

ZdravReform

Draft Strategy for Ukraine

3/29/95

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ZdravReform's Program in Ukraine
3/29/94

1. Introduction/Background

The *ZdravReform* Program is designed to provide assistance with health financing, organization, and management reforms in former Soviet Union. USAID contracted with Abt Associates for *ZdravReform* for a three year period which began in January 1994. In addition, USAID has the option to extend the contract through the end of 1998.

ZdravReform's original mandate was to concentrate its resources on Russia and the countries of Central Asia, with some resources available for other countries in the region. Any activity in Ukraine was to fall into the other countries category. In April 1994, however, USAID shifted its policy to specifically allocate *ZdravReform* resources to Ukraine.

In May 1994 USAID/Kiev conducted discussions with *ZdravReform* in Washington, leading to an initial *ZdravReform* visit to Ukraine in July. The July visit included travel by *ZdravReform*, USAID/Kiev, and Ministry of Health (MOH) representatives to several oblasts where reform activities already were in progress. The sites visited included L'viv, Ivano-Frankivsk, Chernivtsi, and Odessa. Dnepropetrovsk was visited later. As a result of the visits and discussions with USAID/Kiev and the MOH, a series of "rapid response" technical activities were planned for September-December 1994 to provide concrete examples of the kind of assistance *ZdravReform* could provide (these "rapid response" activities are summarized in Annex 1).

The overall strategy for *ZdravReform* in Ukraine has three parts: national activities and intensive demonstration activities in Odessa and L'viv (see sections 4, 7, 8, 9, and 10 below for more on the intensive demonstration site (or IDS) strategy followed by *ZdravReform*). Activities performed in local areas outside of the IDSs are included under the national activities heading, since they are managed out of the *ZdravReform*/Kiev office. The strategy responds to four sets of goals or objectives: (1) those in the USAID strategic framework for Eastern Europe and the New Independent States (NIS) (countries of the former Soviet Union, except the Baltic states); (2) those in the Ukraine MOH Collegium Resolution of February 1995; and (3) and (4) the constraint/problem and objectives statements agreed to in Odessa and L'viv in the planning workshops conducted in March 1995 with *ZdravReform's* help.

This strategy is made up of the following sections: *ZdravReform* Resources, Overall Goals of the *ZdravReform* Ukraine Program, Overall *ZdravReform* Strategy for Ukraine CY '95-'96, USAID Strategic Framework, Ministry of Health Collegium Resolution, Constraints to a Successful Health System, *ZdravReform* Resources, Odessa Problems and Objectives, Odessa Activities, L'viv Problems and Objectives, L'viv Activities, and National Activities.

The strategy for Odessa covers the 12-month period, April 1995-March 1996. A re-planning will take place in December 1995 to revise the January-March 1996 portion of the strategy and to cover the remaining nine months of *ZdravReform* assistance. The national and L'viv strategies cover the 21-

month period April 1995-December 1996, though it is expected that modifications will be made along the way.

2. *ZdravReform* Resources

The *ZdravReform* Program in Ukraine has the following resources at its disposal for addressing the constraints in the system:

- Technical Assistance - the provision of technical specialists in various fields, such as accounting, quality assurance, information systems, management, economics, and data analysis.
- Training - the conduct of training courses, particularly training of trainers; development of curriculum; provision of training materials; and assistance with development of training institutions.
- Dissemination - the exchange of information within Ukraine, within the former Soviet Union, and from around the world on experience and methodologies concerning health system reforms.
- Grants - the provision of financial and technical support to innovative health reform activities on a competitive award basis.
- Long-term advisors in Kiev, L'viv, and Odessa, complemented by Peace Corps Volunteers, Ukrainian specialists, and support staffs in the three offices.
- Support of the Bethesda Headquarters technical and administrative staff and consultants and *ZdravReform*-wide activities.
- Learning and cross-fertilization from other NIS *ZdravReform* activities

3. Overall Goals of the *ZdravReform* Ukraine Program

Given the resources of *ZdravReform* and the constraints on health sector success, the program sets the following goals for advancing Ukraine's health reforms:

- Assist the MOH and Verkhovna Rada with health financing, organization, and management policy making and analysis
- Develop MOH policy analysis capabilities
- Develop national training capacity in health financing, organization, and management
- Assist intensive demonstration site (IDS) authorities and providers with the conceptualization, implementation, and evaluation of health reforms

- Develop IDS policy analysis and training capacities
- Disseminate information about health reform from IDS, Ukraine, NIS, and worldwide experience

4. Overall *ZdravReform* Strategy for Ukraine 1995 and 1996

In the NIS *ZdravReform* concentrates its resources in demonstration sites (IDSs), where reform policies can be tested by actual implementation. The results from those activities are fed into national policy making. *ZdravReform* provides smaller amounts of resources to select activities outside of the demonstration sites and the national level. In summary the *ZdravReform* strategy for Ukraine conforms to this overall approach:

