



Republika e Kosovës
Republika Kosova - Republic of Kosova
Qeveria - Vlada - Government
Fondi i Sigurimeve Shëndetësore
Health Insurance Fund

ANNUAL REPORT 2019

Health Insurance Fund

Prishtina, May 2020

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Opening Speech of the Chairman of the Board

Ladies and gentlemen,

I am pleased to present the Annual Report for 2019, which beyond the challenges we have faced, clearly proves that the Health Insurance Fund, day by day, is being formed as a separate budget organization, as a transitional period, with all the parameters of efficient, transparent and accountable management.

In accordance with the legal mandate based on the Law on Health Insurance No. 04/L-249 and the Statute of the Health Insurance Fund, The Governing Board has exercised its competencies in order to design orientation policies, supervise the activity of the Fund and has ensured that the internal control systems are in accordance with the principles of Public Financial Management in the public sector.

The year 2019 was characterized by several important steps towards the full functioning of the Health Insurance Fund. Overall preparations have been made for an efficient health insurance system, which has as its primary goal the creation of a strong foundation that will ensure that all insured citizens have timely access to health services.

This was a year when we took important steps towards meeting the basic preconditions for collecting premiums, consolidating the Fund's Information System and introducing the E-Prescription. Equally important were the cooperation agreements with all relevant institutions, which constitute important links of the functional mechanism of the Information System of the Health Insurance Fund. All of these, and many more, form a solid foundation on which to build the future of the institution.



Creating a credible institution which with its potential ensures the fulfillment of the needs of the citizens for health services.

In view of what was said above, we have already started work on drafting a three-year strategic development plan of the Fund, through which we will set the contours of strategic orientations and organizational development for the upcoming years. Through this plan we aim for the Fund to be formed as an institution with professional competence, administrative and organizational, able to exercise with full efficiency all competencies, responsibilities and obligations arising from the legal framework for compulsory health insurance in Kosovo.

Next year, we will do our best to move closer to the functionality of health insurance, as well as the maximum commitment of benefit from donors, both through financial support and through technical and professional expertise. The expertise of the German Insurance Fund, the World Bank and the Luxembourg Project is a clear proof that we will not be alone on our journey.

Finally, I would like to thank the Ministry of Health, the members of the Board of Directors, the Director of the Fund and our donors, shareholders and supporters, who with their support and contribution make our goals and objectives more achievable.

Pristina, May 27, 2020

Xhevat Zejnullahu

Chairman of the Board of Directors, of the Health Insurance Fund



Opening Speech of the Fund Director

Honorable members of the Board of Directors of the Fund, I am pleased to present the Annual Work Report of the Health Insurance Fund for 2019, which beyond the challenges we faced, manifested a significant increase in the direction of full functioning of health insurance.

2019 was a year with an ambitious plan in many directions that had as its primary goal the fulfillment of the basic preconditions for the full functioning of the Health Insurance Fund in the following year (2020). Such an ambition necessarily required a serious approach and organizational culture oriented towards predetermined results, supported above all, in an efficient administration, transparency and accountability. In view of this, in parallel with our activities for the fulfillment of the goals, an efficient mechanism has been installed for monitoring and evaluating the realization of the activities foreseen by the plan. Exhaustive analytical reports on a quarterly basis are an important element in this regard.

In terms of organizational structuring, we have managed to fill most of the vacancies in accordance with the current regulation on organization and systematization, whereas through the Kosovo Health Project we have ensured the continuity of technical and professional support in the most vital areas, such as: finance, legislation and information technology, and expertise in the field of information and cooperation has been arranged. Another important development in this regard is that the location for the construction of the Health Insurance Fund facility has been provided, as well as the conceptual design of the facility has been completed. We are currently in the process of drafting a three-year strategic development plan, through which we will set the contours of organizational development and strategic orientations for the upcoming years.



“Creating a credible institution that ensures equal treatment of insured persons and solving their needs in time, with good quality and cost-effective”

Very important steps have been taken in completing the information technology infrastructure, including the installation and configuration of servers, as well as all the software developed that ensures that the Fund's operating processes are performed as efficiently and economically as possible.

The platform of the Fund Information System has been implemented, a system with which most of the criteria for collecting premiums have been met. Integrating data between systems (with seven relevant institutions) is essential for centralizing decision-making and transparency information. Effective integration ensures that important information is provided in an acceptable time, consistent and integrated reports, and a fiscal transparency in line with public finances.

Medical treatments outside the public health institutions of Kosovo during 2019 were the central activity of the Fund. I am pleased that in this regard we have shown an admirable performance, and moreover, we have done a great job in equalizing transactions, by identifying free financial means 383,222€ and we are in the process of equalizing with 24 other private health institutions with which we had 3,451 transactions.

Also, during 2019, most of the criteria set for the collection of premiums have been met. The Health Insurance Fund has supported the training of 903 pharmacists licensed to use the E-Prescription.

