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INTRODUCTION

Financing of health has been internationally recognized as a main sector of political priority. From this perspective one of the most important problems of the Ministry of Health of RoA today is the evaluation of size of health financing from different sources and perspectives of increasing of means allocated to that sector, evaluation of prioritized projects of health sector and distribution of financial means envisaged for the population, evaluation of important players in the area of health sector financing and provision of health services as a tool for development and implementation of future reform strategy.

From this perspective the National Health Accounts (NHA) have become useful and efficient tool to understand the issues of health sector financing. Particularly the development and future analysis of NHA 2004 Tables allowed to make certain conclusions and estimates.

Statistical data used in this report have been collected from several sources. Much of the data is based on official statistics, special annual and one-time surveys that have already been conducted, questionnaires specially used for the NHA preparation, while the rest of the data come from secondary sources.

In the current phase, the results of this NHA study might have important implication for active ongoing reforms because they will allow to assess and think over the results of ongoing reforms as well as make essential and important adjustments in decision making process for selection of future reform strategies.

The process of evaluation of National Health Accounts (NHA) requires permanent 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 MoH of the RoA
NSS National Statistical Service of the Republic of Armenia
MoFE Ministry of Finance and Economy 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
PHCRP Primary Health Care Reform Project
HPIU “Health Project Implementation Unit” State Agency of the MoH of RA
PRSP Poverty Reduction Strategy Paper
MC Medical centers
HDNP Human Development National Report
MDG Millennium Development Goals
CHAPTER 1. THE IMPORTANCE AND ROLE OF NHA IN ARMENIA

1.1. The National Health Accounts in Armenia

This NHA report and generally NHA is mainly envisaged for the policy-makers and decision-makers of health system to improve health system performance and administration. The information involved in the NHAs is useful for the decision-making process as it allows assessing use of the available resources (for the moment) and may be applicable for the analyzes of definite health system and comparative analyzes of systems of other countries. This is particularly valuable for the tasking and clarification of objectives. In case of regular implication of NHAs it also becomes possible to discover the tendencies of health expenditures that is vital from perspective of monitoring and evaluation of health system. In addition, the methodology of NHA may be applicable to the forecasting of financial needs of health system.

Comparing the information existing in NHA with non-financial data, for instance, the morbidity, the rate of use of resources by health care providers, the policy-makers have the possibility to adopt justified strategic decisions and avoid potential negative alternatives.

It is interesting that NHA is not only a tool for officials in the political decision-making process but it is also a tool for the society to evaluate the outcomes of decisions adopted by political officials.

1.2. The Objective of the National Health Accounts

The main objective of National Health Accounts (NHA) preparation is the organization, systematization and submission of collection of information on national health system to facilitate the process of programming, development of policy and evaluation of efficiency in the sphere.

At the same time, the present report which involves the comparison of the NHA data table of several years will allow to evaluate:

- How does the level of participation of financing sources changed in parallel to the increase of the state budget allocations? Whether the burden of population is reducing and for what services?
- Whether the implementation of the state guarantees for the population is being improved in parallel with the increase of the state budget allocations, for e.g. do really specific types of health care services become free of charge for the population?

Structural flexibility of the NHA also allows to analyse the obtained results by population’s target groups or by activities, which are related to specific programs and illnesses, for instance, primary health care, maternity and childcare protection program, program for tuberculosis control, hospital care, etc.

1.3. Methodology of National Health Accounts

From a perspective of main definitions and terms, the NHA methodology is based on the terms and definitions of the “System of Health Accounts” developed by the Organization of Economical Cooperation and Development (OECD). The manual “A System of Health Accounts” developed by OECD defines international classification of Health Accounts where all types of health expenditures are divided into categories.

Despite the fact that the NHA is based on the classification of the “System of Health Accounts”, it also involves subcategories relevant for peculiarities of a specific country. Such flexibility allows the NHA to take into account multidimensional character of the health system.

1.4. Definition of Health Expenditures

According to the NHA definition the national health expenditures are all expenditures relating with the implementation of economical activities and aimed at maintaining and improvement of health and changes in the systems of living standard or financing of such activities. This definition applies to all types of facilities and organizations providing or financing health care services. For instance, the NHA allows including in the health expenditure estimates funds allocated for the education and training of medical personnel by the Ministry of Education and Science. In the same manner, not all the activities implemented by the Ministry of
Health fall under the definitions of health expenditures and are involved in the NHA. Thus, the NHA is
developed based on the aforementioned differentiations and exceptions.

When setting up the NHA, not the geographical boundaries of the country, but health functions related
to the citizens and residents of the country have been considered. Thus, for instance, the NHA involve health
care expenditures made for citizens and residents of temporarily residing abroad, and exclude health care
expenditures made in the country for foreign citizens. Health care expenditures made by the international
organizations, health care goods and services for residents of the hosting country are also considered as
National Health Expenditures.

1.5. Structure and Classification System of National Health Accounts

The NHA by its structure describes the health expenditures and is grouped in four tables. In the
present report an attempt will be made to present another table involving the categories of financial agents and
expenditures. All the tables are two dimensional and reflect financial flows from one category of health
service 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 four main categories of health system participants.

1. Financing sources (FS) responding to the following question: “Where do the funds come from?” For
instance, Ministry of Finance, 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 provides answer to the following question: “Who controls and channels
funds?” For instance, if the Ministry of Finance (financing source) provides funds to the Ministry of
Heath, then the Ministry of Health, in turn, decides on how to distribute the received funds within the
health system. For this reason, the Ministry of Health is recognized as a financial intermediary. Other
examples may involve insurance companies and other ministries (for instance, 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: “Who receive the allocated funds?” Providers are the
facilities, which provide health care services. For instance, private and public hospitals, polyclinics
and rural out-patients departments and sanitary centers, pharmacies, etc.

4. Health functions (HC) are services provided and activities implemented by the providers in exchange
for received funds. This category responds to the following question: “What service, product or
activity has actually been implemented?” Medical care, long-term nursing, medical goods (for
instance, drugs), preventive activities and health administration may serve as examples.

5. Providers of health services – Expenditures category involves data on the volumes of health service
(by categories) provided to the population by the organizations and facilities dealing with the
activities in health sector (hospitals, out-patient polyclinic institutions, etc.) and retailment of
pharmaceutical goods as well as on the incomes and expenditures (by directions) of those
organizations.

The main group of tables describes financial flows between the aforementioned categories of health
system. On the other hand, the financial flows can be very complex and involve numerous types of
participants and relationships between them.

1.6. The Process of National Health Accounts Preparation

The preparation of NHA is comprised of the following phases:

- Collection of data on health expenditures;
- Inputting of indices into the NHA tables;
- Data analysis;
- Spreading of the outcomes in the circle of users.

In the initial phase, while the problems of the institutionalization of NHA are not solved, the efficiency of
making the NHA tables mainly depends on the condition of the set up of task team with different specialists,
that started in Armenia since 2004-2005.
Another factor, contributing to the success of NHA is the coordinating committee in which the officials of the medium level of the Ministries of Health and Economy, representatives of the National Statistical Service, etc., are involved. To all appearances, the coordinating committee must play essential role in the institutionalization of NHA. The role of coordinating committee is also in providing the data available for the task team, as the preparation of NHA assumes complex collection of data from different ministries and departments, donor organization, providers, etc.

CHAPTER 2. ANALYSIS AND DESCRIPTION OF SITUATION

2.1. Socioeconomical Description and Main Sociodemocratical Features

Significant achievements in the country’s economic growth in 2001-2005, when the GDP growth was respectively 9.6, 13.2, 14.0 – 10.1 percent, provided new quality of real conditions for further improvement of socioeconomic situation. Inspite of significant economic growth and two-digit numbers, in the context of main indices, that include also poverty index, no significant impact has been registered. The characteristics of welfare of Armenia’s transition period is marked by the reality of poverty. The households surveys conducted in Armenia, on the results of which the evaluation of population investment in health expenditures has also been made, have the following definition: “Poverty is the inability to retain the minimum dimension of means, required to survive”\(^1\). The objective of integrated HH surveys is the study of living standards in Armenia, that conditions that the data of health expenditure made by population serve as component of non-material poverty. *This circumstance has considerably limited the possibility to use in NHA the data of health expenditures gained in the result of the mentioned survey by all the structural components: only the direct payments made in HH for the general health care services are included in NHA.*

The primary source of receiving information about population is the national census carried out in 2001, after which the number of population is estimated on the basis of current registration data, according to which 3214.0 of permanent population registered in 2004-2005 did not considerably change. Nevertheless, some changes may be seen while looking at demographic picture.

2.2. General Official Indices Characterizing Health Care System, Population Morbidity and Medical Care in the Republic of Armenia

*Description and General Indices of Health System.* In 2005 the in-patient treatment of population in the Republic was provided in 145 hospitals, 76.6 percents of which are within the jurisdiction of RoA territorial administration bodies, Marzpets (Regional Governors). Within their jurisdiction are also 398 or 86.9% of 458 ambulatory-polyclinic facilities functioning in the Republic. Health care facilities and internal forces are mainly concentrated in the biggest cities of the Republic (mainly in Yerevan, where 68.0% of physicians, 33.1% of in-patient medical facilities, 51.8% of hospital beds, 21.4% of ambulatory polyclinic facilities are), that creates serious obstacles in the sphere of provision of medical care accessibility for remote settlements of the Republic.

In 2005, 253.8 thousand people were hospitalizaed for in-patient treatment, per 1000 people it is 78.9 percents. 14.3% (36.2 thousands) of hospitalized are children from 0-14 age group. The average annual hospital beds occupancy was 173 bed/day, and the average length of stay of one patient – 9.8 bed/day.

There were performed 89282 operations, 14.1% of which were performed on children at the age of 0-17 that is 12607 operations, 76.3% of which were children from 0-14 age group.

4.1% of operations have been performed by endoscopic method. 473 people died as a result of operations, 2.1% of which were children from 0-14 age group.

During 2005, 247.9 thousands people (97.7%) were discharged from hospital, 3.9 thousands people (1.6%) died.

The relatively high indices of hospitalized in Yerevan are the result of existence of more modern equipments in hospitals, higher quality of health care services, accessibility of obtainment of medicines there. For that reason a part of patients, and a considerable part of ill people of settlements close to Yerevan, prefer to be treated in Yerevan.

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Activities of Ambulatory- Polyclinic Facilities.

Ambulatories in rural communities are the main facilities (hospitals, as a rule, are situated in the urban communities) providing primary health care (very often of comprehensive medical care also). 98.3% (225) of 229 ambulatories operating in the Republic in 2005 were in rural communities.

