

**REPORT**

**NATIONAL HEALTH ACCOUNTS  
OF  
THE REPUBLIC OF ARMENIA  
2007**

**Yerevan 2009**

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## INTRODUCTION

The most important current tasks of the RoA Ministry of Health is to assess the size of health financing provided by different sources, the prospects to increase funding allocated to the sector, main projects of the health sector, the distribution of financial resources allocated for the population and to identify important actors in the area of health sector financing and provision of health care services as an instrument for developing and implementing a future reform strategy.

To this end, the National Health Accounts (NHA) turned to be a useful tool for understanding a number of issues in health sector financing.

Statistical data used in this report have been collected from several sources. Main part of the data is based on the official statistics, already conducted special annual and single surveys, and questionnaires specifically used for the NHA preparation, while the rest of data is coming from secondary sources.

At this stage, the results of this NHA study might have important implications for ongoing vigorous health sector reforms since they will provide an opportunity to assess and revisit the results of ongoing reforms, make essential and key adjustments - in a form of comparative and dynamic series, in policy decisions for selection of future reform strategies.

***The process of evaluation of National Health Accounts (NHA) requires constant refinement and improvement. The users of this report can greatly assist to this work by providing their valuable comments and recommendations aimed at eliminating shortcomings and filling in the gaps found there; the comments and recommendations will be gratefully welcomed and jointly discussed by the RoA Ministry of Health and the NHA Task team.***

## ABBREVIATIONS

NHA	National Health Accounts
SNA	System of National Accounts
NHAA	National Health Accounts of Armenia
IDC	NHAA Interdepartmental Commission
TT	NHAA Task Team
RoA	Republic of Armenia
FS	Financing Source
FA	Financing Agent
F	Function or Health Care Functions
P	Provider or Implementers of Health Care Functions
HH	Households
MoH	Ministry of Health of the Republic of Armenia
SHA	State Health Agency of the RoA MoH
NSS	National Statistical Service of the Republic of Armenia
MoF	Ministry of Finance of the Republic of Armenia
MoLSI	Ministry of Labor and Social Issues of the Republic of Armenia
MoJ	Ministry of Justice of the Republic of Armenia
MoES	Ministry of Education and Science of the Republic of Armenia
UN	United Nations Organization
UNDP	United Nations Development Program
WHO	World Health Organization
WB	World Bank
USA	United States of America
USAID	United States Agency for International Development
ASRP	Armenia Social Reform Project
HPIU	“Health Project Implementation Unit” State Agency of the RoA MoH
PRSP	Poverty Reduction Strategy Paper
MDG	Millennium Development Goals
HDNP	Human Development National Report
MC	Medical center

## CHAPTER 1. THE IMPORTANCE AND ROLE OF NHA IN ARMENIA

### 1.1. The National Health Accounts in Armenia

This NHA report and the NHA, in general, is mainly provided for the health system policy-makers and administrators to be used in activities targeting the improvement of health system performance and management. The information included in the NHA is useful in the decision-making process as it provides an opportunity to evaluate the degree of utilization of available resources as well as for comparative analysis of the country's health system and health systems of other countries. If applied regularly, the NHA provide also a possibility to identify health expenditure trends, which are crucial for the health system monitoring and evaluation. On the other hand NHA methodology can be used for prediction of health system financial needs.

By combining the information in the NHA with non-financial data, for instance, on the morbidity or the utilization of resources by health care providers, the policy-makers have the possibility to adopt justified strategic decisions and avoid potentially negative alternatives.

It should be noted that *the NHA is not only a tool for the officials in the policy decision-making process but also a tool for the general public to evaluate the outcomes of strategic decisions already adopted by political officials.*

### 1.2. The Objective of the National Health Accounts

The main objective of National Health Accounts (NHA) preparation is to facilitate collection of information on national health system, systematize and submit that information to make the process of planning, policy development and efficiency assessment within the sector more accessible and manageable.

Meanwhile, the present report that incorporates the comparison of the NHA data table of several years will lent an opportunity to assess:

- How does the level of participation of financing sources change in parallel with the increase of the state budget allocations? Whether the financial burden of population is reducing and for what programs and services?
- Does the implementation of the state guarantees for the population improve in parallel with the increase of the state budget allocations, i.e., do specific types of medical care or health care services actually become free of charge for the population?

Structural flexibility of the NHA gives also an opportunity to analyze the obtained results by population target groups or by activities, which are related to specific programs and types of diseases such as primary health care, types of specialized care, tuberculosis control programs, etc.

### 1.3. Methodology of National Health Accounts

Main definitions and terms in the NHA methodology are based on the terms and definitions of the “System of Health Accounts” developed by the Organization of Economic Cooperation and Development (OECD). The OECD developed “System of Health Accounts” Manual sets out the international classification of Health Accounts, where all the types of health expenditures are divided into categories.

Despite the fact that the NHA is relying on the classification of the “System of Health Accounts”, it also involves sub-categories relevant for distinctive characteristics of a specific country. Such flexibility allows the NHA to take into account the diversity of Armenia's health system structure and performance.

## 1.4. Definition of Health Expenditures

National health expenditures are all the expenditures related to implementation of economical activities and aimed to maintain and improve health, change the systems of living standards or finance such activities. This definition applies to all types of facilities and organizations providing or financing health care services. For instance, the NHA provides an opportunity to include funds allocated by the Ministry of Education and Science for the education and training of medical personnel in the health expenditure estimates. In a similar manner, not all the activities implemented by the Ministry of Health fall under the definitions of health expenditures and are included in the NHA. Thus, the NHA is developed based on the aforementioned differentiations and exceptions.

When setting up the NHA, the health functions related to the citizens and residents of the country have been considered but not the geographical boundaries of the country. Thus, for instance, the NHA include health care expenditures made for the citizens and residents temporarily residing abroad, and exclude health care expenditures made for the foreign citizens within the country. Health care expenditures made by the international organizations, medical goods and services for residents of the recipient country are also included in the national health expenditures.

## 1.5. Structure and Classification of National Health Accounts

The NHA by its structure describes the health expenditures and is grouped into four main tables. All the tables are two dimensional and reflect financial flows from one category of health care participants to another, i.e., they describe how much has been spent by each participant of the health system and where the funds were directed.

The NHA differentiates between four main categories of health system participants.

1. Financing sources (FS) responding to the following question: “Where do the funds come from?” For instance, the State Budget, households, donor organizations.
2. Financial agents (HF) (also called financial intermediaries), who receive funds from financing sources and use them to finance health care services, medical goods (for instance, drugs) and activities. This category addresses the following question: “Who controls and channels funds?” For instance, if the annual RoA State Budget (financing source) provides funds to the RoA Ministry of Health, then the latter, in turn, decides on how to distribute the funds received within the health system. For this reason, the RoA Ministry of Health acts as a financial intermediary. Other examples may include insurance companies and other ministries (for instance, the RoA Ministry of Education and Science).
3. Providers of health services (HP) are the end users of health system funds. This category of participants responds to the following question: “To whom the funds are allocated?” Providers are the organizations that provide health care services. For instance, private and public hospitals, polyclinics, rural ambulatories and health centers, pharmacies, etc.
4. Health functions (HC) are the services provided and activities implemented by the providers against the funds received. This category responds to the following question: “What kind of service, product or activity has been actually implemented?” Medical care, long-term nursing, medical goods (for instance, drugs), preventive activities and health administration may serve as examples.

The main cluster of tables describes the financial flows between the above mentioned categories of health system. On the other hand, the financial flows can be very complex and involve numerous types of participants and links between them.

## 1.6. The Process of National Health Accounts Preparation

The preparation of NHA is comprised of the following stages:

- Health expenditure data collection;
- Input figures into the NHA tables;

- Data analysis;
- Summary and presentation;
- Dissemination of the outcomes among the users and feedback collection.

At the initial stage, when the issues of the NHA institutionalization are yet to be addressed, the NHA tables are generally prepared by the task team composed of different specialists and this work has already started in Armenia in 2004-2005.

Another factor, contributing to the success of the NHA is the coordinating committee composed of the medium level officials from the RoA Ministry of Health, the RoA Ministry of Finance and Economy, representatives of the National Statistical Service, etc. To all appearances, the coordinating committee must play essential role in the institutionalization of NHA. The role of coordinating committee is to ensure the availability of data to the task team, as the preparation of NHA presupposes a comprehensive collection of data from different ministries and departments, donor organizations, providers, etc.

## **CHAPTER 2. ANALYSIS AND DESCRIPTION OF SITUATION**

### 2.1. General description, composition and structure of the health system

#### 2.1.1. Description and management of the health sector

Health sector of RoA involves:

1. The system of the RoA Ministry of Health;
2. The systems of other Public Administration bodies implementing health services;
3. The system of health care facilities founded and operating under the RoA Marzpetarans;
4. Health care facilities founded by the Local Self-Governance Bodies;
5. Private health care facilities;
6. Local and foreign benevolent organizations and Non-Governmental Organizations (NGOs) implementing projects in the health sector;
7. Entities of donor countries and international organizations implementing projects in the health sector.

The RoA Ministry of Health carries out public administration of other Public Administration Bodies providing health care services, the health care facilities founded by the RoA Regional Governing Bodies and the Local Self-Governance Bodies as well as private health care facilities within the scope of the state guaranteed programs (state-funded envelope).

### 2.2. Health Financing

The health system of Armenia is financed both by internal and external sources. The internal sources are:

1. RoA State Budget,
2. Direct payments of citizens,
3. Coopayments,
4. Medical Insurance.

The external sources of health financing are:

1. All the expenditures made by the outside world in the RoA health system reflected in the RoA state budget.
2. The expenditures made in the RoA health system by the outside world in a decentralized way (not reflected in the RoA state budget):
  - a. Import and distribution of goods received from the outside world and approved as benevolent/humanitarian goods;

- b. Works and services provided within the scope of programs approved as benevolent and financed by the outside world;
- c. Expenditures made by major international donor organizations in the health system of RoA.