Despite the achievements mentioned above, we have faced several challenges in achieving the objectives, including supplementing / amending the legislation, preparing and finalizing the list of out-of-hospital medicines (at prices) which will be paid by the Fund, as well as communication with the public either through information campaigns or other forms aimed at increasing public confidence. Special attention has been paid to all of these and they have been addressed in the 2020 action plan.

Pristina, May 27, 2020

Fatmir Plakipi

Director of the Health Insurance Fund



Members of the Board of Directors of the Fund



Xhevat Zejnullahu

*Chairman of the Board of Directors of the Fund
Representative of the Ministry of Finance*



Naim Bardiqi

*Member of the Board of
Directors of the Fund,
Representative of the Chamber
of Health Professionals*

Murat Berisha

*Member of the Board of
Directors of the Fund,
Representative of the
University Hospital and Clinical
Service of Kosovo*



Rrezart Halili

*Member of the Board of
Directors of the Fund,
Representative of the Chamber
of Health Professionals*

Naim Ismaili

*Member of the Board of
Directors of the Fund,
Representative of the Health
Directorates of the Association
of Municipalities*



Izedin Bytyqi

*Member of the Board of
Directors of the Fund,
Representative of the Ministry
of Labor and Social Welfare*

** Izedin Bytyqi on 15.02.2020 resigned from
the Board of Directors of the Fund*

Muhamedali Kodra

*Member of the Board of
Directors of the Fund,
Representative of the Patients'
Association*



Activities of the Board of Directors of the Fund

Based on Law no. 04/L-249 on Health Insurance, Government of the Republic of Kosovo, by decision no. 11/42, dated 19.04.2018, has appointed the Board of Directors of the Fund.

Based on the competencies defined by the Law on Health Insurance No. 04/L-249, and with the Statute of the Fund, the Board of Directors supervised the activity of the Fund, has reviewed and approved regular reports, ensured transparency, and ensured that internal control systems are in line with the principles of Public Financial Management in the public sector.

During 2019, the Board of Directors had held a total of 15 regular meetings in which decisions, conclusions and recommendations were presented, as below:

- Approval of the Fund's Work Plan for 2019;
- Approval of the Annual Fund Report for 2018;
- Selection of the Chairman of the Board of Directors of the Fund for a one-year term starting from 03.05.2019;
- Approval of the Rules of Procedure of the Board;
- Review of the Quarterly Work Report of the Fund for the period January-March (Q1);
- Establishment of the Audit Committee of the Health Insurance Fund;
- Review of the Quarterly Work Report of the Fund for the period April-June (Q2);
- Sending a request through the Ministry of Health to the Government of the Republic of Kosovo to initiate procedures for drafting a health insurance strategy;
- Decision on the engagement of an international expert to support the work of the Board; and
- Review of the Quarterly Work Report of the Fund for the period July-September (Q3).

The Governing Board of the Fund remains committed to the full realization of the tasks and responsibilities which are defined by the Law on Health Insurance No. 04/L-249 and the Statute of the Health Insurance Fund.

Vision, Mission and Fundamental Values



Vision

Creating financial sustainability which ensures the fulfillment of citizens' needs for health services.

Mission

The mission of the Health Insurance Fund is to be a reliable and constantly developing institution, capable of fulfilling its functions with responsibility, integrity, dedication, professionalism and exemplary transparency, through the application of best practices, the application of technological innovation, efficiency in the provision of services and financial sustainability as a guarantee for affordable health care for all members of society without exception.



Fundamental Values of the Fund



Goals

We aim to have continuous and sustainable development, relying on competent and results-oriented employees.

Transparency and accountability

*Be trustworthy, open and close.
Decision making should be transparent and attentive to others.*



Cooperation

To create an atmosphere of trust within our institution and in relationships with our partners and customers.

Executive Overview

This Report summarizes the most important activities of the Health Insurance Fund (hereinafter referred to as the Fund) throughout the calendar year 2019, and within itself includes the achievements, the challenges that remain to be addressed, as well as the projections and strategic plans for the full functioning of the Fund in the short term.

In short, the year we left behind was characterized by a series of measures and actions whose primary goal was structured preparations for the full functioning of the Fund. Preparations for the collection of premiums, consolidation of the Fund's Information System, cooperation agreements with relevant institutions and organizations, work on necessary changes and additions to primary and secondary legislation, consolidation of human resources, innovations in management, monitoring and reporting practices, and the strengthening of the application of information technology in the function of efficient administration of the Fund's activities were some of the strategic orientations in the successful realization of the set objectives.

From the content point of view, the report is structured in seven (7) sections, which are followed by three (3) appendices.

In the first section, *Governance and the internal control system*, the activities of the Health Insurance Fund are presented in order to create an organizational culture that is characterized by efficient administration, internal control system, transparency and accountability. This section provides data on strategic planning, legislation, communication and reporting, as well as aspects related to audit activities.

The second section of the report, *Budget execution*, provides a large amount of detailed data on budget potential and its administration in the light of human resource organization, budget management, procurement activities, asset management and Fund liability management.