- An office in Kiev will coordinate all activities and assist the Verkhovna Rada and MOH with national policy and the development of analytical and management capabilities
- Two IDSs in western (L'viv) and eastern (Odessa) Ukraine, will serve as areas where comprehensive and integrated market-oriented reforms are devised and tested with *ZdravReform* assistance. *ZdravReform* provides the IDSs with resident and short-term external and Ukrainian advisors, Peace Corps Volunteers, and support staff
- Other *ad hoc* activities will be conducted to support innovation

5. USAID Strategic Framework

The *ZdravReform* strategy for Ukraine must fit within the USAID strategic framework for Eastern Europe and the NIS. This strategic framework has four levels of hierarchy: (1) Strategic Assistance Area; (2) Program Objective; (3) Impact Indicator; and (4) Country-specific Targets. *ZdravReform's* work falls under Strategic Assistance Area 3: "Social Sector Restructuring: Strengthen the capacity to manage the human dimension of the transition to democracy and a market economy, and help sustain the neediest sectors of the population during the transition period." Program Objective 3.2, "Improve the sustainability of social benefits and services", covers *ZdravReform*. At level 3, there are two Impact Indicators of *ZdravReform's* work:

- A: "Market reforms introduced into the health care sector."
- B: "Improved efficiency, quality, and access to health care services."

The Country-specific Targets of *ZdravReform's* work respond to these Impact Indicators in the form of "chronological and often quantitative change(s) in an impact indicator which indicate whether a program objective is achieved in a specific country." Section 8 shows how Odessa planned *ZdravReform* activities in Odessa relate to Impact Indicators A and B. Specific measurable indicators corresponding to each *ZdravReform* activity nationally and in the IDSs are presented in a separate detailed work plan.

6. MOH Collegium Resolution

In addition to the USAID strategic framework, the *ZdravReform* program in Ukraine should respond to the expressed needs for assistance with health reforms at the national level. These needs can be represented by the Resolution of the 1995 annual meeting of the MOH Collegium, held in February in Dnepropetrovsk, "On Activities of Agencies and Institutions of Health Care in 1994 and On Measures Aimed at the Branch Reform". The Resolution begins by stating the necessity to:

- Elaborate laws and legislative instruments for implementation of state policy during the transition to a market system
- Elaborate the concepts of principal trends in health system reform
- Elaborate standard acts of health care
- Work out a structure of primary and secondary health care establishments and a system of licensing and accreditation
- Bring health management into line with current requirements

The Resolution goes on to authorize the organization of working groups to address the issues falling under the above headings. Several of the issues concern management, financing, and organization reforms, the areas covered by *ZdravReform*. These are shown in short form in Box 1 (due dates given in the Resolution in parentheses) and in the form the Collegium wrote them up in Annex 2. Section 8 shows how Odessa planned *ZdravReform* activities in Odessa relate to the issues identified by the MOH Collegium.

7. Odessa Problems and Objectives

The *ZdravReform* program of activities in Odessa is guided by the objectives set for health management, organization, and financing reforms agreed to by a group of health sector opinion leaders and policymakers assembled by the Oblast Health Department in March 1995. These objectives were set following agreement about problem statements in the concerned areas. The following are the statements of problems (labelled OP.x to indicate Odessa Problem number x) facing the Odessa oblast health system.

Box 1: Collegium Objectives

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|-------|---|
| 1.1 | Structure of Medical Care (May 1, 1995) |
| 1.2 | Reduction of beds (April 15, 1995) |
| 1.3.1 | Per capita allocations (April 15, 1995) |
| 1.3.2 | Additional sources of funds (April 15, 1995) |
| 1.3.3 | Performance based pay (April 15, 1995) |
| 1.4 | Accreditation and licensing (April 1, 1995) |
| 1.6 | Privatization and paid services (May 1, 1995) |
| 2.4 | Dental self-financing (no date) |
| 4.2 | Information systems (May 1995) |
| 4.3 | Health education and promotion (April 1, 1995) |
| 7.1 | General practitioners' interaction with secondary care physicians (September 1, 1995) |
| 7.2 | Management training for general practitioners (November 1995) |
| 8.2 | Create a labor market and preparation for GPs (July 1, 1995) |

- OP.1. Financing is inadequate to absent
- OP.2 Available resources are used inefficiently
- OP.3 Quality of services is uneven
- OP.4 The legal context for reform is unclear

Given agreement about the problems faced by the Odessa health system, the group of opinion leaders stated the following objectives (labelled OO.x to indicate Odessa Objective number x) for reform:

- OO.1 Diversify and rationalize financing
- OO.2 Improve efficiency in allocations of funds among facilities in the system and within facilities
- OO.3 Improve the quality of health of the population
- OO.4 Improve the quality of health services
- OO.5 Improve the responsiveness of the system to consumers' needs and wants
- OO.6 Protect the relative equity of access to health services now in place
- OO.7 Clarify the legal environment for reform

8. Odessa Activities

The activities shown in Box 2 (labelled OA.x for Odessa Activity number x) were agreed to as items to address the identified objectives over the 12-month period, April 1995 to March 1996. By the end of 1995, the experience gained in the first nine months of execution of this plan will be used to revise the remainder of this plan and to plan for the remaining nine months of assistance (through December 1996).

