

W. 8466-AL

Supplemental Letter No. 2

REPUBLIC OF ALBANIA

March 24, 2015

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Loan No. 8466-AL
(Health System Improvement Project)
Performance Monitoring Indicators

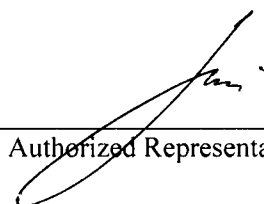
Dear Sirs and Mesdames:

This refers to the provisions of Section III.A of Schedule 2 to the Loan Agreement of this date between the Republic of Albania (the Borrower) and the International Bank for Reconstruction and Development (the Bank) for the above-captioned Project.

The Borrower hereby confirms to the Bank that the indicators set forth in the attachment to this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof

Very truly yours,

REPUBLIC OF ALBANIA

By 
Authorized Representative

Albania – Health Systems Improvement Project
Performance Monitoring Indicators

Project Development Objectives

PDO Statement

The proposed PDO is to contribute to improving the efficiency of care in selected hospitals in Albania, improving the management of information in the health system, and increasing financial access to health services.

These results are at

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values									
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Total number of acute care beds in selected district hospitals rationalized according to the Hospital Master Plan* (Text)	0	170	280	480	650						800
Percentage of inpatient in the selected regional hospitals whose	0.00	0.00	0.00	15.00	35.00						50.00

admission and discharge are performed electronically (Percentage)								
Reduction in average prices for: (a) 10 most common prescription medicines; and (b) 10 most expensive hospital medicines* (Text)	0	3	6	11	18			25
Percentage of poor enrolled in the health insurance system (disaggregated by gender) (Percentage)	50.00	52.00	55.00	58.00	60.00			65.00

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values									End Target
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	
Hospital with Board of Directors (Number)	0.00	0.00	3.00	7.00	13.00						15.00
Hospitals with social accountability mechanisms installed (Number)	0.00	0.00	0.00	3.00	9.00						15.00
Medical equipment management and maintenance plans developed (Text)	No	0	Agency set up	Training provided	Plans developed						Implemented
Number of clinical protocols and guidelines updated and implemented for management of chronic diseases (Text)	5 clinical guidelines developed but not implemented	5 clinical guidelines updated	Guidelines implemented and monitored in one region	Guidelines implemented and monitored in 3 regions	Guidelines implemented and monitored in 7 regions						Guidelines implemented and monitored in all regional hospitals

Master Plan for eHealth/HMIS activities developed and executed (Text)	No	Master Plan developed	Yes (HDD, HDM, and essential registries created)	Yes	Yes					Yes
National Health Information Center (NHC) established and operational (Text)	No	No	Yes partly (Biomed engineering and maintenance unit set up)	Yes partly (Health Desk/Training Center established)	Yes (NHC becomes operational)					Yes (NHC fully operational)
Number of regional hospitals with Information System established and functional (Number)	0.00	0.00	2.00	4.00	6.00					7.00
PHCs adopting performance-based capitation payment system (Text)	0	Capitation on design developed	Capitation adopted	20	100					200
Hospitals implementing provider payment reform	0	0	7 (Implementation of global budget - one line)	15 (Implementation of global budget - one line)	7 (Case mixed costing)					15 (Global Budget adjusted by case mixed)

(Text)			item)	item)					
Percentage of claims using newly set up HHS processed	0	Requirements study completed	HHS system in place	Yes (first claim processed)	35				50
(Text)									
Health Insurance Organization "Road Map" developed and implemented	No	No	Developed	Implemented	Yes				Yes
(Text)									
Proportion of cheapest generic copies dispensed of all INN for top 10 off patented drugs	38.00	38.00	50.00	60.00	70.00				80.00
(Percentage)									
HIF experts and selected health personnel receiving training (on hospital management, coding, costing, business development plans and quality assurance); (disaggregated by	0.00	24.00	78.00	132.00	137.00				137.00

gender)									
(Number)									

