

Decentralization – Recent Experience in the Romanian Health Sector

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Presentation Outline

- **Comments on international experience**
- **Decentralization of health sector financing and delivery in Romania**
- **Approaches for analysis of decentralization**
- **Benefits and challenges of decentralization in the Romanian health sector**

Decentralization In The Health Sector

- Involves increased access of social and political groups to the political decision-making process and the allocation of public resources
- Changes the distribution of power and allocation of resources
- A sensitive political issue all over the EU
- Critical issues in implementing decentralization: planning, legislation, coordination, management, information systems and evaluation
- It takes at least 5-10 years from the formulation of decentralization policies to their implementation – this lengthy process needs considerable and sustained commitment at all levels

Explicit Health Policy Principles In Romania

- health care as a social asset
- universal coverage
- equity in access to health services
- solidarity in financing of health care services
- freedom of choice for patients
- macroeconomic efficiency
- medical autonomy, while observing the principles above-mentioned
- intersectorial approach on health issues
- ... and the challenges of implementing them

Current priorities of Health Reform Strategy in Romania

- Rationalization of health care infrastructure and staffing
- Sustainable, predictable and transparent financing system
- Improved quality of care and health outcomes

Decentralization in the Romanian Health System – Financing

- Introduction of the Social Health Insurance System: provider purchaser-split, increased role for private providers, etc.
- a. 1998 – 2002: local decision on resource utilization(75%-25%)
 - b. 2002- present: new structure, 42 “branches”, NHIH increased role in financing, resource allocation, etc.

Decentralization in the Romanian Health System – Regulation

Role of professional associations

- a. College of Physicians – local autonomy and central policy
- b. College of Pharmacists - idem
- c. Nurses and allied professionals – mixture of regulation

Decentralization in the Romanian Health System – Delivery

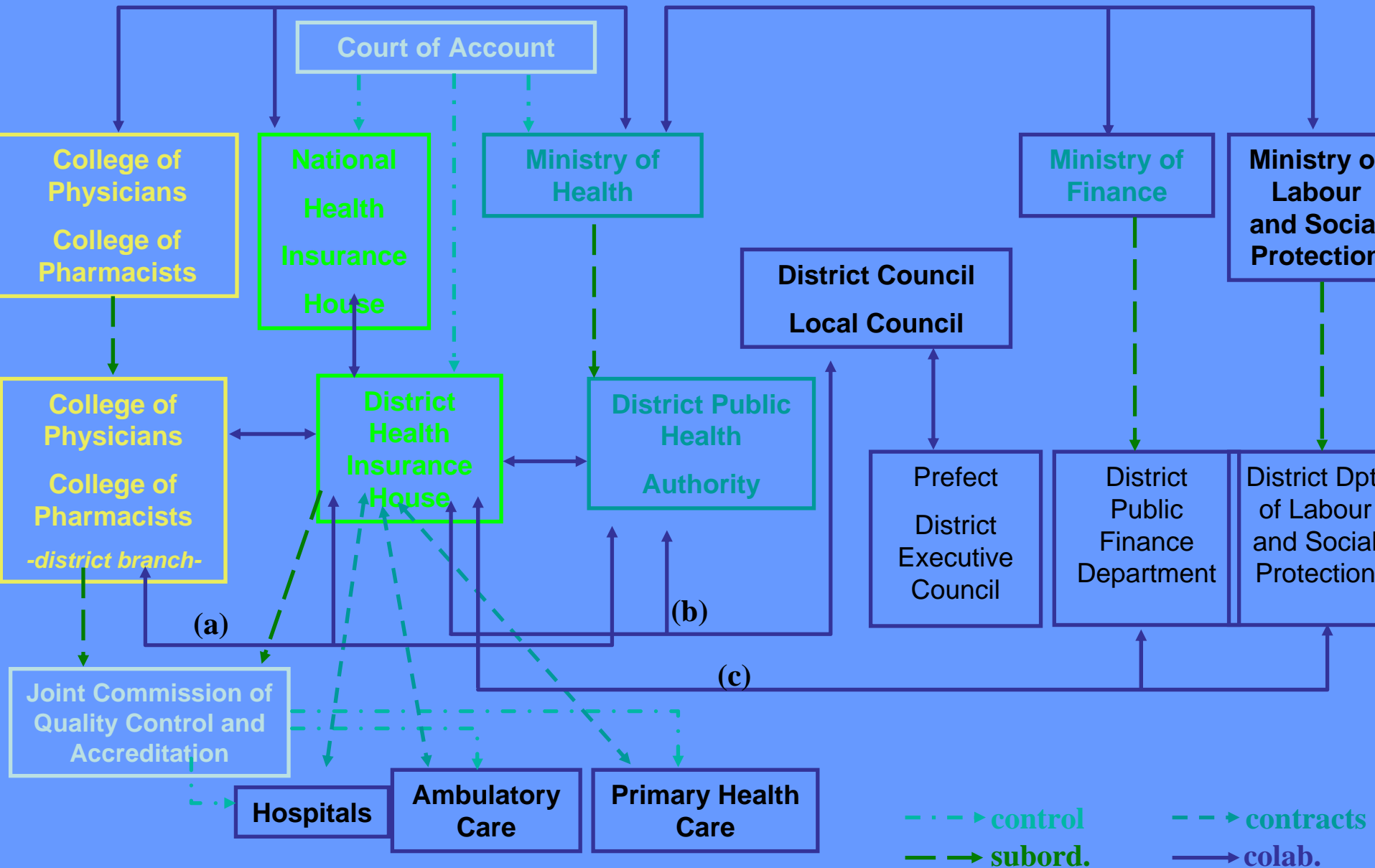
- Privatization of outpatient care – independent contractor status for:
 - Family doctors
 - Outpatient specialists
 - Dentists
- Contracts with other private providers:
 - Laboratory services
 - Pharmacies