To present more clearly the picture of distribution it is necessary to note, that not all rural communities of regions have ambulatories and to some extent it is promoting the reduction of accessibility.

Stomatological medical care. In 2005, 32 adult’s and 9 children’s state stomatological (dental) clinics, 132 preventive medical facilities with state stomatological departments (rooms) and 94 private stomatological rooms were operating.

2.3. General Description, Composition and Structure of Health System

2.3.1. Description and Management of Health Sector

The RoA health sector includes:
1. The system of the RoA Ministry of Health;
2. The systems of other State Governing bodies implementing health services;
3. The system of health care facilities founded by the RoA Marzpet (Regional Governors);
4. Health care facilities founded by the Local Self-Governing Bodies;
5. Private health care facilities;
6. Local and foreign benevolent organizations and Non-Governmental Organizations (NGOs) implementing projects in the health sector;
7. Organizations of donor countries and international organizations implementing projects in the health sector.

The RoA Ministry of Health implements the state governance of other state governmental bodies providing health care services, health care facilities founded by the RoA Marzpet and the Local Self Governing Bodies as well as private health care facilities within the scope of state guaranteed programs (state order).

2.4. Health Financing

The health system of the RoA is financed from both internal and external sources. Main internal sources include direct payments from citizens and the state budget. The external sources of health financing are humanitarian aid and projects being implemented by donor organizations and foreign countries.

2.4.1. Internal Sources of Health Financing

1. The RoA State Budget

According to the draft of RoA state budget, there are two main approaches to the formation of health expenditures:
- to maintain health priorities;
- to ensure social orientation.

There are separate departmental health care systems operating to satisfy the health care needs of a part of population of Armenia and special groups, which are also financed from the state budget. However, the data on this financing are not available and they are not included in the data accepted as basis for analyses in this document.

In a result of positive trends in improving the state budget financing it is envisaged that the state budget allocations for health sector will reach at least 10% of the state budget in 2008, and 12% in 2015.

2. Direct payments

The largest health system financing source in the country are the direct payments, which amount to about 62 percent of health financing. If taking into account, that the direct payments for official payed

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services amount to 10-15%, then the prevalent part (about 90 percent) of direct payments is informal (shady) payments.

In the conditions of a socioeconomic crisis, despite a drastic reduction of paying capacity, the population was forced to undertake the large amount of payments for its health care needs, making direct informal payments. Though the legalization of paid services in 1997 pursued an objective of substantially reducing, if not eliminating, informal payments by the population, this, nevertheless, did not take place. The main and most important reason for such situation are the unjustified low prices for medical care and services provided in exchange for the state budget funds as well as for the paid services. The issues related to implementation and pricing of those services are, in essence, not regulated. The prices for paid services are set by the providers without the state’s intervention and regulation. Very often the prices for paid services are set within the framework of prices for similar services financed by the state budget or lower. As a result, the specific weight of paid services among the health sector financing sources is small enough and it is not exceeding 10-15 percent of the official budget expenditures, and in the RoA Marzes it is about 5%. Though, in parallel to the process of health care facilities’ privatization, trends of significant increase of those volumes have been recorded, the official paid services, thus far, cannot be considered as a source of available medical care of adequate quality and volume.

3. Co-payments

As an official financing source, the co-payments did not have a practical application until October 2003. Though in September-December 2001 the Government decree attempted to implement a pilot co-payment program for delivery support, it did not succeed as a result of serious lobbying by the health care providers. The co-payment in ambulatory polyclinic level started to function from 2004 in parallel with the launching of pharmaceuticals program with free and privileged conditions, that especially began to grow in further years. Under this program several groups of population use the free pharmaceuticals by making co-payments in the amount of 30, 50 and 70% of pharmaceutical.

Presently, in the level of hospital care, within the state order, since October 2003 in the hospitals of Yerevan it has been continued to charge a 10,000 AMD fee (around 18 USD) against healthcare provided to visitors for diseases and situations requiring emergency medical interventions.

4. Medical Insurance

Limited and insignificant volume of voluntary medical insurance is being written under existing Law on Insurance on RoA. This mainly includes a limited number of employees of international and foreign organizations and few private companies of the country. Under the existing circumstances, the voluntary medical insurance cannot solve major health issues in the country. At the same time, there are nearly no insurance companies, dealing with only voluntary medical insurance.

The community medical insurance schemes, which are functioning in several Marzes of the country, also can not solve major health issues, as they mainly do not go beyond several programs, for instance, partial provision of pharmaceuticals, provision of consultation of specialists of some specific field.

2.4.2. External Sources of Health Financing

The external sources of the RoA health system financing, by the classification of financing sources of the RoA NHA, are reflected in the “FS 3 The rest of the world” category, which in its turn is divided into 2 subcategories:
1. “FS 3 Centralized” subcategory, that registers all the expenditures made from outside world in the RoA health system, that are reflected in the RoA state budget.
2. “FS 3.2 Decentralized” subcategory, that is envisaged to summarize the information about expenditures made in the RoA health system from outside world in decentralized way /not reflected in the RoA state budget/. Particularly, this estimation summarizes the information about the expenditures in the RoA health system from the following 3 sources of the outside world.
   - Import and distribution of freights received from outside world and recognized as benevolent/humanitarian.
   - Works and services provided within the scopes of programs, financed from outside world and recognized as benevolent.
   - Expenditures of main international donor organizations in the RoA health system.
CHAPTER 3. METHODS AND SOURCES OF DATA

3.1. Data Collection Methods and Source Selection

The sources of data in different countries have different peculiarities, from which the following main sources have been separated for Armenia:

- **Records Made by National, Regional and Local Bodies of Health System are the More Comprehensive, Reliable and Accurate Data;**

- **Records Made by Insurance Companies (social and private-insurance):** the records of insurance companies must involve the insurance payments made to the households and companies, as well as medical and administrative expenditures of the insurer. Though, on the other hand, in the insurance registers may not be including the important data, for instance, direct payments as households copayments or partial payments to the providers of medical service. In this respect, it is very difficult to involve insurance companies as data sources. If considering also the specific weight of insurance payments and expenditures of insurance companies in overall health expenditure, then the attempts made to collect data in that direction may be underestimated.

- **Records of Providers of Medical Service:** Those data may be received either directly from providers or from regulating and financing bodies (for instance, from rating authority or licensed authority). The problem here is, that the providers may not be running the relevant required records as such administrative registers have not been required and are not applied by licensing or financing bodies. And in some cases, it may be out of competences of the body to require such registration. In addition to the aforementioned, the problem also becomes complex as the data on alternative medicine are not comprehensive and accurate.

- **Selective Surveys:** Selective surveys, in essence, are one of the important data sources on private expenditures. However, it must be considered, that resulting from the circumstance of expensiveness, the health sector surveys are not carried out periodically. In this circumstance, an attempt has been made to use the outcomes of one-year survey and to extrapolate it for the further years, however, in turn, the latter may also be problematic.

- **Data on Aid Provided by Donor Organizations:** The reports drafted by different organizations (United Nations Organization Development Program, World Health Organization, etc.) or ministry of health very often are including the comprehensive information, required for NHA preparation. Nevertheless, those reports are containing some questions, for instance, related to the estimation of cash value of not financial support (for instance, pharmaceuticals, vaccines) provided by the donor organizations.

To solve the aforementioned approaches and emerged problems an attempt has been made to:

- define the additional independent sources, which may be used to check the accuracy of the received data;
- try to get similar results at least from two different sources;
- if the calculations differ, the reason of differences must be decided;
- ignore minor differences;
- if the difference between calculations is big, it must be checked more carefully. Are they the estimations of the same expenditure articles? Are the definitions of expenditures the same? Aren’t the periods of time different? Are the estimations concerning the condition, that at one case, the calculations have been made in the way of enrolment, and at the other case, in the way of factual payment.

3.1.1. Selective Surveys

3.1.1.1. Methodology of Integrated Households Living Standards Survey

From the sources of collection of data about health expenditures of particular importance are especially the selective surveys in households, that allow having an idea about the expenditures of households made to maintain and/or restore health.

*The objective of the integrated households survey is the study of living standards in the RoA, as a result of which the data on health expenditures of population are considered to be the component of non-material poverty. This condition has considerably limited the possibility to use in the NHA, by all the system*
components, the data on health expenditures gained in the outcome of the mentioned survey. Nevertheless, the indices involved in the Section “j” of the “Health and Health care” integrated questionnaire of households living standards implemented by the National Statistical Survey of the RoA, allowed, at least in general, to obtain data on the overall expenditures of population for health care services, giving some details in that scope:

Resulting from answers to the questions of the aforementioned questionnaire it became possible to gain the appropriate indices:

1. “During the recent month have you consulted a doctor or have you visited the health facility to receive consultation or medical care service”? In the details of question the following reasons of visit are given: illness, injury, toothache, medical examination, vaccination, pre-natal care, post-natal care, urgent medical care, other. There are also described the following types of medical facilities: polyclinic, diagnostic center, hospital, ambulatories, private physician, other.

2. “During the recent month have you been laid up in medical facility”? In the details of question the following types of medical facilities are given: hospital, maternity house, private hospital.

3. “During the recent month have you consulted the sorcerers?”

4. “During the recent month have you consulted the private doctors/dentist, gynecologist, etc.?”. Taking into account the condition, that the indices gained in a result of the mentioned questions can not give the comprehensive idea about the indices necessary for National Health Accounts, the gained indices underwent the following changes:

- a figure of expenditures for the “other private physician” have been expelled, as such question could duplicate the other similar question in questionnaire
- 70.6 percent of the sum of expenditure for household treatment has been taken as the expenditures for pharmaceuticals and medical goods (the coefficient received as a result of the survey carried out in 2001-2002 by the National Statistical Survey of the RoA has been taken as a basis of the coefficient). The difference has been proportionally distributed on the indices of the expenditures made for other facilities.
- the official statistical index, promulgated by the National Statistical Survey of the RoA has been taken as a basis for the expenditures made for the sanitary houses
- the index of “to private hospital” has been added to the index “of hospitals”, considering the ambiguity of the answers of the responders to such question.
- the coefficient received as a result of survey, conducted by the National Statistical Survey of the RoA in the third trimester of 2006 (number of payments/number of calls) and the average size of payments, etc. have been taken as a basis for the estimation of expenditures made “for the urgent medical care”.