The activities in this plan respond to one or more of the indicators and objectives set out by USAID, the MOH Collegium, and the group of Odessa opinion leaders. The correspondence between the indicators and objectives and the activities is summarized in Annex 3. A GANTT chart in Annex 4 shows the time schedule for these activities. Annex 5 is a table showing the correspondence between the proposed activities and goals at the national level, plus how the activities are expected to be evaluated and their results disseminated. A brief narrative about each of the activities follows.

Box 2: Odessa Activities	
OA.1	Conceptual training in economics and insurance
OA.2	Evaluation of self-financing
OA.3	OHD and MHD legislation and monitoring and evaluation capacity
OA.4	Pilots
	OA.4.1 budget allocations
	OA.4.2 paying doctors
	OA.4.3 autonomy of management
	OA.4.4 insurance pilot (FHC)
OA.5	Dissemination
	OA.5.1 seminars
	OA.5.2 papers & reports
	OA.5.3 end of 1995 conference
	OA.5.4 training materials
OA.6	Training
	OA.6.1 OMU and Academy of National Economy
	OA.6.2 Nurse/Feldsher College
	OA.6.3 specific skills for pilots
	OA.6.4 health management for head physicians
OA.7	Replication ("Roll Out") of self-financing

OA.1 Conceptual training in economics and insurance

A series of conceptual training sessions, covering the fundamentals of health economics and health insurance, is designed to fill conceptual gaps in health policymakers' and opinion leaders' understanding of the choices, interrelationships, and tradeoffs in alternate forms of health financing and organization. The result of the training is better information and analytical tools for making choices and guiding policy in making market-oriented reforms in the health system. Among the topics to be covered in the series are: market economics concepts applied to the health field, interactions between the health sector and the market economy, comparative worldwide experience with approaches to financing and organization of health services, including form of ownership, and alternative roles of government in health systems. The training sessions on health insurance are to cover topics including the concept of insurance, peculiarities of insuring health services, risk, managed-care and single-payer systems, and regulation.

OA.2 Evaluation of self-financing experiments

Self-financing experiences in Odessa are to be critically evaluated to identify how they may be improved, to draw lessons for replication, and to inform the process to provide them with a legal framework. A choice that has been made by the Odessa health authorities is to seek user and third-party payments, in addition to government budget financing for health services. The critical evaluation with already

accrued experience with such initiatives will allow them to be deepened and broadened to include other facilities and services as is appropriate (e.g., some user payment for ambulatory acute care for adults is widely accepted, whereas in many cases childhood immunizations are paid for by government subsidies). In addition to the Family Health Center (FHC), two general polyclinics, a dental polyclinic, and one hospital in Odessa have self-financing systems in place and their management is willing to have the programs critically evaluated. The FHC self-financing program already has been critically evaluated.

OA.3 Oblast Health Department and Municipal Health Department legislation and monitoring and evaluation capacity building

At both the Oblast Health Department (OHD) and Municipal Health Department (MHD) there is a need to develop, justify, and enforce new legislation to provide a framework for reforms (e.g., the self-financing initiatives described above). As a complement, the OHD and MHD need the capacity to develop and enforce regulations falling under the health legislation. Another complement needed is the capacity to monitor and evaluate the outcomes of policies, so that they may be modified or replaced as necessary. The monitoring and evaluation of results will focus on the extent to which the objectives for reform are achieved, paying particular attention to preserving equity of access to services for the disadvantaged. With the advent of market-oriented reforms, the Departments will need to learn how to use the indirect policy tools of the power to tax, spend, and regulate.

OA.4 Pilots

A package of three building blocks (OA.4.1, 4.2, and 4.3) of market-oriented reforms at the facility level are to be developed and tested in a related set of providers, expected to be a hospital and one or two polyclinics serving a similar population to that served by the hospital. The package of building blocks will apply no matter what overall market-oriented reform strategy is chosen. Once the reforms have been refined to good working order in the pilot facilities, they will be replicated to other facilities in the oblast, with the pilots used as training and internship sites. The package of reforms includes:

- productivity- and quality-related mechanisms for allocation of funds to providers (building on the experience in Drohobych and elsewhere), such as on a per capita basis
- productivity- and quality-related methods of paying personnel, especially doctors (there already is some experience with this in Odessa that will be built upon)
- autonomy with accountability for management of providers

Another initiative that will be the subject of a pilot is managed-care insurance (OA.4.4). The Family Health Center is interested in trying a small-scale open-book experiment with this form of financial risk sharing. The unhappy experience Odessans have had with property insurance in the first few years following independence has made them skeptical of the viability and desirability of developing health insurance. Careful development, monitoring, and evaluation of this pilot will allow policymaking to be better informed about the risks and possibilities of developing health insurance, in addition to knowing what legal and regulatory complements are required.

