected in CNAM unique account during the year are distributed in accordance with the following standards: basic fund – at least 94.0%; reserve fund – 1.0%; fund for prophylactic measures – 1.0%; development fund – 2.0%; administration fund – up to 2.0%.

Chart 3. MHIF incomes structure and dynamics (2008–2012)

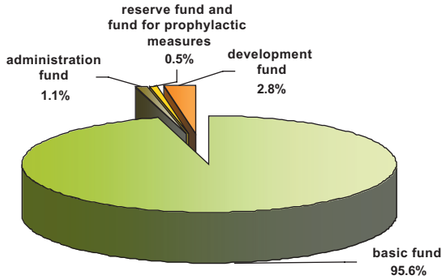


The basic fund has the biggest rate (95.6%) in the total amount of MHI funds expenses in 2012, being used for coverage of expenses necessary for realization of the MHI Unique Program; it is followed by the development fund (2.8%), also having the biggest deviation in comparison to 2011, being used for modernization and optimization of public MSIs' buildings and infrastructure, for provision with high-performance medical equipment and for information systems and technologies implementation.

Chart 4. Structure of MHI funds expenses



2011



2012

Incomes and expenses were initially approved in the sum of **3 982 197.4 ths lei** through Law on 2012 Mandatory Health Insurance Funds no.271 of December, the 23rd, 2011.

As a result of modification of the sum of transfers from the state budget for MHI of persons insured by the Government, in Law on 2012 State Budget no.282 of December, the 27th, 2011, modifications were also introduced in the Law on 2012 MHI Funds through Law no.170 of July, the 11th, 2012. As a consequence of these modifications, re-determined parameters of MHI funds constituted **3 927 714.7 ths lei** in the terms of incomes, being reduced by 54 482.7 ths lei, and

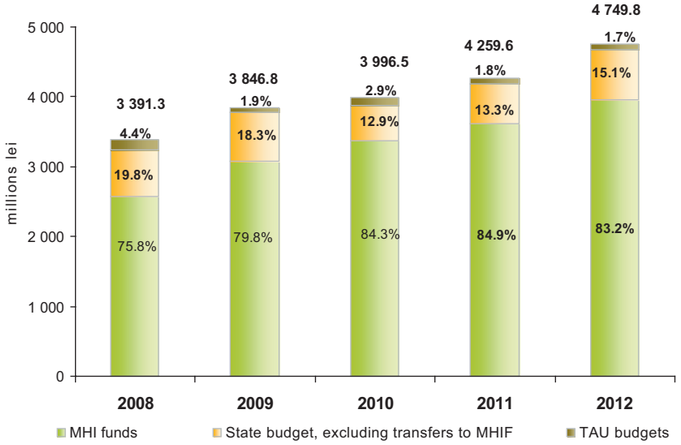
3 984 714.7 ths lei in terms of expenses, registering an increase by 2 517.3 ths lei, with approved deficit of 57 000.0 ths lei.

In 2012, MHI funds registered deficit of 81 152.3 ths lei; thus, MHI funds expenses exceeded MHI incomes by 2.1%. This fact was caused by insufficient accumulation of financial assets in MHI funds, also due to reduction of transfers from the state budget by 61 175.0 ths lei. The respective deficit was covered on the account of cumulative balance from the beginning of the year.

At the 31st , 2012 December, the cumulative balance of MHI funds constituted 349 534.7 ths lei, being diminished by approximately 18.8 % in comparison to the cumulative balance of December, the 31st, 2011, that constituted 430 687.0 ths lei. This balance will be used for realization of MHI objectives and in strict conformity with the provisions of the Regulations on Procedure of MHI Funds Creation and Administering approved through Government Decree no.594 of May, the 14th, 2002.

Evolution of consolidated structure budget of health protection during the 2008-2012 period reflects certain tendencies regarding the basic financing sources. Public health expenses are formed from expenses of the state budget, MHIF expenses and expenses of the territorial administrative units' budgets. In 2012, CNAM controlled 83.2% of public health expenses and the rate of these expenses grew up to 7.4 percentage points in relation to 2008.

Chart 5. Structure and dynamics of public health expenses according to financing sources (2008-2012)



Territorial administrative units' expenses differ from year to year, depending on available financial sources and, as a rule, are aimed to carrying out overhaul repairs or purchase of equipment for public MSIs. Having the capacity of founder of district public MSIs and taking into consideration the degree of depreciation and amortization of their assets, realized allocations are insufficient for remediation situation, this fact being reflected in the quality and quantity of rendered medical services.

Expenses made from the state budget, except for transfers to MHIF for those 14 categories of persons insured by the Government, are designated for financing national programs and equipping public republican MSIs, whose founder is the MH.

IV. MHI FUNDS INCOMES ACCORDING TO SOURCE TYPES

Accumulations in MHI funds were realized in the sum of **3 870 030.8 ths lei**, this constituting 98.5% of the re-determined annual plan. In comparison to 2011, incomes increased by 233 432.7 ths lei, or 6.4%.

Diminution of the level of realization of accumulations by 57 683.9 ths lei is accounted for the fact that transfers remitted from the state budget were by 61 175.0 ths lei (2.9%) less than the planned ones, and at the same time, proper incomes of MHI funds exceeded by 3 491.1 ths lei (0.2%) the re-determined sum.

Table 2. MHI funds incomes

(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Percentage-based MHI contributions from the salary and other remunerations, paid by employers and employees	1 749 948,5	1 749 948,5	1 723 201,8	- 26 746,7	98,5
MHI contributions in the fixed sum, paid by the individuals residing or domiciled in the Republic of Moldova	61 354,7	61 354,7	74 289,1	+ 12 934,4	121,1
Other incomes	12 000,0	12 000,0	29 303,4	+ 17 303,4	244,2
Including:					
Interest	10 150,0	10 150,0	26 788,2	+ 16 638,2	263,9
Other incomes	80,0	80,0	135,6	+55,6	169,5
Fines and sanctions	1 770,0	1 770,0	2 379,6	+ 609,6	134,4
Transfers from the state budget for health insurance of the categories of persons insured by the Government	2 158 182,5	2 103 699,8	2 042 539,1	- 61 160,7	97,1
Transfers from the state budget for compensation of foregone incomes, pursuant to article 3 from Law no.39-XVI of March, the 02nd, 2006	711,7	711,7	697,4	-14,3	98,0
External grants	-	-	-	-	-
External grants	-	-	-	-	-
INCOMES, IN TOTAL	**3 982 197,4**	**3 927 714,7**	**3 870 030,8**	**- 57 683,9**	**98,5**

MHI funds incomes are made of MHI contributions paid by the taxpayers, transfers from the state budget and other incomes (administrative fines and sanctions, bank interests, etc.).

MHI contribution represents a fixed sum or a percentage-based contribution from the salary and other remunerations, which a taxpayer is bound to pay to MHI funds for taking over the disease risk.

MHI contribution amount is established on a yearly basis through the Law on MHI Funds. These amounts, both in the fixed sum and percentage-based ones, have been changing during 2007-2012 (Table 1), being in direct correlation with the evolution of national economy.

MHI Percentage of contributions

Pursuant to the tax policy provisions, amount of percentage-based on MHI contribution was approved in the sum of **7.0%** through the Law on 2012 MHI Funds.

Growth of percentage rate of MHI contribution had taken place gradually, by 1.0% in 2007-2009, but it was maintained at the level of the last three years in 2012. Repeated proposal of the CNAM and Ministry of Health to increase percentage of the rate were not supported and, in such a way, were not included in tax objectives within the scope of Middle-Term Budgetary Framework elaboration.

These insurance contributions were accumulated in the sum of **1 723 201.8 ths lei.** 98.5% fulfillment of the re-determined annual plan is explained by diminution of the value of the fund for labor remuneration, executed in 2012, in comparison to that one forecasted by the Ministry of Economy that served the basis for calculation and planning the sum of 2012 percentage-based on MHI contributions (forecasted ones – 25.1 billions lei, executed one – 24.8 billions lei).

The rate of these contributions in the total incomes makes 44.5%, being one of the biggest after the transfers from the state budget. If compared to 2011, the accumulated sum was bigger with 146 972.1 ths lei, or 9.3%.

The payers categories of MHI contributions in percentage share are stipulated in Annex no.1 to Law no.1593-XV of December, the 26th, 2002, on Amount, Procedure, and Terms of MHI Contributions Payment. There are particularly itemized employers and employees.

MHI contributions in fixed sum

Amount of MHI contribution in fixed sum is calculated through application of contribution in percentage share to the average of forecasted annual salary for the respective year on the basis of macroeconomic indicators.

An annual average salary of 42 600 lei (3 550 lei x 12 months) was forecasted for 2012. Applying a 7.0% percentage rate, there was calculated MHI contribution in the fixed sum of **2 982.0 lei.**

Increase of the cost of MHI contribution in the fixed sum by 7.6% in correlation to 2011 is due to increase of the average annual salary forecasted for the respective year on the basis of macroeconomic indicators (from 39 600 lei in 2011 up to 42 600 lei in 2012).