Decentralization in the Romanian Health System – Governance and Management

Ministry of Health vs Local Public Authorities

- Changes the roles of the central ministry staff from line management to policy formulation and program monitoring
- Reduced financing role and decreasing ownership status – Ordinance 70/2002
- Decreasing influence in resource allocation
- Increased roles in regulation (national contests for physicians, drugs policy, standards, etc.)

ROMANIAN HEALTH CARE SYSTEM CHART



Main Approaches to Decentralization In The Health Sector

Four analytical frameworks can be useful:

- social capital
- local fiscal choice
- principal agent
- public administration

Social capital approach

Localities with a long history of strong civic organizations will have better performing decentralized governments than will localities which lack these networks of associations.

Local fiscal choice approach

- looks at the relationship between the center and periphery as dynamic and evolving because principal seeks to achieve his objectives by shaping incentives for the agent that are in line with the agent's own self-interests
- local fiscal choice is especially useful in focusing attention on the accountability of local officials to local populations (voters/ tax payers).

Principal agent approach

- assumes that actors in local government are competing with each other for mobile voters (who are also taxpayers) and that government officials make choices about resource mobilization, allocation and programs in an attempt to satisfy the preferences of the median voter

Public administration approach

- Delegation - transfers responsibility to a lower organizational level
- Deconcentration - transfers responsibility to a lower administrative level
- Devolution - implies transferring authority to a lower political level
- Privatization - takes place when tasks are transferred from public into private ownership

DECENTRALIZATION OF HEALTH CARE SYSTEMS ON SPECIFIC FUNCTIONS AT LOCAL LEVEL

FUNCTION	DECONCENTRATION	DEVOLUTION	DELEGATION	PRIVATIZATION
Legislative	--	**	--	--
Fund raising	*	**	**	***
Policy Development	--	**	**	**
Planning	**	**	***	***
Management of				
-personnel	*	**	***	***
-budget	**	**	***	***
-goods	*	**	***	***
Personnel training	*	**	***	***
*** Extended Responsibilities ** Some Responsibilities 1 * Limited Responsibilities - No Responsibilities				

Expected benefits of decentralization (I)

- a more democratic system in which local people control the major decisions affecting their lives.
- increased involvement of local communities and other actors in decision making process can lead to increased local revenue generation
- can bring cost containment by moving to more targeted programs
- may increase efficiency by limiting the leakage of funds and other resources

Expected benefits of decentralization (II)

- could reduce the duplication of services as the target populations are more specifically defined
- greater integration of activities of different public and private agencies/providers
- development of specific local services, within the national framework (different types of home care services, of emergency services, primary care services, etc.)

Challenges of Decentralization (I)

- the decentralization of government to the local level does not automatically ensure community participation
- can lead to differences in availability of medical technology and in rates of specific diagnostic and curative activities between different regions
- the possibility to generate additional costs due to the need for coordination

Challenges of Decentralization (II)

- local level staff may not have skills to manage funds or provider organizations and resources may be misused
- decentralization is a lengthy process which needs continuous political involvement, from the formulation of the policies to their implementation

Challenges of Decentralization (III)

- Usually the process is driven politically – technocrats can modulate or attempt “damage control”, but interest groups, ideology and balance of power are driving factors
- Sequencing can have major influence on outcome, and how efficiency is influenced

Decentralization – Unfinished Agenda

- Getting the right balance between roles and responsibilities at local and central level e.g.:
 - central pooling and redistribution – local contracting
 - local governance structure for providers – national standards for infrastructure, staffing, quality
- Impact of EU accession and use of structural funds – local/regional priorities vs national strategies for improving efficiency

Thank You !

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