### CHAPTER 3. THE METHODS AND DATA SOURCES

The data sources in different countries have various distinctive features, and for Armenia the following main sources have been selected:

- i. Records of the national, regional and local bodies of the health system* represent the most comprehensive, reliable and accurate data;
- ii. Records maintained by insurance companies (social and private insurance):* the records of insurance companies must include insurance payments made to the households and companies, as well as medical and administrative expenditures of the insurer. On the other hand, however, the insurance records may lack such important data as co-payments or partial payments to the providers of medical service made by the households as the direct payments. To this end, it is very problematic to include insurance companies as data sources. If the specific weight of insurance premiums and expenditures of insurance companies in overall health expenditures are also taken into account, then the efforts to collect data on this may be underestimated. Moreover, the current expenditures of insurance companies form a small proportion in total health expenditures.
- iii. Records of medical service providers:* These data could be obtained either directly from providers or from regulatory and financing bodies (for instance, from tax or licensing authority). The problem here is, that the providers may not maintain the required relevant records because such administrative registers have not been required and are not used by the licensing or financing bodies. In some cases, it may be outside of the body's mandate to require such registry. In addition to this, the problem is made even more complicated as the data on alternative medicine are not comprehensive and accurate.
- iv. Sample Surveys:* Sample surveys are among the important sources for data on private expenditures. However, it shall be noted that the health sector surveys are not carried out periodically due to their expensiveness. In this context, an attempt has been made to use the outcomes of population living conditions survey in terms of data for the health sector.
- v. Data on assistance provided by donor organizations:* The reports prepared by different organizations (United Nations Organization Development Program, World Health Organization, etc.) or Ministry of Health very often incorporate comprehensive information required for the NHA preparation. Nevertheless, those reports raise some questions related, for instance, to the estimation of cash value for non-financial support (for instance, drugs or vaccines) provided by the donor organizations. Except that, to get an in detail data on expenditures on implementation of health programs by non-governmental organizations or other non-governmental providers under donor organizations is almost impossible.

To address the aforementioned issues and emerged problems an attempt has been made to:

- identify additional independent sources of information that may be used to check the accuracy of the received data;
- make an effort to obtain similar results at least from two different sources;
- identify the reasons for differences, if the calculations differ;
- ignore insignificant differences;
- check the calculations more carefully, if differences are essential. Are these estimations for the same expense items? Are the expenditure definitions the same? Do the periods differ? Do these estimations relate to the fact that in some cases the calculations have been made on the accrual basis, and in other cases on actual payment basis.

## CHAPTER 4. MAIN OUTCOMES OF THE NHA

### 4.1. Development, analysis of Analytical Tables and some conclusions.

During recent years the changes in health system by the variations in the structure of Total Health Expenditures (THE) in terms of assessment of dynamics, the observation and analysis of the corresponding timetables formed for the health expenditures implemented by the particular parties (groups of parties) of the system for particular years is important. To this end, if the report of NHA 2004 tended to solve several educational and methodological problems and was the first step to unify and evaluate the expenditures of all parties (groups of parties) of health system, this report already gives an opportunity to receive the evaluation for current tendencies of indicators dynamics describing the structure of the health system of RoA. In its turn the latter will improve the effectiveness and rationale for decision making process in the system.

#### *4.1.1. Financing Sources and Financial Agents (FSxFA)*

To review the expenditure flows made against the health services according to financial agents and financing sources we must look at the FSxFA tables that give an idea about what financial agent (institutional body or sector) has covered a specific expenditure and from what financing sources.

In terms of this table's analysis and taking into account available information, the table provides details on both the group of financial agents and the financing sources.

#### **FS.1. Public sources**

In the overall amount of financing by public sector the expenditures made by means of local self-governing bodies (FS.1.1.1.3) were AMD 49300.0 thousand (0.04% of THE), in comparison with the year 2006 the increase was 135.5%.

If by Marz (regional) public administration bodies (FS.1.1.2) during 2006 financing with an amount of AMD 99,475.0 thousand in health system was recorded, then there was no financing from the same bodies during the year 2007.

During the year 2007 public funding in health system of RoA was observed under 2 subcategories of financial sources:

- FS.1.1.1 State budget funds- totally AMD 50,776,431.9 thousand,
- FS.1.1.3 Local Self-Governing Bodies' (community) budget funds-totally AMD 49,300 thousand.

#### **FS.2. Private sources**

The overall financing provided by the private sector (FS.2) both in 2006, and in 2007 was formed by the same 2 subcategories of NHA.

- FS 2.1. Funds of employers/private companies (AMD 173,000 thousand), and
- FS 2.2. Funds of households (AMD 67,106,142.3 thousand).

In spite the decrease tendencies of expenditures amounts correspondingly for the years 2004, 2005 and 2006-AMD 75,044.3 million, AMD 72,684,000 thousand (growth rate 96.9%) and AMD 64,129,774.5 thousand (growth rate 88.2%), for the year 2007 104.9% growth was recorded. But on the other hand the specific weight of private sector expenditures in RoA health system in 2007 in comparison with 51.61% of the 2006 decreased by 3.3% points and amounted the 48.31% of THE.

This is related to the fact, that the recorded growth of THE is based on public sources, as well as the Rest of the World. During the years 2004-2007 a monotone growth of specific weights of expenditures was recorded by the Public sources and Rest of the World in the THE. Particularly, the proportion of expenditures from public funding in THE from 24.4% for 2004 was increased up to 36.5% for 2007, and for the Rest of the World- correspondingly from 6.7% to 15.2%.

At the same time, a significant decrease of the proportion of private health expenditures was recorded in THE (more than 20%) during the years 2004-2007 – 68.8% in 2004 up to 48.3% in 2007.

### **FS.3 Financing from the "Rest of the World"**

The RoA Health system financing external sources, according to RoA NHA system-classification of financial sources, are reflected in "FS 3.2 Decentralized" subcategory of "FS 3 Rest of the World" category, which is projected to generalize the information on RoA health system expenditures from outside world in a decentralized way (not reflected in RoA State budget).

During the years 2005-2007 the main part of the growth of financing volumes of the RoA health system was from RoA State budget, as well as from the funding growth for health care needs from the Rest of the World. It should be noted, that if the growth of expenditures recorded for RoA health system from humanitarian and charitable aid group of the Rest of the World or international donor organizations from 2004 to 2005, is associated with more completeness of the collected data, as well as with an increase of accessibility of the last, the recorded growth tendencies for the years 2005-2007 are totally not related to those factors, because the data was collected from the same sources and with the same format.

In 2007 the RoA health system expenditures funded by the Rest of the World were AMD 21,154.9million, the growth rate was 117.64% in comparison with the 117.6% for 2006.

In the RoA health system implemented THE-es in 2007 the specific weight of the Rest of the World was 15.19%, and in 2006, 2005 and 2004 correspondingly were 14.47%, 12.67% and 6.74%.

In general it is important to evaluate the recorded/current/ tendencies of the dynamics of the various financing sources of the system, as well as to evaluate those potential long-term impacts of those factors and risks, which can essentially predict the potential changes. Thus during the years 2004-2007 the volumes of expenditures in RoA health system by the Rest of the World together with the recorded dynamics it is important to take into account that in future the specific weight of expenditures made by this source in the system will be reduced, because the task of financing will be shifted to other, mainly state sources.

To maintain the long-term financial sustainability of health system for decision makers in the system, already today it is an important and serious problem to guarantee a coordinated and balanced development programmatic management of alternative financial sources.

#### **1. Public sector HF.A.1**

The overall amount of financing by public sector - as a financial agent - for provision of health services in 2007 amounted to AMD 65,088.8 million (2006- AMD 51,156.6 million), including AMD 50,825.7million or 78.1 percent of overall financing provided from the public funds(correspondingly in 2006 AMD 42,138.4 million and 80.8%) and the Rest of the World funding in the amount of AMD 14,263.1 million or 21.9percent(2006-AMD 9,018.4million or 19.2%) provided as decentralized financing.

In the general structure of public funding the state budget financed 99.9 percent or AMD 50,776.4million (2006-99.7%), while 0.1 percent (AMD 49.3 million) was provided by the regional public administration bodies. In 2006 financing from regional governing bodies was AMD 99.5 million and local self-governance bodies AMD 36.4 million, 0.3percent in overall financial structure. Respective amounts and their proportions in 2005 were: the total amount of public sector financing was AMD 39,827 million, including AMD 33,159 million or 83.3 percent of the total funding for this sector provided from the public funds and the Rest of the World funding in the amount of AMD 6,668 million or 17.8 percent provided as decentralized financing.

In 2007 health financing volume by public sector was increased by 27.2%, out of which the increase of state financing was 120.6%, and decentralized financing of the Rest of the World -158.2%. Because of financial growth of the Rest of the World the structure of the financial sources has significantly changed, in particular, the specific weight of state sources was reduced by 2.7% points, but the Rest of the World has increased in the same amount.

It is noteworthy that in comparison with the last year there was no financing from the marz public governing bodies incomes in the structure of state sources (FS 1.1.2).

The overall financing of the RoA Ministry of Health amounted 99.9percent(2006-99.7%) from the state budget funds, and 0.1percent from the budget of local self-governing bodies(in the financial structure of 2006 the 0.3% of financing was from other public funds FS 1.2).

As a result, in 2007, in comparison with 2006 the following changes occurred due to the financing from the public sector, in spite the recorded increase for all indicators, nevertheless the specific weight of public sources has reduced by 2.7percent points. In the structure of public sources community budgets performed the role of financial sources, and there was no financing from marz state governing bodies and other state resources.

In 2007 the financial volume from state governing bodies in health sector from state budget amounted AMD 50,776.4million, the growth of the indicator in comparison with the last year was 120.9%(2006-AMD 42,002.5million, which in its turn had a 127.1% growth in comparison with 2005). For comparison, the volume of financing in 2005 from state governing bodies in health sector from state budget amounted AMD 33,048 million, 2004 – AMD 26,591million, which with 124.3% increased level of financing of the last year. Due to similar growth rates of financial volumes (20-27%) in the observed period (2004-2007) the financial volumes from the public sources was increased almost in twice – 191%.

The 99.9% of public funding, logically, was provided to state governing central bodies (in financial structure 0.1% was provided to Local Self-governing bodies) and was distributed by below presented proportions.

In 2007 total financing of the MoH RoA amounted AMD 61,263.8 million, the AMD 47002.4million (76.7% of the total) was from state budget, and AMD 14,261.4million is the main part of the financing of the Rest of the World (the presented indicators for the 2006 was correspondingly AMD 47,808million, out of which AMD 38,789.5million (81.1% of the total) is from state budget, and AMD 9,018.5million is the total funding from the Rest of the World). The volume of financing provided from RoA state budget to the Ministry of Health amounted the 92.6% (2006-92.1%) from the total financing of public sector, the growth is 0.4percent point.

As in previous year “Public Sector” agent financing sources of second component the main part of the financing of the Rest of the World is provided to the MoH of RoA, with the only difference that AMD 1.7million was provided to the Ministry of education and science of RoA, but the rest of the state governing bodies included in the sector are financed exclusively by the means of state budget.

It is noteworthy, that in 2005 the total funding of the RoA Ministry of Health AMD 37,402 million (2004- AMD 24,268.5 million, growth- 154.1%), the 93% of which is AMD 30,734 million (2004-98.5%) was the financing from the state budget, which amounted 82.2% of the financing of the Ministry of Health and 77.2% of the public sector. AMD 6,668 million (2004-AMD 359.2million and with the growth of almost 18times) or 17.8% of the total funding of the RoA Ministry of Health (2004-1.5%) was provided from the Rest of the World by decentralized financing.