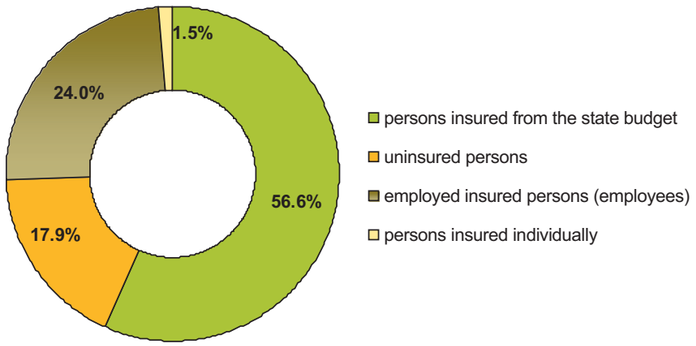
Through the Law on 2012 MHI Funds, there was applied, as well as in previous years, a 50% discount from the amount of MHI contribution in the fixed sum for the category of persons that paid the respective contribution till April, the 17th, 2012, except for private notaries and lawyers, regardless of the legal form of activity organization, as well a 75% discount for the owners of agricultural land lots, regardless of the fact, whether they had leased out or handed over these lots for use on a contract basis till October, the 31st, 2012, or not.

Number of individuals insured by themselves in 2012 through paying MHI contribution in fixed sum, makes 51780 persons. In general, number of these persons practically doubled in 2012 comparatively with 20400 persons in 2007. Thus, there is evident the impact of facilities application

(50% in 2008 and 75% in 2010) on the degree of population coverage with MHI, as well as a positive impact with regard to financial protection of the categories of population with humble incomes.

Although Law no.1585-XIII of February, the 27th, 1998, on Mandatory Health Insurance establishes the requirement of insurance and annual laws grant discounts for payment of MHI contribution in fixed sum, the share of uninsured population still remains significant. About 20% of population are not included in the MHI system and do not benefit from all facilities and full financial protection when accessing medical services.

Chart 6. Share of insured and uninsured persons in the total number of population (2012)



The CNAM and territorial agencies cooperated with the institutions responsible for presentation of the unemployed persons lists with regard to detect the individuals that are bound to pay MHI contribution in fixed sum.

As a result of verification and detection of such persons, notification letters and pre-notices were sent, records on administrative offence stating were drafted, applications to court instances were submitted, requiring enforcement recovery of MHI contribution in fixed sum.

As a consequence, the positive effect of these actions is reflected in accumulations of MHI contributions in fixed sum amounting to **74 289.1 ths lei,** this being by 21.1% more in comparison to the re-determined plan, and the sum of these contributions increased by 12 934.4 ths lei in such a way. Share of this type of income is one of the lowest in the total sum of incomes and constitutes 1.9%. At the same time, a 24.1% (14 443.5 ths lei) increase is registered in relation to the previous year.

In the course of the year, there was organized and carried out the campaign on provision of information on beneficiary's rights and obligations within the framework of MHI system – "*Health insurance policy – guaranteed health services"*. The general objective of the respective campaign was to increase the degree of citizens' consciousness of necessity to hold a MHI policy, through informing the population about beneficiary's rights and obligations in the MHI system. The prospects *"Guide of the Beneficiary of MHI System"* and *"Guide on MHI Policy Use"* were published and distributed within the scope of this campaign.

Categories of payers of MHI contributions in the fixed sum are indicated in Annex no.2 to Law no.1593-XV of December, the 26th, 2002, on Amount, Procedure and Terms of MHI Contributions Payment. Amongst them, there are owners of agricultural land lots, founders of individual enterprises, bearers of entrepreneur licenses, public notaries, and lawyers.

Other incomes

At this item of incomes, in total were accumulated 29 303.4 ths lei, or by 82.1% (13 208.1 ths lei) more in comparison to 2011. This situation has produced more due to the increase of amount of interest upon placing monetary assets of MHI funds into deposit accounts (137.3%) and less due to increase of the sum of administrative sanctions in the form of fines applied by CNAM (44.4%).

Detailed description of these categories of incomes is stated below:

- fines applied by the tax inspectorate – *1 443.7 ths lei,*
- administrative sanctions in the form of fines applied by CNAM – *935.9 ths lei,*
- interests upon placing monetary assets of MHI funds into deposit accounts – *25 863.1 ths lei,*
- interests from the balances of monetary assets of MHI funds in the bank accounts – *925.1 ths lei,*
- other revenues – *135.6 ths lei.*

The greatest share (88.2%) in these accumulations is attributed to interests upon placing monetary assets of MHI funds into deposit accounts, due to increase of the interest rate and sums placed into deposit accounts.

According to law, a financial institution servicing MHI funds accounts pays an interest for the accounts balances in the amount set out in the contract, but not less than average interest rate in the banking system for deposit accounts with the same terms, calculated from available average rates for the last three months. This interest is monthly transferred into the bank account of the Ministry of Finances – State Treasury "MHI Financial Assets" opened in the Treasury Unique Account (TUA).

Transfers from the state budget

The Government ensures the uninsured persons domiciled in the Republic of Moldova and recorded at the competent institutions, except for the persons bound to insure themselves in the individual way (paragraph (4) of article 4 from Law no.1585-XIII of February, the 27th, 1998, on Mandatory Health Insurance). The Government ensures 14 categories of persons, including children aged up to 18 years, pensioners, persons with disabilities of severe, accentuated or medium degree, unemployed persons benefiting from unemployment compensation, persons benefiting from social aid, etc.

Sum of transfers from the state budget into MHI funds for the categories of persons ensured by the Government is calculated relying on application of the percentage rate to the total sum of approved expenses of the state budget, except for expenses realized from incomes with special destination, stipulated by the legislation, but not lower than 12.1%.

During the year, the sum of **2 042 539.1 ths lei** was transferred from the state budget and the rate of plan execution is 97.1%, the respective transfers being decreased by 61 160.7 ths lei. At the same time, there is registered a 3.0% (59 239.1 ths lei) growth in comparison to transfers from the state budget realized in 2011. This type of income holds the first place and constitutes 52.8% in percentage terms.

Transfers from the state budget for compensation of lost incomes, accumulated in the sum of **697.4 ths lei** pursuant to article 3 from Law no.39-XVI of March, the 2nd, 2006, constitute a compensation by the Government of MHI contributions for owners of agricultural land lots situated beyond Ribnita-Tiraspol road for 2011 (62.7 ths lei) and 2012 (634.7 ths lei).

In the context of adjustments introduced into the insurance system and of gradual increase of percentage-based insurance contributions, there is registered a tendency for diminution of these incomes rate in the total accumulations of MHI funds, from 54.9% in 2008 to 52.8% in 2012 (Table 1).

V. USE OF MHI FUNDS UNDER ASPECT OF APPROVED PROGRAMS AND SUBPROGRAMS

Financial assets, regardless of the sources of payment are accumulated in the CNAM unique account, being distributed later in accordance with legal standards among the followings funds:

- fund for current medical services payment (basic fund);
- fund for prophylactic measures (for disease risks prevention);
- MHI reserve fund;
- fund for development and modernization of public providers of medical services;
- fund for MHI system management.

Total expenses from MHI funds were realized in the sum of **3 951 183.1 ths lei**, or at the 99.2% in relation to the re-determined annual plan. In comparison to 2011, total expenses from MHI funds increased by 335 493.8 ths lei, or by 9.3%.

Table 3. Use of MHI funds assets

(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Fund for current healthcare services payment (basic fund)	3 780 299,9	3 777 824,4	3 777 824,4	0,0	100,0
MHI reserve fund	39 822,0	9 814,8	2 059,3	- 7 755,5	21,0
Fund for prophylactic measures (disease risks preventions)	39 822,0	39 822,0	17 694,2	- 22 127,8	44,4
Fund for development and modernization of public providers of healthcare services	79 644,0	114 644,0	111 248,1	- 3 395,9	97,0
Fund for MHI system management	42 609,5	42 609,5	42 357,1	- 252,4	99,4
EXPENSES, IN TOTAL	**3 982 197,4**	**3 984 714,7**	**3 951 183,1**	**- 33 531,6**	**99,2**

Expenses from the fund for current health care payment (basic fund)

The most important expenses of MHI funds (at least 94% of the incomes collected in the CNAM unique account during the year) are realized from the account of the fund for current health care payment (basic fund). Financial assets accumulated in the basic fund are used to cover necessary expenses for realization of the MHI Unique Program including:

- pre-hospital emergency health care;
- primary health care;
- specialized outpatient health care;
- hospital health care;
- other services related to health care.

Thus, the list of diseases and states requiring health care financed from the basic fund is stipulated in the MHI Unique Program. It is elaborated by the Ministry of Health and approved through a Government Decree.

When planning expenses for the basic fund, there was taken into consideration the real rate of the health care types in the administrative territories, of stages of medical services rendering, of real flow of the patients and of step-by-step realization of equity in financial sources distribution. As a result, distribution of the assets from the basic fund according to health care types was realized on a case-by-case basis. At the same time, the volume of medical services according to health care types, which is contracted and paid from the MHI basic fund, is annually determined on the basis of CNAM financial possibility.

