DECENTRALIZATION OF HEALTH SERVICES IN ROMANIA

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***Abstract**: This paper aims to provide an analytical framework for decentralization of health services in Romania. Decentralization, intended as a measure to increase quality of health services provided to the population, and to a better functioning of these some health units far not led to the expected results*

***Key words**: decentralization, health services, reform.*

JEL Classification Codes: **I15, I18, L32**

1. INTRODUCTION

Health is one of the most important areas of our society. Therefore, any transformation, reform or change in this area generated always a great public interest and it constituted a very sensitive political, social economic and financial issue. Decentralization of health services is an important trend of public policies. Public authorities aimed to promote the local autonomy and financial responsibility for health services through decentralization because local authorities are closer to the population and they can play a coordinating and facilitating role for intersectoral activities, in order to provide more effective and appropriate public services, more than any other institution.

In health services, decentralization has two hottest forms:

- **Deconcentration.** It involves the transfer of administrative rather than political authority. This form of decentralization transfers authority and responsibility from a central Ministry of Health to field offices of the Ministry at regional, provincial, and/or local levels (Mills et al., 1990). Deconcentration has been the form of decentralization most frequently used in developing countries since the early 1970s (Rondinelli et al., 1983).
- **Delegation.** This form of decentralization transfers authority and responsibility from the Ministry of Health to organizations not directly under its control (i.e. non-governmental agencies). This is thus a further deconcentration of responsibilities but for limited functions and usually for specific periods of time (Saltman et al., 2007).
- **Devolution.** implies the creation or strengthening of subnational levels of government that are substantially independent with respect to a defined set of functions (Mills et al., 1990).
- **Privatization.** This form of decentralization implies the total or partial transfer of assets of public health system from public into private ownership.

European Union countries use a various number of political, economic, organizational and legal forms of decentralization.

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Decentralization of health services in Romania involves the transfer of responsibilities to local government. Decentralization is only administrative and organizational. Methodologically, specific activities of decentralized institutions must remain in coordinating ministries.

The main argument for decentralization of health services in Romania is increasing the performance of the health sector. This implies a major change of decision-making and accountability mechanisms, so that the decision can be made as possible close to where health services are provided and used. In this way public authorities provide a better suitability for health needs of the population and direct accountability of decision-makers in the community. At the same time, the central structures (especially the Ministry of Health - withdrawing from local management) can focus on strategic functions, namely the development of sectoral policies, supervision and guidance of the entire system, including outside activities that have an impact on human health and the development of intersectoral cooperation mechanisms and structures.

2. PRINCIPLES OF DECENTRALIZATION STRATEGY OF THE HEALTH SYSTEM IN ROMANIA

Principles of decentralization strategy of the health system in Romania are related to the main characteristics of the health system:

- the transition from a centralized system to a system funded through health insurance and the creation of the National Health Insurance House (CNAS), acting as paying agent. Within the health system the central authority (Ministry of Health) has too many responsibilities regarding local decisions;
- providing medical services on a contractual basis;
- creating new tools to pay suppliers and introducing competition.

Thus, public authorities have formulated the following principles (Romanian Government, 2009):

- The principle of transparency in decision-making and allocation of funds;
- The principle of local autonomy. It requires full competence in managing and resolving problems encountered locally and taking responsibility for a public intervention;
- The principle of cooperation between institutions involved in the development and enforcement of health policies and those involved in their implementation;
- The principle of county and local government accountability regarding public health;
- The principle of subsidiary. It involves the exercise of powers by the local public authority located at the administrative level closest to the citizen and who has the necessary administrative capacity;
- The principle of ensuring adequate resources with transferred competences;
- The principle of ensuring a stable, predictable, based on objective criteria and rules process of decentralization, that do not constrain the local authorities activity or to restrict the financial local autonomy;
- The principle of equity. It involves ensuring the access of all citizens to the basic health care;
- The principle of budgetary constraint. It prohibits using special transfers or subsidies to cover deficits final local budgets.

3. CONDUCTING DECENTRALIZATION OF HEALTH SYSTEM IN ROMANIA

Activities associated with the decentralization of health system in Romania are:

1. Setting up own management structures of healthcare units taken from the local/ county authorities. In each county and in Bucharest, the healthcare management competences will be

transferred to county/ local councils. Local authorities will establish their own management structures of healthcare units taken. Functions of own management structures will consist of:

- Functional coordination of all health activities in the county;
- Representing local authority on the board of directors of health units;
- Allocating own resources (county and local level) according to priority health needs of the population;
- Authorizing the project budget of revenue and expenses;
- Approving investments and capital expenditures plan;
- Approving proposals for the provision of high-performance equipment, financed by the Ministry of Health, based on identifying normative needs and cost / effectiveness studies;
- Substantiating proposals addressed the Ministry of Health to develop the provision of necessary medical health services in order to solving health problems of the population;
- Controlling quality management of subordinated units and taking measures to correct deficiencies;
- Evaluating public satisfaction on the quality of health services provided by medical units held.