It should be noted, that duplication of annual volumes of the health financing from the public sector, in essence, because of the 2.5 times increase of the funding provided to the MoH of RoA- from 2004-AMD 24,268.5 million to AMD 61,263.8 million in 2007.

The 4.5percent or AMD 2,303.8million (2006- AMD 1,963.5 million or 4.7%, 2005- AMD 1462million or 4.4%, 2004- AMD 1,438.1million or 5.4%) from the state budget and in general from the public sources was provided to the RoA Ministry of Labor and Social Issues. Even though the absolute indicators of financial volumes have increased, the increase of the volumes of other components lead to the reduction of funding by 0.2percent point in the total structure of financing of the public sector.

The 0.6percent or AMD 361.8million from public sector funding, out of which AMD 360.2 million or 0.7percent of the funding from state budget (2006-AMD 518.2million or 1.2%, 2005-AMD 615.1million or 1.9%, 2004-AMD 452.1million or 1.7%) was provided to the RoA Ministry of Education and Science. If the difference of financial volume between 2004 and 2005 was 136.1percent, then in 2006 in comparison with the last year there was reduction of 15.8percent. The financial volumes of this public body in comparison with the 2006 have decreased by 30.2percent.

In 2007 state budget funds provided to the RoA Ministry of Transport and Communication amounted AMD 82million or 0.2percent of the state budget financing(2006-AMD 100million, 2005-AMD 82.4million and 2004-AMD 139.3million). As presented from the numbers, the funding of the ministry is

carried out with specific variations-increase of the financial volume is unconditionally followed by the decrease during the next year.

National Security Service RoA and Police Department RoA was correspondingly financed by AMD 26.8 and 174.6million or 0.1percent and 0.3percent of state financial structure(2006- AMD 26.8 and 81.9million, 2005- AMD 25 and 76.4million). If in 2006 in comparison with the last years the specific weights in total financial structure for these two state bodies were nor changed, then in 2007 the funding for the RoA Police Department was doubled.

The total financing from public sources from the part of the Public Sector HF 1.1.1.7 TBD component amounted AMD 826.6million, which in comparison with the previous years was funded by the state budget (2006- AMD 622.1million, out of which AMD 522.6million from state budget and AMD 99.5million from the incomes of marz public governing bodies, 2005- AMD 165 million out of which AMD 53.6million from state budget, AMD 111.3million form other state sources). The growth of financing in comparison with the previous year in 2007 is 132.9%. In this component the funding planned for the capital construction of health institutions by the Ministry of Urban Development, as well as the amounts planned for the sport medicine and anti doping control center.

As opposed to 2004, when AMD 2,586.5 million was provided to the health institutions established by local self-governing bodies by the Rest of the World, in 2005 and 2006 the main part of the funding from the outside world was provided to the Ministry of Health RoA. In 2007 the funding of public sector from the Rest of the World in a decentralized way amounted AMD 14,263.1million – AMD 14,261.4million Ministry of Health RoA and AMD 1.7million Ministry of Education and Science of RoA. The main direction of the public sector funding by the Rest of the World recorded during recent years is preserved.

If in 2006 the increase of the public funding volume in comparison with the previous year was AMD 8.5billion, then in 2007 the increase was AMD 13,932.2million.

## **2. Private sector HF.B (2)**

The overall financing provided by the private sector - as a financial agent - in 2007 was AMD 69,588.1million and the increase was 103.8% in comparison with the previous year (2006-AMD 67,066 million and has decreased by 10.7% as compared to the preceding year). In the overall financial structure 96.4% or AMD 67,106.1 million(2006- 95.5% or AMD 64,024.6 million) represent direct payments by households.

The payments from private insurance companies amounted AMD 173.0 million or 0.2% from the total funding of this sector, which was the cost of employers/private companies component of Private sector financial sources(in 2006-AMD 105.1million).

AMD 2,308.9million (2006-AMD 293.6 million) was decentralized financing of the Rest of the World provided to the following agents: AMD 1,764.6 million HF 2.4 Non-commercial organizations (excluding social insurance companies) and AMD 544.3 million HF 2.5.2 Private/state/companies. The fact, that the volume of provided funding from the Rest of the World as a financial source compared with 2006 has increased 10times, is noteworthy.

The funding from the private sector alone amounted AMD 67,279.1million (2006-AMD 64,129.7 million).

The overall funding contributed by financial agents of this sector in 2005 amounted for AMD 75,081 million as compared with AMD 75,058 million in 2004; the growth rate was 100.03%. If financing by this sector in 2004-2005 remained almost unchanged, a significant reduction has occurred in 2006. Direct payments of households – one of the components of the sector - sum to 96.7% of the overall financing in 2005 or AMD 72 619 million (99.8% or AMD 74,887 million in 2004) and the financial single source for this funding were the households' financial resources; AMD 65 million (AMD 157.7 million in 2004) are the payments of private insurance companies financed from the “Private Sector” financial sources on account of employers/private companies component; AMD 1 372 million is provided by non-commercial organizations financed by the Rest of the World. It is noteworthy that in 2004 no financing was provided under this sub-agent. AMD 1,025 million or 1.4% of the overall funding

(AMD 13.6 million in 2004) has been contributed to finance health care services under insurance plans provided by sole proprietors at the cost of funds allocated by the Rest of the World.

The significant change in this sector in 2006 was due to the reduction of household direct payments, but compared with 2006-AMD 8.5 billion decrease, in 2007 the direct payments of households were increased by AMD 3,081.5 billion or 104.8 percent, as a result, the specific weight of the household in total funding of this sector was increased from 95.5 percent to 96.4 percent.

### **3. "Rest of the World" sector HF. 3.**

In 2007 the funding in this sector of financial agents was AMD 4,582.9 million, which was totally financed by the Rest of the World financial source and provided to **HF3.3 Technical assistance and grants from donors** component financial agent.

The overall financing provided by the Rest of the World - as a financial agent - in 2007 amounted AMD 21,154.9 million or an increase of 117.3 percent. The 67.4% of the funding was allocated to the Ministry of Health of RoA and Ministry of Education and Science of public sector, the 10.9 percent-Non-governmental/private sector financial agent and the remaining 21.7 percent to the Rest of the World financial agent.

In 2006 funding provided from the Rest of the World financial source was AMD 17,983.5 million, which was allocated to the following financial agents AMD 9,018.5 million to the RoA MoH, and the AMD 6,029.5 million was technical assistance and grants provided by donors.

In 2005, AMD 6,285 million, including AMD 1,888 million financed under programs implemented by the RoA Government Commission Coordinating Charitable Projects and AMD 4,397 million as technical support and grants provided by donors. In addition, the "Rest of the World" was a financing source for the "Public Sector" agent in the amount of AMD 6,668 million and for the "Private Sector" agent in the amount of AMD 2,397 million.

As a result, the total financing of the "Rest of the World" in 2005 amounted to AMD 15,350 million.

**After summarizing the NHA "Financial Agents and Financial Sources" account or table data, the following could be stated:**

*1. The total financing by the financial agents in 2007 was AMD 139,259.8 million (2006-AMD 124,251.6 million, 2005-AMD 121,193 million), including:*

- Public Sector-AMD 65,088.8 million (2006-AMD 42,138.4 million, 2005-AMD 33,159 million);*
- Private Sector-AMD 69,588.1 million (2006-AMD 64,129.7 million, 2005-AMD 72,684 million);*
- Rest of the World- AMD 4,582.9 million (2006-AMD 6,029.4 million, 2005-AMD 4,380.1 million).*

*2. The total financing provided by financial sources was AMD 139,259.8 million (2006-AMD 124,251.6 million, 2005-AMD 121,193 million), including:*

*2.1 Financing from public sources/funds – AMD 50,825.7 million (2006- AMD 42,138.4 million, 2005-AMD 33,159 million), including:*

- State budget-AMD 50,776.4 million (2006-AMD 42,002.5 million, 2005-AMD 33,048 million);*
- Other public sources-AMD 49.3 million (2006-AMD 135.9 million, 2005-AMD 111.3 million);*

*2.2 Private funds/resources – AMD 67,279.1 million, (2006-AMD 64,129.7 million, 2005-AMD 72,684 million):*

- Resources of employers/private enterprises - AMD 173 million (2006-105.1 million, 2005-AMD 65 million);*
- Household direct payments – AMD 67,106.1 million (2006-AMD 64,024.6 million, 2005-AMD 72,619 million).*

*3. The Rest of the World financing amounts for AMD 21,154.9 million (2006-AMD 17,983.5 million, 2005-AMD 15,350 million), including:*

- decentralized- AMD 21,154.9 million (2006-AMD 17,983.5 million, 2005-AMD 15,350 million).*

#### 4.1.2. Financial Agents and Providers (FAxP)

To study the health expenditures flows by providers and financial agents, the tables of *Financial Agents and Providers* (FAxP), that give an idea about what institutional body or sector has made a specific expenditure and who has provided health service against that expenditures.

In addition, each main cluster of providers consists of sub-groups depending on the content of provided services or functions, legal status, etc.

**The hospitals group (HP.1):** Based on data obtained, the size of health care services provided by the hospitals (group HP.1) in 2007 amounted to AMD 61,659.9million, which exceeded the level of the previous year by 9.9percent, in 2006 it amounted AMD 56,125.2 million or 84.3% of the amount from preceding year. Health care services provided in 2005 amounted to AMD 66,560 million against AMD 64,037 million in 2004 and the growth rate as compared to the previous year was 103.9 percent. In other words, the volume of services provided in 2006 as compared to 2005 reduced by 15.7%, and by 12.4% from 2004; or the growth noted in 2005 against the previous year has been replaced by a sharp decline. In 2007 the growth of 109.9percent tends to recover the level of preceding years. This witnesses the fact, that in health service providers' sector the role and the specific weight of the "Hospitals" group increases, which forms almost the half of the services or 44.3% of the funding. From these indicators mainly can be concluded that, establishment of the primary health care services free of charge for the whole population has its positive impact expenditures of households on hospital health care. Except that, the reduction of the expenditures of households on hospital care is due to the increase of hospital cares expenditures by the state sector.

It should be noted, that the tendency of reduction of absolute amounts of the direct payments by the households, as well as of other components, mainly of specific weight in overall structure of expenditures due to state sector funding increase, continues to be preserved. During the years 2004-2007 the amount of direct payments by the households were reduced by 27.2percent, or from AMD 49,750million to AMD 36,239.2million.