It must also be mentioned, that the results of selective surveys of “the expenditures made for the health services by the health organizations and pharmacies” and “households” conducted jointly by the National Statistical Survey of the RoA and International Center of Human Development had the following meaning for the preparation of the National Health Accounts 2005. With the outcomes of the organizations survey for the first time an attempt was made to prepare “Health care providers” – “Expenditures” table, with the annual results of 2005, taking into account the circumstance of sufficient minuteness of the indices involved in the questionnaire. On the other hand, the questionnaire also contained the information about the expenditures made by those organizations in the first six months of 2006, which will make prerequisites also for compilation of the table with the same name for 2006. As for to the survey “Expenditures made by the households for the health services”, conducted within the scopes of the group surveys, the results of it mainly were relating with the first six months of 2006 and they will be reflected in the National Health Accounts 2006. As for to the practical application of the latter for the national health accounts 2005, it did not go beyond the following two factors.

1. The systems of tools of the mentioned survey and of the integrated surveys of living standards, conducted periodically by the National Statistical Survey of the RoA and it is impossible to make correlation between them.

2. As a result of the introduction of the free ambulatory care system, since 2006 the structure of expenditures, and according to it the composition and structure of the all health expenditures made by population changed considerably.

In the next section the methodology of the selective survey of “the expenditures made for the health services by the health organizations and pharmacies” and “households” conducted jointly by the National Statistical Survey of the RoA and International Center of Human Development is described.
3.1.2. Methodology of the Surveys Conducted by the National Statistical Service of the RoA in 2006

As it has been mentioned in the report of National Health Accounts 2004, having studied the questionnaire of the surveys “the expenditures made for the health services by the health facilities and pharmacies” and “households” conducted in 2001-2002 by the National Statistical Service of the RoA, the task team came to the conclusion, that:

1. it is impossible to extrapolate completely the data of 2 surveys;
2. the second similar survey is required;
3. the identification and elaboration of the questionnaires of 2 surveys is required

Taking into the consideration the aforementioned, the task was given to elaborate and improve the questionnaires of the surveys, by adapting them to the problems of National Health Accounts preparation.

On the basis of that questionnaire two different surveys have been conducted jointly by the RoA National Statistical Service and International Center of Human Development NGO: on the expenditures made by the health facilities and pharmacies and households for the health services.

Survey objectives were:
- to receive complete and sufficient representative information on the volumes (by sorts) of health services provided to the population by the organizations and private entrepreneurs dealing with the activities of health sector (hospitals, ambulatory-polyclinic facilities, etc.) and retail of pharmaceutical goods, as well as on their incomes and expenditures (by directions).
- On the basis of survey conducted in households, to study the structure of expenditures made by the population for the health services by separate directions and ways (out-patient treatment, in-patient treatment, payable treatment at private physician, allopathic treatment, stomatology, etc.), as well as the proportions and sizes of financing from other sources of the expenditures made by the households for health services, by directions (own means, state health programs, medical insurance, means of employer, support provided by the international organizations, etc.).

The selection of survey was made by the RoA National Statistical Service by the following methodology:
- **households:** the selection of households provided the possibility to obtain representative disseminated results with Yerevan and “other Marzes” group. The survey in households has been conducted on the basis of households, providing 95 percent of reliability of the results to be gained. The extent of selection amounted to 1600 households. The formation of the combination of households selection was done on the basis of multi-level self-suspended selection method, i.e. the probability of the territorial unit selection is proportional to its size. The clustered exfoliation (stratification) by Marzes was made as the first step of selection, in proportion to the number of population (households). The selection of urban and rural communities for every Marz was made as the second step of selection. As the third step, from the comprehensive list of clustered households, the list of households involved in the selection was prepared by systematic or casual method. In the received lists, comparing with the programmed the additional list of households has been envisaged for the purpose of rotation, in case of refusing to participate in survey or disparity of addresses.
- **Organizations of health sector and pharmacies:** The selection was made on the basis of organizations, licensed by the RoA Ministry of Health, providing 95 percent of reliability of gained results. The selection of units of the selective surveys of the organizations was made by the method of exfoliation (stratification), allowing to minimize the value of selection error. The stratification was carried out by the Yerevan and other Marzes subgroups. The total number of organizations involved in the selection amounted to the 500.

3.1.3. Programs of Benevolent and Humanitarian Aid

3.1.3.1. Import and Distribution of Freights Received from Outside World and Qualified as Benevolent/Humanitarian

During 2005, by the Beneficiary Programs Coordinating Commision of the RoA Government, within the circle of programmes qualified as benevolent, the freights of 14,92 customs cost were imported to the
country from 37 countries, to the address of 138 organizations. The overall volumes /customs cost/ of the imported freights have reduced by AMD 3.5 billion comparing with 2005. But comparing with 2004, in 2005 in the overall volumes/cost of the imported freights, the share of freights, allocated to the health sector, has been amounting for 69.5% in 2005, instead of 50.54% in 2004. As a result, in spite of the reduction of the overall volumes /cost/ of the benevolent/charity freights imported to the RoA in 2005, comparing with 2004, the growth/induction/of volume/cost of the freights, related to the health sector has been observed, in 2004 the freight with AMD 9,309 billion of customs cost and in 2005 – with AMD 10,37 billion were imported. During 2005 the pharmaceuticals amounted to AMD 6.85 billion /66.1%/ and the devices – AMD 3.52 billion /33.9%/ in the overall volume of the imported goods relating to the health sector. The volumes of the pharmaceuticals, imported in 2005 increased by AMD 1,19 billion comparing with the imported during 2004, and the volumes of the imported devices, on the contrary, have reduced by AMD 130 billion, if comparing with the imported during 2004.

Only the customs cost of the pharmaceuticals, medical goods and devices received by the SNCO “Republican Center for Humanitarian Aid” of the RoA in 2005 reached AMD 6,67 billion / AMD 4,66 billion in 2004/ which is 64,3% of the total cost of the medical supplies/50,1% in 2004.

The observations of the Central Commission of the Humanitarian Aid of the RoA Government show that during 2004 and 2005 the significant part of freights imported through international and foreign organizations in the circle of programs qualified as benevolent, is allocated to the state organizations or is distributed through state organizations.

The expenditures of the freights qualified as benevolent and imported to the RoA health sector by the “FS 3 Rest of the World” are presented in Table 8 by the types of financial agents.

64.3 percent of the benevolent freights of medical supplies imported to the RoA during 2005 of AMD 6 668 163,4 thousand, was allocated to the public sector /HFA PUBLIC SECTOR CATEGORY/. In the process of import of medical supplies freights qualified as benevolent for the RoA health sector by the “FS 3 Rest of the World” the organizations of non-governmental /public/ sector implemented the functions of financial agent for/regarding freights with AMD 1 608 221,0 thousand customs cost, or regarding 15.5 percent of total customs cost of all the charity freights imported for health sector.

It needs to be mentioned, that in the process of import and distribution of freights with cost AMD 583 231,5 thousand /36.27%/ of freights with cost 1 608 221,0 thousand the functions of financial agent have been performed by “HF 2.4 Non-commercial organization”, and for freights with cost AMD 1 024 989,5 thousand /63.37%/ “HF 2.5.2 Private/with state share/facilities”.

Regarding the rest 20.2%, i.e. freights of AMD 2 093 015,6 thousand, of the overall volume /AMD 10 369 400,0 thousand/ of the benevolent freights relating with the health sector and imported to the RoA during 2005, for the reason of lack of more accurate data on the processes of their import and distribution, they have been classified into the “HF3.1. Programs to be implemented through the Beneficiary Programs Coordinating Commision of the RoA Government" subcategory. We suppose, that for the process of development of the RoA NHA in further years, it is important for the task team to envisage the implementation of several activities allow receiving more detailed information from the Central Commission of Humanitarian Aid of the RoA Government on the system of the volumes and stakeholders of the freights imported to the RoA and allocated to the health sector.

3.1.4. Expenditures Made by the International Donor Organizations in the Health System of the RoA

To evaluate and reflect in the RoA NHA system the expenditures made by the main international donor organizations in the RoA health system during 2005, this time also we used the methodic approach, developed during 2004 and partially applied /first phase/. This time also the second phase of methodic approach was not applied due to the lack of relevant means and time resources. As a result of summarization of data obtained from main donors with the developed questionnaire, during 2005 their expenditures in the RoA health system amounted to AMD 2651392.20 thousands, which totally have been implemented through/financial agencies/organizations/Table 10 of the Rest of the World, classified into the “HF 3. Rest of the World” category.

4 On the activities carried out in 2004 within the scopes of benevolent and humanitarian aid programs: Declarative decision of the RoA Government N 14./14.04.2005/.
4 On the activities carried out in 2005 within the scopes of benevolent and humanitarian aid programs: Declarative decision of the RoA Government N 14./13.04.2006/.
3.1.5. Collection and Assessment of Data on the State Health Budget Expenditures

Data on the state health budget expenditures were collected with the use of multiple source method. From this perspective, the information collected under the existing reporting system by the RoA Ministry of Finance and Economy, Ministry of Health and the State Health agency of the MoH has been studied and evaluated in the first place, to fill in the NHA standard tables for the RoA state budget part. An analysis of data submitted on the latter’s health systems’ descriptions was conducted, taking into account services by health subsystems, coverage of special categories, financing of health systems included in a particular department by main sources, client-provider relationships, coverage of population and scales of activity (resources). However, the information obtained applying the last method was mainly used to assess projects being implemented by the state in the health system, to compare it with already existing data and to evaluate it.

The data evaluated for filling in the tables were distributed across the main accounts, whose logical links and main hierarchical models are presented in the tables.

CHAPTER 4. MAIN OUTCOMES OF THE NHA

4.1. Development of Analytical Tables.

Thus, if we attempt to specify the main direction of the report, then, first of all, it is necessary to clarify as to what extent the efforts put into preparing the NHA were justified. To what extent the efforts put into preparing the NHA were justified and will they serve as a tool for decision-making in health system. In this regard, it is very important to note, that if the development of NHA in 2004 was itself the first attempt to introduce the NHA in Armenia, which should have served as a basis for development of additional methodological issues, existing data collection and evaluation approaches, and as a source and cornerstone for the future approaches to the NHA preparation, then the NHAs of 2005 and future years are giving much broader possibilities in the regard of distinctness, continuance and quality of data use.

4.2. Analysis

4.2.1. Financing Sources and Financial agents (FSxFAs)

To study the expenditure flows made against the health services by financial agents and financing sources we must refer to the FsxFA tables, that give the idea about which financial agent (institutional body or section) and from which financing sources paid the definite expenditures.

1. Public sector HF.A.1:

The whole volume of financing of public sector in 2005 as financial agent for health services provision amounted to AMD 39 827 million, for which as the financing sources served the public means at the rate of AMD 33 159 million or 83.3 percent of overall financing of this sector and the Rest of the World in the way of decentralized financing in the amount of AMD 6 668 million or 17.8 percent. In the general structure of public financing the financing implemented by means of the state budget means amounted to 99.7 percent and the financing by means of other state funds amounted to 0.3 percent.