2. The transfer of county / local health units:

- The transfer to local authorities (local or county councils) of public health units, such as: county, city, town and village hospitals, chronic disease hospitals, health centres, medical centres, diagnostic and treatment centres;
- The maintain in the subordination of Health Ministry only some hospitals and clinical institutes and hospitals of national interest.

Health units transferred are financed:

a) by the National Unique Health Insurance Found in the case of contracted medical services with County Health Insurance House;

b) by the state budget - (the budget of the Ministry of Health), directly or through transfers in the case of national health programs, the equipping high performance devices and health actions;

c) by local budgets in the case of any type of expense. The local public administration will fund current repairs, investments, utilities, consolidation and modernization of health units, procurement of inventory, medical equipments other than high performance.

d) by other sources, according to the law.

3. Inventorying real needs of health units regarding current repairs, investments, utilities, consolidation and modernization of health units, procurement of inventory, medical equipments other than high performance:

- the self-assessment of resource needs by category and by each health unit;
- assessing resource needs, based on self-assessment, by the Public Health Direction in collaboration with local authorities.

4. Budget planning based on real needs. Funding transferred competences is made based on a minimum standard cost, representing annual expenditure necessary for the provision of services in accordance with quality standards for healthcare specific competences of health units transferred.

5. Establishment of the hospital board, composed of representatives of the Ministry of Health, County Health Insurance Houses, county/ local councils and county professional organizations (College of Physicians, Order of Nurses and Midwives).

6. Development of the management quality monitoring framework for subordinated units and adoption of measures in order to correct deficiencies:

- Developing the methodology for monitoring the quality management of health units transferred;
- Establishing procedures for intervention and adoption necessary measures to correct deficiencies in the monitoring process.

This activity is conducted jointly by local authorities and representatives of the Ministry of Health.

4. DECENTRALIZATION'S EFFECTS OF HEALTH SERVICES IN ROMANIA

Decentralization of 370 public hospitals from a total of 433 under the Ministry of Health was made following the adoption of Government Emergency Ordinance no. 48/2010 amending and supplementing certain acts to decentralize health.

Decentralization's effects of health services in Romania will be studied based on material and financial implications.

From a financial perspective, the evolution of public expenditure on health is as follows (table no. 1):

Table 1 Evolution of public expenditure on health in Romania (current prices)

Bill. lei

	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Health spending financed by the central budget	1,465.4	1,752.9	2,408.1	2,063.9	2,076.9	2,435
Health spending financed by the local budget	133.9	163.6	244.3	452.7	708	947
Health spending financed by the budget of national health insurance fund	10,170.5	12,851.1	15,274.7	16,775.2	17,507.4	17,820.9

Source: National Institute of Statistics, Tempo on line Data base

In Romania, the most important source of financing health is represented by the budget of national health insurance fund. Budget of the national health insurance fund is a unique or preponderant source of funding majority of health units, although since 2002 the legal basis by which local authorities could support administrative expenses was created. During the period analyzed, share of health spending financed by local budgets was between 1.2% and 4.5% of total health spending. Evolution of health spending financed by this fund (in constant prices) demonstrates diminishing the health financing through social insurance.

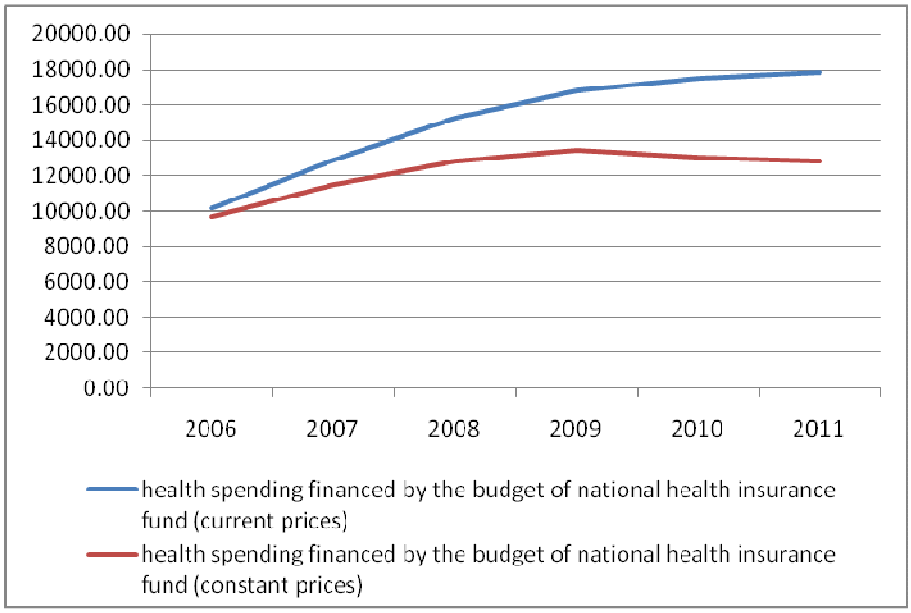

Fig. 1 Evolution of health spending financed by the budget of national health insurance fund

In 2009, the decentralization of health services has resulted in reducing the health spending financed by the central budget and increasing the importance of financial resources allocated for health domain from local budgets. Health spending financed by the local budget have increased faster than reducing the health spending financed by the central budget.