Table 4. Structure of expenses from the fund for current health care payment (basic fund)

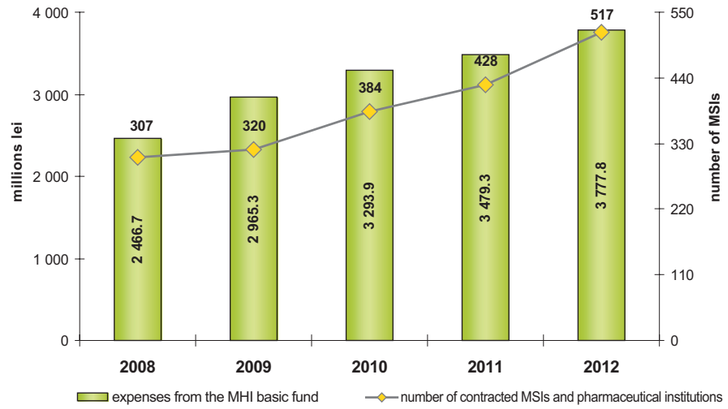
(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Pre-hospital emergency health care	324 209,2	324 209,2	324 209,2	0,0	100,0
Primary health care	1 134 089,9	1 119 575,6	1 119 575,6	0,0	100,0
Including: compensated drugs	162 600,0	166 244,1	166 244,1	0,0	100,0
Specialized outpatient health care	280 576,0	276 760,3	276 760,3	0,0	100,0
Hospital health care	1 904 992,8	1 924 450,5	1 924 450,5	0,0	100,0
High-performance healthcare services	130 820,5	127 546,5	127 546,5	0,0	100,0
Community, palliative and home health care	5 611,5	5 282,3	5 282,3	0,0	100,0
Other types of health care	-	-	-	-	-
IN TOTAL	**3 780 299,9**	**3 777 824,4**	**3 777 824,4**	**0,0**	**100,0**

In order to pay for current medical services included in the Unique Program and rendered by the contracted MSIs, a sum of 3 777 824.4 ths lei was transferred from the basic fund, execution was at the 100.0% level of the annual re-determined sum and at the same time, a 8.6% (298 488.3 ths lei) increase was registered, in comparison to the expenses realized in 2011. This fund holds the greatest share in the total amount of expenses, and namely – 95.6%.

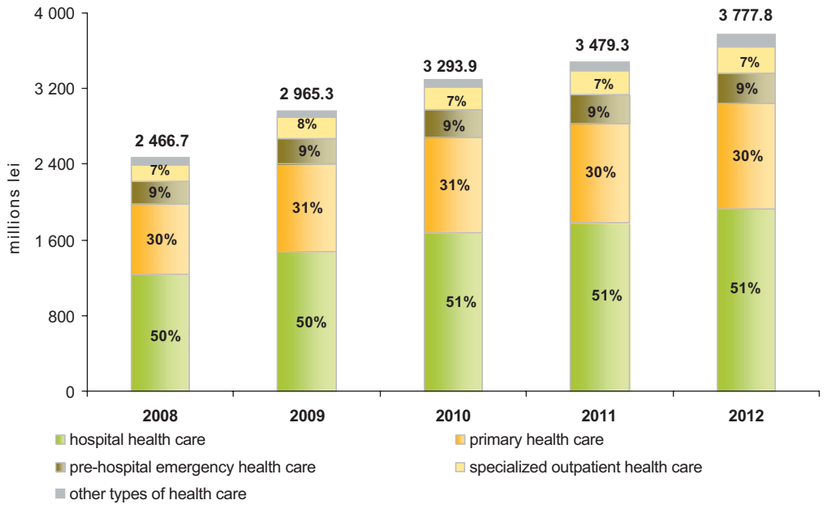
Payment was made for really rendered services, in the scope of the contracted volume of medical services. The CNAM fulfilled its contract obligations before contracted MSIs and pharmaceutical institutions and, in such a way, practically no debts were registered before them (7.9 ths lei).

Chart 7. Dynamics of expenses from the basic fund and number of contracted MSIs and pharmaceutical institutions (2008-2012)



Half of financial assets from the basic fund, approximately 51%, were allocated for hospital health care. But about 30% – for primary health care, including compensated drugs; in such a way, there was maintained the financing rate of primary health care stipulated in the Strategy for 2008-2017 Health System Development and recommended by international organizations, this type of health care has been legally delimited from hospital health care at the district level since 2008.

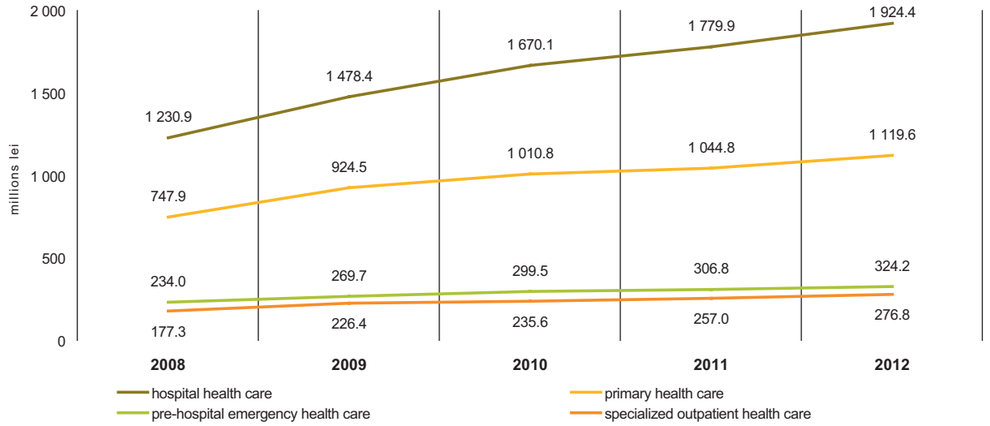
Chart 8. Dynamics of expenses according to health care types and their share in the basic fund (2008-2012)



The greatest growth in comparison to 2011, following 46.3% expenses for high-performance medical services and 46.0% expenses for medical home care, is attributed to 10.8% expenses for partially/integrally compensated drugs, within the scope of the basic fund expenses, in 2012.

According to the tendencies registered in statistical data and appeals of insured persons, in 2007-2012, there had also significantly increased the number of high-performance medical services contracted by the CNAM, cost of which was rather increased for individual payment by the patients. In such a way, the share of expenses for high-performance medical services grew up in the total amount of basic fund expenses, from 2.1% in 2007 to 3.4% in 2012, including increase of the share granted to the population from rural sector and to the disadvantaged categories.

Chart 9. Dynamics of expenses according to types of health care from the basic fund (2008-2012)



Hospital health care

Hospital health care is granted to the insured persons in cases when health care rendering cannot be realized on an outpatient basis or when patient's health state requires supervision in hospital settings. Priority is attributed to emergency states hospitalization. Hospital MSIs also have a possibility of programmed hospitalization of patients on the basis of a certificate of referral issued by a family physician or a specialized physician.

The pilot project of the Hospitals Payment System depending on cases complexity (DRG) (CASE-MIX) was carried out in nine MSIs during 2011 within the framework of the project on Health and Social Assistance Services of the Ministry of Health, with financial support of the World Bank.

This new model of payments based on diagnosis-related groups stipulates financing providers of hospital medical services depending on complexity of rendered treated case, this leading to increase in cost-efficiency of use of the health system financial assets.

Results of the pilot project served the basis for contracting those nine MSIs in 2012 on the basis of the new DRG (CASE-MIX) payment system. But beginning with June of 2012, all hospital MSIs have presented data for DRG payment system that were to be analyzed and served the basis for 2013 contracting through this payment mechanism at the national level.

Hospital MSIs contracting was also carried out in conformity with the principle of *"treated case"* according to specialized profiles distinguished for district, municipal and republican hospitals.

We can mention that within the last period, the MH and CNAM put a significant emphasis on cost-based treatments though payment for high-priced drugs and expendable materials within the HHC scope.

Table 5. Sums allocated by the CNAM within the HHC scope for high-priced medical preparations and expendable materials (2008-2012)

(ths lei)

Name of medical preparation and expendable materials	2008	2009	2010	2011	2012
Electric cardiostimulators	999,9	1 000,7	2 426,1	2 550,2	1 278,7
Antiviral preparations used in virus hepatitises treatment	39 230,5	15 556,4	35 367,9	52 436,0	18 981.3
Preparations used in multiocular sclerosis treatment	-	134,4	120,4	333,5	368.8
Preparations used in treatment of cystic fibrosis of children	-	-	-	-	4 096,8
IN TOTAL	**40 230,4**	**16 691,5**	**37 914,4**	**55 319,7**	**24 725,6**

Also with regard to cost-based treatment, beginning with 2007, the CNAM has paid for cases of hip/knee endoprosthesis replacement, as well as for cases treated in the interventional cardiology and cardiac surgery profile. But beginning with 2012, it has contracted and paid for cases of vertebrological orthopedics (scoliosis) and spinal neurosurgery for adults.