The volume of financing implemented during 2005 in health field by the State Govening Bodies by means of state budget amounted to AMD 33 048 million compared to the index of 2004 of AMD 26 591 million, it 124.3 percent exceeded the level of previous year financing. The public financing was allocated to the Central Bodies of State Governanment and has been distributed between them by the proportions presented below.

The overall financing of the RoA Ministry of Health amounted to AMD 37 402 million (compared to AMD 24 268.5 million of 2004, the growth is 154.1 percent), financing from state budget means amounted to 93 percent, equal to AMD 30 734 million (98.5 percent in 2004), which at the same time amounted to 82.2 percent of total financing of only Ministry of Health and 77.2 percent of total financing of public sector. AMD 6 668 million (AMD 359.2 million in 2004 and the growth about 18 times) or 17.8 percent of total financing of the ministry (1.5 percent in 2004) was allocated by the sector of “Rest of the World” by the decentralized financing. In other words, all the financing of the second component of “Public sector” agent financing
sources has been allocated to the RoA Ministry of Health and the rest of the State Governing Bodies, involved in the sector have been financed exclusively by means of state budget.

Thus, 4.4 percent or AMD 1 462 million (5.4 percent and AMD 1 438.1 million in 2004 and 101.7 percent growth) of the state budget means and in general of financing of the sector from state sources has been allocated to the RoA Ministry of Labour and Social Issues (3.7 percent of the total financing of public sector), 1.9 percent of the volume of financing from state budget or AMD 615.1 million (1.7 percent and AMD 452.0 million in 2004 and 136.1 growth) to the RoA Ministry of Education and Science (1.5 percent of total financing of public sector), 0.2 percent or AMD 82.4 million (0.5 percent and AMD 139.3 million in 2004 and 62.2 percent growth) to the RoA Ministry of Transport and Communication (0.2 percent of total financing of public sector), about 0.1 percent (AMD 25 million) and 0.3 percent (AMD 76.4 million) correspondingly to the RoA National Security Service and the RoA Police. In respect to two state bodies the volumes of financing as well as specific weights had not underwent any changes in the system of total financing comparing with the previous year. The total financing from state sources in regard of the HF 1.1.1.7 TBD public sector component amounted to about AMD 165 million, of which AMD 53.6 million from state budget or 0.2 percent of financing from budget, AMD 111.3 million from other state sources.

Differing from 2004, when the sector “Rest of the World” in the amount of AMD 2 586.5 million in decentralized way financed the health facilities established by the State Self-Governing Bodies, in 2005 the whole financing of the Rest of the World has been allocated to the RoA Ministry of Health as we mentioned above.

2. Private sector HF.B (2). The overall volume of financing from financial agents for this sector amounted to AMD 75 081 million comparing with the AMD 75 058 million index of previous year and the growth rate is 100.03 percent. The shown indices are testifying that the volumes of financing implemented by this sector comparing with the 2004 remained almost unchanged. 96.7 percent or AMD 72 619 million (99.8 percent or (AMD 74 887 million in 2004 and 97 percent growth)) of the financing made in 2005 are the direct payments made by households of the component sector, the only financing source for which were the financial means of households, AMD 65 million or 0.1 percent (AMD 157.7 million and 0.2 percent in 2004 and 41.2 percent growth) of the total financing of the sector are the payments made by the private insurance organizations, that was financed from the financing sources of “private sector” on the means of employers/private enterpreneuers component, AMD 1 372 million or 1.8 percent of total financing has been allocated by the non-commercial organizations, that was financed by means of the “Rest of the World”. It is interesting, that in 2004 no financing has been made for this subagent sector. On the financial means provided by the “Rest of the World” in the amount of AMD 1 025 million or 1.4 percent of total financing (AMD 13.6 million in 2004 and growth rate is 75 times) the financing of health services has been made by means of the insurance programs provided by the private entreprenuers.

As a result, the volume of financing of “Private sector” agent increased by 03 percent comparing to 2004, though essential changes occured in the general system of financing regarding specific weights of several subagents. Particularly, in the system of general financing the specific weights of households has been cut by 3.1 percent point, at the same time the volumes of out-of-pocket health payments made by the households have also been cut by 3 percent. By almost 60 percent the volumes of payments made by the private insurance organizations have been cut, almost by 75 times the volumes of the payments made by the private enterpreneuers have been increased. In the structure of subagents of this sector the financing has been made by non-commercial organizations in the amount of AMD 1 372 million. Thus, on the background of the cut of the households direct payments, owing to the increase of the volumes of financing made by the outside world and private organizations or employers in 2005 the volumes of Private sector financing were retained and even increased comparing with the 2004. The presented changes of specific weights of the subagents in the general system of financing are the evidence of some improvement of the situation for households, with the implication of financing.

3. “Rest of the World” sector HF. 3. In this sector of financial agents the volume of financing in 2005 AMD 6 285 million, of which AMD 1 888 million was financed by means of the programs implemented by the Charity Programs Coordinating Commission under the RoA Government and AMD 4 397 million in the form of technical support and grants provided by donors. Furthemore, “Rest of the World” was the financing source for “Private 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.
Summarizing the National Health Accounts data of “financial agents and financing sources”

accounts or tables we are recording the following:

1. The overall financing made by the financial agents amounted to AMD 121 193 million, of which
   - Public sector: AMD 33 159 million;
   - Private sector: AMD 72 684 million;
   - Rest of the World: AMD 15 350 million.

2. The overall volume of the means provided from financing sources amounted to AMD 121 193.6 million, of which
   2.1 Financing from state sources/means: AMD 33 159 million, of which
       - state budget: AMD 33 048 million;
       - other state sources: AMD 111.3 million.
   2.2 From private funds/means: AMD 72 684 million, of which
       - means of employers/private facilities: AMD 65 million;
       - direct payments of households: AMD 72 619 million;
   3. Financing of the Rest of the World amounted to AMD 15 350 million, of which
       - decentralized: AMD 15 350 million.

4.2.2. Financial agents and Providers (FAXP)

To study the health expenditures flows by providers and sponsors the tables FaxP, that give idea about which institutional body or sector made the definite expenditure and who provided health service against that expenditures must be referred to.

Hospital group HP.1. By results of the gained data the volume of health care services provided by the hospitals (group HP.1) in 2005 amounted to AMD 66 560 million comparing with the index of 2004, AMD 64 037 million, the growth rate comparing with the previous year is 103.9 percent. The overwhelming majority of payments made against the mentioned services, AMD 49 530 million or 74.4 percent of overall financing (79.3% and AMD 49 750 million in 2004 and growth rate 99.6 percent) has been financed by means of the households. In general, the financing system provided by the hospital group has the following form by financed sectors:

- Public sector: AMD 15 652 million or 23.5 percent of overall financing, of which 99.5 percent (AMD 15 572) of this sector financing came from the public means allocated by the RoA Ministry of Health and 5 percent (AMD 80.5) from the public means allocated by the RoA Ministry of Labour and Social Issues.
- Private sector: AMD 50 412 million or 75.7 percent of overall financing, of which 98.3 percent of financing of this sector came from direct payments of households (AMD 49 530 million), 0.02 percent (AMD 13.7 million) from the payments made by the non-commercial organizations and 1.3 percent (AMD 868.2 million) from the payments of facilities with private/public sector participation.
- Rest of the World financing amounted only for the 0.8 percent or AMD 494.9 million of overall financing, that entirely was provided in the form of technical support and grants provided by donors.

The volume of financing implemented in 2004 has been provided in the following proportion: public governance bodies 20.4 percent and not public/private sector (that involved the following two components: direct payments of private insurance companies and households) 79.6 percent.

Comparing with 2004 in 2005 the financing of private insurance companies was lacking in the sponsors system, in “Private sector” the financing by means of non-commercial organizations component and the whole “Rest of the World” sector was added.

The financing of AMD 15 652 million by means of State Governmental Republican Bodies by components of “Hospitals” group has the following form:

- multiprofile hospitals: 59.8 percent (AMD 9 362 million);
- psychiatric hospitals and narcological dispensaries: 9 percent (AMD 1 413 million);
- specialized hospitals: 29.5 percent (AMD 4 606 million);
- health centers/sanatoriums: 1.7 percent (AMD 272.3 million).
The volume of the financing of “Hospitals” group made by menas of the state amounted to the (AMD 37 342 million) 41.9 percent of the overall public financing.

The system of overall financing of AMD 66 560 million allocated to the Hospitals group by all financial agents has the following form by providers:

- Multiprofile hospitals: 85.3 percent (AMD 56 762 million);
- psychiatric hospitals and narcological dispensaries: 2.1 percent (AMD 1 413 million);
- specialized hospitals: 11.1 percent (AMD 7 366 million);
- non-allopathic/alternative medicine hospitals: 0.3 percent (AMD 232.6 million);
- health centers/sanatoriums: 1.2 percent (AMD 786.6 million).

From comparing of 2004 and 2005 indices of specific weights of the services provided by the system component of the “Hospitals” group the existence of significant changes is evident, in particular the specific weights of the services provided in the overall system of services by the multiprofile hospitals have been cut with 0.2 percent, by the psiciatric hospitals have been increased with 11.3 percent point, by specialized hospitals have been increased with 1.6 percent point and by health centers have been increased with 0.4 percent point. It is typical, that in 2005 the services of AMD 236.6 million were provided by the non-allopathic/alternative hospitals.

The **multiprofile hospitals subcategory**, 85.3 percent of the services provided to the population by hospitals in the amount of AMD 56 762 million (87.5 percent or AMD 55 878 million in 2004 and rate of growth 101.6 percent was provided by the “Multiprofile hospitals” (HP 1.1) subgroup, which, in turn, is classified into public (HP 1.1.1) and private (HP 1.1.2) multiprofile hospitals components. When observing the mentioned expenditures by the sponsors sectors, it turns out, that 83.5 percent of the overall volume (85.4 percent and AMD 47 735 million in 2004) has been financed by means of private sector, including direct payments of households of AMD 47 103 million amounted to 99.4 percent of the expenditures of this sector (99.7 percent in 2004), and the payments of private insurance companies amounted to 0.6 percent (in the system of overall expenditures: 83% and 0.5% respectively. In the overall system 99.1 (97.1 in 2004) percent (AMD 9 281 million, AMD 7 906.1 million in 2004) of public financing (AMD 9 362 million, AMD 8 143.2 million) with 16.5 (14.6 in 2004) percent specific weight was made by the RoA Ministry of Health and 0.9 percent (AMD 80.5 million) by the RoA Ministries of Labour and Social Issues. It is typical, that private sector financing has been involved in the “Multiprofile hospitals” group of the gained tables, without private and public statues differentiation. The differentiation was conditioned by the impossibility of registration, as the data is received in a result of questioning of households, and the objective of the integrated survey of households is the study of living standards in the RoA, and hence no such differentiation of expenditures made on health care is envisaged by the questionnaires. Therefore, only the direct payments made in households against the general health care services are presented in the NHA and the possibility of use of the mentioned data in NHA by all system components is excluded. Unlike NHA tables of 2004, in the structure of indices of 2005 concerning the direct payments made by households there is also information concerning payments made against services of maternity hospital subcomponent of specialized hospitals component of AMD 680.6 million, allopathic hospitals AMD 232.6 million and health centers AMD 514.3 million.