The need for financing, management, and organization reform is acute in both rural and urban areas. The above pilots all will be conducted in Odessa City. Information will be gathered about problems specific to rural areas and about facilities where management is interested in participating in pilot activities. Then, reforms to be developed and tested will be designed and assigned to pilot facilities.

The results of all pilots will be used to inform policy, disseminated, and, where successful, replicated in other facilities around the oblast, both rural and urban.

OA.5 Dissemination

Odessa opinion leaders, policymakers, and managers in the health sector feel that they are in an information "vacuum" concerning alternatives for reform. To help fill the "vacuum" there will be a series of seminars (OA.5.1) presented by external, regional, national, and local experts on topics related to health financing, management, and organization. Many of the seminars will be given by technical experts who come to Odessa to work on aspects of the reform program. They may speak about the work itself or other related experiences. Others will be presented by local experts based on their work with local initiatives.

Papers and reports (OA.5.2) flowing from health reform work around the world, most translated into Russian and Ukrainian, will be made available to health sector personnel in Odessa. These will include a *ZdravReform* newsletter and reports from *ZdravReform* activities elsewhere in the former Soviet Union and Ukraine. Also included will be training materials (OA.5.4) developed for various sites.

A conference is planned for the end of 1995 (OA.5.3) where Odessans can present the results of important reform work and begin to re-set the course for reforms for 1996, based on the results of 1995. A publication including the most important papers from the conference will be published and disseminated.

OA.6 Training

The capacity to train experts in health financing, management, and organization in Odessa is weak. There is no capability to prepare doctors, nurses, and feldshers to work in a market-oriented system. Health administration is conducted by doctors who receive no management nor administrative training.

Thus, the program includes assistance with the development of the capacity to train people in all of these areas, including the training of experts at Odessa Medical University (OMU) and the Academy of National Economy (ANE) (OA.6.2) and the preparation of doctors, nurses, and feldshers to work in market-oriented systems and to work as managers and administrators at OMU, ANE, and Nurse/Feldsher Training Colleges (OA.6.2). The assistance will include curriculum development, provision of training materials, transfer of teaching methodologies, training of trainers, and teaching of short courses.

Those professionals already on the job in the health sector need new management and administrative skills in areas like general management, financial management, quality assurance, cost accounting,

personnel management, budgeting and planning, etc. Training in these and other skill areas specific to the pilot activities (OA.6.3) will be provided. Further, general management training for head doctors of hospitals and polyclinics.

OA.7 Replication ("Roll Out") of self-financing

The lessons learned from the critical evaluation of the self-financing experiences (OA.2) will be replicated (or "rolled out") to other facilities. The methods will be adapted to the specific situation, training conducted for staff (including, possibly, internships at facilities with self-financing experience), and technical assistance provided to help with implementation, if needed. To the extent possible, the training and technical assistance will be provided by personnel from facilities with self-financing experience.

9. Lviv Problems and Objectives

The *ZdravReform* program of activities in Lviv is guided by the objectives set for health management, organization, and financing reforms agreed to by a group of health sector opinion leaders and policymakers assembled by the Oblast Health Department in March 1995. These objectives were set following agreement about problem statements in the concerned areas. The following are the statements of problems (labelled LP.x to indicate Lviv Problem number x) facing the Lviv oblast health system.

- LP.1. Financing is inadequate to absent
- LP.2 Available resources are used inefficiently
- LP.3 Quality of services is uneven
- LP.4 The legal context for reform is unclear

Given agreement about the problems faced by the Lviv health system, the group of opinion leaders stated the following objectives (labelled LO.x to indicate Lviv Objective number x) for reform:

- LO.1 Diversify and rationalize financing
- LO.2 Improve efficiency in allocations of funds among facilities in the system and within facilities
- LO.3 Improve the quality of health services
- LO.4 Improve the responsiveness of the system to consumers' needs and wants
- LO.5 Protect access to health services now in place
- LO.6 Clarify the legal environment for reform

10. Lviv Activities

The activities shown in the Box 3 (labelled LA.x for Lviv for Lviv Activity number x) were agreed to as items to address the identified objectives.

The activities respond to one or more of the indicators and objectives set out by USAID, the MOH Collegium, and the group of Lviv opinion leaders. The correspondence between the indicators and objectives and the activities is summarized in Annex 5. A GANTT chart in Annex 6 shows the time schedule for these activities. A brief narrative about each of the activities follows.

LA.1 Oblast-wide activities

Decision makers within the Oblast pointed out the need to establish an understanding of the general concepts in areas of concern throughout the Oblast. To address these concerns, a set of activities have been designed to provide training, technical assistance, and information dissemination to a broad, Oblast-wide audience.