The third section of the report, *Medical Treatment Program Outside Public Health Institutions*, presents an extended overview of medical treatments outside public health institutions, as the central activity of the Health Insurance Fund at the given moment. This section provides detailed and categorized data on medical treatments outside public institutions, payments and the equalization process, as a very important activity in recovering untapped funds that will be made available to other patients.

In the fourth section of the Report, *presented is a cumulative summary of preparations for the contracting of health services* including the good experiences of the countries of the region, the preparation of draft contract documents, preparations for the establishment of technical and professional commissions for contracting effects, and other relevant information related to this activity.

The fifth section, *Pharmaceutical services*, provides an extended overview of re-formatting of activities related to pharmaceutical services in light of the changes that resulted from the removal of drugs from the Fund's budget and the new plan of activities towards the preparation and finalization of the list of out-of-hospital medicines (at prices) which will be paid by the Fund.

Sixth section, *Information Systems*, provides an extended overview of the Fund's very extensive activity towards policy making, procedures and planning of information technology systems (IT), procurement and IT contracts, providing hardware and software infrastructure and automating processes for all information systems within the Health Insurance Fund.

Section seven and last, *External Assistance*, in summary it reflects the voluminous cooperation that the Health Insurance Fund has had with projects and support organizations in order to benefit from the technical and professional support provided through them. Special emphasis was placed on joint activities with the Kosovo Health Project, the cooperation of experts of the German insurance fund AOK and the project funded by Lux Dev.

The report concludes with three appendices in which the most essential documents that complete the data provided in the regular sections are presented. These appendices are nominally: (1) Objectives and activities for 2019, (2) Financial statements, and (3) Organizational structure.

Governance

1. Internal control system

The Fund has set up a governance system including implemented processes, structures and actions that enable the achievement of general goals - targeted outcomes for citizens.

The processes reviewed within the Fund enable efficient controls for addressing risks and providing reasonable security regarding the achievement of results in achieving the objectives of the Fund.

Measuring indicators for creating a good governance system are: strategic planning, legislation, communication and reporting, as well as review/audit of processes from internal and external audit.

1.1. Strategic planning

In November 2016, the Ministry of Health drafted the Sector Health Strategy for the financial years 2017-2021. Within it, three (3) strategic objectives are foreseen, such as:

- Maintaining and advancing health;
- Ensuring Sustainable Health Funding; and
- Ensuring Sustainable Health Funding.

To meet the second objective of “Ensuring Sustainable Health Financing” of the sectoral strategy, the Fund has drafted the Draft Strategic Plan for Institutional Development for the years 2020-2022, which presents the steps to the full functioning of the Fund as the sole health funder in Kosovo¹. This strategic plan is expected to be finalized within the first half of 2020.

The vision of the Fund is to create a financial sustainability which ensures the fulfillment of the needs of the citizens for health services, while the mission of the Health Insurance Fund is to be a reliable and constantly developing institution, able to fulfill its functions with responsibility, integrity, dedication, professionalism and exemplary transparency, through the application of best practices, the application of technological innovation, efficiency in the provision of services and financial sustainability as a guarantee for affordable health care for all members of society without exception.

To fulfill the vision and mission, the Fund has set out the main goals such as:

¹ This document is draft and can be amended with the approval of the Board of Directors.

- Creating the financial sustainability of the Health Insurance Fund;
- Creating and maintaining communication between health systems, improving data security and confidentiality;
- Continuous creation and advancement of the payment methodology of health service providers, in order to increase the efficiency and quality of health services; and;
- Sustainable institutional development.

Furthermore, the Fund has planned the time of realization for the above-mentioned goals. Within 2020, several steps are planned, including the completion of legislation, restructuring and staffing, including regional offices, the creation of information technology systems, as well as the start of the collection of premiums in the last quarter of 2020, as a basis for the creation of the financial reserve of the Fund.

During 2020, respectively during the preparation of the Kosovo Budget for 2021, health funds are expected to be transferred to the Fund in the form of transfers, which is expected to be about 3% of gross domestic product². Premiums will be added to this percentage, which are expected to be about 2% of gross domestic product and other revenues. As a result, the Fund's revenues will be over 5% of Gross Domestic Product, a percentage close to the countries in the region.

Despite the creation of sustainable financing, health financing in 2021 will be done with a simpler methodology based on 1/12 of the budget. The budget will be allocated in quarterly periods, ie at the beginning of each quarter. During 2021, contracting procedures will be performed, including costing of services and contracting legislation.

After 2021, the Fund will advance the payment methodology which enables developments in the healthcare system and the support of measures to increase patient-centered care and the use of treatment methods that are more economical for the patient. The most advanced methodology is pricing based on the optimal cost of health care services. Price setting, on the other hand, provides an incentive to provide quality services to patients, given the reasonable use of health insurance funds.

²Request according to the Draft Law on Health Insurance, which has been prepared by the working group and is expected to be sent to the Government for further proceedings in the Assembly of Kosovo.