The volumes of public financing made by two ministries have been distributed in the following proportion. 67.7 percent (AMD 9 281 million) of the financing made for this group of providers by the RoA Ministry of Health was allocated to the multiprofile public hospitals, 32.3 percent (AMD 2 997 million) to the private hospitals.

The volume of financing (AMD 80.5 million) made by the RoA Ministry of Labor and Social Issues has been distributed almost uniformly: 55.9 percent (AMD 45 million) fell to the number of multiprofile public and 44.1 percent (AMD 35.5 million) to the multiprofile private hospitals.

**Psychiatric hospitals and narcological dispensaries subcategory (HP 1.2).** The overall volume of the services provided in 2005 in this subcategory of hospitals amounted to AMD 1 412.7 million (AMD 1 459.4 million in 2004), which made 2.1 percent of financing of this group of providers. The financing of the provided services has been implemented entirely by the public sector (the RoA Ministry of Health). Though, there is marked cut of the volume of financing or provided services with the amount of AMD 46.7 million, nevertheless in the whole system of provided services, as we mentioned above, the specific rate has considerably increased from 0.8 percent to 12.1 percent.
**Specialized hospitals subcategory (HP 1.3).** The overall volume of the services provided in this subcategory of hospitals amounted to AMD 7 365.9 million (AMD 6218.8 million in 2004) (11% in the whole system), 62.5 percent of which (AMD 4 606.2 million) has been financed by means of public sector (on the means of the RoA Ministry of Health). The direct payments of households made up the 22.8 percent or AMD 1 680.6 million, non-commercial organizations made up AMD 13.7 million, private/with state share/organizations made up AMD 570.4 million and financial means of the Rest of the World made up AMD 494.9 AMD of the overall volume of financing of services.

In the specialized hospitals subcategory by specialization the following hospital groups are involved:

- a/ Tuberculosis treatment hospitals (HP1.3.1) – the volume of the provided services amounted to AMD 1 260.3 million, of which AMD 901.9 million have been financed by means of the public sector and AMD 358.4 million by means of the Rest of the World.
- b/ Oncological hospitals (HP1.3.2) – the volume of the provided services amounted to AMD 906.9 million, of which AMD 776.3 million have been financed by means of the RoA Ministry of Health and the rest (AMD 130.6 million) by means of the private/with public participation/organizations.
- c/ Maternity houses (HP1.3.3) – the volume of the provided services amounted to AMD 3182.3 million. It is typical, that in the whole system of financing the direct payments of households have been prevailing: AMD 1680.6 million or 52.8 percent. The financing of the “Rest of the World” section in the form of technical support and grants (HF 3.3) provided by the Donors amounted to AMD 66 million and financing of public sector amounted to AMD 1 435.6 million, 45.1 percent of overall financing.
- d/ The services of AMD 54 million provided by the performers (HP1.3.4) of HIV/AIDS health care have been entirely financed by means of the RoA Ministry of Health.
- e/ By other hospitals (HP1.3.9) the services of AMD 1 962.3 million have been provided to the population, of which 73.3 percent (AMD 1 438.4 million) formed the public sector financing, AMD 453.6 million formed the private sector financing by the non-commercial (AMD 13.7 million) and private /with state share/organizations (AMD 439.9 million). The Rest of the World has financed the services provided by this hospitals group with the amount of AMD 70.4 million in the form of technical support and grants.

**Non-allopathic /alternative/ hospitals group HP1.4.** As against previous year, in 2005 the provision of health care services by non-allopathic hospitals have been recorded with the amount of AMD 232.6 million, which was totally financed by means of the direct payments of households.

**Health centers/Sanatoriums subcategory (HP 1.5).** – The volume of the provided services amounted to AMD 786.6 million or 1.2 percent of the overall volume of services provided by the hospitals group. The prevalent part of financing, 65.4 percent (AMD 514.3 million), formed the direct payments of households. The other AMD 272.3 million has been financed by means of the RoA Ministry of Health.

**Nurse care and residential care organizations group HP.2.** Exclusively by the “Retirement home” subcategory of this group of providers the health care services of AMD 830.7 million (AMD 967.9 million in 2004) have been provided to the population, that has completely been financed by means of public sector (the RoA Ministry of Labor and Social Issues).

**The group of ambulatory medical services providers (HP 3).** The following subcategories by types are involved in the group: consulting rooms, dental rooms, consulting rooms of narrow specialists, polyclinics, medical and diagnostic centers, providers of home health care services, other providers providing ambulatory services. Every group is also divided into subgroups.

The overall volume of the services provided to the population in 2005 by this group of health care service providers amounted to AMD 22 951.2 million (AMD 15807.3 million in 2004 and rate of growth was 145.2 percent). The financing of the services performed by the providers was made by means of three main sectors, particularly the financing of public sector amounted to 51.6% or AMD 11 836 million of the overall (49.6 percent and AMD 7845.3 million in 2004), the financing of the private sector amounted to 38.1 percent or AMD 8746 million in 2004, against 52.2% and AMD 7 709.4 million of the financing in the form of exclusively households direct payments, external sector or the Rest of the World 10.3 percent or AMD 2 369.3 million in 2004, against 1.2% and AMD 252.3 million.
In comparison with 2004 the essential changes are obvious in financing volumes as well as specific weights of every agent and in connection with the changes of specific weights of financing concerning the separate components in the system of three sections of the agents.

In the system of public section financing the prevalent part of financing, 98.8 percent or AMD 11 700 million (98.2% or AMD 7702.8 million) is made by the RoA Ministry of Health (about 51 percent (48.7%) in the system of overall expenditure). The rest 1.2 percent formed the financing of the RoA Ministry of Transport and Communications (AMD 82.4 million) and other public financing (AMD 53.6 million).

If the whole financing of public sector in 2004 fell exceptionally to the number of direct payments of households, then in 2005 the payments of households amounted to 95.6 percent (AMD 8359.5 million) of overall financing of public sector in the amount of AMD 8746 million, the financing of non-commercial organizations - 4.4 percent (AMD 385.5 million) and private organizations financing - in the amount of AMD 1 million.

Again, in comparison with the 2004, one of the essential changes is the protocol of financing by the Rest of the World in the amount of AMD 2 369.3, which was 10.3 percent of financing of the services of the group.

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

*HP 3.1 Consulting rooms* – the service volume amounted to AMD 2148.1 million or 9.4 percent of the total. Financing by agents: state financing: AMD 1185.5 million (AMD 728.3 million in 2004) or 55.2% of the overall, AMD 462.4 million (AMD 748.7 million in 2004) or 21.5 percent of expenditures of subgroup is the private sector financing, of which direct payments made by households are AMD 394.8 million and the financing made by non-commercial organizations is AMD 67.6 million. 23.3 percent of financing or AMD 500.1 million comes from the outside world in the form of technical support and grant projects.

The main part of services provided by the consulting rooms subgroup AMD 1 708.5 million falls at the number of general practitioners rooms.

*HP 3.2 Dental rooms* – the volume of the provided services amounted to AMD 693.1 or 3 percent of the overall, which was financed respectively by public financing - AMD 522.7 million (AMD 303.1 million in 2004), direct payments of households - AMD 153.7 million (AMD 115.3 in 2004), means of non-commercial organizations - AMD 12.3 million and the Rest of the World - AMD 4.3 million.

*HP 3.3 Rooms of the other narrow specialists* – AMD 732.8 million (AMD 134.1 million in 2004) is completely the financing of the Rest of the World.

*HP 3.4 Polyclinics* – the overall volume of the provided services is AMD 14 521.6 million or 63.2 percent of the total. Has been financed by means of the 3 sectors of agents, particularly: public financing was AMD 9 285.3 million (AMD 5951 million in 2004), direct payments of households - AMD 4 783.9 million (AMD 5165.6 million in 2004), by financial means of non-commercial organizations - AMD 177.4 million and financing of the Rest of the World in the form of technical support and grants projects - AMD 274.8 million.

*HP 3.5 Medical and diagnostic centers* – unlike the previous year, the financing of services provided by this subgroup of providers for AMD 2 355.4 million (AMD 1384.1 million in 2004) was made exceptionally by means of private sector, particularly: direct payments of households - AMD 2 353.4 million and the means of non-commercial organizations - about AMD 2 million. In 2005 no financing was made by means of the public and the Rest of the World sector.

*HP 3.9 Other providers providing the ambulatory services* – the overall volume of the provided services amounted to AMD 2 500.2 million or 10.9 percent of the overall. The financing was made by means of three sectors of agents with the following distribution: public financing - AMD 842.4 million (AMD 772.6 million in 2004), of which AMD 760 million (AMD 629.8 million in 2004) - by means of the RoA Ministry of Health (of which AMD 635.7 million (AMD 551.6 million in 2004)) for the urgent medical care and AMD 110 million (AMD 78.2 million) for the providers providing services in the field of blood and other organs bank and AMD 14.3 million relating to the ambulatory care services, AMD 82.4 million (AMD 394 million in 2004) is the financing of the RoA Ministry of Transport and Communications. AMD 799.6 million (AMD 394 million in 2004) is the financing of the private sector, of which AMD 673.6 million - the direct payments of households and AMD 126 million - the means of non-commercial organizations. The financing from the Rest of the World was made by means of technical support and grants provided by the donors in the volume of AMD 857.2 million (AMD 252.3 million in 2004).
The group of retailers of pharmaceutical and medical supplies and other providers HP 4. The volume of the provided services amounted to AMD 15 063 million (AMD 17427 million in 2004), which almost entirely was financed by means of the direct payments of households (AMD 14 962 million), the rest AMD 101.4 million was the financing of public sector by means of National Security Service and Police.