Table 6. Number of cases of hip/knee endoprosthesis and cardiac surgery, interventional cardiology covered by the CNAM (2008-2012)

	2008	2009	2010	2011	2012
Hip and knee endoprosthesis	390	559	686	995	898
Cardiac surgery/ interventional cardiology	822	774	1 105	1 270	1421

Another principle of HHC contracting is "global budget" applied to providers rendering hemodialysis services, services within the framework of the detoxication profile and psychiatric profile (inclusive those ones for mandatory treatment), "Aviasan" services, and services for maxillofacial prosthetics. The "bed-day" contracting principle was used for health care of the "Phthisiology" profile.

At the same time, priorities of benefiting from certain types of services were maintained and extended for some categories of patients. For instance, there were covered expenses of the patients with renal failure for public transportation from/to place of their residence for carrying out dialysis.

In 2012, the CNAM contracted 74 MSIs, including: 17 republican, 10 municipal, 35 district, 5 departmental and 7 private institutions, for HHC rendering.

Chart 10. Dynamics of allocations for HHC and number of treated cases (2008-2012)

Within the context of priorities and engagements in the health system that are directed towards financial protection and access of the population to essential medical services, uninsured persons have access to hospital health care in case of socially conditioned diseases with major impact on public health (tuberculosis, psychoses and other mental and behavioral disorders in acute forms, alcohol and drug addictions, in case of medical emergency), confirmed oncological and hematological malign diseases, HIV/AIDS and syphilis, and infectious diseases.

Table 7. Number of treated cases rendered to insured and uninsured persons with socially conditioned diseases

Types of diseases	Cases treated, insured persons	% in total	Cases treated, uninsured persons	% in total
TBC (bed-days)	166 847	51.6%	156 674	48.4%
Oncology	21 710	94.0%	1 384	6.0%
Psychiatry	16 277	89.9%	1 830	10.1%
Drug addiction	3 876	59.8%	2 610	40.2%
Infectious diseases	5 759	99.4%	32	0.6%
HIV/AIDS	263	49.3%	271	50.7%

A sum of 2 059.3 ths lei was financed from the reserve fund, in order to cover additional expenses necessary for rendering medical services within the HHC scope.

Primary health care

When contracting the volume of medical services within the PHC scope, there was calculated the total number of persons (*insured and uninsured ones*) registered in the "Register of persons recorded in MSIs rendering primary health care within the MHIS framework".

PHC contracting was realized in accordance with the principle of *"per capita"* and the tariff was differentiated for 3 age groups: a) from 0 to 4 years 11 months 29 days, b) from 5 to 49 years 11 months 29 days, c) from 50 years and more.

Additionally, there was also paid a bonus for performance indicators realization:

- *outpatient treatment of tuberculosis patients, under supervision of a family physician;*
- *assurance of prophylactic gynecological examination, with cell smear uptaking;*
- *supervision of pregnant women recorded at the gestational age up to 12 weeks;*
- *supervision of children during the first year of life.*

The sum of 26 000.0 ths lei paid for performance indicators makes 2.3% of the total sum paid for PHC.

The CNAM contracted 145 MSIs, including: 2 republican, 20 municipal, 113 district, 4 departmental and 6 private institutions, in order to render primary health care.

In 2012, the CNAM contracted 94 autonomous Health Centers, i.e. by 34 centers more in relation to the previous year, within the primary health care scope, with regard to execution of the action included in the 2011-2014 Government Activity Program "European Integration: Freedom, Democracy and Prosperity", referring to accomplishment of institutional autonomy within the primary health care scope.

The institutional autonomy status of Health Centers grants them access to proper financial assets and their management in dependence on their necessities and stimulates improvement of the Institution's management capacities. Impact of this action realization on persons included in the MHIS consists in increase of accessibility of persons from rural localities to medical services rendered by a family physician.

Table 8. Number of autonomous contracted health centers (2008-2012)

	2008	2009	2010	2011	2012
Autonomous contracted health centers	23	25	47	60	94

Youth friendly health services have been included in the MHI Unique Program since 2006. Thus, within the PHC scope, acting according to the *"global budget"* principle, the CNAM contracts youth friendly Centers that are subdivisions of Family Physicians Centers. Contracting these centers significantly contributes to reduction of STI/HIV incidence, level of unwanted pregnancies and abortions, drugs use, alcohol abuse, and psycho-emotional disorders amongst young people.

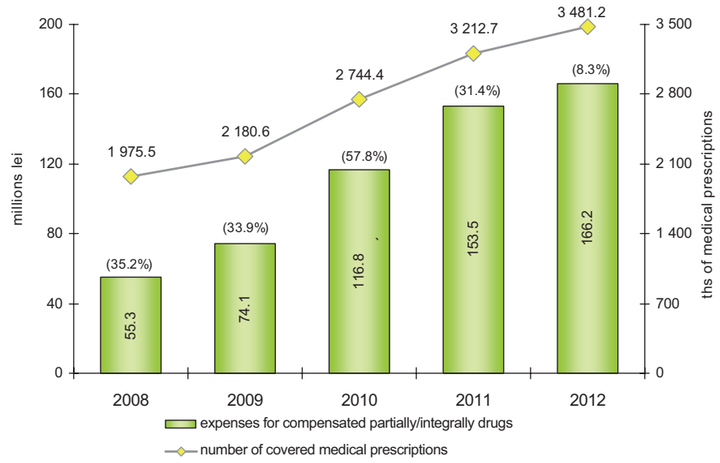
Starting with 2005, compensated partially/integrally drugs from MHI funds have been introduced in the MHI Unique Program. The list of compensated drugs from MHI funds is approved by the MH together with the CNAM, it contains common international names, commercial names, fixed compensated sums for each dosage and pharmaceutical form, and data about medical preparations also are included. Fixed compensated sums for drugs included in the list are calculated by the Agency for Medical Preparations on the basis of calculation methods approved by the MH.

Groups of drugs included in the list of compensated partially/integrally drugs from MHI funds are the following:

- antihypertensive, diuretic, hepatoprotective, antithrombic, antiasthmatic, antineoplastic preparations used in gastro-intestinal and neurological pathologies – partially compensated by 50%, 70%, and 90%;
- antibiotic, antiasthmatic, antianemic preparations, vitamins, antihelminthic, enzymes – integrally compensated for children 0-5 years old;
- preparations for prophylaxis and treatment of anemias for pregnant women, multivitamins – integrally compensated;
- psychotropic and anticonvulsant, oral antidiabetic preparations – integrally compensated.

Expenses for compensated partially/integrally drugs, amounting to 166 244.1 ths lei are included in the total sum for PHC. Compensated partially/integrally drugs constitute 14.8 % of the total expenses for this type of health care, which does not differ greatly from the previous year – 14.4%.

Chart 11. Expenses from the basic and reserve fund for compensated partially/ integrally drugs and number of covered medical prescriptions (2008-2012))



As a result of analysis of the sums transferred by the CNAM to 258 contracted drugstores in 2012, these sums were distributed in the following way: 47.7% –cardiovascular preparations, 14.3% – digestive preparations, 10.6% – medical preparations designated for children aged up to 18 years, 9.5% – oral antidiabetic drugs, 8.9% – psychotropic preparations, anticonvulsant preparations, 4.8% – medical preparations for prophylaxis and treatment of anemia for pregnant women, 4.2% –drugs for other diseases.

Pre-hospital emergency health care

Institutions of pre-hospital emergency health care assure granting respective health care to population, *regardless of MHI policy availability*, in the whole served territory in the non-stop regime, organizing, if necessary, team visit beyond the served territory, as well.

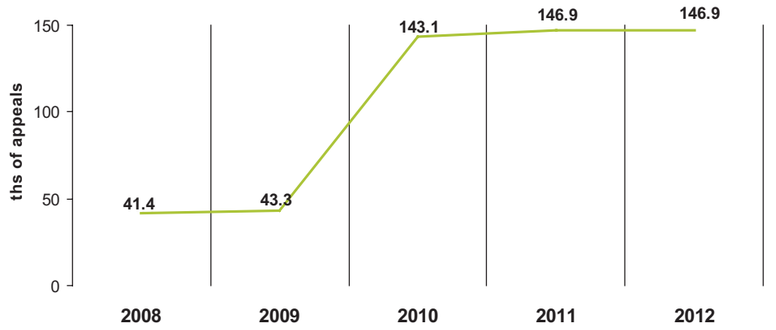
When contracting the volume of medical services within the EHC scope, there was calculated the total number of persons, identical to those ones registered in MSIs rendering PHC and situated in the served territory of those MSIs, which provided EHC.

EHC contracting was realized in accordance with *"per capita"* principle. Additionally, there was paid a *bonus for performance indicators fulfillment – provision of the zonal station with physicians,* but since 2012, another indicator has been included – *absence of divergences between diagnosis of pre-hospital EHC service and clinically established diagnosis.* The sum of 13 213.3 ths lei paid for performance indicators makes 4.1% of the total sum paid for EHC, in comparison to 0.8% in 2011.

The CNAM contracted 4 zonal stations, Emergency Health Care Service from Chisinau Municipality and 2 departmental and private MSIs, in order to provide EHC.

A positive dynamics of the number of appeals given by the EHC service had been revealed during 2010-2012. This is accounted for the fact that till 2009, uninsured persons had been granted medical services only in case of major medical-surgical emergencies, but in 2010, modifications were introduced into the MHI Unique Program, which included provision of access of the whole population to EHC.

