National Audit Office of Lithuania

Public Audit Report
Compulsory Health Insurance

10 March 2011 No VA-P-10-2-3
Vilnius

Summary

Audit startted: 29 March 2010
Audit completed: 10 March 2011

Full audit report in Lithuanian is available at the
National Audit Office website www.vkontrole.lt

The aim of the public audit „Compulsory Health Insurance“ is to evaluate if compulsory health insurance is managed effectively.

Compulsory health insurance is a State-established system of individual health care and economic measures which guarantee the provision of individual health care services and reimbursement of costs for the provided services, medications and medical aids to persons covered by compulsory health insurance upon the happening of the insured event.

State policy in the area of health insurance is formulated, implemented, coordinated and controlled by the Ministry of Health. Compulsory health insurance is implemented by the National Health Insurance Fund under the Ministry of Health and its subordinate 5 Territorial Health Insurance Funds.

Financial basis for compulsory health insurance consists of the independent budget of the State Compulsory Health Insurance Fund (hereinafter referred as CHIF). The greatest part of its revenue comes from the compulsory health insurance contributions of the covered persons, National Budget contributions for the covered persons insured with Public funds and additional allocations from the National Budget.

CHIF budget revenue both in 2008 and 2009 totalled LTL 4.5 billion, in 2010 it totalled LTL 4 billion. The National Health Insurance Fund has set a strategic goal to use CHIF budget funds efficiently and effectively for the purpose of health care and to properly represent the interests of the persons covered by this insurance. CHIF expenditure in 2008–2009 did not exceed its revenue. Every year up to LTL 3 billion from the CHIF funding is used to reimburse individual health care services. Those services are reimbursed in compliance with the agreements conducted between territorial health insurance funds and health care institutions.

During the audit we evaluated development and monitoring of the Programme for the Development of Compulsory Health Insurance System, issues relating to CHIF revenue collection and management of expenditure on reimbursement of individual health care services. The audit detected that there are deficiencies in the management of compulsory health insurance.

In 2009–2010 as a result of changes in the number of persons covered by compulsory health insurance the part of National Budget allocations increased significantly (by 40 per cent) in the CHIF budget revenue.

National Budget allocations for the CHIF are based on the planned yet not actual number of persons covered by compulsory health insurance therefore the National Budget expenditure might be unjustifiably increased or decreased whereas the CHIF might earn unjustified revenue or incur uncompensated expenditure. Given that there was no detailed regulation in place on the use of the CHIF reserve and that the CHIF revenue was decreasing decision concerning reimbursement of individual health services from the reserve funds was adopted only in the end of 2010.

When concluding agreements between the territorial health insurance funds and health care institutions quality indicators of services provided by those institutions are not taken into consideration therefore better representation of interests of the insured persons is not ensured.

In auditors opinion the procedure for conducting agreements should contain requirement to consider proper functioning of existing quality systems in the health care institutions. This requirement would encourage health care institutions not only to compete among themselves but also to improve the quality of health care services.

Taking into consideration the fact that during the audited period the Ministry of Health and the National as well as Territorial Health Insurance Funds encouraged provision of more economically effective services conditions were created to increase the scope of health care services covered by individual health insurance. However the CHIF measure for managing the budget funding – decrease of the approved basic value of the services provided - that helped to balance the budget expenditure for health care services resulted in decrease of revenue of health care institutions. Therefore there is a risk that when applying this measure part of expenditure for individual health care will be covered by patients themselves therefore the economic accessibility of health care services for the insured will decrease. Moreover, when applying this measure in the long run the quality of provided services will become lower due to decreasing resources.

There is no developed and approved methodology for calculation of health care institutions costs incurred when providing services reimbursed from the CHIF budget funds therefore there is no possibility to evaluate if health care institutions use CHIF funding efficiently and effectively when providing services reimbursed from this Fund.

Measures implemented by the Ministry of Health and the National Compulsory Health Insurance Fund to improve acquisition of orthopaedic devices compensated from the CHIF for the persons covered with compulsory health insurance were not effective as they have not increased the accessibility. Regulation of orthopaedic devices pricing is not ensured therefore there are no conditions created for efficient and effective use of CHIF funding allocated for compensation of those expenses.

The National Audit Office provided recommendations on how to carry out compulsory health insurance more efficiently.

The Government of the Republic of Lithuania was proposed to develop and implement measures ensuring allocation of contributions relating to compulsory health insurance to the CHIF based on the actual and not planned number of covered persons. It was also proposed to

amend the procedure for the use of the CHIF budget reserve (to establish criteria for allocation of reserve funds and procedure for their calculation).

The Ministry of Health was recommended to ensure regulation of the development of the Programme for Development of Compulsory Health Insurance System as well as carry out monitoring of its implementation, to improve procedure for conducting agreements between territorial health insurance funds and health care institutions, to develop methodology for calculating costs of individual health care services provision, to envisage its introduction, etc.

Recommendation concerning improving accessibility to orthopaedic devices compensated from CHIF funds as well as ensuring more efficient use of CHIF funds was provided to the Ministry of Health and the National Health Insurance Fund.