These activities will establish common areas of understanding, develop a conceptual base for reform, and provide the foundation for other specific activities to follow in Rayons and pilot facilities. As part of this activity, general conceptual training is planned in health care financing, health insurance, quality assurance, and management (Activities LA.1.1). These workshops will provide decision makers with a clear understanding of the subject area, including alternative approaches, the legal framework of each area, and the management and information requirements of such systems. Technical assistance will be provided as part of this activity to assist the Oblast to design a system for per-capita budget allocations to rayons and to design a patient classification system that will be consistent among all health facilities in the Oblast (Activity LA.1.2). The budget system will allow the Oblast to adjust the allocations to rayons on the basis of health risk and other

Box 3: Lviv Activities

LA.1 Oblast-wide activities

LA.1.1 Conceptual training in health financing, insurance, quality assurance and management.

LA.1.2 Assistance in developing per capita budget allocation methods for rayons and patient classification systems.

LA.1.3 Dissemination

LA.2 Lviv City Hospital Number One: assessment of per capita payment budget allocation

LA.3 Rayon activities in health care planning

LA.3.1 Primary health care and family medicine

LA.3.2 Hospital system planning

LA.3.3 Health systems planning workshop

LA.4 Pilots

LA.4.1 Cost accounting/financial management

LA.4.2 Patient record systems

LA.4.3 Management training

LA.4.4 User fees

LA.4.5 Personnel management including salary incentives

LA.4.6 Private practice

LA.5 Training

LA.5.1 Curriculum development

LA.5.2 Workshops

LA.5.3 Training of trainers in management

LA.5.4 Teaching methods

LA.6 Extending activities to other rayons and facilities using trained local counterparts

social factors. Work on a patient classification system have already begun in several hospitals. In order to ensure the development of a single system that will support management and finance reforms throughout the Oblast, assistance, coordinated at the Oblast Clinic Hospital, will be given to establish the design process and to develop the initial classifications. To ensure the flow of information for reform and improvement of the health care system, as part of this activity an information dissemination system will be designed and installed at the Oblast level (Activity LA.1.3). Dissemination activities will provide an important mechanism for clarifying legal requirements to interested health professionals regarding per capita rayon budget allocation methods, management autonomy, user fees, private practice, per capita facility budget methods and other related pilot activities. Timely materials related to Zdrav demonstration projects, reform efforts in other countries, descriptions of other systems, and technical materials related to health care management, organization, and finance will be made easily available to individuals in the Lviv Oblast.

LA.2 Lviv City Hospital Number One: Assessment of per-capita payment budget allocation

There is enormous interest in Lviv City in testing to per capita funding of hospitals and related facilities. The Lviv City Hospital Number One has been given permission to develop per-capita funding systems and efforts are currently underway to institute such a system. Decision makers in Lviv noted the need to assess the system developed and to determine its feasibility. This activity will assess efforts already begun in Lviv City Hospital Number One to establish a hospital-based capitation system, and to determine the feasibility of such a system.

LA.3 Regional Activities in Health Care Planning

The current financial situation has created a great interest in providing quality services more efficiently. This has led to a greater interest in developing and strengthening primary care services, and in a process for determining the essential services that each facility should provide for the population it serves. This activity is designed to assist rayons to determine and plan the types and levels of services that they can provide. Activity LA.3.1 will provide practical assistance to assess the essential services that must be provided, evaluate the need for and current level of primary health care, and to strengthen primary health care services. Activity LA.3.2 will assist hospitals to evaluate and plan services. As a follow-up to these two activities, a conference on essential services (Activity LA.3.3) will be conducted to disseminate the experience of the regional planning efforts, and to introduce the concept of evaluation and planning to strengthen and expand the provision of essential services.

LA.4 Pilots

Decision makers in the Lviv Oblast cited a number of subject areas in which pilot activities should be developed in order to facilitate reform, test ideas, and provide practical assistance toward changing systems. In order to demonstrate and test various reform interventions, a series of pilot activities will be conducted in two hospitals and two polyclinics, some of which may be in the same organizational system. Urban and semi-urban/rural areas will be represented. These pilot activities will include technical assistance and training in three major areas that are fundamental to any market reform strategy: cost accounting/financial management, patient record systems, and management(including