Chart 12. Dynamics of the number of appeals of uninsured persons to the EHC service (2008 – 2012)



Specialized outpatient health care

Specialized outpatient health care includes aid of specialized profile physicians and dental health care. This type of health care is granted, as a rule, on the basis of certificate of referral from a family physician, in order to establish diagnosis and treatment tactics. Insured persons may appeal directly to a specialized profile physician in emergency cases and in case of diseases specified in the "List of diseases that allow presentation directly to a SOHC specialized profile physician, upon confirmation that they are a new case".

Dental health care granted within the MHIS framework presumes the following services rendered by a physician-dentist:

- emergency dental health care;
- dental extractions upon medical indications;
- prophylactic consulting of children aged up to 18 years and of pregnant women, inclusive of: examination of oral cavity and recommendations on oral cavity hygiene; tooth brushing; calculus removal; application of prophylactic remedies; dental extractions; tooth stopping; filling of coronary defects caused by dental caries and its complications;
- prophylactic consulting of all insured persons with examination of oral cavity and recommendations on hygiene and prophylaxis of oral cavity diseases.

Specialized outpatient health care is granted to insured persons in case of diseases and states specified in the Unique Program a*nd to uninsured persons in case of HIV/AIDS infection and tuberculosis.*

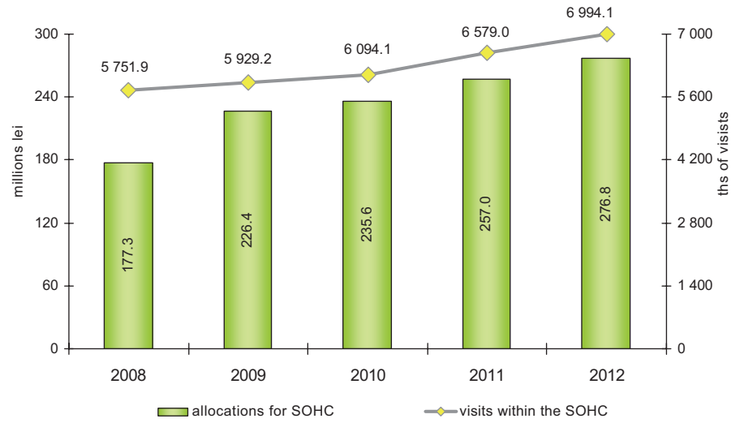
When planning the volume of medical services to be contracted in 2012 within the SOHC scope, there was calculated the number of persons, identical to those ones registered in MSIs rendering PHC and situated in the territory of servicing of those MSIs, which provided SOHC. Another principle of contracting – *"global budget"* was applied to some providers of republican and municipal level that offer services to insured and uninsured persons affected by HIV/AIDS infection and tuberculosis.

Another principle of contracting – *"treated case"* – was applied to centers of rehabilitation for patients with drug addiction.

The CNAM also covers expenses for feeding, public transportation from/to place of residence for insured and uninsured persons suffering from tuberculosis, without M.Tuberculosis eliminations.

Starting with 2012, physicians-neurologists, besides family physicians and physicians-psychiatrists, also have the right to prescribe compensated anticonvulsant drugs, within the SOHC scope.

Chart 13. Dynamics of allocations for SOHC and number of visits made (2008–2012)

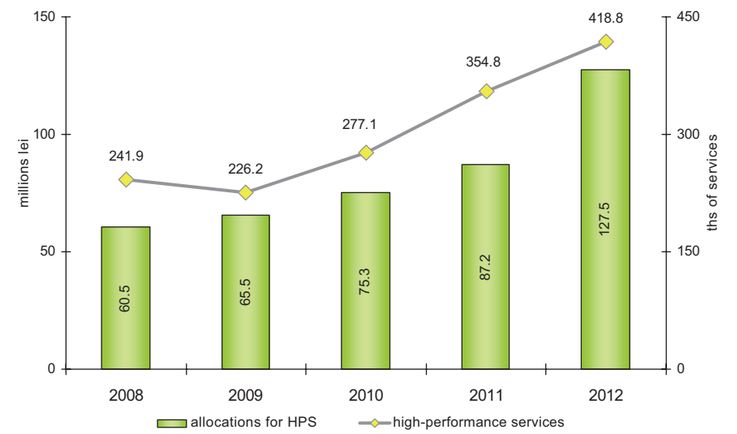


High-performance healthcare services

High-performance healthcare services were contracted by the CNAM on the basis of tariffs negotiated with MSIs, but not exceeding the tariffs approved by the Government and costs approved by the MH. Rendering respective services at a price higher than that one stipulated in the contract and requiring additional payments from insured persons were not allowed.

Analysis of HPS activity shows a tendency of 73% growth of the number of services, contracted by the CNAM in 2012, in relation to 2008, with concomitant extension of the range of respective services, but increase in allocations for HPS was determined, as well, by modification of these services cost.

Chart 14. Dynamics of allocations for HPS and number of services rendered (2008–2012)



HPS contracting was realized in accordance with "per service" principle and number of MSIs contracted in 2012 for rendering these services made 26 institutions (6 republican MSIs, 3 municipal MSIs, 16 private MSIs, and 1 district MSI.

Table 9.Number of some rendered high-performance services (2008 – 2012)

Name of services	2008	2009	2010	2011	2012
Nuclear magnetic resonance imaging	2 056	2 221	4 518	5 261	9 866
Computer tomography	22 214	26 369	32 152	40 393	37 751
Scintigraphies	11 762	11 806	11 432	11 894	8 217
Angiographies	1 897	2 203	2 748	3 023	2 961
Genetic investigations (determination of RNA, DNA of pathogenic agents in biological material)	16 439	14 382	16 487	26 851	37 978
Aortography	253	288	388	381	304
Coronarography	1 032	1 039	1 421	1 446	1 739

Services for community, palliative and home health care

Services for home health care to which insured persons have the right, are rendered by authorized providers and contracted by the CNAM.

The following medical manipulations related to the sphere of home health care are realized for the patients:

- monitoring of temperature, arterial blood pressure, respiration, pulse, diuresis, intestinal habits of patients with cerebrovascular accidents, chronic cardio-circulatory insufficiency and pathology of digestive tract, of liver and pancreas in decompensated period;
- taking care of plagues, crusts, ischemic ulcers, etc.;
- taking care of stomas and taking care of patients with preternatural anus;
- rinsing: ocular, auricular, vaginal and gastric one;
- clysters for evacuating purposes and for therapeutic purposes;
- gastric intubation for evacuating purposes and for purposes of patient feeding;
- domiciliary palliative care;
- supervision of symptoms (care in case of vomiting, nausea, constipations, diarrhea, etc.) and of pain (pain level assessment, pain management and surveillance over drugs effect);
- prevention of pressure ulcers.

A provider takes medical care of insured persons with chronic diseases at the advanced stage (consequences of cerebral ictus, diseases at the end-stage, femoral fractures, etc.) and/or after major surgical interventions, in conformity with recommendations of a family physician and of a specialized profile physician from hospital and outpatient departments.

In 2012, 110 providers (including HOSPICES) were contracted within the scope of this type of health care, in comparison to 96 providers in the previous year, this allowing to increase access of elderly, lonely and disabled persons to this type of health-social care recommended by the WHO.

Home health care contracting was realized in accordance with *"per visit"* principle. Thus, in 2012, 101 311 visits were made within the scope of home health care, in comparison to 102 593 visits in 2011. But palliative health care contracting under hospice conditions was realized in accordance with "per bed-day" principle. Thus, in 2012, 11 000 bed-days were realized, in comparison to 5 747 bed-days in 2011, registering a 91.4% growth due to intensification of MSIs activity and execution of contracted volume of services.

Expenses for community, palliative and home health care within the framework of basic fund expenses recorded one of the biggest growths (46.0%) in comparison to the previous year. This growth is accounted for increase of the cost of a visit by approximately 7.3% and of the number of visits made. Another reason is that within the scope of this type of health care, palliative health care was contracted under hospice conditions, but it had been contracted within the HHC scope till 2010.

Expenses from the fund for prophylactic measures (for disease risks prevention)

Financial assets accumulated in the fund for prophylactic measures are used to cover expenses mainly related to:

- taking measures for disease risks reduction, including through immunization and other primary and secondary prophylactic methods;
- realization of prophylactic examinations (screenings) in order to find disease at the early stage;
- financing manifestations and activities aimed to healthy lifestyle promotion;
- purchase, on the basis of Government Decrees, of medical devices and equipment, drugs and expendable materials for taking the measures for diseases risk reduction and for treatment in case of public health emergencies;
- other activities on disease risks prophylaxis and prevention, accepted for financing on the project basis, pursuant to the regulations approved by the MH and CNAM.