1.2. Legislation

Law no. 04/L-249 of Health Insurance, approved by the Assembly of Kosovo on April 10, 2014, has provided the legal basis for health insurance in the Republic of Kosovo.

Subsequently, on December 8, 2016, the Government of Kosovo issued the Statute of the Health Insurance Fund which defined the organization, rights, duties, responsibilities and manner of performing the activity, according to this law.

In full compliance with these two basic acts, the Fund during 2019 has continued with other activities in fulfillment of legislative requirements. In this regard, the Fund has continued activities in fulfillment of the Work Plan, although with limited resources, has managed to meet satisfactorily the obligations arising from the Work Plan.

These activities, implemented mainly by the Legal Division, have included a wide range of obligations ranging from daily technical work to ensuring legality in the Fund's activities, until the issuance of legal opinions or professional contributions in drafting bylaws or draft law on health insurance.

Furthermore, the Legal Division has continued to assist organizationally and professionally the Fund's Board and has assisted the State Advocacy of the Ministry of Justice in cases where the Fund has been a litigant. As mentioned above, the Fund throughout the year has been focused on the realization of the annual work plan 2019, respectively in the elaboration of normative acts and under the activities deriving from this plan.

Within 2019, the following acts have been approved by the Board of Directors:

- Fund Code of Ethics;
- Work Regulation and Disciplinary Liability in the Workplace;
- Internal Regulation on Staff Performance Evaluation; and
- Regulation on the Work Procedures of the Board of Directors of the Fund.

During 2019, seven (7) memorandum of understanding were signed for the exchange of data which contribute to the completion of the database for the Fund Information System, such as:

- A standard agreement and operating procedure has been signed with the Tax Administration of Kosovo for automatic data exchange of persons paying premiums;
- Standard operating agreements and procedures have been signed with the Ministry of Health for the exchange of register data of institutions and medical staff, but the

data are not yet complete. The MoH is expected to complete this data and validate their accuracy;

- A standard agreement and procedure of operation has been signed with the Ministry of Labor and Social Welfare for the automatic exchange of data on social schemes;
- A standard agreement and procedure of operation has been signed with the Civil Registration Agency for the automatic exchange of data of the citizens of Kosovo;
- A standard agreement and procedure of operation has been signed with the Kosovo Chamber of Pharmacists for the exchange of data of licensed pharmacists;
- A standard operation agreement and procedure has been signed with the Agency for Medical Products and Equipment for the automatic exchange of data on licensed pharmacies and authorized drugs, but it is in the process of being coded uniquely; and,
- An agreement has been signed with the Central Bank of Kosovo on the interconnection of payment transfer systems and revenue collection and premiums. The full interconnection is expected to take place during the first half of 2020.

In addition to the above-mentioned acts, the Fund is in the process of completing a large number of other activities. The Health Insurance Law has been finalized by the working group and sent to the cabinet of the Minister for further processing. In addition to primary legislation, the Fund has assisted working groups to amend/supplement secondary legislation, including:

- Finalizing the AI for setting prices for medicines and medical devices;
- Drafting the AI to determine the criteria for exemption from premium payments, co-payments and other payments for health services;
- Drafting and submitting the list of basic services with test prices, as well as finalizing the reporting forms from all health institutions in the Fund;
- Finalization of the Draft Administrative Instruction for Medical Treatment Outside Public Health Institutions (pending further proceedings in the Government);
- Work in the process of amending the Regulation on the Organization and Systematization of Jobs in the Health Insurance Fund; as well as

- Issuance of decisions for the establishment of various commissions for the development of the Fund's activities.

1.3. Communication and reporting

In March 2017, the Ministry of Health drafted the Communication Plan for Health Insurance 2017-2021. The primary goal of this Plan is to support the health financing reform process, an essential part of which is the implementation of the health insurance scheme, through an integrated, structured and timely communication that essentially has the information and awareness of the public about the importance and value of compulsory health insurance.

That said, the Communication Plan is an important instrument of the Health Insurance Fund and relevant institutions in order to strengthen the mechanism for promoting health insurance, and consequently to provide broad support in health reform. Through this plan, it is intended to create a communication culture with citizens as contributors, but also as beneficiaries of quality services.

Following this, at the end of 2019, the Health Insurance Fund as an independent institutional entity in its staff has integrated the Information and Cooperation Division, which was followed by the compilation of the tasks and responsibilities of the Information and Cooperation Division and the recruitment of two relevant officials. In addition, within the Kosovo Health Project, a communication and information consultant has been hired, which will take care of the full functioning of the Division and the capacity building of the relevant officials in the conception, organization and administration of activities with the character of informing and raising public awareness.

Following these developments, the Health Insurance Fund in the work plan for 2020 has drafted a specific objective for the development of communication with the media and the general public in order to fully inform the insured and promote the values of the Fund. Within this objective, among others, a number of specific activities are foreseen, such as: analytical research on information needs, preparation of necessary materials with information character (brochures, seminars, spots and announcements on the website, etc.); as well as organizing a broad and structured public information and awareness campaign.