In general, the structure of financing provided by the hospital group has the following composition by financing sectors:

- Public sector: AMD 24,345.4million or 39.5% of the overall financing (2006-AMD17,036.1million or 30.4%, 2005- AMD 15,652 million or 23.5%), the growth rate compared with preceding year was 142.9%. The allocation of the funding of this sector by agents is the following: 95.9% or AMD 23,357.7million in 2007(2006- AMD 16,448.8million or 96.5%, 2005-AMD 15,572million or 99.5%) by the RoA Ministry of Health and AMD 153.3million or 0.7% percent by the RoA Ministry of Labor and Social Issues (2006-0.7%, 2005-AMD 80.5 million or 5%), as well as compared with the previous years from the HF 1.1.1.7TBD component in an amount of AMD 785.1million and from the local self-governing bodies in an amount of AMD 49.3million.
- Private sector: AMD 37,129.8million or 60.2percent of the overall financing (2006-AMD 38,828.2 million or 69.1%, 2005-AMD 50,412 million or 75.7%), including AMD 36,239.2 million or 97.6 percent financed by the direct payments of households (2006-AMD 38,406.7 million or 98.9%, 2005- AMD 49,530 million or 98.3%).

Payments made by non-commercial organizations amounted AMD 346.3million or 0.9% of the overall financing (2006-AMD 186million or 0.5%, 2005-AMD 13.7 million or 0.02%), the growth rate is 186.2% compared with the preceding year, and almost 25.3times compared with the indicator for the year 2005.

In 2007 payments by private/public enterprises amounted AMD 544.3million or 1.5% of the overall financing of the sector (2006-AMD 235.5million or 0.6%, 2005- AMD 868.2 million or1.3%). This indicator, even though compared with the 2006 was increased almost 2.3times, did not recover the financial level of the 2005 or amounted the 62.3% of the payments of 2005.

- The Rest of the World financing amounted AMD 184.7million or 0.3percent of the overall financing (2006-AMD 260.9 million only or 0.5%, 2005- AMD 494.9 million or 0.8%) and as in preceding years has been entirely disbursed in the form of technical assistance and grants provided by donors.

The funding reduction tendency for this group of financial agents, mainly the specific weight in comparison with 2005 was reduced by 0.5percent points, and the absolute indicator by AMD 310.2million.

In 2004 the funding was allocated with the following proportions: state governing bodies – 20.4percent and non-governmental/private sector 79.6percent, which involves the following components- private insurance companies and direct payments of households.

Financing in the amount of AMD 24,345.4 million (2006-AMD 17,036.1 million, 2005- AMD 15 652 million) provided by the national public administration bodies has the following distribution per components of the “Hospitals” group:

- multi-site hospitals: AMD 16,322.5million or 67 percent (2006- AMD 10,552.3 million or 61.9%, 2005- AMD 9,362 million or 59.8 %), the 93.5% was provided by the Ministry of Health;
- mental hospitals and narcological dispensaries: AMD 1,598.4million or 6.6percent (2006-AMD 1,376.2 million or 8.1%, 2005-AMD 1,413 million or 9 %), the financing was provided by the Ministry of Health;
- specialized hospitals: AMD 6,099.4million or 25.1percent (2006-AMD 4,776 million or 28.1%, 2005-AMD 4,606 million or 29.5%), the financing was provided by the Ministry of Health;
- health resorts/sanatoria: AMD 325.4million or 1.3percent (2006-AMD 335.5 million or 1.9%, 2005-AMD 272.3 million or 1.7 %), the financing was provided by the Ministry of Health.

The volume of public financing provided to the “Hospitals” group was 24,345.4million or 39.5percent of the overall public funding (AMD 17036.1 million or 33.3%).

The structure of total financing in amount of AMD 61,659.9million (2006- AMD 56,125.2million, 2005- AMD 66,560 million) allocated to the Hospitals’ group by all financial agents has the following distribution per service providers:

- multi-site hospitals: AMD 49,520 million or 80.3% (2006-AMD 45,953.5 million or 81.9%, 2005-AMD 56, 762 million or 85.3%); even though there was an increase of 107.8% of the funding compared with the preceding year, the specific weight was decreased by 1.6percent point.
- mental hospitals and narcological dispensaries: AMD 1,598.4million or 2.6% (2006- 1,376.2 million or 2.5%, 2005- AMD 1,413 million or 2.1%). Compared with the previous year the financial absolute indicators and the specific weight for this provider were correspondingly increased by 116.1percent and 0.1percent points.
- specialized hospitals: AMD 9,389.9million or 15.2% (2006- AMD 7,744.8million or 13.8%, 2005-AMD 7,366 million or 11.1%). The growth rates for this provider, correspondingly 121.2percent and 1.4percent points.
- non-allopathic (alternative medicine) there was no funding provided: (AMD 232.6 million or 0.3 % in 2005);
- health resorts/sanatoria: AMD 1,151.6million or 1.9% (2006-AMD1,050.9 million or 1.8%, 2005- AMD 786.6 million or 1.2 %). The growth rate of indicators compared with the preceding year was 109.6% and 0.1percent point.

As a result, despite the growth of provided funding and services by multi-site hospitals, because of the growth of other components of this sector the specific weight were changed.

As it is evident from comparison of figures for the specific weights of services provided by the structural components of the “Hospitals” group in 2004 and 2005, there are significant changes, in particular, the specific weight of services provided by the multi-site hospitals in the overall structure of services has declined by 0.2 percent points, while for mental hospitals it has increased by 11.3 percent

point, for specialized hospitals by 1.6 percent points and for health resorts by 0.4 percent points. It is noteworthy that in 2005 non-allopathic/alternative medicine providers provided services in the amount of AMD 236.6 million.

The tendencies of the specific weight reduction for multi-site hospitals (by 3.4 percentage points) and increases for mental hospitals (by 0.4 percentage points), specialized hospitals (by 2.7 percentage points) and health resorts (by 0.6 percentage points) have persisted in 2006.

In 2007 the funding provided to the group of Hospitals by the private sector amounted AMD 37,129.8 million or 60.2percent of the overall financing, the main part of which 97.6percent was from the household direct payments (58.8percent of total financing of the “Hospital” group), AMD 346.3million or 0.9percent payments of non-commercial organizations, AMD 544.3million or 1.5% payments from private/public organizations.

AMD 32,720.6million or 90.3percent of the overall direct payments of the households was provided to the “Multi-site hospitals” subgroup, the 94.1% of which to the public multi-site hospitals. AMD 2,692.1 million or 7.4% in overall funding was allocated to the services provided by Component of Maternity hospitals of the sub-group of specialized hospitals(including ambulatory-polyclinic subdivisions). In 2007 AMD 826

.5million out of the expenditures of the population was spent on the services provided to the health resorts/sanatoria, which amounted the 2.3% of the overall funding of this group by agents. High specific weight of multi-site hospital expenditures in Hospital group and absence of expenditures in specialized hospitals(except maternity care facilities) is due to the structure of completed survey questionnaires on household living conditions.

The funding provided from the Rest of the World agent to the Hospitals group amounted AMD 184.7million or 0.3percent in overall funding, the 56.6percent or AMD 104.6 million was allocated to the subgroup of Multi-site hospitals, the main part of which –AMD 100.3million, in contrast to the public and private funding ratio, are the expenditures of the private multi-site hospitals. The Rest of the World provided funding in an amount of AMD 80.1million to the subgroup of Specialized hospitals, the AMD 76.9million was allocated for the TB hospitals, AMD 0.5million to maternity hospitals and AMD 2.6million to other hospitals.

**1.1The subgroup of multi-site hospitals (HP.1)** Out of all services provided to the population by hospitals, 88.5% or AMD 49520million were provided by the “Multi-site hospitals” (HP 1.1) subgroup (2006- AMD 45,953.5million or 81.9%, 2005 AMD 56,762 million or 85.3%, 2004-AMD 55,878 million or 87.5%) divided, in turn, into public (HP 1.1.1-AMD 43,809.8million, 2006-AMD 41,940.6 million) and private (HP 1.1.2-AMD 5,710.2million, 2006-AMD 4,012.8 million) multi-site hospital components. Corresponding growth was recorded for the two components 104.5% and 142.3%. It is noteworthy that while in 2005 a 101.6% growth was registered against 2004, in 2006 the figure reduced by 19% as compared to 2005. If these expenditures are analyzed per financial agents, it turns out that AMD 33,092.8million or 66.8% (2006- AMD35,385.4million or 77%, 2005- 83.5%, 2004- 85.4 %) has been financed by the private sector, including direct payments of households amounting to AMD 32,720.6million (2006-AMD 35,052.4 million, 2005-AMD 47,103 million) or 98.9 percent (2006-99.1%, 2005-99.4%, 2004- 99.7%) of this sector’s expenditures and the balance covered by commercial entities and private insurance companies.

In the overall structure, the public financing composes approximately32.9% (2006- 23%) and its predominant part of AMD 15,334.8million (2006-AMD 9,965 million or almost 94.4%, 2005-AMD 9,362 million or 99.1%, 2004-AMD 8,143.2 million or 97.1%) has been implemented by the RoA Ministry of Health, while 0.9% (2006-AMD 125.1 million or 1.2%, 2005-AMD 80.5 million or 0.9%) by the RoA Ministry of Labor and Social Issues, AMD 785.1million or 4.8% from the HF 1.1.1.7 TBD component and AMD 49.3million or 0.4% from the resources of local self-governing bodies.

In contrast to the NHA 2004 tables, the 2005 list of indicators on the direct payments made by households included also data on payments in the amount of AMD 1,680.6 million provided for services under the maternity hospitals’ subcomponent of the specialized hospitals component as well as payments in the amount of AMD 232.6 million to allopathic hospitals and AMD 514.3 million to health resorts. In 2006, the households also made payments under the maternity hospital subcomponent for

AMD 2,636.9 million and the health resorts subcomponent for AMD 714.8 million under. In 2007 again the household direct payments were allocated within the above mentioned subgroups of providers, in particular AMD 2,692.1million to specialized hospitals, which was fully provided to the maternity hospitals and AMD 826.5million to health resorts.

The public financing implemented by the two ministries have been distributed as follows: AMD 12,060.1million or 78.6% (2006-AMD 6,027.7million or 60.5%, 2005-AMD 9,281 million or 67.7%) of financing to this group of providers by the RoA Ministry of Health has been allocated to multi-site public hospitals, the balance of AMD 3,274.3million or 21.4% (2006-AMD 3,937.3million, 2005-AMD 2,997 million) to private hospitals.

The volume of the RoA Ministry of Labor and Social Issues financing in the amount of AMD 125.1 million (AMD 80.5 million in 2005) has been distributed in favor of private hospitals (AMD 49.6 million to public and AMD 75.6 million to private), in contrary to even distribution from the previous year when 55.9 percent (AMD 45 million) went to multi-site public and 44.1 percent (AMD 35.5 million) to multi-site private hospitals.

**1.2 Subgroup of mental hospitals and narcological dispensaries (HP 1.2)** The overall volume of services provided under this subcategory of hospitals in 2006 amounted to AMD 1598.4million (2006-AMD1,376.2 million, 2005-AMD 1,412.7 million, 2004-AMD 1,459.4 million). Funding of provided services has been implemented entirely by the public sector (the RoA Ministry of Health).