Table 10. Structure of expenses from the fund for prophylactic measures (for disease risks prevention)

(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Expenses for healthy lifestyle promotion	3 500,0	3 500,0	3 495,2	- 4,8	99,9
Expenses related to taking the measures for reduction of disease risks and realizing the screening of some diseases with special social impact	36 322,0	36 322,0	14 199,0	- 22 123,0	39,1
Other expenses from the fund for prophylactic measures	-	-	-	-	-
EXPENSES, IN TOTAL	**39 822,0**	**39 822,0**	**17 694,2**	**- 22 127,8**	**44,4**

From the prophylactic measures fund were transferred **17 694.2 ths lei,** at the 44.4% level in comparison with the planned sum; execution grew up by 1 914.8 ths lei (12.1%) in relation to 2011.

With regard to *healthy lifestyle promotion,* there were financed the services related to realization of the Communication and Awareness Raising Campaign on *"Healthy Lifestyle Promotion".* 2012

Edition" amounting to 3 495,2 ths lei. A range of actions were realized through the intermediary of this Campaign:

- organization for the first time of the event on healthy foods promotion – *"Biofest-2012".* Approximately 15 exhibitors with environmentally pure products took part at the event, some of them being certified in the appropriate way by the Ministry of Agriculture;
- organization for the first time of the Chisinau-Varnita-Chisinau cycling criterium (with two rest breaks, in Singera commune and in Anenii Noi town), in order to support active lifestyle adoption (open-air physical movement). About 50 cyclists took part at the event (professionals and amateurs);
- carrying out a flash-mob in support of general prophylactic examination at a family physician, with participation of family physicians from the profile medical institutions from Chisinau municipality, Anenii-Noi district and their patients;
- realization of the national drawing competition for children aged up to 18 years from about 20 localities of the country, from primary, gymnasium and lyceum classes, with regard to promote and assimilate of all messages of the Campaign;
- publishing a popular science periodical on health promotion – *"Health Guide";*
- organization and carrying out training seminars for supervisors (medical and didactic manpower) in those three pilot regions, in total – 250 medical and didactic manpower;
- organization and carrying out training seminars for pupils from those three pilot regions, the total number of pupils being of 750;
- placement of the "Street Panels" in 13 localities, 2 of which are in Chisinau municipality and 11 are in country districts (at the meetings of CNAM territorial agencies);
- placement of indoor advertising and outdoor advertising (motor truck) in Chisinau municipality;
- placement of advertising in minibus taxis, on LED panels in Chisinau municipality;
- development, design and print of promotional and visual-informational materials (T-shirts, kepis, pens, folding brochures, posters, cartoon covers, notebooks, flags, incorporated memory-stick bracelets).

The actions mentioned were aimed to promote the following messages:

- promotion of adoption of a healthy food style (diverse food rich in vitamins and proteins);
- going in for sports and adoption of active lifestyle;
- control over the stress provoking states;
- regular application of prophylactic body measures and general prophylactic examination at a family physician;
- giving up pernicious habits in favor of healthy activities;
- maintainance of environmental sanitation.

The CNAM purchased *for realization of measures for disease risks reduction:*

- antirabic vaccines and immunoglobulins in the sum of *1 3974 ths lei,* taking into account their major importance and taking into consideration the common decision of the representatives from the Ministry of Health, National Public Health Center, CNAM, Agency for Medical Preparations, UNICEF, World Health Organization;
- flu vaccine in the sum of *4 8990 ths lei,* upon request of the Ministry of Health;
- objects necessary for blood assay with regard to sugar level determination for inhabitants of Chisinau municipality, in the sum of *432 ths lei,* in the context of World Diabetes Day observance;

With regard to realize the screening of some diseases with special social impact, the CNAM financed projects amounting to *7 8594 ths lei,* aimed to realize the screening in order to identify risk factors provoking cardiovascular diseases, as well as of complex clinical-instrumental screening in order to detect precancerous processes of breast cancer for women aged from 50 to 69 years, in Floresti district (3754 women were investigated), Anenii Noi district (2496 women were investigated) and of cervical cancer for women aged from 25 to 59 years in Falesti district (12811 women were investigated), Straseni district (8355 women were investigated), and Cahul district (3792 women were investigated).

The goal of the screening project was to contribute to long-term improvement of health state indicators and to decrease the rate of mortality caused by cervical cancer, breast cancer and cardiovascular diseases. Forecasted results of the program are the increasing the level of knowledge in prophylaxis of these diseases, sharing information on risk factors that may start a malign process in the organism, perception of necessity for elaboration and implementation of activities on cancer and cardiovascular diseases prophylaxis.

Expenses from the MHI reserve fund

Financial assets accumulated in the MHI reserve fund are used for:

- coverage of additional expenses related to emergency diseases and affections, with annual rate exceeding the average value adopted on the basis of Unique Program calculation for the respective year;
- coverage of difference between effective expenses related to payment for current medical services and accumulated contributions (expected incomes) in the basic fund.

Table 11. Structure of expenses from the MHI reserve fund

(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Hospital health care	-	-	2 059,3	-	-
EXPENSES, IN TOTAL	**39 822,0**	**9 814,8**	**2 059,3**	**- 7 755,5**	**21,0**

A sum of **2 0593 ths lei** was paid from the reserve fund in order to cover difference between effective expenses related to payment for rendered medical services within the hospital health care scope and contributions accumulated in the basic fund.

Expenses from the fund for development and modernization of public providers of healthcare services

Allocation of financial assets from the respective fund is realized as a result of organization of a tender for selection of investment projects of public MSIs. The function of organization and realization of these tenders is carried out by the Joint Commission created through common Order of the Ministry of Health and CNAM no.663/175-A of September, the 27th, 2010, and criteria for assessment, selection and monitoring of investment projects are set out in the Regulations on criteria and procedure for selection and realization of investment projects financed from the fund for development that are approved through the abovementioned Order.

Criteria for selection of investment projects of public MSIs are determined by their compliance with the purposes of use of financial assets accumulated in the fund for development, such as:

- purchase of high-performance medical equipment and a specialized sanitary transport vehicles;
- implementation of new heating technologies, medical wastes processing technologies and water supply technologies;
- modernization and optimization of buildings and infrastructure;
- implementation of information systems and technologies.

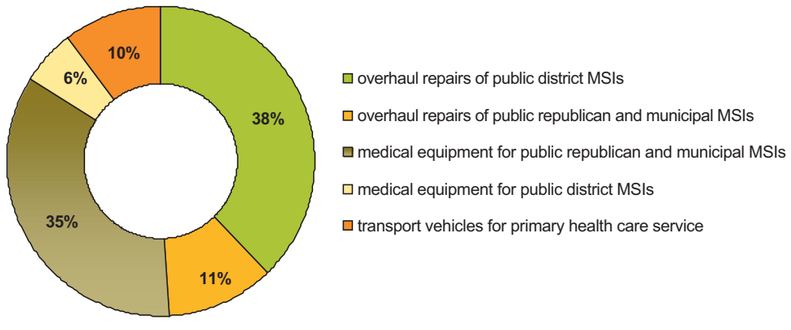
Table 12. Structure of expenses from the fund for development and modernization of public providers of healthcare services

(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Expenses for medical equipment purchase			45 009,4		
Expenses for overhaul repairs			54 843,7		
Expenses for transport vehicles purchase			11 395,0		
EXPENSES, IN TOTAL	**79 644,0**	**114 644,0**	**111 248,1**	**- 3 395,9**	**97,0**

Thus, **111 248.1 ths lei** were allocated from the fund for development for 57 winning investment projects of public MSIs and money was aimed to carrying out overhaul repair works – 54 843.7 ths lei, equipping with medical diagnostic and treatment devices – 45 009.4 ths lei and equipping with transport vehicles – 11 395.0 ths lei. In such a way, respective investments contributed to growth the efficiency of public medical services providers and, as a consequence, had a positive impact on improvement of these services quality.

Chart 15. Rate of categories of use of the assets from the fund for development



Realization of expenses from the fund of development makes 97.0% of the annual re-determined sum and, at the same time, there is registered a 76 240.8 ths lei increase in comparison to 2011. This fund holds the second place and constitutes 2.8% as a rate in the total amount of expenses.

Initially, the value of the fund for development was approved in the sum of 79 644.0 ths lei, being increased by 44.6% in comparison to 2011. As a result of modification introduced in the Law on 2012 MHI Funds through Law no.170 of July, the 11th, 2012, the annual sum of this fund was increased by 35 000.0 ths lei, constituting 114 644.0 ths lei.

Increase of the fund for development was determined by a urgent necessity for improvement of the technical-material base of public MSIs, this contributing to enhancement of capacity and quality of rendering health care to persons included in the MHI system.

Expenses from the fund for MHI system management

Pursuant to the effective legislation, financial assets accumulated in the fund for MHI system management are used for:

- salary payment to the employed personnel of the CNAM and territorial agencies;
- coverage of expenses for official trips;
- maintenance of information system and organizational infrastructure;
- realization of quality control of medical services and respective expert examinations;
- operational expenses;
- purchase of fixed assets, of equipment necessary for making amortization deductions;
- administrative and office expenses;
- personnel training and professional development;
- other activities related to CNAM management.