In order to organize and manage efficiently, the fund managers in the work and administration practices have installed organizational practices that enable efficient planning, coordination and supervision. In terms of internal communications, the Fund has built effective communication with employees, providing opportunities for each employee to express themselves openly both at the hierarchical level and within the departments on issues related to the nature of their work.

The Director of the Fund holds regular meetings with the heads of departments, in which the operational activities carried out and the planned activities for the next period are discussed and reported. Subsequently, department heads hold meetings with their staff who are informed on key issues related to the institution.

Accountability as a process is the acceptance of responsibilities, the holding of persons responsible for their actions, and the disclosure of results in a transparent manner. In view of this, the quality of periodic reports has increased, which are in the service of more efficient decision-making and efficient management of the Fund's activity.

1.4. Audit

The fund has undergone external and internal audit processes.

1.4.1. External audit

External audit is performed by the National Audit Office. During 2018, the Fund was part of the Ministry of Health, so the external audit was carried out within it. The recommendations given to the Fund have been continuously monitored until their full implementation.

While the financial audit for 2019 and the performance audit for “Medical Treatment Program Outside Public Health Institutions” (audit at the request of the Minister of Health and Fund Management) are in the process of being audited. The financial report is expected to be completed by June 30, 2020.

1.4.2. Internal audit

The Internal Audit Unit (IAU) was established in early October 2018, with the recruitment of the leader of this unit. During this period, the Statute of the unit, the Code of Ethics, Strategic Plans, as well as the annual audit plans have been prepared according to the legal requirements (Law on Public Financial Control).

Also, the Audit Committee has been formed, which within 2019 has held three (3) meetings in which the documents have been approved, such as: Statute of the Internal Audit Committee, Strategic Plan, Work Plan. In addition to the approval of the documents, the audit reports and the activities related to the implementation of the recommendations given in these reports were also reviewed.

The annual plans are comprehensive with a reflection of the possible financial and operational risks within the Fund and provide a sufficient basis to provide assurance on the effectiveness of internal controls.

The annual plan for 2019 has included auditing areas that are exposed to many risks such as:

- Medical treatments outside Public Health Institutions;
- Finance and General Services;
- Personnel; and
- Pharmaceutical services.

All planned audits were carried out within 2019 and sufficient measures were taken towards the implementation of the recommendations. So far, the Fund's Management has implemented the recommendations in accordance with the deadlines.

The annual plan for 2020 has also included areas that are exposed to many risks such as:

- Medical treatments outside Public Health Institutions;
- Equalizations with Institutions Outside Public Health Institutions;
- Finance and General Services; and
- Procurement.

2. Budget execution report

2.1. Human resources

Human resources have created a new approach to human resource management. Their main focus is on the professional development of human capacity, where through continuous professional development of employees we aim to strengthen the competence of staff in their professional work.

For 2019, they have prepared a training plan which has foreseen the basic trainings (for the new staff), as well as the professional trainings.

Further, according to the final budget, it was planned to increase the number of staff from 36 at the end of 2018 to 98 employees. However, this has been made impossible by Regulation no. 04.2017 for Internal Organization and Systematization of Jobs, according to which the number of staff should be 50 employees.

During 2019, eight (8) employees were recruited, reaching 44 employees, of which:

- Within the Office of the Director of the Fund - 4 employees;
- Department of Health Services - 10 employees;
- Department of Pharmaceutical Services - 6 employees;
- Department of Finance and General Services - 15 employees;
- Information Systems Management Department - 1 employee;
- Human Resources Division - 3 employees;
- Legal Division - 3 employees;
- Procurement Division - 1 employee; and
- Internal Audit Unit - 1 employee.

In addition to them, through the Kosovo Health Project (KHP), five (5) consultants have continued to be engaged, covering the field of finance, legislation and IT.

During 2019, basic and professional trainings were held for all the staff of the Fund to ensure their continuous professional development. Also, the electronic system for managing personnel files has been entirely completed.

Furthermore, the annual training plan for 2020 has been drafted, based on which basic and advanced trainings are planned. The purpose of these trainings is for the Fund staff to maintain knowledge about work processes, as well as to advance professional knowledge (competencies) through participation in professional training, workshops, etc.

2.2. Budget management

2.2.1. Initial and final budget of the Fund

Based on Law no. 06/L-133 on budget allocations for the Budget of the Republic of Kosovo for 2019, 8,697,583€ have been allocated to the Fund.

Table no.1. The initial budget of the Fund for 2019

Expenditures / Departments	Administration	Treatment Outside Public Health Institutions	Total budget for 2019
Salaries and wages	641,286		641,286
Goods and Services	1,060,137		1,060,137
Utility costs	66,160		66,160
Subsidies and transfers		6,000,000	6,000,000
Capital expenditures	930,000		930,000
Total	2,697,583	6,000,000	8,697,583

From the table above we can see that from the total initial budget for 2019 in the amount of € 8,697,583, the value of € 6,000,000, or 69% of the total budget, was allocated for subsidies and transfers (program-medical treatments outside the Public Health Institutions), while the rest for the administrative services of the Fund.

