

**REPUBLIC OF ALBANIA**

**Health System Improvement Project  
(Loan 8466-AL)**

**Implementation Support Visit  
Aide-memoire**

**July 21-26, 2016**

## ***Introduction***

1. A World Bank team<sup>1</sup> conducted an implementation support visit for the Albania Health System Improvement Project (HSIP) during the period July 21 – 26, 2016. The objectives of the visit were to: (i) assess the implementation progress of project activities; (ii) discuss and agree with the Ministry of Health leadership the next steps to accelerate project implementation; and (iii) introduce the new project procurement specialist and discuss with the working groups procurement issues. The next implementation support visit is planned for the week of September 12 when, among others, the status of the project Results Framework will be reviewed.
2. The World Bank team thanks His Excellency Mr. Ilir Beqaj (Minister of Health), Mr. Thanas Goga (Advisor to the Minister of Health), Mrs. Vjollca Braho (Head of the Health Insurance Fund) and their technical staff, for their cooperation during the visit.
3. Main issues discussed with the Government and the next steps are outlined below, followed by a more detailed discussion.

<b><i>Action</i></b>	<b><i>Responsibility</i></b>	<b><i>By when</i></b>
<b>Health System Improvement Project</b>		
Approval of the design for the physical rehabilitation of the National Health Information Center (NHIC) to be finalized and procurement process for the civil works initiated	MoH	August 20, 2016
ToRs for the preparation of the Health Insurance Fund (HIF) Roadmap to be prepared and submitted to the Bank	MoH	August 20, 2016
TA for design, supervision and cost estimate of the physical rehabilitation of the Pediatric hospital – contract in place	MoH	August 30, 2016
TA for Review of the Hospital Rationalization Plan – contract in place	MoH	August 30, 2016
The e-Health coordinator of the PIU – contract in place	MoH	August 30, 2016

## ***Summary***

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<sup>1</sup> The team included Lorena Kostallari (Task Team Leader and Sr. Operations Officer), Manjola Malo (Procurement Specialist), Kozeta Diamanti (Program Assistant), and Ms. Akosua Dakwa (Program Assistant) provided support from Washington, DC.

4. Project implementation review indicates that the support offered in the project focused areas remains fully relevant for the sector context and reform. Overall, the implementation since the last Bank's team visit (February, 2016) has suffered some delays. Currently, the work is proceeding with a number of Technical Assistance (TA) items, which will be followed by several substantial project activities. Although some progress has been achieved in few activities (i.e., preparation of the ToRs for contracting the International Management team to support the existing management of the University Hospital Center), procurement processes for most TA items have experienced delays. Key reason behind has been the delayed decisions taken by the evaluation committees and, in few cases, changes of the members of the evaluation committees. As a result, contracting for main on-going TA activities, including: (i) design for the physical rehabilitation of the Pediatric hospital under the QSUT, and (ii) revision of the Hospital Rationalization Plan, is expected to be completed only by the end of August/beginning of September 2016. Also, delays are noticed in initiating the preparation process for the e-Health Master Plan and Health Data Dictionary (HDD).

5. Discussions were held with the Ministry of Health (MoH) and the Health Insurance Fund (HIF) leadership as well as the working groups of each project components to oversee the implementation of project activities and agree on ways to speed up the procurement processes. While both MoH and the HIF confirmed their commitment towards accelerating the implementation pace, the Bank team also agreed to offer direct support on procurement discussions to the working groups and evaluation committees, whenever needed.

### **Component 1: Improving Hospital Services**

6. Activities under this component are designed to address the efficiency and quality of hospital services under the current system, including underutilization of the regional hospitals, poor patient management in hospital facilities, establishing results-based management systems for essential hospital services, etc.

7. Despite some progress achieved under this component in a number of activities, overall the implementation is behind the agreed timetable, as follows:

*(i) Review of the existing Hospital Rationalization Plan.* The selected TA will support the MoH in revising the existing Plan, thus establishing the basis for starting the implementation of the Plan in three selected regions. While the process of selecting the TA to update the existing Hospital Rationalization Plan has progressed well until its final stage, the final selection of the TA has not yet taken place. A number of issues were raised by the first ranked company, which has finally withdrawn from the process resulting in delayed evaluation. Currently the MoH is negotiating with the second ranked company and the contract signature is expected to take place end of August, 2016.

*(ii) QSUT management assessment and preparation of ToRs for the international management team.* Under the framework of hospitals' management support, the project offers significant support to the University Hospital Center in Tirana (QSUT), to improve its existing management. An international individual

consultant was timely hired to work on a detailed assessment and needs of the current management. The consultant has prepared the required ToRs for the selection of an international management team, which will work closely with the current management. The process has progressed as planned and the draft ToRs are currently under review by the MoH and the QSUT management. The procurement process for the selection of the international management team is expected to start by mid-August, 2016. Meanwhile, agreement was reached with the MoH for extending the on-going contract of the individual consultant who prepared the ToRs to help the MoH supervise the work of the international management team, ensuring the achievement of all expected results.