personnel management). These building blocks will be essential to the support of user fees, privatization, and other reform systems. These pilot activities will require the support and active participation of the staff in the selected facilities. Activity LA.4.1 will include both technical assistance and a workshop planned to assist selected facilities to design and implement cost accounting systems that will provide the cost information and analysis necessary for financial decision making. In order to provide practical knowledge and experience in development of concise, useful patient records that will facilitate new administrative functions, finance, quality care, and efficiency within facilities, Activity LA.4.2 will provide a workshop and technical assistance in selected facilities for the improvement of patient records. Zdrav will conduct an assessment of management, conduct a workshop, and provide technical assistance in pilot facilities to strengthen health care management and to assist in the development of capabilities within the Oblast to identify and solve management issues (Activity LA.4.3). Through training and technical assistance, Zdrav will introduce the concepts, requirements, and feasibility of user fees (Activity LA.4.4). This activity will inform health facility directors of the legal, management, financial, and marketing issues involved in the establishment of user fees. Activity LA.4.5 will include training and technical assistance to assist pilot facilities to design salary incentives and develop personnel management systems that promote productivity and acceptable quality of care, and that are administratively feasible and affordable. The concept, requirements, and feasibility of private practice will be provided in Activity LA.4.6. Using training and technical assistance to selected organizations, this activity will identify, promote, and test reforms necessary for launching small-scale privatization in health care service delivery.

LA.5 Training

In order to develop specific skills, increase capabilities, and provide essential knowledge in critical subject areas, training will be developed to coincide with and complement technical assistance and information activities. For most of the technical assistance activities conducted in the pilot facilities, an accompanying workshop will either introduce the subject matter at the start of the technical assistance, or will be used to disseminate the results of the activity to a larger audience, who may wish to replicate the activity in their own facility. The Lviv Medical University and the Lviv Management Institute will be the key institutions with which this activity is planned and conducted. An important part of the training effort will be to assist the Medical University and the Management Institute to prepare and conduct training efforts on an on-going basis. Activity LA.5.1 will provide assistance in developing curriculum for courses in health care management, and health economics and financing. So that the management courses can be taught as often as required, these course will be designed to be taught by trainers in the Oblast. Training will be developed to train trainers, who can not only teach the courses, but also update and revise the course as necessary over time (Activity LA.5.3). In addition, training sessions on teaching methods will be provided, in order to provide the staffs of health and training facilities will have the modern training methodology necessary to impart skills and knowledge widely and efficiently.

LA.6 Extending activities to other interested rayons and health facilities using trained local counterparts.

Along with written material regarding the outcomes of the pilot activities, decision makers in Lviv were concerned that the capability to replicate or otherwise make use of the pilot activities be retained and

be available to all facilities in the Oblast. To address this concern, each of the pilot activities is designed using local counterparts, who will be an integral part of the technical assistance team. Through this involvement, these counterparts will have direct experience in the pilot activity. As necessary the technical assistance team will work with the local counterpart to ensure that their understanding of the process and activities is complete, and that as requested or required, these counterparts could provide assistance to other facilities wishing to replicate the activity or test a variation of the pilot activity.

11. National Activities

The proposed *ZdravReform* program of national activities is guided by the objectives set for health management, organization, and financing reforms in the Resolution of the MOH Collegium (see Box 1) in February 1995 and the experience and expertise of *ZdravReform* technical personnel. The activities listed here have not been discussed yet with the MOH nor other concerned parties, so they represent only a proposal, unlike the Odessa and L'viv activities. *[Note to Marc Stone and Nicole Simmons: Preliminary budget estimates for these activities indicate that their cost will exceed the amounts available, so you should read this section with the idea of setting priorities, so that the lower priority items may be dropped.]* The proposed activities are shown in Box 4 (labelled NA.x for national activity number x). Each of the activities respond to one or more of the USAID Indicators as well as the objectives set out by the MOH Collegium. The correspondence between the indicators and objectives and the activities is summarized in Annex 9. A GANTT chart in Annex 10 shows the time schedule for these activities. Annex 11 is a table showing the correspondence between the proposed activities and goals at the national level, plus how the activities are expected to be evaluated and their results disseminated. A brief narrative about each of the activities follows.

NA.1 Conceptual training

A series of conceptual training sessions, covering the fundamentals of health economics (NA.1.1), insurance (NA.1.2), and strategic management (NA.1.3) is designed to fill conceptual gaps in national health policymakers' and opinion leaders' understanding of market-oriented health systems. These courses will allow the participants to better understand the choices, interrelationships, and tradeoffs in

Box 4: National Activities

NA.1 Conceptual training

- NA.1.1 health economics
- NA.1.2 insurance
- NA.1.3 strategic management

NA.2 MOH capacity building

- NA.2.1 policy and monitoring and evaluation
- NA.2.2 statistical analysis
- NA.2.3 licensing and accreditation

NA.3 Assist with health reform legislation

NA.4 Dissemination

- NA.4.1 seminars, conferences, papers, and reports
- NA.4.2 national conferences
- NA.4.3 regional conference

NA.5 Technical assistance to non-IDS oblasts

NA.6 Assist national training institutions

alternate forms of health financing and organization and how to use available market policy tools to achieve strategic ends. This training differs from that which will be offered in the IDSs in two ways. The economics and insurance training will be adapted to national issues and the strategic management training only will be offered at the national level. The latter involves training in how to use the market-oriented indirect policy tools of taxation, spending, and regulation to influence the behavior of actors, in this case, in the health sector. The training sessions will be offered to the following groups:

- Verkhovna Rada Health Protection Commission Members and Staff
- Ministry of Health Deputy Ministers and Specialists
- Ministry of Finance and Cabinet of Ministers Health Specialists
- Oblast Health Department and Municipal Health Department (major cities) Heads

The result of the training is better information and analytical tools for making choices and guiding policy in making market-oriented reforms in the health system. The topics to be covered in the series are shown above in section 7.