Implementation and administration of public health care programs HP 5. In this group of healthcare services providers the volume of the provided services amounted to AMD 2 513.3 million (AMD 2210.5 million in 2004 “the rate of growth - 113.7 percent). The distribution of the provided services by the components of this group has the following form: 29 percent or AMD 729.6 million related with the hospitals’ control, that completely fell to the lot of prevention and control of the HIV/AIDS, 66.4 percent or AMD 1669.1 million made up the sanitary epidemiological control and 4.6 percent or AMD 114.7 million – the services provided by the other organizations. 67.5 percent or AMD 1696.3 million of the financing made in 2005 (55.8% and AMD 1233.7 million in 2004) was made by the public sector – exceptionally from the means of the RoA Ministry of Health. The rest of expenditures - 32.5 percent or AMD 785.1 million, was financed by the “Rest of the World” sector – by means of technical support and grants provided by the donors.

Health management HP 6. According to the table data, the overall expenditure of the health management in 2005 amounted to AMD 7721.1 million, the prevalent part of which AMD 7163.9 million or 92.8 percent formed public health management expenditures (the RoA Ministry of Health), and the rest – AMD 492.2 million or 7.2 percent, is the technical support provided by donors.

The group of organizations providing services related with health care HP. The volume of provided services amounted to AMD 1459.8 million (AMD 1168.4 million and the rate of growth - 124.9 percent in 2004), which was financed by public sector (AMD 615.1 million or 42.1 percent of the overall, in 2004 – AMD 668.3 million or 57.2% of the overall) and by private sector (AMD 755.5 million and 57.9 percent of the overall). As compared with 2004 the essential change has been recorded concerning the donors, as in previous year, the other financing agent was the “Rest of the World” sector with the financing of AMD 500.1 million or 42.8% of the overall expenditures of the subgroup. Public financing, unlike 2004, has entirely been made by means of the RoA Ministry of Education and Science. The financing by private sector has been made by means of the non-commercial organizations.

The rest of the World HP 9. The volume of the provided services and, naturally, the volumes of financing amounted to AMD 1281.3 million (AMD 1264.8 million in 2004 and the rate of the growth - 101.3 percent). In the system of donors the public sector prevailed, AMD 1260.3 million or 98.4 percent of the overall financing (in 2004 - AMD 1158.1 million and 91.6% of the overall financing), the distribution of which inside the sector has the following form:
- The RoA Ministries of Health and Labor and Social Issues, AMD 598.6 million and 46.7 percent (AMD 363.2 million and 31.4% in 2004) respectively, and AMD 550.4 million and 43 percent (AMD 662.4 million and 57.2% in 2004) and AMD 11.3 million of the financing of the other financing sources.
- Other public financing amounted to AMD 111.3 million or 8.7 percent of this financing of providers (AMD 132.5 million and 11.4% in 2004).

The financing made by the Rest of the World in 2005 in the form of charity programs, technical support and grants amounted to AMD 21.1 million (AMD 47.1 million in 2004).

Having summarized the data of National Health Accounts “Financial agents and providers” accounts or tables – we are recording the following:
1. The overall financing made by the financial agents amounted to AMD 121 193.6 million, of which
   1.1 Public sector - AMD 39 767.4 million;
   1.2 Private sector - AMD 75 158.2 million;
   1.3 Rest of the World - AMD 6 268.1 million.
2. The overall volume of the services provided by providers amounted to AMD 121 193.6 million, of which:
   2.1 Hospitals group – AMD 66 559.9 million, of which
      - multiprofile hospitals - AMD 56 762.1 million;
- psychiatric hospitals and narcological dispensaries - AMD 1412.7 million;
- specialized hospitals - AMD 7 365.9 million;
- non-allopathic hospitals – AMD 232.6 million,
- health centers/sanatoriums - AMD 786.6 million.

2.2 The group of nurse and residential care organizations - AMD 830.7 million;
2.3 The group of out-patient medical services providers – AMD 22 951.2 million;
2.4 Pharmaceutical and other medical supplies providers group – AMD 15 063.4 million;
2.5 Implementation of public health care programs – AMD 2 513.3 million;
2.6 Health care administration and insurance - AMD 7 721.1 million;
2.7 The group of providers of the services related with health care - AMD 1 459.8 million;
3. The Rest of the World - AMD 1 281.3 million
4. Providers, not classified by types - AMD 128.3 million.

4.2.3. Financial agents and functions (FAxF)

To study by functions and donors the flows of expenditures made against health care services it is necessary to refer to FAxF tables, which give an idea on concerning which function of the institutional organization or department and by means of which sector the definite expenditure has been financed.

1. Medical care services group HC 1. According to the table data the overall expenditure of the services provided health-related medical functions amounted to AMD 77421.7 million (AMD 71695.8 million in 2004 and the rate of the growth – about 108 percent), 27% financing of which (AMD 20917.6 million) was made by Public sector (the means of the RoA Ministry of Health and other public means), 70.5% (AMD 54571 million) – direct payments of private sector (direct payments of households – AMD 54498 million, non-public/private insurance companies means – AMD 65 million and non-commercial organizations means – about AMD 80 million) and 2.5% (AMD 1861.2 million) - from the Rest of the World. At the same time, in the system of the private sector financing the direct payments of households amounted to 99.9% (AMD 54498 million).

While observing the system of this group of functions in general and by financing sources, it becomes obvious, that the financing against medical services amounted to 63.9 percent of the overall financing concerning the functions. Within the group of functions only the 79.8 percent of the overall expenditures (AMD 61784.4 million) (84.6% in 2004) made the payments against the medical care in out-patient conditions, that by financing sources has been divided in the following way: 20.4% (AMD 12580.6 million) made up the state financing and 79.1% (AMD 48848.3 million) – private sector financing, 99.9% of which are the direct payments of households. The out-patient medical care component is the second by the functions implemented in this functions group or by the size of specific weight in the whole financing system: AMD 15506.1 million or 20 percent, 36.9 percent of which financing (AMD 5715 million) are the direct payments of households, 52.6 percent are the means of the RoA Ministry of Health, AMD 1502.7 million is the financing of the Rest of the World.

It is specific, that the least financing and consequently the services of the smallest scales from four subgroups of this group have been provided health-related daily implemented in- patient care – AMD 128.2 million, and home health care services- no function or financing have been implemented.

2. The rehabilitation aid services group HC 2. The volume of provided services, as a result of implementation of functions of this group, amounted to AMD 1316.8 million or 1.1 percent of the volume of all functions, 60.9% of which (AMD 802.4 million) was financed by the public sector, 90% (AMD 721.9 million) by means of the RoA Ministry of Health and 10% (AMD 80.5 million) by means of the RoA Ministry of Labour and Social Affairs respectively. The financing by private sector, as direct payments made by households, amounted to 37% (AMD 345.6 million) of the total.

The financing made by the RoA Ministry of Health, by components of functions of this group fell mainly to a number of ambulatory rehabilitation medical care – AMD 727.7 million and rehabilitation medical care performed in the Daily in-patient department – AMD 74.7 million.
Conditioned by the methodology of households questioning, the distribution of financing by the subcomponents implemented by this sector is impossible to achieve, that is why it is not reflected in the tables.

3. **Long-term nurse care services HC 3.** There are no data in the table neither about provided services nor about financing in regard with this group of functions.

4. **Auxiliary health care services HC 4.** The volume of services provided in this functional group amounted to AMD 3814.7 million or only 3.1 percent of all the services (AMD 3731.7 million in 2004), which was financed by the public sector (the specific weight in the overall system – 30.4% or AMD 1158.9 million) the RoA Ministry of Health, and the financing of private sector – AMD 2655.8 million or 69.6 percent, which almost entirely is composed of direct payments of households - AMD 2 644.8 million.

The volume of public financing by subcomponents of the group has been distributed in the following way:
- The financing of functions of clinic laboratories in 2005, unlike AMD 733.1 million of the previous year, made up zero.
- Diagnostic services financing in 2005 again was zero (AMD 165.6 million) in 2004;
- Financing of functions of patients’ urgent medical care and transportation – AMD 1048.9 million (AMD 920.5 million in 2004);
- Financing of all the other additional services - AMD 110 million (AMD 261 million in 2004).

Financing made by the household sector has been distributed accordingly: diagnostic services - 2353.4 (AMD 1285.8 million in 2004 and urgent medical care and transportation of patients - AMD 291.4 million (AMD 27.1 million in 2004).

5. **Medical supplies distributed among the ambulatory patients HC 5.** The volume of services provided concerning functions involved in this group amounted to AMD 18187.3 million and 15 percent of overall services or financing (AMD 20006.8 million in 2004), which was financed accordingly by public sector AMD 3189.6 million or 17.5 percent of the overall financing with regard to this sector (AMD 2395.7 million in 2004), of which AMD 2537.8 million – the financing of the RoA Ministry of Health (79.6% of Public financing), the RoA Ministry of Labor and Social Affairs - AMD 550.4 million or 17.3% respectively. The financing made by the National Security Service under the RoA Government and the RoA Police amounted to accordingly - AMD 25 and 76.4 million or 4.1% of public financing. The public financing of the functions of this group has been implemented concerning the components - Pharmaceutical and other goods of short-term use and therapeutic means and other medical supplies of long term use.

From Private sector, particularly – households subcategory with the amount of AMD 14962 million or 82.3% of the overall financing. Financing done by the non-commercial organizations providing services to the households amounted to AMD 23 million and has been directed to the obtainment of pharmaceuticals and other medical supplies of short-term use.

The financing of the Rest of the World has been implemented by means of charity programs, amounted to AMD 12.8 million (0.4%) and has been directed to the pharmaceutical and other medical supplies of short-term use.

6. **Prevention of illnesses and public health care services HC 6.** The volume of services with regard to the functions involved in this group amounted to AMD 4210.7 million or 3.5 percent of the overall volume (AMD 946.5 million in 2004), which was financed, correspondingly by public sector at the rate of 67.1% or AMD 2826.6 million, of which the financing of the RoA Ministry of Health - AMD 2744.2 million and the financing made by the RoA Ministry of Transport and Communication – AMD 82.4 million. The financing from the Rest of the World amounted to AMD 1228.2 million or 29.2%, which entirely made up the means provided by the charity programs.

Unlike 2004, in 2005 the financing has been made by private sector – by financial means of private organizations.

Financing of functions and, consequently, the distribution of the provided services by the subcomponents presents the following picture:

Health of a mother and child – the RoA Ministry of Health – AMD 642 million and the Rest of the World – AMD 803.8 million;
Health care in schools – the RoA Ministry of Health – AMD 345.9 million;
Prevention of infectious diseases - the RoA Ministry of Health – AMD 1756.4 million and the Rest of the World – AMD 424.4 million
Health maintenance in industry – the RoA Ministry of Labor and Social Affairs - AMD 82.4 million and the Rest of the World - AMD 803.8 million
Prevention of non-communicable diseases – financial means of the private organizations – AMD 155.8 million.