The initial budget allocated for 2019 for Medical Treatment Outside Public Health Institutions in the amount of € 6 million did not cover even the remaining liabilities at the end of 2018 for this program, which were € 7,170,229.

This continues to be a challenge for the Fund because for each calendar year about 1,500 patients apply for the Medical Treatment program Outside Public Health Institutions and the average annual expenditure is about € 12 million. Therefore, the remaining liabilities are increasing from year to year.

However, following the government decisions: No.01/113 dated 05.11.2019, and No.01/115 dated 17.12.2019, The fund had budget savings in the total amount of € 1,856,326 (salary and wages in the amount of € 283,326, goods and services worth € 700,000, utilities worth € 30,000, and capital worth € 840,000).

Whereas, with the same decisions, the Fund has benefited € 2,700,000 in the category of subsidies and transfers, respectively in the program Medical Treatment Outside Public Health Institutions.

After the budget changes with the decisions of the Government, the budget of the Fund has increased by 846,674 €. The final budget after the changes is presented in the following table.

Table no.2. The final budget of the Fund for 2019

Expenditures / Departments	Administration	Treatment Outside Public Health Institutions	Total budget for 2019
Salaries and wages	357,960		357,960
Goods and Services	360,137		360,137
Utility costs	36,160		36,160
Subsidies and transfers		8,700,000	8,700,000
Capital expenditures	90,000		90,000
Total	844,257	8,700,000	9,544,257

2.2.2. Expenditures in relation to the final budget

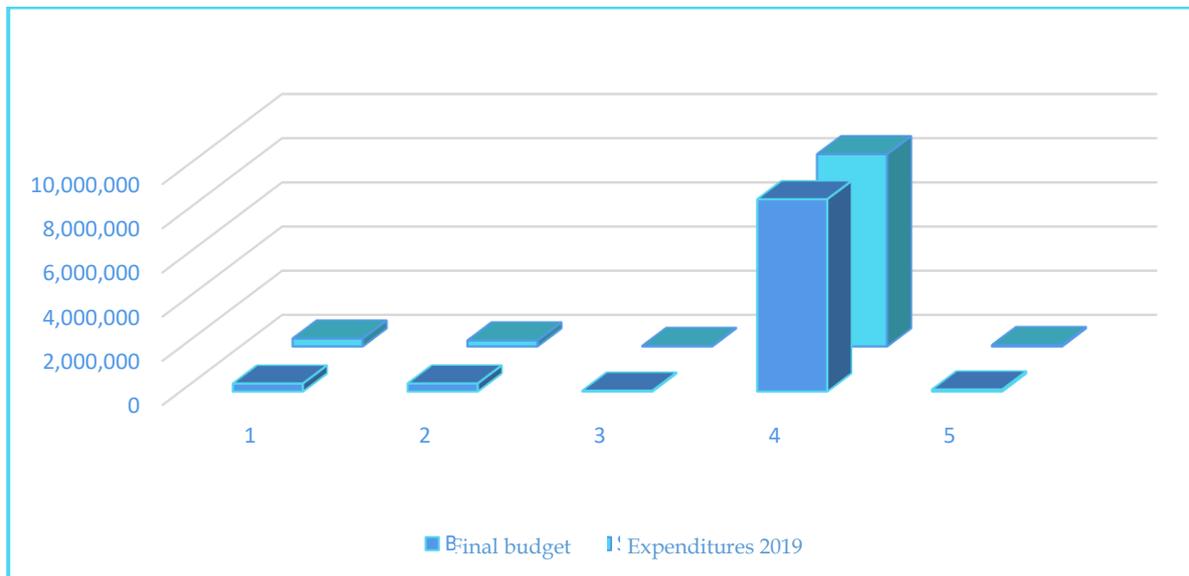
Table no.3. Expenditures in relation to the final budget for 2019

Naming	Initial budget	Final budget	Expenditures 2019	Realization of the budget in%
Salaries and wages	641,286	357,960	357,960	100%
Goods and services	1,060,137	360,137	269,304	75%
Utility costs	66,160	36,160	22,217	61%
Transfers and subsidies	6,000,000	8,700,000	8,699,979	100%
Capital expenditures	930,000	90,000	61,804	69%
Total	8,697,583	9,544,257	9,411,265	99%

- **Salaries and wages** - The fund allocated with the initial budget was € 641,286, but in the final budget this category was increased to € 357,960. At the end of the year, the realized budget was € 357,960, or expressed as a percentage at the rate of 100%;