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (Indicator definition etc.)	Frequency	Data Source - Methodology	Responsibility for Data Collector
Total number of acute care beds in selected district hospitals rationalized according to the Hospital Master Plan*	Following the recommendations of the Hospital Master Plans, district hospitals in three selected regions will be transformed into outpatient clinics or PHC. The indicator will be measured as no. of hospital acute care beds closing at district hospitals.	Annual	HIF/MoH	HIF/MoH
Percentage of inpatient in the selected regional hospitals whose admission and discharge are performed electronically	Established HIS in selected hospitals will generate electronic data on patients' admissions and discharges. It allows collecting information on the utilization of hospital services and quality of care coordination	Annually	Survey	HIF/MoH
Reduction in average prices for: (a) 10 most common prescription medicines; and (b) 10 most expensive hospital medicines*	There exist potential space in reducing medicine prices, which will improve patient access to drugs and reduce the OOP. Strengthening reference pricing, encouraging dispensing of lower cost drugs and the implementation of Risk Sharing agreements are some of the measures that should produce the required reduction.	Annually	Survey	HIF/MoH
Percentage of poor enrolled in the health insurance system	Government policy is moving towards universal health coverage. This will be	Bi-annually	HIF	HIF/MoH

(disaggregated by gender)	supported by the project, aiming at expanding current people coverage with the health insurance by particularly focusing on poor people. Monitoring of the indicator will be closely related with the database of the Ndihma Ekonomike program (main poverty targeted program), implemented by the Ministry of Labor and Social Affairs.		
---------------------------	--	--	--

Intermediate Results Indicators

Indicator Name	Description (indicator definition, etc.)	Frequency	Data Source - Methodology	Responsibility for Data Collection
Hospital with Board of Directors	The regional hospitals will establish Board of Directors (BoDs). The BoDs will help in improving the management and governance of the hospitals.	Annually	MoH (Hospitals)	MoH
Hospitals with social accountability mechanisms installed	Social accountability mechanism could include: hot lines, suggestion/complaint mechanisms, etc	Annually	MoH (Hospitals)	MoH
Medical equipment management and maintenance plans developed	Based on the medical equipment maintenance strategy, plans will be developed at regional level	Annually	MoH (Hospitals)	MoH
Number of clinical protocols and guidelines updated and implemented for management of chronic diseases	Clinical guideline is a set of systematically developed statements involving through evaluation of evidence, to assist clinicians and patients to make decision about appropriate health care for specific clinical circumstances. The implementation of clinical guidelines allows a better management of resources.	Annual	MoH/HIF/Hospitals	MoH

	improves quality in treatment and will improve the utilization of the referral system. They will be monitored at facility level and HIF			
Master Plan for eHealth/HMIS activities developed and executed	The Master Plan will outline and detail out all the activities that will be undertaken as a part of the HMIS. The plan will be developed in the first year, and as per the plan, other foundational activities for HMIS will be undertaken in the subsequent years.	One-time, end of Project first year	MoH	MoH
National Health Information Center (NHIC) established and operational	NHIC will be deemed complete once: (a) HDD is used by health service providers, (b) small data centers are consolidated, (c) a training center is established, and (d) a Help Desk is established	End of third year (monitoring reports will track progress in the 1st and 2nd years)	MoH	MoH
Number of regional hospitals with Information System established and functional	The regional hospital information system will be implemented in several hospitals; number would vary based on the funds availability. This will allow the NHIC and HIF to collect detailed data and information on these hospitals.	Annual	MoH	MoH
PHCs adopting performance-based capitation payment system	The value refers to the number of PHCs adopting capitation based payment system. The indicator will be achieved in phases. Pay-for-performance includes fee for services, or initiatives that would positively affect the quality of primary care.	Annual	HIF	MoH/HIF
Hospitals implementing provider payment reform	The value refers to the number of hospitals that implement provider payment reform. The reform will include the implementation of global budget, and some form of case-mixed	Annual (Initiatives towards payment	HIF	MoH/HIF

	payment (e.g., DRGs).	reform traced annually)		
Percentage of claims using newly set up HIS processed	The processing of the first claim suggests the establishment of a function information system for the HIF. The first claim using the newly set up HIS is expected to be processed at the beginning of the third year. The first two years will be devoted towards completion of the HIS Requirements Study and the procurement of the HIS system components.	Annual	HIF	HIF
Health Insurance Organization "Road Map" developed and implemented	The "Road Map" maps out how the HIF will proceed towards its goal of becoming a strategic purchaser.	One time	HIF	HIF
Proportion of cheapest generic copies dispensed of all INN for top 10 off patented drugs	This indicator monitors prescription and dispensing practices as part of a generic promotion strategy, led by the MoH	Annually (reflected in annual reports)	HIF/MoH	HIF/MoH
HIF experts and selected health personnel receiving training (on hospital management, coding, costing, business development plans and quality assurance); (disaggregated by gender)	Refers to the total number of experts (disaggregated by gender) receiving training on hospital management, to the number of experts who will be trained on coding, costing and business development and on quality assurance.	Annually	Annually (reflected in annual reports)	HIF/MoH