Concerning the functions involved in this group, the services have been provided for AMD 1374.6 million or 1.1 percent of the overall volume (AMD 517.7 million in 2004), 67.3 percent of the overall volume (AMD 925.7 million) has been financed by the Public sector (the RoA Ministry of Health) and 32.7 percent (AMD 448.8 million) by the Rest of the World. In 2004 all the financing has been made exclusively by the Public sector.

8. Other health expenditures not classified by type HC.nsk
The volume of services related to functions involved in this group amounted to AMD 1429.3 million or 1.2 percent of the total (AMD 2231.8 million in 2004), which was financed exceptionally by public sector - 41.9% or at the amount of AMD 598.6 million by the RoA Ministry of Health and the rest 58.1 percent by the RoA Ministry of Labor and Social Affairs. Comparing with 2004, financing by the other sectors (the Rest of the World) was lacking.

9.1 Forming of a stock of facilities providing health services HC R 1. The volume of services related to the functions involved in this group amounted to AMD 10940 million or 9 percent of the total, which was financed, relevantly, by the public sector with the amount of 72.9 percent or AMD 7966.5 million (88.2% in 2004 or AMD 1917.7 million), of which the financing made by the RoA Ministry of Health – AMD 7240.1 million (50.3% in 2004), by the RoA Ministry of Education and Science - AMD 615.1 million and other public sector financing – AMD 111.3 million.
Financing of private sector amounted to AMD 2127.6 million or 19.4 percent of the overall.
Financing by the Rest of the World was implemented at the amount of 7.7 percent or AMD 845.8 million (11.8% or AMD 256.7 million in 2004).
10. The expenditures not classified by HC,R nsk.
The volume of services related to the expenditures not classified by type amounted to AMD 2498.7 million, of which AMD 610.7 million was financed by the RoA Ministry of Health and AMD 1888 million by the Rest of the World sector.

Having summarized the data of National Health Accounts “Financial agents and functions” accounts or tables – we are recording the following:
1. The overall financing made by the financial agents amounted to AMD 121 193.6 million, of which
   1.1 Public sector - AMD 39 827.8 million;
   1.2 Private sector - AMD 75 081.3 million;
   1.3 Rest of the World - AMD 6 284.5 million.
2. The overall volume of the performed functions amounted to AMD 121 193.6 million, of which:
   2.1 Medical care services – AMD 77 421.7 million, of which
   2.2 The rehabilitation care services - AMD 1316.8 million;
   2.3 The auxiliary services of medical care – AMD 3814.7 million;
   2.4 The medical aid distributed among the ambulatoires patients – AMD 18187.3 million;
   2.5 Prevention of diseases and public health services – AMD 4210.7 million;
   2.6 Administration of health and medical insurance - AMD 1374.6 million;
   2.7 Other health expenditures not classified by type - AMD 1429.3 million;
   2.8 Health-related functions - AMD 10940 million
   2.9 Expenditures not classified by type - AMD 2498.7 million.
4.2.4. Providers and Functions (PxF)

To study the health expenditures flows by providers and health services it is necessary to refer to FPxF tables’ indices, which give an idea by which provider and in which form of health service has the definite expenditure been made and how much its cost was.

1. **Medical care services group HC 1.** According to the table data the overall volume of the provided services concerning the functions of medical care amounted to AMD 67448.7 million, 73% of which (AMD 49267.6 million) was provided by the multiprofile public hospitals union. At the same time, the volume of the services provided by this union almost entirely was made by the medical care performed in ambulatories - 99.9% (AMD 49263.3 million), and the rest - AMD 4.3 million – the medical care performed in the in-patient department. In the system of specialized medical care performed in the daily conditions, according to the tables, the data is existing concerning anti-tuberculosis (AMD 13.6 million) and obstetrics (AMD 2260.6 million) services.

The picture of the specific weight of the medical care services provided by the other subgroups of the Hospitals union is the following:
- Multiprofile private hospitals - 3.2% (AMD 2200.1 million);
- Psychiatric hospitals and narcological dispensaries - 2% (AMD 1357.9 million);
- The subgroup of the specialized other hospitals with all its components, in all - 4.2% (AMD 2706.3 million);
- Health centers - 0.2% (AMD 43.9 million);
- The nursing and residential health organizations group with all its components - 2.6% (AMD 1745.7 million);
- The group of providers of ambulatory services (HP 3) - 17.4% (AMD 11754.5 million).
- Health administration HP 6 - 0.2% (AMD 157.7 million).

According to the health care components the specific weights of the services provided by the providers mainly concur with the proportions of the services provided by the multiprofile hospitals and with the logic of the content of services and conformity of the providers.

2. **Rehabilitation services group HC 2.** The volume of services provided as a result of implementation of the functions of this group amounted to AMD 995 million, which was provided by the following main groups of providers: 96.9% (AMD 963.2 million), nursing and residential health organizations - 2.3% (AMD 22.8 million) and organizations of public health group - 0.8% (AMD 8.2 million).

It is specific, that the prevalent part of the services provided in the hospitals union fell to the lot of “Other hospitals component” of the specialized hospitals subgroup - AMD 357.6 million (36% of the overall) and Health-centers/Sanatoriums subgroup – AMD 480.2 million or 48.3% of the volume of all the services in all. In all the services for AMD 0.5 million provided the multiprofile public hospitals (0.05%), AMD 81.8 million - multiprofile private hospitals (8.2%) and the hospitals of tuberculosis treatment provided the services for AMD 43.9 million (4.4%). All the mentioned services as a whole or its prevalent part made up in-patient rehabilitation medical care.

3. **Long-term services of nurse care HC 3.** There are no data in tables concerning the provided services as well as providers concerning the functions of this group, which is conditioned by the lack of the relevant reporting system for the data obtainment with regard to the mentioned service and minor volumes of the possible services implemented by the mentioned service. In turn, the latter is conditioned by the lack of relevant legislative field required for the organization and functioning.

4. **The auxiliary services of medical care HC 4.** The volume of services provided in this functional group amounted to AMD 2744.1 million, of which 1.2% (AMD 26.5 million) made up diagnostic services, the rest 98.8% the services of urgent medical care of the ward and transportation. 10.8% (AMD 296.3 million) of the auxiliary services of medical care provided the multiprofile public hospitals, 0.7% (AMD 18.2 million) – tuberculosis treatment hospitals, 0.1% (AMD 3.6 million) - obstetrics, 8.8% (AMD 240.4 million) - all the other facilities of the residential health care, 1.5% (AMD 42.1 million) - physicians (general practitioners) consulting rooms, 1% (AMD 27 million) - polyclinics providing out-patient health services, 50.1% (AMD 1375.8 million) - the subgroup of the medical and diagnostic laboratories of the out-patient health care providers sector and 20.1% (AMD 551.6 million) - the urgent medical care service of the other providers of
out-patient services subgroup. The services for AMD 182.8 (6.7%) provided the other facilities providing services relating with health care. The services for AMD 6.4 million provided the HP.nsk providers not classified by types.

5. **Medical supplies distributed among the ambulatory patients HC 5.** The volume of services provided in this group amounted to AMD 18602.2 million, of which 93.7% (AMD 17427 million) provided by the commercial organizations of pharmaceutical retail of Pharmacies subgroup of the ambulatory services providers sector. The services for AMD 428.6 million (2.3%) provided the centers of services of all the other multiprofile out-patient and jointly provided services of the same sectors. The volume of services provided by the public health sector in the form of pharmaceuticals, medical supplies and auditory devices of short-term use amounted to 0.4% (AMD 75.7 million). The volume of services provided by the Rest of the World amounted to 3.6% (AMD 662.4 million). The services for AMD 8.5 million provided the HP.nsk providers not classified by types.

The data received from the organizations dealing with pharmaceuticals retail, unfortunately, didn’t allow categorizing the volume of the provided services by types of medical supplies.

6. **Prevention of diseases and public health services HC 6.** The volume of services provided in this group amounted to AMD 2147.3 million, that financed two main sectors of providers – Providers of out-patient health services and Public health, 24.4% (AMD 523.9 million) and 75.6% (AMD 1623.4 million) respectively.

The following services have been provided in the system of out-patient health services by subgroups and types of functions:
- By Physicians (General practitioners) consulting rooms subgroup – AMD 51.8 million (9.9% or 2.4% concerning the total)
- By the subgroup of the consulting rooms of the other specialists of health/medical care – the services for AMD 88.2 million (16.8% or 4.1% concerning the total) provided by the Health of a mother and a child, family planning and consultation component.
- From the services provided by the polyclinics serving as separate juridical person of the other out-patient multiprofile subgroup – AMD 208.7 million (39.8% or 9.7% concerning the total) AMD 48.3 million provided the Health of a mother and a child, family planning and consultation, AMD 102.9 million health services in schools and services for AMD 57.4 million concerning the infectious diseases and prevention components.
- The services provided for the AMD 35.9 million provided the juridical persons functioning in the system of Health centers.
- All the other organizations providing the out-patient services provided services for AMD 139.3 million (41.8% or 7.1% with regards to the total) with regards to the Health maintenance in the industry component.

The following services have been provided in the system of public health sector by subgroups and types of functions:
- With regards to the overall group of functions the services for AMD 293.8 million (13.7% of the total) provided by the Diseases control subgroup – AMD 197.9 million (9.2% of the total), HIV/AIDS prevention subgroup, Sanitary epidemiological subgroup – AMD 942.9 million (43.9% of the total), the other organizations subgroup – AMD 188.9 million (8.8% of the total) (of which services for AMD 32.2 million concerning all the other services of the public health component).

7. The volume of services provided by Health and medical insurance management component (Public management of health HP 6.1) amounted to AMD 505.7 million.

8. **Other health expenditure not classified by type HC.nsk.**

The volume of services provided concerning the functions involved in this group amounted to AMD 2231.8 million, which financed, accordingly – the public sector in the amount of 37.6% or AMD 840 million, of which the financing made by the RoA Ministry of Health – AMD 112.6 million or 13.4% (5% in the overall system) and the financing made by the RoA Ministry of Labor and Social Affairs – AMD 727.4 million or 86.6% (35.6% in the overall system). The financing by the Rest of the World was made in the amount of 62.4% or AMD 1391.8 million, of which 49.1% (AMD 682.7 million, 30.6% in the overall system)
formed the means provided by the charity programs and 50.9% (AMD 709.1 million, 31.8% in the overall system) made up the technical support and grants provided by the donors.

The volume of services provided concerning the functions involved in this group amounted to AMD 1147.9 million, which provided, correspondingly – Multiprofile public hospitals – in the amount of AMD 243.2 million (21.2%), Multiprofile non-public hospitals – in the amount of AMD 5.2 million, Specialized hospitals – in the amount of AMD 393.7 million (34.3%), Consulting rooms – in the amount of AMD 132.5 million (11.5%), Organizations implementing the diseases control – in the amount of AMD 51 million, other organizations subgroup of the Public health sector – in the amount of AMD 140.8 million (12.3%), educational and research institutions – in the amount of AMD 126.1 million and providers not classified by types – in the amount of AMD 51.8 million.