- **Goods and services** - With the initial budget, the approved budget for this category was € 1,060,137, but with decisions this budget was reduced by € 700,000, reducing the value of the final budget to € 360,137. The final budget spent was € 269,304, or expressed as a percentage at 75% of the final budget;
- **Utility costs** - With the initial budget, the approved budget for this category was € 66,160, but the final budget was reduced to € 36,160. The budget realized at the end of the year for this economic category was 22,217, or expressed as a percentage of 61%;
- **Subsidies and transfers** - With the initial budget, the budget approved for this category was € 6,000,000, but the final budget was increased by € 2,700,000, increasing the value of the final budget to € 8,700,000. The final budget spent was € 8,699,979, or expressed as a percentage of 100%; and,
- **Capital expenditures** - The initial budget for this category was approved in the amount of € 930,000, but with the final budget this category was reduced by € 840,000, falling to € 90,000. The budget in this category was spent in the amount of € 61,804, or expressed in percentage as 69%.

Figure no.1. Expenditures in relation to the final budget for 2019



2.2.3. 2019 expenditures compared to 2018 expenditures

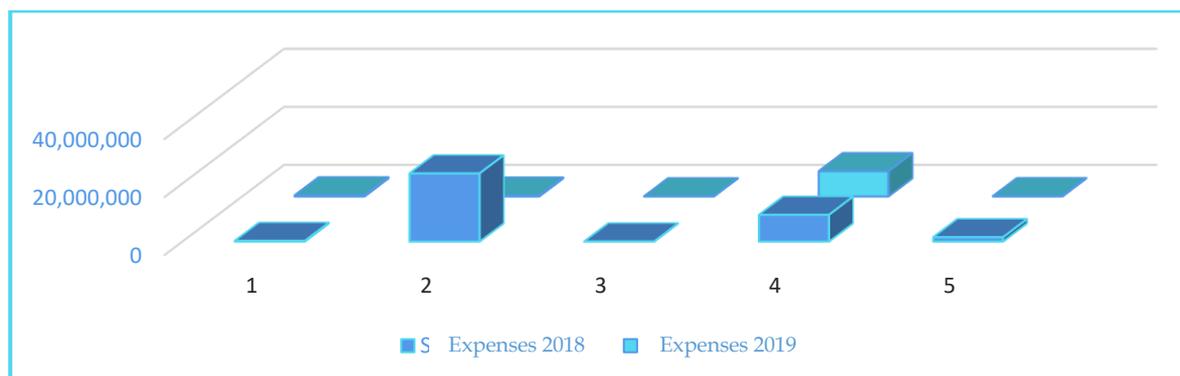
Table no.4. 2019 expenditures compared to 2018 expenditures

Naming	Expenditures 2018	Expenditures 2019	Difference in value	Difference in %
Salaries and wages	216,242	357,960	141,718	40%
Goods and services	23,468,610	269,304	-23,199,306	-8,615%
Utility costs	6,959	22,217	15,258	69%
Subsidies and transfers	9,192,553	8,699,979	-492,574	-6%
Capital expenditures	1,475,155	61,804	-1,413,351	-2,287%
Total	34,359,519	9,411,264	-24,948,255	-265%

From the table above it is noted that expenditures for 2019 have been reduced by 265% compared to 2018, although the reduction was due to the transfer of the budget for drugs in the Kosovo Hospital, Clinical and University Service. In the following we will present the details of expenditures by categories:

- **Salaries and wages** - in this category the expenditures in 2019 compared to 2018 have increased by 40%. The increase in expenditures was as a result of staff growth;
- **Goods and services** – in this category, the expenditures in 2019 have significantly decreased, as a result of the transfer of the budget for drugs in the Kosovo Hospital, Clinical and University Service;
- **Utility costs** – in this category municipal expenditures have increased by 69%. In 2018, respectively until May 2018, the Fund's staff was located in the building of the Ministry of Health, so the utility costs were lower;
- **Subvencione dhe transfere** - in this category there is a decrease in expenditure by 6% due to the lack of budget in this category; and,
- **Capital expenditures** – in this category there is a decrease in expenditures by 2.287%. High expenditures in 2018 in this category were related to the construction of the hospital of Ferizaj which was budgeted and expended from the Fund's budget code.

Figure no.2. Expenditures in relation to the final budget for 2019



2.2.4. Procurement

The fund is divided as a budget organization with the Budget Law for 2019. Since there were delays until the approval of the budget, initially, the Fund operated within the budget of the Ministry of Health, based on 1/12 of the budget of the previous year. Following the allocation of the Fund as a Budget Organization, the Procurement was carried out by the Ministry of Public Administration. In the following, we are unveiling the procurement activities carried out for 2019.

Table no.5. Procurements realized during 2019

No.	Procurement activity 2019	Estimated value of contract	Contract Value
1	Car insurance	999	989
2	Publication in the daily press	999	975
3	Translation services	5,000	4,898
4	Car wash	900	296
5	Project design work for object	50,000	38,400
6	Flower supplies and paintings	999	958
7	Ensuring vehicles	2,550	919
8	Hygienic maintenance of the facility	16,500	12,720
9	Supply of IT equipment	400,000	398,646
10	Project Design for Object (Annex)	2,804	2,377
11	Paper shredder	900	880
Total		481,651	462,058

At the end of 2019, the Fund has submitted the preliminary procurement plan to the Procurement Department within the Ministry of Public Administration based on the latest

budget circular for 2020, while with the approval of the budget we have submitted the final procurement plan for 2020.