(iii) *Review of the design of Pediatric hospital and preparation of cost estimates.* The project supports upgrading of the infrastructure for the Pediatric hospital (under the QSUT), for which a preliminary design has been prepared by the Council of Europe Development Bank (CEB). However, a local consultancy firm has been selected with project support to update the existing design, cost estimates, as well as develop the design of the installation of the medical equipment and hospital furniture. Although the evaluation process was agreed to be finalized by April, 2016, this process is still pending. The reason behind the delay is the changes in the evaluation committee for the assignment from the MoH side. A new evaluation committee is now in place and the work is progressing. The contract for the local company is expected to be signed by end of August, which will lead to commencement of infrastructure upgrade for the Pediatric hospital by December, 2016.

(iv) *Preparation of the National Health Accounts.* The selection process of an international consultancy is ongoing to help the MoH in the preparation of National Health Accounts and provide on-the-job training for the MoH budget department staff to ensure the continuation of the analyses of the health accounts. Delays have occurred in the selection process due to lack of agreement between the members of the MoH evaluation committee. The evaluation process is now completed and the MoH is currently negotiating the draft contract with the first - ranked firm. Contract is expected to be in place by end of July, 2016 upon which the work can start without further delay.

(v) *Communication Campaign for Hospital reforming.* The project is supporting reinforcement of regional hospitals' services, through various activities. To do that, carrying out a large communication campaign is also included under project support, aiming at ensuring awareness of the population on the key steps leading to hospitals' reforms. Due to the lack of appropriate participation by the local companies, the selection process for the required local company had to be opened more than twice, resulting in delayed evaluation. The evaluation process has now been finalized and the MoH is negotiating the draft contract with the first-ranked company. Upon contract signature, the preparation of the campaign can be launched by September, 2016.

8. The Bank team discussed and agreed with the MoH on initiating the procurement processes of a few more activities, which are significantly important for supporting the reform of the regional hospitals, including (a) hiring of an international TA to help the MoH and HIF revise the hospitals' legal framework and provide

training to hospitals' management and administration; and (b) initiating the preparation of the required technical specifications (TSs) for the hospitals' medical equipment.

## **Component 2: Expanding the Health Management Information System**

9. The key HMIS-related activities are as follows:

**10. Create a National Health Information Center (NHIC).** The project offers support for physical rehabilitation of the NHIC building (which will host also the Biomedical Equipment Unit). Following the confirmation of the site, the MoH started the procurement process of a local consultancy firm to produce the design of the rehabilitation as well as to supervise the works. The process started as planned, however delays occurred during evaluation stage (due to delayed decision of the evaluation committee). A local company was contracted and the design is currently under review by the MoH. The team urged the MoH to speed up the review process in order for the rehabilitation works to start at soonest.

11. The Bank team re-confirmed that the NHIC will house various units which relate to managing and promoting eHealth in the country:

- a) **National Health Data Center (NHDC)** (responsible for creating the "Albania Health Cloud" of services where software for this project will be hosted);
- b) **eHealth Implementation unit** (responsible for installation and support of eHealth initiatives);
- c) **eHealth Training Center** (responsible for improving computer literacy among Albania's health workers and also responsible for capacity building of IT support persons in the field);
- d) **Computer Maintenance Center** (responsible for preventative maintenance and repair of all computer equipment involved in supporting eHealth);
- e) **Biomedical Engineering Center** (responsible for preventative maintenance and repair of all medical technology and equipment);
- f) **Center for Quality and Accreditation** (responsible for quality measures and accreditation activities);
- g) **Health Analytics Center** (responsible for statistical reporting and analysis of health data generated by the eHealth initiatives, working in conjunction with the Institute of Public Health (IPH));
- h) **Cybersecurity Office** (responsible for data safety and patient confidentiality);
- i) **Telehealth Center** (responsible for consolidating the existing telehealth initiatives in the country).

12. ***E-Health Coordinator.*** The project has foreseen hiring of an e-health coordinator to be part of the Project Implementation Unit (PIU), considering the significant support the project offers for the HMIS. The procurement process for the consultant selection started only during last WB team implementation support visit (February, 2016). The team has agreed with the MoH on the profile of the coordinator, including leading the implementation processes under Component 2 (Expanding the Health Management Information System) in both substantial and administrative way. In that context, the team provided a number of considerations on the ToRs for the assignment. Currently, the selection process has been finalized and the MoH is negotiating the contract with the selected consultant. The team urged MoH to speed up the hiring of the e-health coordinator so that the consultant can be in place by August, 2016.