**1.3 The subgroup of specialized hospitals (HP 1.3)** The overall volume of services provided under this subgroup of hospitals amounted to AMD 9,389.9million (2006-AMD 7,744.7 million, 2005- AMD 7,365.9 million, 2004-AMD 6,218.8 million), including AMD 6,099.4 million or 65% (2006-AMD 4778.5million or 61.7%, 2005-AMD 4,606.2 million or 62.5%) financed by the public sector (from the funds of the RoA Ministry of Health). In the overall financing of services funding from the private sector amounted AMD 3,210.5million or 34.2%. Direct payments of household from private sector funding amounted AMD 2,692.1million or 83.9%.In the overall financing of services the direct payments of households made up 34.1% or AMD 2,639.5 million (22.8% or AMD 1,680.6 million in 2005). Financing from non-commercial organizations amounted AMD 257.1million (2006- 31.5million, 2005-AMD 13.7 million), private/public enterprises paid AMD 261.2million (2006-AMD 57million, 2005-AMD 570.4 million) and the Rest of the World funded AMD 80.1million (2006-AMD 240.7million, 2005-AMD 494.9 million). All components of the subcategory of specialized hospitals in 2007 recorded growth both for financing, and provided services.

The subcategory of specialized hospitals based on their specializations includes the following hospital groups:

a/ Tuberculosis treatment hospitals (HP1.3.1) – provided services amounted to AMD 996.7million (2006-AMD 901.5 million, 2005-AMD 1,260.3 million), including AMD 919.8million (2006-AMD 780.9 million, 2005-AMD 901.9 million) have been financed by the public sector and AMD 76.9million(2006-AMD 120.7 million, 2005- AMD 358.4 million) by the Rest of the World. In contrast to the reduction of funding in this subgroup in 2006, in 2007 again a growth of 110.6% was recorded.

b/ Oncology hospitals (HP1.3.2) – provided services amounted to AMD 1,674.1million (2006-AMD 1,036.2 million, 2005-AMD 906.9 million), including AMD 1495.5million (2006-AMD 1,034.9 million, 2005-AMD 776.3 million) financed by the RoA Ministry of Health and the balance of AMD 174.2million (2006-AMD 1.4 million, 2005-AMD 130.6 million) by the private (with public participation) entities and AMD 4.4million by non-commercial organizations.

c/ Maternity hospitals (HP1.3.3) – provided services amounted to AMD 3,953.3million (2006-3,616.7million, 2005-AMD 3,182.3 million). It is noteworthy that direct payments of households have been prevailing in the overall structure of financing amounting to AMD 2,692.1 or 68.1percent (2006-AMD 2,639.5 million or 73%, 2005-AMD 1,680.6 million or 52.8%). The balance of AMD 1,260.7million (2006-AMD 977.2 million) was financed by the RoA Ministry of Health. Funding from the Rest of the World in 2007 amounted almost AMD 0.5million. In contrast to 2005, when the Rest of the World funded AMD 66 million, there was no financing provided in 2006. If the payments by

households have increased by 157.1% as compared to 2005, in 2007 it was almost unchanged, the growth was 102%.

d/ The services of HIV/AIDS health care providers (HP1.3.4) in the amount of AMD 84.8million (2006-AMD 63million, 2005- AMD 54 million) have been fully financed by the RoA Ministry of Health.

e/ Other hospitals (HP1.3.9) have provided to the population services in the amount of AMD 2,681million, (2006-2127 million, 2005-AMD 1,962.3 million), including AMD 2,338.6million (2006-AMD 1,920.2 million, 2005- AMD 1,438.4 million) funded by the public sector, AMD 339.7million (2006-AMD 87.1 million, 2005-AMD 453.6 million) financed by the private sector, including AMD 252.7million (2006-AMD 31.5 million, 2005-AMD 13.7 million) from non-commercial organizations and AMD 87million (2006-AMD 55.6 million, 2005-AMD 439.9 million) from private/public enterprises. The overall funding of the private sector has significantly increased, but yet the level recorded in 2005 is not recovered. The Rest of the World contributed AMD 2.6million (2006-AMD 120 million, 2005- AMD 70.4 million) as technical assistance to and grants for services provided by his hospital group. After the sharp increase in funding of this sector in 2006, similar drop off was recorded.

**1.4 The group of non-allopathic (alternative) providers (HP 1.4)** In contrast to the previous year, in 2005 the non-allopathic providers have provided health care services in the amount of AMD 232.6 million fully financed by direct payments of households. From 2006 to 2007 the recorded amount was zero.

**1.5 The subgroup of Health resorts/Sanatoria (HP 1.5)** The volume of provided services amounted to AMD 1,156.1million (2006-AMD1,050.9 million, 2005-AMD 786.6 million). The predominant part of financing, i.e., AMD 826.5million or 71.8% (2006-AMD 714.8 million, 2005- AMD 514.3 million), were the direct payments of households. The balance of AMD 325.1million (2006-AMD 331.5million, 2005-AMD 272.3 million) has been financed by the RoA Ministry of Health.

**2. The Group of nursing and residential care organizations (HP.2)** Under this group of providers, only the “Retirement Homes” subcategory has rendered services to population that amounted to AMD 1,217.5million (2006-AMD 1,035.1 million, 2005-AMD 830.7 million and 2004-AMD 967.9 million) and they were fully financed by the public sector (the RoA Ministry of Labor and Social Issues).

**3.The group of ambulatory medical service providers (HP.3)** This group includes the following subcategories by types: doctors’ offices, dental rooms, consulting rooms of narrow specialists, polyclinics, medical and diagnostic centers, providers of health care services at home, other providers of ambulatory services. Every group is also divided into subgroups.

The overall volume of services provided to the population in 2007 by this group of health care providers amounted to AMD 30,005.7million, compared with the previous year the volume was reduced by 0.6% (2006-AMD 30,190.7 million and the growth rate was 131.5%, 2005-AMD 22 951.2 million, 2004- AMD 15,807.3 million, the growth rate was 145.2%).

The financing of services implemented by providers has been carried out by three main sectors, specifically, the financing of public sector amounted to AMD 18,244.1 million or 60.8percent of the overall funding (2006-AMD 18,675.3 million or 61.9%, 2005- AMD 11 836 million or 51.6%, 2004-AMD 7,845.3 million or 49.6 %), the funding was reduced by 2.3%. The private sector funded AMD 11058.7million or 36.8percent of total funding (2006-9,310.6 million or 30.8% and the growth rate was 106.5%, 2005-AMD 8,746 million or 38.1%, 2004-AMD 7,709.4 million or 52.2% as households direct payments exclusively). The growth rate compared to the preceding year was 118.8%. The direct payment of the household from private sector funding amounted AMD 10,346.6million or 93.6%, and AMD 712.3million was financed by the non-commercial organizations. External sector or the Rest of the World has financed AMD 702.9million or 2.4percent of the overall funding (2006-AMD 2,204.8million or 7.3%, 2005-AMD 2,369.3 million or 10.3 %, 2004-AMD 252.3 million or 1.2%). In the given period a direct reduction of funding volumes and of the specific weights in the overall structure is observed, which brings the proportionality to the level of 2004.

In comparison to the previous years, the overall financing has significantly increased and essential changes in funding, specific weights of each financial agent as well as specific weights of funding for specific components within the structures of three segments of agents have taken place. Particularly, the specific weight of public funding continues to increase and the predominant share in the structure of its financing - AMD 17,919.2million or 98.2% (2006-AMD 18,503.2 million or 99.1%, 2005-AMD 11,700 million or 98.8 %, 2004-AMD 7,702.8 million or 98.2%) - is implemented by the RoA Ministry of Health (2007-59.7% in the structure of overall expenditures, 2006- 61.3%, 2005-51%, 2004-48.7%). The remaining 1.8% (2006- 0.9%, 2005-1.2%) constitute the financing of the RoA Ministry of Transport and Communications - AMD 82million (2006-AMD 100million, 2005-AMD 82.4 million), AMD 108.7million from the National Security Service, AMD 92.7million from Police Department RoA and other public financing - AMD 41.5million (2006-AMD 35.7 million, 2005-AMD 53.6 million).

The overall *private sector* financing for services rendered by this group of providers in 2007 amounted to AMD 10,346.3million (2006-9,310.6 million or 30.8% of the total financing, which exceeds the previous year's level by 106.5%). In contrast to 2005, the specific weight of payments made by households in the total structure has significantly reduced and in 2006 sums to AMD 8,155.2 million or 87.6%; the remaining AMD 1,155.4 million is financed by non-commercial organizations. In 2007 the situation of the 2005 was recovered, the direct payments of households compared with the preceding year was increased by AMD 10,346.3million and 4.2%. But while studying the structure of expenditures it becomes obvious, that household expenditures mainly have reduction tendency and the actual growth was due to the growth of the specific weight of payments for dental services, which was AMD 1,015.4million or 142% compared with the preceding year.

While the entire financing of private sector in 2004 had been funded by direct payments of households only, in 2005 the payments of households amounted to 95.6 percent (AMD 8,359.5 million) in the overall private sector financing of AMD 8,746 million with 4.4 percent (AMD 385.5 million) of financing provided by non-commercial organizations and AMD 1 million funding from private enterprises.

One of the essential changes in 2005 again as compared to 2004, is the financing by the *Rest of the World* in the amount of AMD 2,369.3 composing 10.3 percent of financing for this group's services. The absolute value of the Rest of the World financing in 2006 has reduced and amounted to AMD 2,204.8 million, which, in parallel to the growth of other components' financing, has led to a significant decrease of the specific weight by 7.3%. In 2007 the reduction tendency of the financial volumes was continued and amounted AMD 702.9million, and the specific weight in overall funding was 2.4%.

The picture of services provided by the main subgroups of ambulatory health care service providers and the relevant financing is as follows:

*HP 3.1 Doctors' offices* – services amounted to AMD 4,575 million or 15.2% of overall financing (2006-AMD 6,572.2 million, 2005- AMD 2148.1 million). Financing by agents: public financing - AMD 3,723.7million (2006-AMD 4,989 million, 2005-AMD 1,185.5 million, 2004-AMD 728.3 million) or 81.4% of the total (2006-75.9%, 2005-55.2%). The private sector financed AMD 580.3million or 12.7% (2006-AMD 378.1 million or 5.6%, 2005-21.5%) of this subgroup expenditures, including AMD 558.9million (2006-AMD 377.1million, 2005-AMD394.8 million) as direct payments made by households are and AMD 21.3million (2006- 0.8 million, 2005-AMD 67.6 million) as financing from non-commercial organizations. As in the preceding year, the outside world has contributed 5.9% of financing or AMD 271million (2006-23.3% or AMD 1,205.4 million, 2005-AMD 500.1 million) as technical assistance and grant projects. The volumes of the provided services and funding of this subgroup, as well as from the side of agents were reduced.