NA.2 MOH capacity building

To provide strategic guidance as the health sector moves toward market-oriented reforms, then to manage the new system, the MOH needs new skills and capabilities. These include the ability to devise and analyze policy (NA.2.1) and to monitor and evaluate performance, both often using statistics. Currently, the MOH has little capacity or experience in any of these areas. In addition to the training described above, technical assistance will be provided to help the MOH develop its capabilities in these areas, while it is devising a new set of market-oriented policies. To develop monitoring and evaluation skills, the MOH and external experts will work together to set up monitoring systems and evaluate performance of reform initiatives around the country, especially those conducted in the IDSs. Analysis of routine statistics and gathering and analyzing specific sets of data are two related ways of identifying needs for policy change and for monitoring and evaluation of policy performance (NA.2.2). The MOH does a good job of gathering and performing basic analyses of health and health-input statistics, but could and should do more in the way of analysis for policy purposes. Technical assistance will be provided to strengthen this capacity.

One direction of reform indicated by the Collegium is development of licensing and accreditation (item 1.4). The purpose of licensing and accreditation is to give consumers and third-party payers information about the qualifications and practices of providers to assist in making choices among them.

Assistance will be provided to develop legislation, regulations, and management tools to set up and manage licensing and accreditation systems (NA.2.3).

NA.3 Assist with health reform legislation

Legislation and regulations are needed to provide a framework and tools for managing a reformed health system. Legislation and regulation may cover ownership of providers, methods of financing, risk-sharing mechanisms, taxation, subsidization, authorities and responsibilities of various actors, licensing and accreditation, etc. Assistance will be provided to the MOH in the formulation of new

legislation to cover health reforms and to the Health Protection Commission of the Verkhovna Rada with analysis of alternatives and potential amendments (NA.3).

NA.4 Dissemination

Like opinion leaders, policymakers, and managers in the IDSs, national health-sector leaders feel a strong need for more information about alternatives for reform. To help fill the information gap at the national level, in addition to the training offered, there will be a series of expert seminars many of which will be given by technical experts who come to Kiev, Odessa, L'viv, or elsewhere to work on aspects of the reform program (NA.4.1). Others will be presented by Ukrainian experts based on their work with local initiatives. Conferences may be organized around specific subjects meriting more in-depth coverage than a single seminar. To be included in the topics covered among the seminars and conferences will be the experience gleaned from health management, organization, and reform study tours to the U.S. in 1994 and 1995 by national and oblast health leaders. The conferences and seminars will be supplemented by the distribution of papers and reports on health reform work from around the world, most translated into Russian and Ukrainian. These papers and reports will include a *ZdravReform* newsletter and reports from activities elsewhere in the former Soviet Union.

In 1996 a national conference (NA.4.2) will be organized at which important papers and reports will be presented covering health reform initiatives from around the country. The presentations are expected to include many from the IDSs and other oblasts assisted by *ZdravReform*, but also are to include presentations of other experiences and analyses, whether conducted independently or assisted by other agencies.

Also in 1996, Ukraine will host a regional conference (NA.4.3), supported by *ZdravReform* regional funding, where important papers and reports from various parts of the former Soviet Union will be presented and discussed. This conference will provide the opportunity for cross-fertilization of ideas among the countries of the region which are engaged in efforts to reform a common system. Ukrainian participants will have the chance to showcase their successes, while learning from the experiences of others. By hosting such a conference, Ukraine will have the opportunity to have many more of its health leaders participate than if they had to travel to another country.

NA.5 Technical assistance to non-IDS oblasts

In addition to the technical assistance provided to national and IDS institutions, help also will be provided to a selection of about five other oblasts which are pursuing promising reform initiatives and need and want technical input. Two candidates for such assistance are Dnepropetrovsk and Chernivtsi.

Dnepropetrovsk followed closely the lead taken by Kemerovo, Leningrad (now St. Petersburg), and Samara in experimenting with health reforms during the late stages of the Soviet period. It has developed a sophisticated information system for the health sector which it hopes to integrate with cost data to form the information backbone of a new mechanism for the allocation of funds to providers. The integration of cost data into the information system is likely to be the subject of the technical assistance provided to Dnepropetrovsk.