10. Health related functions HC.R.2 The volume of services provided in this functional group amounted to AMD 477.6 million.

The volume of services provided in sphere of Health ecology amounted to about AMD 458.1 million.

12. Expenditures not classified by type HC.R nsk. The volume of services provided with regard to this group of functions amounted to AMD 1260.3 million.

4.2.5. Providers and Expenditures (PxE)
Within the circle of this report’s preparation works an attempt was made to fill in also the HP X RC “Health care providers - Expenditures” table of the National Health Accounts, as a basis for which was taken the data involved in the questionnaires of one-time survey “On the financial activities of the Health organizations and pharmacies” conducted jointly by the National Statistical Service of the RoA and International Center of Human Development NGO in the third trimester of 2006 (with the annual results of 2005 and results of the first six months of 2006). The objective of the survey was to receive complete and sufficient representative information on the scopes (by sorts) of health activities provided to the population by the organizations and private entrepreneurs dealing with the activities of health sector (hospitals, out-patient polyclinic facilities, etc.) and retail of pharmaceutical goods, as well as on the incomes and expenditures (by directions) of those organizations. As a basis for preparation of HP X RC table the results spread over the main union of indices involved in the section 5 “Classification of expenditures by nature” of the questionnaire of the mentioned survey were taken.

According to the results obtained by survey and spread over the main union, the expenditures made in 2005 by the health services providers have been characterized in the following proportions.

The expenditures made by the hospitals in 2005 amounted to AMD 14474.2 million, of which – the current expenditures - AMD 14122.2 million, stock expenditures – AMD 352.0 million. 45.5 percent of the current expenditures have been directed to the remuneration of labor of hired employees, 35.4 percent – obtainment of goods and services (of which – goods - 70.0 percent, services - 30.0 percent), and the expenditures directed to the depletion of main stock and other current expenses amounted to, correspondingly - 13.8 and 5.3 percent. Concerning the stock expenditures the picture is as following: the expenditures made for buildings and constructions amounted to 79.5, and 20.5 percent fell to the lot of expenditures made for the medical devices.

The expenditures made in the reporting period by the out-patient health services providers amounted to AMD 32863.6 million, of which – current expenditures – AMD 32002.1 million, stock expenditures - AMD 861.5 million. 47.7 percent of the current expenditures were directed to the remuneration of labor of hired employees, 36.4 percent - obtainment of goods and services (of which – goods – 77.7 percent, services – 22.3 percent), and the expenditures directed to the depletion of main stock and other current expenses amounted to,
correspondingly – 8.7 and 7.1 percent. Concerning the stock expenditures - the expenditures made for buildings and constructions amounted to 88.3, and expenditures made for the medical devices - 11.7 percent.

The expenditures made by the organizations and private entrepreneurs dealing with the retail and wholesale of pharmaceutical goods and medical supplies amounted to AMD 20906.4 million, of which – current expenditures – AMD 20251.9 million, stock expenditures - AMD 654.5 million. 37.3 percent of the current expenditures were directed to the remuneration of labor of hired employees, 32.1 percent - obtainment of goods and services (of which – goods - 24.5 percent, services - 75.5 percent), and the expenditures directed to the depletion of main stock and other current expenses amounted to, correspondingly –3.9 and 26.7 percent. With regard to the stock expenditures - the expenditures made for buildings and constructions amounted to 98.2 percent, and expenditures made for the medical devices - 1.8 percent.

As it may be seen from the aforementioned indices, the volumes of expenditures made by the hospitals and out-patient health services providers, in general, have been characterized by the almost similar proportions by type, whereas in case of the organizations and private entrepreneurs dealing with the retail and wholesale of pharmaceutical goods and medical supplies, for instance, the expenditures made for the obtainment of goods, which amounted to 75.5 percent, made up essential specific weights in the system of the expenditures made for the obtainment of goods and services.

Having summarized the aforementioned it needs to be mentioned that, by results obtained by the surveys and spread over the main unions, the expenditures made in 2005 by the health sector organizations in general in the period of time amounted to AMD 68244.2 million, of which – current expenditures - AMD 66376.2 million, stock expenditures - AMD 1868.0 million.

It also needs to be mentioned, that as indices, the proportions formed by the results of preparation of this HP X RC table, may be also applicable for the purpose of definition of system of indices distribution for the National Health Accounts of the future years.

Chapter 5. Conclusions.

The NHA 2005 is the second attempt of National Health Accounts in Armenia, that is why it is more improved with regard to the solution of tasked problems, methodology and as for the comparison it already has two years experience. With regard to the lacking data, we can underline, that we can not mention that in the overall volume of the RoA financial flows of health are involved in the NHA 2005, but we can add, that every year it will become more comprehensive.

To make the further development of NHA more complete, comprehensive and regulated, for the provision of their more detailed analysis, so called current issues, that should be constantly addressed and improved, and main problems, the solution of which requires political decision-making way be separated. The current issues cover definition of methodological issues, collection of data required for the completion of NHA tables, etc.

In the line of problems can be separated:
1. Institutionalization of the National Health Accounts;
2. Approval of the administrative registers and forms required for the NHA data obtainment;
3. Software for the NHA standard tables completion and development and preparation of analytical tables.

5.1. Definition of methodological issues

A number of methodological issues have come up during the preparation of Armenia’s 2004 NHA, which have solutions in the international practice, but peculiar for each individual country and require an appropriate solution, an attempt was made to solve them to some extent when preparing the NHA 2005. The task team members provided partial and justified solutions for a number of those issues (they are presented in detail in the Chapter 3 of this report). Nevertheless, the following methodological problems still require solutions:
1. The NHA tables should be refined in such a way that they enable the processing of collected data by regions, age and sex groups, diseases, types of health care services and cost types of economic classification;
2. Further development of the diary of the questionnaire of the annual “Households living standards integrated survey” conducted by the RoA NSS, in compliance to the requirements for completion of the NHA standard tables;
3. Review of the “Classifier for Types of Economic Activity” approved by the RoA NSS;
4. Review of the classifier for the “Product Classification by Types of Activity” approved by the RoA NSS;
5. Review of the “Occupation Classifier” approved by the RoA NSS.

5.2. Collection of data required for the completion of NHA tables

By our evaluation even in the result of NHA institutionalization for the preservation of the integrity of the NHA standard tables there will be a necessity to conduct such one-time surveys, that the data received by them fill up the gaps of the data obtained with the information flows on health financing.

The problem is also the evaluation of the activities of non-governmental organizations in health sector, concerning the expenditures, that non-governmental organizations receive financial means linked with the freights and services qualified as benevolent and programs financed by the major international donor organizations, then the integration of the latter in NHA is full, and in the condition of existence of the the other sources of incomes, the data are lacking according to our evaluation. At the same time, it needs to be mentioned that, some organizations do not implement extensive programs, therefore the mastering of data on the latter is not accessible.

5.3. Software for the compilation, development of the NHA standard tables and preparation of analytical tables

Taking into account two years experience of developing and preparation of Armenia’s NHA, as well as to ensure the regularity of appropriate data collection for the NHA of the following years and compatible evaluation - by years - of information received and to turn the process into a permanent live statistical exercise, it is necessary to develop and install a software for completing, processing and analyzing the NHA standard tables, thus, establishing foundations for a NHA IT subsystem within general (existing) health IT system. Design an automated system with appropriate software for the collected NHA data processing, as well as addition of different bases of health financing to the NHA data base.

5.4. National Health Accounts institutionalization

The NHA institutionalization is long-term process, during which the NHA preparation activities, appropriate systems and values are being turned into the constituent part of the state functioning. After the institutionalization the organizational unit, that is responsible for the collection, analisis and submission of data on the health expenditures is formed. Such complicated process may last for years and be accompanied by the various calculations, till the NHA has not be fully integrated into the circle of the official functioning. One thing is clear, no matter what are the options, the ideas on the NHA’s so called “house”, in the process of the NHA institutionalization the following four phases are important:
- Phorming institutionalization requirement of polytical officials,
- The study and evaluation of the existance of resources and competences for the NHA’s preparation during the attachment of the functions of NHA preparation to the system unit;
- Standardization of the data collection and analyzing process;
- Definition of requirements for the reports’ preparation.

As a first issue in that direction pointed out by us is listed - forming the requirement of polytical officials of the importance of the institutionalization, by our evaluation this phase is considered to be riped, as in 2004 the NHA aroused big interest and response of the interested parties and it will be applicable for the equipment of data sources of the analytical methods of health sector, as well as for the poltical decision-making. The dynamic lines of the NHA standard tables may serve as typical models for the evaluation of the process of reforms. In present phase of health financing system reforming, when the budgeting based on results is being layed, when non-financial indices describing every program are being put in the system, the National Health Accounts will be the only comprehensive data source characterizing financial flows of the health system. According to our evaluation, the standard tables of the NHAs 2004-2006 and the analysis on the latter will
allow the necessity of having the NHA to pass from general usefulness to the boundary usefulness or more definitely to the necessity of the latter.

**The second** issue of the question of institutionalization is the attachment of the function of NHA to some System unit of public administration. Therefore, we see the possible suggested option – the State Health Agency, which in case of existence of some investments and competences, with its man and technical resources, will be ready to the further NHA data collection and preparation, as well as provision of concise data to the RoA National Statistical Service. However, as regarding discussion we evaluate that the aforementioned proposal has its strong and weak points. As for the attachment of the mentioned function to the RoA National Statistical Service, by our evaluation it’s not an efficient solution, as the state statistical system must deal with the collection and analysis of data on macroeconomic level, therefore the collection and generalization of health system data by this system may efficiently be involved in the National Accounts or in so called §satellite¿ accounts. We suppose, that by our estimation, in result of close cooperation between two aforementioned systems it is possible to have perfect health accounts.

**The third** issue of the question of institutionalization is the definition of requirements to the preparation of accounts. The TT is not a juridical person and in its organizational relations it functions with the support of interdepartmental council, therefore the problems’ solution process requires legal concretization, and we suppose, that the integration of the aforementioned function to the system of public administration will allow making definite decisions and solution and regulation of issues on the level of decision of the RoA Government.

Concerning the definition of requirements of the preparation of reports we propose to develop the additional statistical and financial reports about the financial flows in health system (for instance - “On the financial flows of the health care organizations”), that will be proposed by the NHA TT and in the result of the NHA institutionalization may become the most important part of the Administrative Register of the RoA MoH.