All services by the doctors' offices subgroup have been provided by the general practitioners as in preceding year.

*HP 3.2 Dental rooms* – provided services amounted to AMD 4,510.7million (2006-AMD 3,155.1 million, 2005-AMD 693.1 million) financed respectively by the public funds - AMD 675.9million (2006-AMD 668.3 million, 2005-AMD 522.7 million, 2004-AMD 303.1 million), direct payments of households - AMD 3,429.7million (2006-2,414.3 million, 2005-AMD 153.7 million, 2004-AMD 115.3 million), non-commercial organizations - AMD 275.2million (2006-AMD 13.2 million, 2005-AMD 12.3

million) and the Rest of the World – AMD 366.1million (2006-AMD 59.3 million, 2005-AMD 4.3 million).

*HP 3.3 Rooms of the other narrow specialists* – AMD 331.9million (2006-AMD 843.4 million, 2005-AMD 732.8 million, AMD 134.1 million in 2004), including AMD 302million (2006-AMD 277.6 million) financed by the RoA Ministry of Health and AMD 29.9million is funded by the Rest of the World.

*HP 3.4 Polyclinics* – the overall value of provided services is AMD 15,987.4million or the 53.3% of overall financing (2006-AMD 15,467.4 million, 2005-AMD 14,521.6 million). It was financed by three sectors of agents, including public financing of AMD 12,600.6million (2006-AMD 11,754.8 million, 2005-AMD 9,285.3 million, 2004-AMD 5,951 million). The funding of the private sector amounted 3,288.5million or 20.6% of the total, out of which the direct payments of households in the amount of AMD3,013.3million (2006- AMD 2,894.7 million, 2005-AMD 4,783.9 million, 2004- AMD 5,165.6 million), funding of AMD 275.2million (2006-AMD 406.8 million, 2005-AMD 177.4 million) by non-commercial organizations and AMD 98.3million (2006-AMD 374.4million, 2005-AMD 274.8 million) contributed by the Rest of the World as technical assistance and grants projects. Even though the annual volume of the funding by the public sector agent is almost doubled and the amount of direct payments of households is reduced, there was an growth of 104.1% in 2007 compared to the previous year, which is related to the growth of expenditures for dental services 42% or AMD 1,015.4million.

The funding for services by this group of providers for sub-provider of “All other multi-site ambulatory and jointly provided service centers”, the 59% of which or AMD 9280.8million to the “Polyclinics as separate legal entity” provider, the remaining part to the polyclinics included in the centers.

*HP 3.5 Medical and diagnostic centers* – services for AMD 2,594.6million or 8.6% of the overall funding (2006-AMD 1,379.6 million, 2005-AMD 2,355.4 million, 2004-AMD 1,384.1 million) rendered by this subgroup of providers were fully funded by the private sector, including direct payments of households - AMD 2,590.5million (2006-AMD 1,329.4 million, 2005-AMD 2,353.4 million) and financing of non-commercial organizations - about AMD 4.1million (2006-AMD 46.7 million, 2005-AMD 2 million).

*HP 3.6 Providers of health care and services in households-* the funding amounted AMD 5.1million and was financed by the non-commercial organizations agent of private sector.

*HP 3.9 Other providers of ambulatory services* – provided services amounted to AMD 2,000.9million or 6.7% of the overall funding (2006-AMD 2,773.5 million, 2005-AMD 2,500.2 million). Funding has been implemented by three sectors of agents in the following shares: public financing amounted to AMD 942million (2006-AMD 949.2 million, 2005-AMD 842.4 million, 2004- AMD 772.6 million), including AMD 859.9 million (2006-AMD 813.5 million, 2005-AMD 760 million, 2004-AMD 629.8 million) provided by the RoA Ministry of Health, of which AMD 688.9million (2006-AMD 657.8 million, 2005-AMD 635.7 million, 2004-AMD 551.6 million) for emergency care, AMD 170.9million (2006-AMD 147.2million, 2005-AMD 110 million, 2004-AMD 78.2 million) for providers maintaining blood and other organs banks, AMD 82 million was paid for all other ambulatory care services (2006-AMD 100 million, 2005- AMD 82.4 million, 2004-AMD 139.3 million) financed by the RoA Ministry of Transport and Communications. In 2006 AMD 35.7 million provided by other public funding. Private sector financed AMD 768.6million (2006-AMD1,824.3 million, 2005-AMD 799.6 million, 2004- AMD 394 million), including direct payments of households in the amount of AMD 754million (2006-AMD 1,139.4million, 2005-AMD 673.6 million) and funding of AMD 14.7million (2006-AMD 684.9 million, 2005-AMD 126 million) by non-commercial organizations. In 2007 funding from the Rest of the World was 290.4million. In 2005 the Rest of the World contributed AMD 857.2 million through technical assistance and grants provided by the donors (AMD 252.3 million in 2004), while in 2006 no financing has been provided.

**4. The group of retailers of pharmaceutical and medical supplies and other providers (HP. 4)** Provided services amounted to AMD 20,520.6million (2006-AMD 17,571.4 million, 2005-AMD 15,063 million, 2004-AMD 17,427 million) almost entirely financed by the direct payments of households (2006-AMD 17,462.7 million, 2005-AMD 14,962 million); the balance of AMD 108.7 million(AMD

101.4 million in 2005) has been funded by the public sector through the Ministry of Defense and Police (the National Security Service and Police in 2005). The growth of household payments in the part of this provider amounted 117.5%.

**5. Implementation and management of public health care programs (HP.5)** Healthcare services rendered under this group of providers have amounted to AMD 3,904.2million (2006-AMD 2,944.2 million, 2005-AMD 2,513.3 million, 2004-AMD 2,210.5 million). The distribution of provided services by the components of this group is as follows: AMD 1,638.8million (2006-AMD 661.7 million, 2005-AMD 729.6 million) for hospital surveillance provided completely for HIV/AIDS prevention and control, AMD 1,632.4million (2006-AMD 1,700.3 million, 2005-AMD 1,669.1 million) for sanitary epidemiological control, and AMD 633million (2006-AMD 582.3 million, 2005-AMD 1,14.7 million) for services provided by the other organizations. In the total financing implemented in 2007, the amount of AMD 3,194.5million or 81.8% (2006-AMD 2066.8 million or 70.2%, 2005-AMD1,696.3 million or 67.5%, 2004-AMD 1,233.7 million or 55.8%) has been funded by the public sector, predominantly by the RoA Ministry of Health. Private sector has financed 12.5% of expenditures or AMD 487.1million (2006-17.9% or AMD 526.4 million, and remaining expenditures – 5.7% or AMD 222.6million (2006-11.9% or AMD 351 million, 2005-32.5% or AMD 785.1 million) - were financed by the “Rest of the World” sector from technical assistance and grants provided by the donors. The overall financing from the Private sector and the Rest of the World agents was allocated to the non-commercial “Other organizations” provider. The funding of this provider from the State sector amounted AMD 100million, the main part of which was allocated to the supervision of hospitals and sanitary-epidemiological control.

**6. Health management (HP.6)** According to the table data, the overall health management spending in 2007 amounted to AMD 15,494.9million (2006-AMD 10,893.5million, 2005-AMD 7,721.1 million), including a major part in the amount of AMD 14,767.9million or 95.4% (2006-AMD 10,154.8 million, 2005-7,163.9 million) for expenditures of public administration of health sector (The RoA Ministry of Health), AMD 173million (2006-AMD 105.1 million) financing of private insurance companies, and the balance of AMD 534million (2006-AMD 633.6 million, 2005-AMD 492.2 million) provided by donors as technical assistance.

**7. The group of organizations providing health related services HP.8** Provided services have amounted to AMD 1,477.7million (2006-AMD 831.8million, 2005-AMD 1,459.8 million, 2004-AMD 1,168.4 million), including main funding in the amount of AMD 735.9million (2006-AMD 666.4 million, 2005-AMD 615.1 million, 2004-AMD 668.3 million) provided by the public sector along with AMD 218.9million financed by the private sector (2006-AMD 35.7 million, 2005-AMD 755.5 million) and AMD 522.9million (2006-AMD 129.7 million) contributed by the Rest of the World.

**8. The Rest of the World HP.9** The volume of services provided and, of course, the financing amounted to AMD 2,752.6million (2006-AMD 859.4 million, 2005-AMD 1,281.3 million, 2004-AMD 1,264.8 million). Among the financial agents the public sector prevails with AMD 1,860.1million (206-AMD 803.4 million, 2005-AMD 1,260.3 million, 2004- AMD 1,158.1 million) and AMD 892.5 million the technical assistance and grants provided from the donors of the Rest of the World, which directly were allocated to the health care providers and health program implementing non-governmental organizations.

**9. Not classified by type HP.nsk** The volume of provided services amounted AMD 2,246.8million, the AMD 723.4million of which was funded by the Public sector and AMD 1,523.3million by the Rest of the World.

**Summarizing the data of the NHA “Financial agents and providers” account or table we could state the following:**

*1. The overall financing by the financial agents amount to AMD 1,39259.8million (2006-124,251.6 million, 2005-AMD 121,193.6 million), including:*

1.1 Public sector - AMD 65,088.8million (2006-AMD 51,156.6 million, 2005-AMD 39,767.4 million);

1.2 Private sector - AMD 69,588.1 million (2006-AMD 67,066 million, 2005-AMD 75,158.2 million);

1.3 Rest of the World - AMD 4,582.9million (2006-AMD 6,029 million, 2005 AMD 6,268.1 million).

2. The overall volume of services rendered by the providers amount to AMD 139,259.8million (2006-AMD 124,251.6 million, 2005-AMD 121,193.6 million), including:

2.1 Hospital group – AMD 61,659.9million (2006-AMD 56,125.2 million, 2005-AMD 66,559.9 million), of which:

- multi-site hospitals - AMD 49,520million (2006-AMD 45,953.5 million, 2005-AMD 56,762.1 million);

- mental hospitals and narcological dispensaries – AMD 1,598.4million (2006-AMD 1,376.2 million, 2005-AMD 1,412.7 million);

- specialized hospitals – AMD 9,389.9million (2006-AMD 7,744.7 million, 2005-AMD 7,365.9 million);

- non-allopathic providers – 0.0 (2006-0, 2005-AMD 232.6 million);

- health resorts/sanatoria – AMD 1,151.6million (2006-AMD 1,050.9 million, 2005-AMD 786.6 million);

2.2 The group of nursing and residential care organizations – AMD 1,217.5million (2006-AMD 1,035.1 million, 2005-AMD 8,30.7 million);

2.3 The group of outpatient care providers – AMD 30,005.7million (2006-AMD 30,190.7 million, 2005-AMD 22,951.2 million);

2.4 The group of providers of pharmaceutical and other medical supplies – AMD 20,520.6million (2006-AMD 17,571.4 million, 2005-AMD 15, 063.4 million);

2.5 Implementation of public health care programs – AMD 3,904.2million (2006-AMD 2,944.2 million, 2005-AMD 2,513.3 million);

2.6 Health management and insurance - AMD 15,474.9million (2006-AMD 10,893. 5million, 2005-AMD 7,721.1 million);

2.7 The group of providers of health related services - AMD 1,477.7million (2006-AMD 831.8 million, 2005-AMD 1,459. 8 million).