Chernivtsi was the site of one of the "rapid response" activities conducted by *ZdravReform*. Cost-effectiveness analysis was applied to Chernivtsi's pregnancy screening program. Some training in the use of cost-effectiveness analysis also was provided to Chernivtsi University's economics faculty. Further, members of Chernivtsi's health leadership participated in study tours to the U.S. The Chernivtsi Oblast Health Department has requested that *ZdravReform* discuss with it the provision of additional assistance.

Besides the provision of technical assistance to selected oblasts, leaders from non-IDS oblasts will be invited to participate in national training sessions and, often, to send personnel to training sessions conducted in the IDSs.

NA.6 Assist national training institutions

Over the long term Ukraine needs to develop both its own experts in health financing, organization, and management and managers familiar with market concepts and techniques to operate its health facilities and manage the system. Thus, training institutions must have the capability to prepare such personnel. At the national level, the School of Health Administration (SHA) of the Institute of Public Administration already has begun this work. SHA enrolled its first class of 25 Master's Degree students in September 1994. *ZdravReform* has provided SHA with help in curriculum development, transfer of new teaching methods, training materials, and the teaching of short courses and seminars. This kind of assistance will be deepened for SHA and similar assistance offered to other national-level health training institutions, such as Ukraine State Medical Institute.

Annex 1: Summary of "Rapid-Response" Activities

Rapid-response activities were identified as "targets of opportunity" during the July visit by *ZdravReform*'s Director, Nancy Pielemeier, and Technical Deputy, Marty Makinen. During their visit Pielemeier and Makinen visited Kiev, L'viv, Drohobych, Ivano-Frankivsk, Chernivtsi, and Odessa. These visits led to the identification of the following rapid response activities:

- Cost-effectiveness analysis of a pregnancy screening program in Chernivtsi, including a seminar on cost-effectiveness analysis given to University of Chernivtsi economics faculty and presentation of preliminary results and methodologies at the Conference on Reproductive Health organized by USAID's Wellstart Project for reproductive health personnel from Ukraine, Belarus, Moldova, Armenia, and Georgia.
- Curriculum development, transfer of teaching methodologies, provision of books and documents, and teaching short-courses at the newly-established School of Health Administration (SHA) at Kiev's Institute of Public Administration and presentations in Odessa on the principles of health insurance and the American health system.
- Critical evaluation of the innovative patient classification system used for the allocation of budget funds to hospitals by three rayons, led by Drohobych, in L'viv oblast.
- Hosting of study tour participants from Odessa Medical University in *ZdravReform* Headquarters in Bethesda, including preparatory discussions for the evaluation of the Family Health Center's self-financing program.
- Critical evaluation of the self-financing program of Odessa's semi-private Family Health Center (FHC).
- Preparation of a memorandum analyzing a draft health insurance law for the MOH.
- Conduct of a study tour to the United States for members of the Verkhovna Rada Health Protection Commission and its staff and health-sector leaders from ten oblasts.
- Preparation of a summary report on "Rapid-Response" activities for the Minister of Health.

Annex 2: MOH Collegium Objectives

- 1.1 An appropriate structure for medical care on an outpatient and inpatient basis, with due attention to regional peculiarities and emphasis on priority primary care development in 1995-97. (May 1, 1995)
- 1.2 Concrete proposals as to reduction of excessive hospital beds, their more intensive use, active development of day care centers and home care, liquidation of redundant structural units in medical and preventive institutions. (April 15, 1995)
- 1.3 Forms and vehicles of transition to economic methods of management under budget funding per capita; suggestions as to possible allocation of additional sources of fund from enterprises, establishments, and organizations, with due regard for the economic situation; and methods of determination of health practitioners' salaries according to work intensity and results. (April 15, 1995)
- 1.4 Package of documents for accreditation and licensing of health care and prevention institutions. (April 1, 1995)
- 1.6 To justify and submit to the Verkhovna Rada proposals as to a health facilities privatization program with a list of paid medical services. (May 1, 1995)
- 2.4 To transfer dental offices for adults to operation on a self-financing basis (except for emergency care). (no date)
- 4.2 To elaborate the concept of informational and analytical support for Ukrainian health institutions and agencies irrespective of their departmental subordination. To consider at the Collegium meeting the problems of formation of an informational managerial computer system for health institutions and agencies and creation of an adequate national computer network and analytical centers. (May 1995)
- 4.3 To carry out a critical review and prepare proposals for a joint project with the World Bank to give attention to the problems of health education and promotion as a basic strategic priority. (April 1, 1995)
- 7.1 To ensure development of standard acts and to introduce into the health system general practitioners' (family physicians') practices, to ensure their interaction with secondary care physicians. (September 1, 1995)
- 7.2 To promote development of principles and patterns of management, enabling higher medical institutions to ensure continuous training of general practitioners (family physicians) and their practical work in health care. (November 1995)

8.2 To determine an optimal need in medical personnel in regions to ensure the most efficient system of health care by general practitioners, to create a labor market for them, and [...] to develop a system of commitments for their preparation . . . (July 1, 1995)