Description of the Indicators

Indicator Type	Indicator Name	Indicator Description
<i>PDO</i>	Total number of acute care beds in selected district hospitals rationalized according to the Hospital Master Plan	Following the recommendations of the Hospital Master Plans, district hospitals in three selected regions will be transformed into outpatient clinics or PHC. The indicator will be measured as no. of hospital acute care beds closing at district hospitals.
<i>PDO</i>	Percentage of inpatients in selected regional hospitals whose admission and discharge are performed electronically	Established HIS in selected hospitals will generate electronic data on patients' admissions and discharges. It allows collecting information on the utilization of hospital services and quality of care coordination.
<i>PDO</i>	Reduction in average prices for: (a) 10 most common prescription medicines; and (b) 10 most expensive hospital medicines	There exist potential space in reducing medicine prices, which will improve patient access to drugs and reduce the OOP. Strengthening reference pricing, encouraging dispensing of lower cost drugs and the implementation of Risk Sharing agreements are some of the measures that should produce the required reduction.
<i>PDO</i>	Percentage of poor enrolled in the health insurance system (disaggregated by gender)	Government policy is moving towards universal coverage. This will be supported by the project, aiming at expanding current people coverage with the health insurance by particularly focusing on poor people. Monitoring of the indicator will be closely related with the database of the Ndihana Ekonomike program (main poverty targeted program), implemented by the Ministry of Labor and Social Affairs.
<i>Intermediate</i>	Hospitals with Board of Directors (BoDs)	The regional hospitals will establish Board of Directors (BoDs). The BoDs will help in improving the management and governance of the hospitals.
<i>Intermediate</i>	Social accountability mechanisms installed in hospitals	Social accountability mechanism could include, hot lines, suggestion/complaint mechanisms, etc.
<i>Intermediate</i>	Medical equipment management and maintenance plans developed	Based on the medical equipment maintenance strategy, plans will be developed at regional level
<i>Intermediate</i>	Number of clinical protocols and guidelines updated and implemented for the management of chronic diseases	Clinical guideline is a set of systematically developed statements involving through evaluation of evidence, to assist clinicians and patients to make decision about appropriate health care for specific clinical circumstances. The implementation of clinical guidelines allows a better management of resources, improves quality in treatment and will improve the utilization of the referral system. They will be monitored at facility level and HIF.

<i>Intermediate</i>	Master Plan for eHealth/ HMIS activities developed and executed	The Master Plan will outline and detail out all the activities that will be undertaken as a part of the HMIS. The plan will be developed in the first year, and as per the plan, other foundational activities for HMIS will be undertaken in the subsequent years.
<i>Intermediate</i>	National Health Information Center (NHIC) established and operational	NHIC will be deemed complete once: (a) HDD is used by health service providers, (b) small data centers are consolidated, (c) a training center is established, and (d) a Help Desk is established
<i>Intermediate</i>	Number of regional hospitals with Information System established and functional	The regional hospital information system will be implemented in several hospitals (number would vary based on the funds available). This will allow the NHIC and HIF to collect detailed data and information on these hospitals
<i>Intermediate</i>	PHCs adopting performance based capitation payment system	The value refers to the number of PHCs adopting capitation based payment system. The indicator will be achieved in phases. Pay-for-performance includes fee for service, or initiatives that would positively affect the quality of primary care
<i>Intermediate</i>	Hospitals implementing provider payment reform	The value refers to the number of hospitals that implement provider payment reform. The reform will include the implementation of global budget, and some form of case-mixed payment (ex. DRGs).
<i>Intermediate</i>	Percentage of claims using newly set up HHS processed	The processing of the first claim suggests the establishment of an information system for the HIF. The first claim using the newly set up HIS is expected to be processed at the beginning of the third year. The first two years will be devoted towards completion of the HHS Requirements Study and the procurement of the HIS system components.
<i>Intermediate</i>	Health Insurance Organization "Road Map" developed and implemented	The "Road Map" maps out how the HIF will proceed towards its goal of becoming a strategic purchaser
<i>Intermediate</i>	Proportion of cheapest generic copies dispensed of all INN for top 10 off patented drugs	This indicator monitors prescription and dispensing practices as part of a generic promotion strategy, led by the MoH and the HIF
<i>Intermediate</i>	HIF experts and selected health personnel receiving training (disaggregated by gender)	Refers to the total number of experts (disaggregated by gender) receiving training on hospital management, to the number of experts who will be trained on coding, costing and business development and on quality assurance