Table 13. Structure of expenses from the fund for MHI system management

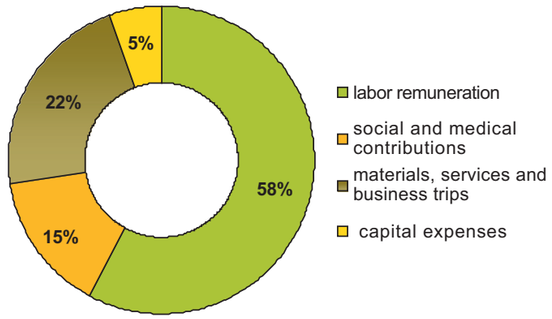
(ths lei)

Name of the indicator	Approved	Re-determined	Realized	Deviations (+,-) of "realized" in relation to "re-determined"	Correlation (in %) of "realized" in relation to "re-determined"
Current expenses	**39 869,5**	**40 156,1**	**40 012,3**	**- 143,8**	**99,6**
Including:					
Labor remuneration	23 256,0	24 523,8	24 523,7	-0,1	100,0
Mandatory state social insurance contributions	5 088,7	5 378,7	5 376,6	- 2,1	100,0
Health insurance contributions	737,8	775,8	773,7	- 2,1	99,7
Value of materials purchased and services rendered	10 673,8	9 293,6	9 202,1	- 91,5	99,0
Official trips	113,2	184,2	136,2	- 48,0	73,9
Expenses for maintenance of general and administrative fixed assets	**2 740,0**	**2 453,4**	**2 344,8**	**- 108,6**	**95,6**
IN TOTAL	**42 609,5**	**42 609,5**	**42 357,1**	**- 252,4**	**99,4**

For expenses of the fund for MHI system management, according to the legislation, it is provided up to 2.0% distribution from the collected incomes in the CNAM unique account. However, the rate of these expenses has been maintained at the 1.0%-1.1% level for the last years.

Expenses from the fund for MHI system management were realized in the sum of **42 357.1 ths lei,** or at the 99.4% level in comparison to the re-determined plan. The greatest rate is attributed to expenses for labor remuneration, followed by expenses for materials purchase, rendered services, expenses for state mandatory social insurance contributions and MHI contributions.

Chart 16. Rate of expenses according to basic items in the total amount of expenses from the fund for MHI system management in 2012



Expenses for materials purchase and rendered services include expenses for realization of insurance policies through post offices, for information systems development, for realization of campaigns on provision of information to the population about the MHI system, for editorial services, overhead costs, etc.

A sum of 1824.9 ths lei was used for overhaul repairs and a sum of 519.9 ths lei was used for fixed assets purchase, from the 2344.8 ths lei capital expenses.

At the end of the year, the CNAM personnel schedule foresaw 304.5 units, including technical personnel. Effective expenses for labor remuneration constitute 24 523.7 ths lei and an average monthly salary of an employee is 7 036 lei.

Beginning with 2005, there has been registered a tendency for increasing of the sum of incomes in MHI funds managed by the CNAM (2005 – 1 281 661.2 ths lei; 2012 – 3 870 030.8 ths lei), of the number of contracted MSIs and pharmaceutical institutions (2005 – 200; 2012 – 517), of the number of paid-up compensated medical prescriptions (2006 – 732 778; 2012 – 3 481 225), of the number of insured persons (2005 – 2 411 176; 2012 – 2 801 275).

As a result, the volume of work done by the CNAM employees grows up too, as follows: MSIs contracting; carrying out quality and volume control of rendered health care by contracted MSIs, as well as of correctness of management of financial assets arrived to them from MHI funds; carrying out control over correctness of writing out and issuance of compensated medical prescriptions; protection of insured persons' interests; accumulation of MHI contributions in the fixed sum; monitoring realization of investment projects of public MSIs financed from the fund for MHI development, etc.

VI. USE OF FINANCIAL RESOURCES FROM MHI FUNDS BY MEDICAL-SANITARY INSTITUTIONS

According to the provisions of the effective legislation, **259 medical-sanitary institutions,** including 26 republican, 33 municipal, 8 departmental, 153-district, 39 private institutions have been contracted within the MHI system framework by the end of the year.

The increase of contracted medical institutions number comparing to the previous year is because of accomplishment of institutional autonomy within the primary health care scope, through direct contracting of autonomous Health Centers by the CNAM.

Pursuant to contracts concluded with the CNAM, medical-sanitary institutions divide their expenses into four basic items: "Labor remuneration", "Foodstuffs", "Drugs" and "Other expenses" in the sheets for receipts and payments from the assets of MHI funds. Execution is periodically reported to the CNAM, Ministry of Health and founders.

Table 14. Structure of expenses of MSIs contracted in 2012

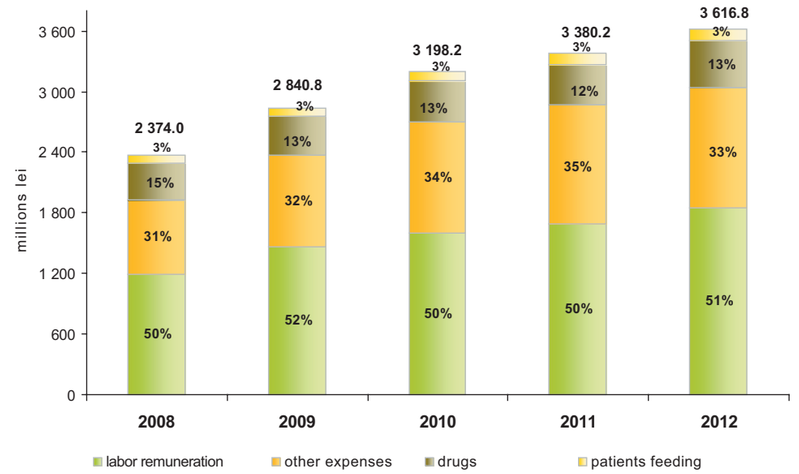
(ths lei)

		TOTAL expenses	*including:*			
			Labor remuneration	Foodstuffs	Drugs	Other expenses
Republican public MSIs	Re-determined plan	1 450 398.9	630 460.7	54 203.7	284 771.5	480 963.0
	Executed	1 363 843.3	626 797.4	49 234.2	253 203.3	434 608.4
Municipal and public district MSIs	Re-determined plan	2 255 638.6	1 191 842.9	65 679.2	208 029.2	790 087.3
	Executed	2 100 577.6	1 163 094.2	53 959.3	184 830.4	698 693.7
Public departmental MSIs	Re-determined plan	53 525.5	25 248.9	3 624.2	8 731.1	15 921.3
	Executed	48 654.8	23 530.5	2 686.7	7 832.9	14 604.7
Private MSIs	Re-determined plan	114 572.5	33 910.3	1 441.8	29 351.7	49 868.7
	Executed	103 729.7	32 059.1	987.4	21 875.2	48 808.0
In total for medical institutions	**Re-determined plan**	**3 874 135.5**	**1 881 462.8**	**124 948.9**	**530 883.5**	**1 336 840.3**
	Executed	**3 616 805.4***	**1 845 481.2**	**106 867.6**	**467 741.8**	**1 196 714.8**
Expenses from the fund for MHI system management	Re-determined plan	42 609.5	24 523.8	0.0	0.0	18 085.7
	Executed	42 357.1	24 523.7	0.0	0.0	17 833.4
IN TOTAL	**Re-determined plan**	**3 916 745.0**	**1 905 986.6**	**124 948.9**	**530 883.5**	**1 354 926.0**
	Executed	**3 659 162.5**	**1 870 004.9**	**106 867.6**	**467 741.8**	**1 214 548.2**

* Total annual expenses of MSIs are realized on the basis of the sum financed by the CNAM, MSIs monetary balances from the beginning of the accounting period, as well as on the basis of interests from balances of MSIs monetary assets in the bank accounts.

As well as in the previous years, half of MSIs expenses were realized for "labor remuneration" and the third – for "other expenses".

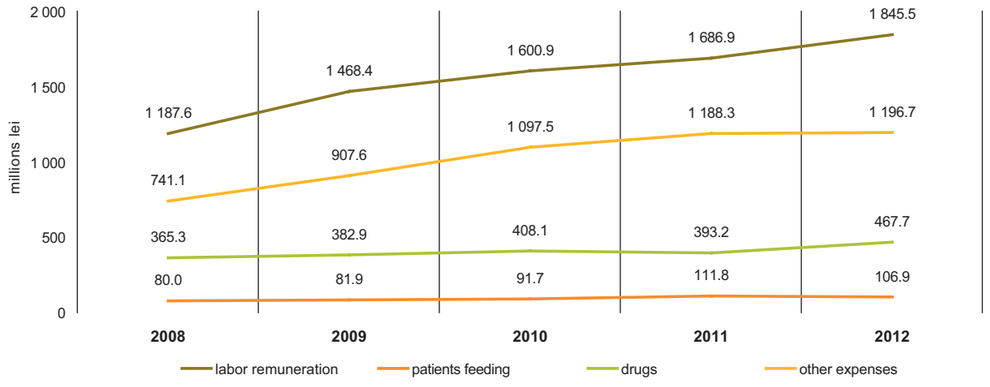
Chart 17. Rate of expenses according to basic items in the total amount of MSIs expenses (2008-2012)



MSIs total expenses have constituted **3 616 805.4 ths lei,** or being at the 93.4% level from the re-determined plan. In comparison to the previous year, expenses have grown up by 7.0%.