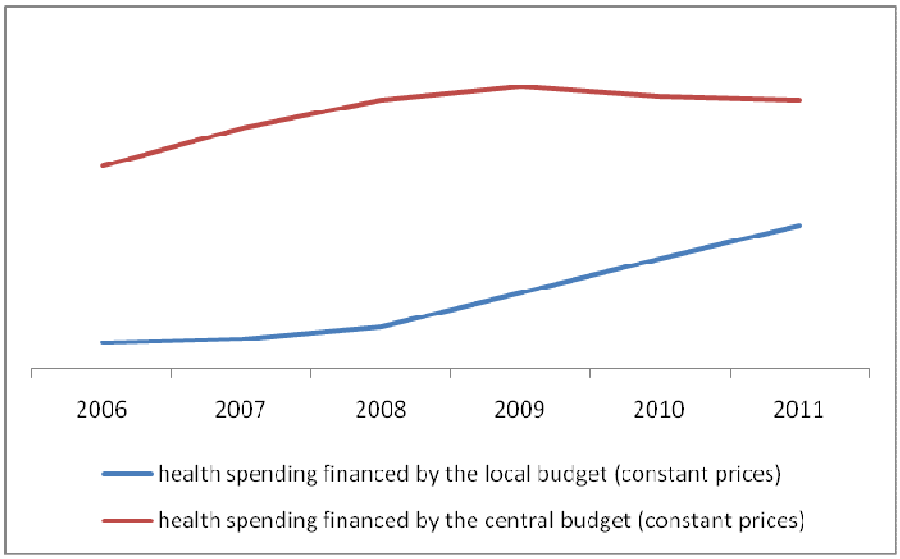

Fig. 2. Evolution of health spending financed by the central and local budget

Decentralization of health services had burdensome effects on local governments, who barely manage to fund all services are in subordination. In these circumstances, quality of public health services is not up to the height desired by citizens and private health sector recorded a boom (table 2).

Table 2. Health units, by type of ownership

	2006	2007	2008	2009	2010
Hospitals					
- public	419	425	428	431	428
- private	17	22	30	43	75
Ambulatories					
- public	388	394	434	443	443
- private	5	9	10	18	29
Polyclinics					
- public	28	22	23	15	17
- private	232	241	246	253	294
Dispensaries					
- public	210	206	211	210	203
- private	1	2	2	1	1
Health centres					
- public	52	45	46	46	38
- private	1	1	1	1	2
Specialized health centres					
- public	5	3	29	21	29
- private	115	130	129	150	159
Diagnostic and treatment centres					
- public	7	7	10	6	9
- private	19	20	20	22	17
General medicine cabinets					
- public	69	44	77	57	60
- private	938	992	956	998	940
Family medical cabinets					
- public	8904	8524	8566	8177	6768
- private	2065	2524	2713	3213	4402
Pharmacies					
- public	492	481	482	501	492
- private	4855	5416	5645	5645	6190
Dental cabinets					
- public	3269	3123	3102	2853	2339
- private	6679	7409	7923	8830	9697

Source: National Institute of Statistics, Tempo on line Data base

Certain types of health units are owned by private owners (specialized health centres, general medicine cabinets, pharmacies, dental cabinets). The largest health units who consume financial resources are owned by public owners (hospitals, ambulatories).

5. CONCLUSION

Decentralization's effects of the health services in Romania are controversial. According to a study conducted by interviewing a representative sample of people (medical personnel and patients), beneficiaries of the health system in Romania do not yet have a complete perception and information on those deficiencies of the health system who could be improved through decentralization of (Popa, 2011).

According to Minister Cseke Attila, who held the health portfolio in 2009-2011, decentralization of public services was the right and welcome decision that produced positive effects in many counties. Following the transfer of health units to county/local councils, the investments in health care significantly increased (over 6 times in the last 3 years). There are local authorities who understand the importance of investment in health, but there are situations in which they prefer to invest in other objectives (Press Conference, Bucharest, June 17, 2011).

The current Minister of Health, Nicolaescu Eugen, said the decentralization of health services was made without logic and principles. He believes that some health units are constitutional responsibility of the government and their transfer to local authorities was a mistake (Press conference, Targu-Mures, January 8, 2012).

Basically, controversies regarding decentralization of health services are related to poor quality of health services. According to a study conducted under the aegis of the Romanian Monitoring Health, public authorities should focus on the following aspects (Done, 2012):

1. Focusing public sector reform efforts on investing in administrative and managerial capacity of central and local public authorities and developing transparent and rational decision processes focused on achieving clearly defined objectives.
2. Increasing health funds by performing more rigorous of tax collection, separation health funds from other public funds and supplement them with funds from the general budget.
3. Defining basic package of health services to ensure a balance between the need for health hedge and system costs through a fair and representative process for all stakeholders in the system.
4. Developing a national IT infrastructure to enable timely collection of data used in the allocation of resources for health services.

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