13. ***Continued work on Master Plan, Essential Registries and Health Data Dictionary (HDD).*** Following the discussions and agreement reached during the last WB team implementation visit, the MoH prepared the ToRs for hiring a consultant to help with the facilitation of the discussions on the Master Plan for its drafting. The objective of the work is the production of a short document which shows the “big picture” of all components of the eventual eHealth system. Meanwhile, a working group is being established in the MoH to work with the consultant, decide on the content of the Plan and seek for inter-institutional agreement. The Bank team has issued its no-objection to the ToRs. The selection process for the consultant is expected to start immediately and the contract is expected to be signed by the end of August, 2016. In addition, the Bank team strongly recommended that work on the remaining steps for the HDD continues.

14. ***Decisions regarding the Governance of the NHIC.*** The team and the MoH leadership re-visited the options concerning the governance of the NHIC following the discussions held during last implementation visit. Although there have been internal discussions on all possible options, including: (a) establishment of the NHIC as a public enterprise or a state institution; (b) the path to decision making; (c) establishment of a small Board of Advisors and decision on which institution will be chosen, etc., decisions on these remain to be made. The team urged the MoH to come to a final decision on this issue considering its importance for the successful implementation of the NHIC related activities.

15. ***Design and build a new Health Insurance Information System (HIIS) to support health finance reform processing at the HIF.*** The team re-confirmed the need for a significant increase in “computer power” to assist the business processes at HIF required to support the implementation of the health financing reform. The new HIIS will include, as a minimum, the following functions:

- a) Beneficiary Management (a list of eligible patients and a roster of capitated patients and their primary care doctors);
- b) Claims processing (the automated processing of pharmacy claims, medical services claims, and hospital claims). The exact provider payment methods are not yet clear but these are assumed to include capitation payments, fee-for-service payments and DRG-based payments for primary care, specialty care and hospital care;

- c) Fund accounting, which is aimed at assuring the stability and sustainability of the Fund. It includes actuarial projections, a review of patterns of utilization and financial accounting applications to help run the “business” of the Fund.

### **Component 3: Improving the Health Financing System**

16. Although a new working group was established from the HIF and an action plan was developed (together with the PIU) to start the implementation of key activities under this component, progress since the February implementation support visit has been limited. While the development of the HIF roadmap was agreed to be the first activity to initiate implementation, aiming at supporting the organizational development of the Fund, process has not yet started in the hiring of the agreed consultancy to help HIF in this activity. The team urged the HIF and PIU to immediately start with the preparation of the required ToRs and submit to the Bank for no objection at the earliest.

17. Meanwhile, some good progress has been achieved in support of the provider payment reform at the Primary Health Care (PHC). A local consultant has already been hired to prepare the Technical Specifications (TSs) for the software of financial management for all PHC centers (total of 420). The consultant has started the work and the TSs are expected to be finalized before the end of August, 2016. Following the approval of the TSs by the HIF, the procurement process for purchasing the required software is expected to take place end of September, 2016.

18. The team agreed with the HIF leadership to start organizing workshops and study tours (under project support) on provider payment reforms in PHC and Hospitals.

19. To support the work on hospitals’ reform, the Bank team has developed a baseline survey for the Regional Hospitals, which is being finalized. The baseline will be used for monitoring and evaluation during Project implementation.

20. The team re-confirmed the agreement reached during the February visit with the MoH and HIF to form a team of experts to facilitate the design of the hospital global budget. The proposed approach will be finalized and shared with the Bank team for review by end of calendar year 2016. This will focus on the following main actions:

- Develop a “baseline” (one to three years) database of patient utilization and costs;
- Analyze utilization patterns, including patient flows, across facilities and geographic areas;
- Analyze expenditure patterns by demographics (age/gender) and patient mix (e.g., by diagnostic categories);

- Adjust per capita budgets for differences in costs across age/gender groups in a particular catchment area;
- Adjust budgets for differences in patterns of utilization;
- Subtract from this “base budget” target levels of inappropriate and unnecessary patterns of care and associated costs. For example, inappropriate admissions, pre-admission duplication of testing, and alternatives to hospital care, such as outpatient care or in-day care centers for “social cases”;
- Develop a draft budget of appropriate and necessary care, based on expected volume and case mix;
- Develop a sharing agreement for expected surpluses generated by new efficiencies, typically some portion to both the facility and the payer;
- Develop rules for unexpected risk related to levels of patient demand and expenditures;
- Complete negotiations and signing of contract with the experts.