Within the scope of MSIs total expenses, the greatest increase, in comparison to the previous year, is attributed to expenses for the item of "drugs", by 19.0%, and to "labor remuneration", by 9.4%; but on the other hand, lowest increase is attributed to expenses from the item of "other expenses", by 0.7% and expenses from the item of "foodstuffs" record a 4.4% decrease.

Chart 18. Dynamics of MSIs expenses according to items (2008-2012)



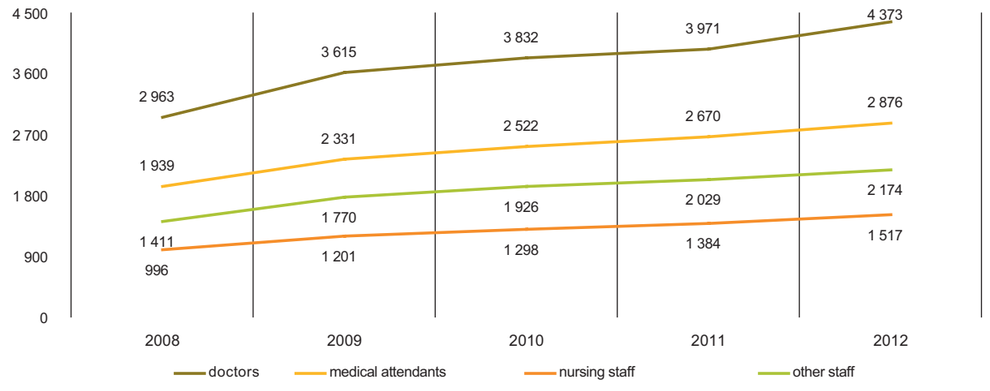
The monthly average salary per unit in MSIs constituted 2796 lei, growing up by 8.7%. As for monthly average salary per physician, it made 4373 lei, recording a 10.1% growth. These indicators are reflected in the Table below in accordance with personnel categories.

Table 15. Monthly average salary according to stuff categories

(lei)

Name of staffing position	Monthly average salary per position			Monthly average salary per natural person		
	2011	2012	deviation	2011	2012	deviation
Executive staff	7 040	7 110	1,0%	7 107	7 117	0,1%
Physicians	3 971	4 373	10,1%	4 871	5 375	10,3%
Nursing stuff	2 670	2 876	7,7%	2 990	3 242	8,4%
Medical attendants	1 384	1 517	9,6%	1 545	1 686	9,1%
Other stuff	2 029	2 174	7,1%	2 325	2 509	7,9%
IN TOTAL	**2 573**	**2 796**	**8,7%**	**2 936**	**3 199**	**9,0%**

Chart 19. Dynamics of monthly average salary in lei per staffing position in MSIs (2008-2012)



MSIs registered payable accounts at December, the 31st, 2012 in the amount of 255 842.5 ths lei, including: 62 103 ths lei for "labor remuneration", 9 683.3 ths lei for "foodstuffs", 98 242.4 ths lei for "drugs" and 85 813.8 ths lei for "other expenses", inclusive of "state social insurance contributions" – 14 131.2 ths lei.

In comparison to the situation registered on December, the 31st, 2011, payable accounts increased by 22.5%, of which the greatest growth is attributed to items of "foodstuffs" – by 76.2% and "other expenses" – by 76.6%.

Table 16. Structure of MSIs payables

Items of expenditures	2011		2012		
	ths lei	% in total	ths lei	% in total	Deviation 2012/2011
Labor remuneration	56 621,0	27,1%	62 103,0	24,3%	9,7%
Foodstuffs	5 495,9	2,6%	9 683,3	3,8%	76,2%
Drugs	98 103,7	47,0%	98 242,4	38,4%	0,1%
Other expenses	48 598,0	23,3%	85 813,8	33,5%	76,6%
IN TOTAL	**208 818,5**	**100,0%**	**255 842,5**	**100,0%**	**22,5%**

Analysis of the respective data and MSIs explications confirm that payables for salary and mandatory state of social insurance contributions registered in December, the 31st, 2012, represent, as a rule, expenses calculated for the month of December and paid for them in the month of January of the next year.

The stocks of material assets: foodstuffs, drugs, petrol and coal products possessed by MSIs, constituted 214 946.3 ths lei in December, the 31st, 2012, of which 181 638.7 ths lei were used for drugs. The indicated stock of material assets decreased in comparison to that one of December, the 31st, 2011, by 3 765.5 ths lei, of which the drugs stock diminished by 2 045.8 ths lei.

With regard to continuous consolidation of the material and technical resources, public MSIs planed capital expenses in the sum of 142 310.1 ths lei, of which 93 749.3 ths lei were spent, this making 65.9% of the sum planed and being by 45 274.0 ths lei less than in the previous year. The rate of capital expenses in the total amount of expenses makes 2.7%, decreasing in comparison to 2011 (by 4.2%).

Balances of monetary assets remained in the accounts of public MSIs by the end of the year, have been growing, however, their correlation with contract sums has been diminishing.

Table 17. Dynamics of correlation of monetary assets balance with contract sums of public MSIs

(ths lei)

	2009	2010	2011	2012
Contract sum	2 829 657,5	3 091 992,7	3 261 553,8	3 546 169,8
Monetary assets balance	201 695,8	207 006,6	209 093,7	213 804,0
Correlation with the contract sum (%)	7,1%	6,7%	6,4%	6,0%

According to effective normative acts, balances of monetary assets remained in the accounts of public MSIs by the end of the year are included in the business-plan that is approved for the next year, dividing them into items of expenses together with other payments from MHI funds, for the purpose of their use for services rendering within the MHI framework. These balances are sums

in transit and represent financial assets necessary for MSIs for assurance of continuous and viable activity.

The decrease of MHI funds growth rhythm in recent years, respectively, of contracted medical services sums, while consumption price index has been registering continuous growth, has determined appearance of some difficulties in economic-financial situation of public MSIs. This fact is confirmed by increased payables of public MSIs at the end of the reported year, by reduction of financial assets available for realization of overhaul repairs and medical equipment purchase. However, salaries of medical personnel were increased in conformity with modifications introduced into Government Decree no.1593 of December, the 29th, 2003, on Approval of the Regulations on Salary Payment to the Employees of Public MSIs included in the MHI System, through Government Decree no.545 of July, the 25th, 2012.

VII. COMPLIANCE ASSESSMENT OF CONTRACTUAL CONDITIONS BY HEALTHCARE SERVICES PROVIDERS

Assessment and control activity carried out by the CNAM structures was aimed to fulfillment of legal duties on:

- verification of compliance of the volume, terms, quality and cost of the health care granted with the clauses of the contract for rendering health care (for medical services provision);
- verification of efficient and as intended management of financial assets received from MHI funds;
- assurance of people's accessibility to medical services stipulated in the MHI Unique Program;
- examination of claims and appeals submitted by insured persons and settlement of the problems stated within the limits of their competence.

For the purpose of monitoring the volume and quality of rendered medical services, as well as for the purpose of managing the assets received from MHI funds, activity of MSIs and pharmaceutical institutions was assessed in the reported period with regard to observance of contract conditions. Thus, there were carried out 821 controls of medical services providers and 127 controls of pharmaceutical providers, involving 58 specialists from the framework of the CNAM Assessment and Control Department.

Also, 99.2% of contracted MSIs and 49.2% of contracted pharmaceutical institutions were controlled. As a result of assessments made, there were revealed unsatisfactorily rendered services and unreasonably reported services. These services amounting to 13 639.4 ths lei were declared invalid and were not accepted for payment. The sum of invalid services is by 25.2% lower if compared to the previous year, due to the increase of quality for rendered services and to correctness of health care providers' reporting to CNAM.

Table 18. Medical assessment of some rendered services

(ths lei)

Types of medical services	Sums contracted in 2011	Sums contracted in 2012	Sums not approved in 2011	Sums not approved in 2012
Primary health care	1 045 983,7	1 119 575,6	-	4 634,7
Specialized outpatient health care	261 495,9	276 760,3	23,6	8,6
Hospital health care	1 779 915,7	1 924 450,5	17 943,4	8 597,6
Community, palliative and home health care	5 229,9	5 282,3	139,3	144,2
High-performance medical services	87 165,3	127 546,5	126,5	254,3
Pre-hospital emergency health care	306 821,9	324 209,2	-	-
IN TOTAL	**3 486 612,4**	**3 777 824,4**	**18 232,8**	**13 639,4**

Besides assessment of the volume and quality of medical services, CNAM specialists checked legality and efficiency of use by MSIs of financial assets received from MHI funds. Thus, there were revealed some financial breaches related to use of financial assets provided by MHI funds, for other purposes than realization of the Unique Program. MSIs were bound to reestablish the misused sums in the settlement accounts designated for MHI sources on the account of other incomes, through dispositions issued by CNAM control teams.

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Website	www.cnam.md
Beginning of financial year	1 January 2012
End of financial year	31 December 2012
Main activity	Mandatory health insurance
Management Board	Mircea BUGA (chairman) Vasile Pascal Iurii Osoianu
Auditor	The Court of Accounts