3. The Rest of the World – AMD 2,752.6million (2006-AMD 859.4 million, 2005-AMD 1,281.3 million).

4. Providers, not classified by types - AMD 2,246.8million (2006-AMD 3,800.2 million, 2005-AMD 128.3 million).

#### **4.1.3. Financial agents and functions (FAxF)**

To study the flows of expenditures provided against health care services based on functions and financial agents, it is necessary to refer to FAxF tables that provide an understanding about such issues as under what function of an institutional entity or sector a specific expenditure has been financed and what sector has funded that.

##### **1. Group of medical care services HC 1.**

Based on the table data, the total value of services provided under the health care functions amounted to AMD 70,872.8million, with a 101.7% decrease as compared to 2006 (2006-AMD 69,717.5 million with a 10% decrease compared to 2005, 2005- AMD 77,421.7 million, 2004-AMD 71,695.8 million;). The public sector (the RoA Ministry of Health and other public funds) provided 37.8% or AMD 26,790.1million (2006-35.3% or AMD 24,590.7 million, 2005-27% or AMD 20,917.6 million) of financing for services(the growth rate compared to the preceding year was 108.9%). The private sector

funded 61.5% or AMD 43,566.1million (2006-63.9% or AMD 44,538.7 million, 2005-70.5% or AMD 54,571 million), including direct payments of households in the amount of AMD 42,993.2million (2006-AMD 44,244.7 million, 2005-AMD 54,498 million), non-governmental/private insurance companies funded AMD 173 million (2006-AMD 105 million, 2005-AMD 65 million), non-commercial organizations financed about AMD 399.9million (2006-AMD 189 million, 2005-AMD 80 million), and the Rest of the World contributed 0.7% or AMD 516.5million (2006-0.8% or AMD 587.6 million, 2005-2.5% or AMD 1,861.2 million).

Out of total expenditures within this functions' group, 73% or AMD 51,712million (2006-73.6% or AMD 51,306.8 million, 2005-79.8 % or AMD 61,784.4 million, 2004- 84.6%) are payments for inpatient treatment disaggregated by financing sources as follows: 30.9% or AMD 16,000.6million (2006- 34.2% or AMD 13,546.7 million, 2005- 20.4% or AMD 12,580.6 million) was public financing, 69% or AMD 35,677.1million (2006-73.4% or AMD 37,639.3 million, 2005-79.1% or AMD 48,848.3 million) was private sector financing, and AMD 34.2million (2006-AMD 120.6 million) came from the Rest of the World. As the dynamics of the indicators show the public sector funding growth is accompanied with the reduction of the annual funding volume of the private sector and the Rest of the World, which leads to the change of the financial structure. In particular, the specific weight of the public sector compared financial structure of the 2004 to 2007 was increased by 10.5percent point, but the private sector correspondingly was decreased by 10.1percent point, the specific weight of the Rest of the World was reduced by 0.4percent point. The difference of absolute indicators of annual volumes of private sector payments for the beginning and the finish of the period was AMD -13,171.2million, and the public sector AMD + 3,420.4million.

The major part of the household direct payments was allocated to the "Other outpatient medical care" component of the outpatient medical care sub-group. Such picture is observed also in public funding – AMD 10,304.2million.

The outpatient medical care component is the second largest by the functions implemented in this functions' group or by its specific weight in the overall financing structure with AMD 19,020.7million or 26.8% (2006-AMD 18,279 million, 2005-AMD 15,506.1 million), including 39.4% or AMD 7,489.1million (2006- AMD 6,733 million or 36.8%, 2005- AMD 5,715 million or 36.9%) provided by direct payments of households. It is noteworthy, that in 2007 growth of almost all household direct payments was observed, in spite the growth rate of public sector a reduction of specific weight in the total structure was recorded.

The 56% of the overall funding or AMD 10,649.4million (2006-59.5% or AMD 10,881 million, 2005- 52.6%) funded by the RoA Ministry of Health, and AMD 482.3million (2006-AMD 467million, 2005- AMD 1,502.7 million) contributed by the Rest of the World.

The smallest financing among the four subgroups of this group has been provided for the day care services (*HC 1.2*) amounted AMD140.1million (2006-AMD 131.7 million, 2005-AMD 128.2 million) and, thus, the least services have been provided by this subgroup, while no function and financing has been implemented under the residential care services(*HC 1.4*).

## **2. The group of rehabilitation care services HC 2.**

The implementation of functions under this group resulted in provision of services for AMD 1,755.8million or 1.3% of total of all functions, ( 2006-AMD 1,614 million or 1.1%, 2005- AMD 1,316.8), 52.9% or AMD 929.4million (2006- 56.9% or AMD 918.5 million, 2005- 60.9% or AMD 802.4 million) financed by the public sector, of which AMD 776.1million (2006-AMD 793.5 million, 2005-AMD 721.9 million) by the RoA Ministry of Health and AMD 153.3million (2006-AMD 125 million, 2005-AMD 80.5 million) by the RoA Ministry of Labor and Social Issues. The financing by private sector via direct payments of households amounted to AMD 826.5million or 47.1% (2006-714.8 million or 43.1%, 2005-AMD 345.6 million or 39.1%) of the total. It is obvious that the annual volumes of household direct payments for the functions of this component are continuously increasing. The total volume of private sector payments are allocated to the "Outpatient rehabilitation care" sub-function.

The financing implemented by the Ministry of Health of RoA per components of this group's functions has been mainly allocated to inpatient rehabilitation care AMD 753.9million (2006-AMD 774.2 million, 2005-AMD 727.7 million) and day care rehabilitation AMD 22.2million (2006-AMD 19.4

million, 2005-AMD 74.7 million). From the part of this sub-function the public funding volume increases, but with low rates.

### **3. Nursing long-term care services HC. 3**

In 2007 payments were made by the agent of private sector non-commercial organizations under this group of functions with an amount of AMD 5.1million, which was paid for “Residential nursing long-term care services. In 2006 no data was recorded about the provided services and financing for this component of this function.

### **4. Auxiliary medical care services HC. 4**

The volume of services provided under this functional group in 2007 amounted to AMD 6,201.8million (2006-AMD 3,

million, 2005-AMD 3,814.7 million, 2004-AMD 3,731.7 million), it was doubled compared with the previous year. The financing by the public sector was AMD 3,427.1million (2006-AMD 1,450 million, 2005-AMD 1,158.9 million) and AMD 2,773.2million (2006-AMD 1,652.1 million, 2005-AMD 2,655.8 million) funded by the private sector almost entirely through the direct payments of households- AMD 2,765.8 million (2006-AMD 1,602.4 million, 2005-AMD 2,644.8 million). It is noteworthy, that compared with the preceding year the financial volume have increased almost twice times, the public funding –almost 2.4times and the private sector by 167.9%.

Based on this group’s subcomponents, the public financing has been distributed as follows:

- Financing of clinical laboratory functions in 2007 was zero as in previous years (AMD 733.1 million in 2004); the absence of the data is mainly related to the absence of precise and quality data collection difficulties.

- The funding of diagnostic services amounted AMD 4,515.9million or 72.8% of the total funding of the group. In contrast to the zero financing in 2005, the funding of diagnostic services in 2006 amounted to AMD 1,487 million, including AMD 1,285.8 million as direct payments of households and AMD 151.8 million financed by the RoA Ministry of Health (AMD 165.6 million in 2004). The 42.6% or AMD 1,923.8million from this sub-function was provided by the public sector, 57.4% or AMD 2,590.5million are the direct payments of households (the main part of the household payments were directed to this sub-function).

- Financing of functions for emergency care and transportation – AMD 1,515million (2006-AMD 1,416.5 million, 2005-AMD 1,048.9 million, 2004-AMD 920.5 million); the AMD 1,332.3million was the state financing, the rest from the household payments.

- Financing of all the other additional services - AMD 170.9million (2006-AMD 147 million, 2005-AMD 110 million, 2004-AMD 261 million).

### **5. Medical goods distributed to ambulatory patients HC 5.**

Services provided under functions included in this group have amounted to AMD 24,784.8million (2006-AMD 20,854 million, 2005-AMD 18,187.3 million, 2004-AMD 20,006.8 million), the growth rate compared with the preceding year was 118.8%. The main part of funding includes AMD 4,226.4million (2006-AMD 3,383 million, 2005-AMD 3,189.6 million, 2004-AMD 2,395.7 million) financed by the public sector, of which AMD 3,184.7million or 75.4% of public financing is provided by the RoA Ministry of Health (2006-AMD 2,471 million or 73%, 2005-AMD 2,537.8 million or 79.6%), AMD 933million or 24.6% (2006-AMD 803 million or 23.7%, 2005-AMD 550.4 million or 17.3%) – by the RoA Ministry of Labor and Social Issues. Financing provided by the National Security Service adjunct to the RoA Government and the RoA Police amounted to AMD 26.8 and 81.9 million respectively (2006-AMD 27 and 82 million, 2005- AMD 25 and 76.4 million). The public financing of this group’s functions has been implemented for the components of Pharmaceutical and other goods of short-term use and Therapeutic accessories and other medical supplies of long-term use.

The private sector, specifically the household subgroup has paid an amount of AMD 20,520.6million (2006-AMD 17,463 million, 2005-AMD 14,962 million) for nonprescription drugs exclusively. Financing done by non-commercial organizations rendering services to households has amounted to

AMD 37.8million (2006-AMD 8.4 million, 2005-AMD 23 million) and has been directed to obtain drugs and other medical supplies of short-term use (AMD 30.8million), the AMD 20.5million of which were hearing equipment and AMD 10.4million medical-technical facilities-including procurement of wheelchairs , almost AMD 7million for medications and medical goods of short-term use (medications without prescriptions).

There was no funding from the Rest of the World in 2007, as in 2006, in 2005 funding was provided by the charitable programs and amounted AMD 12.8million.

#### **6. Disease prevention and public health care services HC. 6**

Services rendered under the functions of this group amounted to AMD 4,350.8million (2006-AMD 5,713.7million, 2005-AMD 4,210.7 million, 2004-AMD 946.5 million), where the share of public sector financing was 92.1% or AMD 4,007.1million (2006-64.5% or AMD 3,571.2 million, 2005-67.1% or AMD 2,826.6 million), including AMD 3,925.1million (2006-AMD 3,346.5million, 2005-AMD 2,744.2 million) financing of the RoA Ministry of Health, AMD 82million (2006-AMD 100 million, 2005-AMD 82.4 million) provided by the RoA Ministry of Transport and Communication, and other central and regional bodies contributed the remaining part. The Rest of the World financing has amounted to AMD 343.7million (2006-AMD 2,091million, 2005-AMD 1,228.2 million) entirely made up by funds provided under the charity programs. In 2007 the funding or payment from private sector was not made, while in 2006 AMD 51.5 million are the payments of private enterprises.

Financing of functions and respective distribution of provided services per subcomponents present the following picture:

Maternal and child health: the RoA Ministry of Health – AMD 1,110.5million (2006-AMD 966.5million, 2005-AMD 642 million) and the Rest of the World – 0 (2006-AMD 1,650.5 million, 2005-AMD 803.8 million);

Health care services in the schools: the RoA Ministry of Health – AMD 466.6million (2006-AMD 437.4 million, 2005-AMD 345.9 million);

Prevention of communicable diseases: the RoA Ministry of Health – AMD 2,248million (2006-AMD 1,942.6 million, 2005-AMD 1,756.4 million), regional bodies – 0(2006-AMD 24.5 million) and the Rest of the World – AMD 178.5million (2006-AMD 401million, 2005-AMD 424.4 million).

Health maintenance in industry: the RoA Ministry of Transport and Communication – AMD 82 million (2006-AMD 100 million, 2005-AMD 82.4 million) and AMD 803.8 million by the Rest of the World.

Prevention of non-communicable diseases: Ministry of Health RoA-AMD 100million and the Rest of the World AMD 2.5million (2006-AMD 8.4 million, 2005-AMD 155.8 million were funds of private enterprises).

The funding volume of this functions compared with the previous year was reduced by 23.9%.

#### **7. Health and medical insurance administration HC 7.**

Services for AMD 1,500.4million (2006-AMD 1,784.6million, 2005-AMD 1,374.6 million, 2004-AMD 517.7 million) have been provided under the functions included in this group, where the major part of the overall financing - AMD 932million or 62.1% (2006-AMD 1,139.8 million, 2005-AMD 925.7 million) - has been financed by the public sector (the RoA Ministry of Health) and the remaining AMD 568.2million or 37.9% (2006-AMD 644.8 million, 2005-AMD 448.8 million) by the Rest of the World.

#### **8. Other health expenditures not classified by type HC.nsk**

The volume of services related to functions of this group amounted to AMD 1,478.6 million (AMD 1,429.3 million in 2005, AMD 2,231.8 million in 2004) financed solely by the public sector, including AMD 1,035.1 million (AMD 598.6 million in 2005) from the RoA Ministry of Labor and Social Issues, and AMD 443.5 million from non-commercial organizations. In contrast to 2004, no financing has been provided by other sectors (the Rest of the World). The implemented functions of other health expenditures not classified by type HC.nsk and its corresponding financial volume amounted AMD 1234.3million.

## **9. Health related functions HC.R.1-5.**

**9.1. Capital formation for facilities providing health services HC R 1.** The volume of services related to the functions in this group amounted to AMD 26,923million (2006-AMD 18,201.6 million, 2005-AMD 10,940 million), of which AMD 21,911.3 or 81.4% (2006-AMD 14,458.6 million, 2005-AMD 7,966.5 million, 2004- AMD 1,917.7 million) has been financed by the public sector, including the RoA Ministry of Health financing of AMD 20,619.4million (2006-AMD 13,436.8 million, 2005-AMD 7,240.1 million), the RoA Ministry of Education and Science funding of AMD 361.8million(2006-AMD 518.2 million, 2005-AMD 615.1 million), other public sector financing of AMD 788million (2006-392.3million, 2005-AMD 111.3 million), no funding was provided to regional public administration entities (2006-AMD 74.9 million) and local self-governance bodies another AMD 49.3million (2006-36.4million), Police Department RoA-AMD 92.7million.

A significant increase of 147.9% was observed in this group of functions in 2007, mainly due to sharp growth of state funding.

Financing of private sector amounted to AMD 1,858.7million (2006-AMD 2,202 million, AMD 2,127.6 million in 2005), with a 15.6% decrease compared with the preceding year.

Financing by the Rest of the World was implemented in the amount of AMD 3,152.8million (2006-AMD 1,550 million, 2005-AMD 845.8 million, 2004-AMD 256.7 million), which twice exceeded the indicator of the previous year.

The 92.8% or AMD 24,994.5million of the funding in this group of functions, was allocated to the component of Capital formation for facilities providing health services *HC.R.1*, the AMD 21,175.4million or 84.7% was funded by the public sector financing, the AMD 20,245.4million was provided by the Ministry of Health of RoA.

The *HC.R.2* “Health care personnel education and training” function was funded with an amount of AMD 1,441.6million.

The *HC.R.3* functions of “Expenditures on health system research” component were funded with an amount of AMD 490million, the AMD

5.9million of which was financed by the Rest of the World.

## **10. Expenditures not classified by type HC.R nsk.**

Services provided against expenditures not classified by type amounted to AMD 1,631million (2006-AMD 1,766.1 million, 2005-AMD 2,498.7 million), which totally was financed by the Ministry of Health RoA (2006- AMD 610.5million and 2005-AMD 610.7 million financed by the RoA Ministry of Health and 2006-AMD 1,555.6 million and 2005-AMD 1,888 million funded by the Rest of the World sector.

**After summarizing the data of the “Financial agents and functions” account or table in the National Health Accounts, the following could be stated:**

*1. The overall financing by the financial agents amounted to AMD 139,256million (2006-AMD 124,251.6 million, 2005-AMD 121,193.6 million), of which:*

*1.1 Public sector - AMD 69,588.1million (2006-AMD51,156.6 million, 2005-AMD 39,767.4 million);*

*1.2 Private sector - AMD 68,588.1million (2006-AMD67,066 million, 2005-AMD 75,158.2 million);*

*1.3 Rest of the World - AMD 4,582.9million (2006-AMD6,029 million, 2005-AMD 6,268.1 million).*

*2. The overall volume of functions implemented has amounted to AMD 139,256million (2006-AMD 124,251.6 million, 2005-AMD 121,193.6 million), of which:*

*2.1 Medical care services – AMD 70,872.8million (2006-AMD 69,717.5million, 2005-AMD 77,421.7 million);*

*2.2 Rehabilitation care services - AMD 1,755.9million (2006-AMD 1,633.5 million, 2005-AMD 1,316.8 million);*

- 2.3 Auxiliary medical care services – AMD 6,201.8million (2006-AMD 3,102 million, 2005-AMD 3,814.7 million);
- 2.4 Medical goods distributed to ambulatory patients – AMD 24,784.8million (2006-AMD 20,854million, 2005-AMD 18,187.3 million);
- 2.5 Disease prevention and public health services – AMD 4,350.8million (2006-AMD 5,713.7million, 2005-AMD 4,210.7 million);
- 2.6 Administration of health and medical insurance - AMD 1,500.4million (2006-AMD 1,784.6million, 2005-AMD 1,374.6 million);
- 2.7 Other health expenditures not classified by type - AMD 1,234.3million (2006-AMD 1,478.6 million, 2005-AMD 1,429.3 million);
- 2.8 Health related functions HCR 1-5 - AMD 26,923million (2006-AMD 18,201.6 million, 2005-AMD 10,940 million);
- 2.8.1. Capital formation of the health service provider institutions – AMD 24,994.5million (2006-AMD 17,409.3 million);
- 2.8.2. Personnel education and training – AMD 1,441.5million (2006-AMD 619.5million);
- Expenditures not classified by type - AMD 1,631million (2006-AMD 1,766.1million, 2005-AMD 2,498.7 million).

#### **4.1.4. Providers and Functions (PxF)**

To study the health expenditure flows by providers and health services, it is necessary to refer to the “Providers and Functions” (PxF) table figures that provide an understanding about such issues as to what provider has provided a specific expenditure, in what form of health service and what was the cost of that service.

**Summarizing the data of the NHA “Financial agents and functions” account or table the following could be stated:**

1. The overall services provided by the financial agents amounted to AMD 139,256million (2006-AMD 124,251.6 million, 2005-AMD 121,193.6 million), including per provider:
  - 1.1 Hospitals - AMD 64,389.4million (2006-AMD 59,544.6 million, 2005-AMD 72,676.5 million);
  - 1.2 Nursing - AMD 1,217.5million (2006-AMD 1,035 million, 2005-AMD 3,574 million);
  - 1.3 Providers of outpatient care - AMD 27,141.6million (2006-AMD 28,439 million, 2005-AMD 18,764 million);
  - 1.4 Pharmacies - AMD 20,520.6million (2006-AMD 17,571.4 million, 2005-AMD 14,962 million);
  - 1.5 Public health (implementation, management, insurance) - AMD 19,447million (2006-AMD 13,425 million, 2005-AMD 10,995.1 million);
  - 1.6 Health care providing services AMD 1,477.7million;
  - 1.7 The Rest of the World-AMD 2,752.6 million;
  - 1.8 Not classified by type - AMD 2,247million (2006-AMD 3,800 million, 2005-AMD 2,202 million).
  
2. The overall volume of implemented functions amounted to AMD 139,256million (2006-AMD 124,251.6 million, 2005-AMD 121 193.6 million), of which:
  - 2.1 Medical care services- AMD 70,738.1million (2006-AMD 68,463.3 million, 2005-AMD 77,130.3 million);
  - 2.2 Rehabilitation care services – AMD 1,755.9million (2006-AMD 1,633.5 million, 2005-AMD 1,316.8 million);
  - 2.3 Long-term nursing care services –AMD 5.1million

- 2.4 *Auxiliary medical care services- AMD 6,203.4million (2006-AMD 3,145.7 million, 2005-AMD 4,106.1 million);*
- 2.5 *Medical goods distributed to ambulatory patients - AMD 24,784.8million (2006-AMD 20,796 million, 2005-AMD 18187.3 million);*
- 2.6 *Disease prevention and public health services - AMD 4,763.5million (2006-AMD 6,136.1 million, 2005-AMD 4,210.7 million);*
- 2.7 *Health and medical insurance administration - AMD 1,500.4million (2006-AMD 1,783.4 million, 2005-AMD 1,374.6 million);*
- 2.8 *Other health expenditures not classified by type - AMD 16.8million (2006-AMD 1,266.3 million, 2005-AMD 1,429.3 million);*
- 2.9 *Health care related functions - AMD 26,577million (2006-AMD 18,226.1 million, 2005-AMD 10,940 million);*
- 2.10 *Expenditures not classified by type - AMD 2,848.5 million (2006-AMD 2801.2 million, 2005-AMD 2,498.7 million).*