2.3. Asset Management

At the end of 2018, the property inventory commission was established, which after the process of identification/physical counting of assets has drafted the report which has been compared with the property reports to identify and eliminate the differences.

Subsequently, after the approval of the budget law where the Fund was allocated as a separate budget organization, a commission for the transfer of assets was established by the Ministry of Health of the Health Insurance Fund, a process which has been completed within the first quarter of 2019.

Table no.6. Assets on December 31, 2019

Description	Assets on December 31, 2018	Assets on December 31, 2019	Difference / Asset growth
Equipment and inventory	89,847	241,821	151,974
Depreciation for 2019	0	6,778	6,778
Net worth after depreciacion	89,847	235,043	158,752

The assets purchased in 2018 in the amount of € 89,847, was transferred to the Fund within the first quarter of 2019, while during 2019 the Fund's assets increased by € 151,974 (gross value before depreciation). The following are the purchases of assets by quarterly periods, such as:

- Within Q2/2019, the Fund has increased its assets by € 60,320. Of this, € 29,800 for the purchase of the vehicle from the government grant, whereas 30,520³ are from borrowing (payments were made by the Ministry of Health, while the property was transferred to the Fund);
- Within Q3/2019, three (3) vehicles in total value of € 60,350 were purchased from the borrowing project; and,
- In Q4/2019, the conceptual plan for the construction of the Fund object was made in the amount of € 31,304.

At the end of 2019, the depreciation of assets was in the amount of € 6,778 and the net value of the property after the depreciation is € 235,043.

³ PC, laptop, other electronic devices.

2.4. Liability management

The Fund has established a good payment system in full compliance with the rules of the Kosovo Treasury, ranging from contracting to their execution. Each received invoice is first recorded, and then paid according to the regulations in force. A special record is kept for all unpaid bills, which are regularly reported to the Treasury (Ministry of Finance).

Despite this regular payment process, in the absence of a budget, a significant amount of liabilities have remained unpaid. They are mainly related to the category of Subsidies and Transfers, respectively the program of medical treatments outside the Public Health Institutions.

As of December 31, 2019, these liabilities were in the amount of € 11,075,724, or increased by € 3,572,292 compared to the end of 2018, where the value of liabilities was € 7,503,432.

Table no.7. Obligations on 31 December 2019

Economic Category	Liabilities on 31 December 2018	Liabilities on 31 December 2019	Difference/ increase of liabilities
Goods and Services	56,854	984	(55,870)
Utility costs	4,355	-	(4,355)
Subsidies and Transfers	7,170,229	11,074,740	3,904,511
Capital Investments	271,994	-	(271,994)
Total	7,503,432	11,075,724	3,572,292

In addition to the liabilities reported in the Treasury (Ministry of Finance), the Fund also has some contingent liabilities.

At the end of 2019, the contingent liabilities were reviewed, respectively the contingent liabilities for drugs were transferred to the Kosovo University Clinical Hospital Service, since in 2019 the budget for medicines was transferred to this institution.

The contingent liabilities after the review are presented in the following table.

Table no.8. Continuous obligations on 31 December 2019

Claimant	Description	Value
R-B	Treatment Outside Public Health Institutions	10,000
B-S	Treatment Outside Public Health Institutions	2,500
R-I	Treatment Outside Public Health Institutions	3,878
H-R	Treatment Outside Public Health Institutions	11,000
A-Q	Treatment Outside Public Health Institutions	4,800
A-L	Treatment Outside Public Health Institutions	8000
R-B	Treatment Outside Public Health Institutions	900
E-H	Treatment Outside Public Health Institutions	6,000
Sh-T	Treatment Outside Public Health Institutions	4,000
Xh-H	Treatment Outside Public Health Institutions	3,000
I-I	Treatment Outside Public Health Institutions	8,000
B-A	Treatment Outside Public Health Institutions	8,500
D-M	Treatment Outside Public Health Institutions	2,615
D-M	Treatment Outside Public Health Institutions	8,400
S-B	Treatment Outside Public Health Institutions	1,400
A-O	Treatment Outside Public Health Institutions	13,560
H-O	Treatment Outside Public Health Institutions	9,492
P-D	Treatment Outside Public Health Institutions	9,500
Total		115,546

However, the filing of lawsuits is constantly declining. In 2018 we had 20 lawsuits, from which also derive the high amount of contingent liabilities, while in 2019 it fell to only six (6) lawsuits.

The decrease of the lawsuits addressed to the Fund reflects the increase of the control in the cost management and respectively in the program of Medical Treatments outside the Public Health Institutions.

3. Medical treatment program outside PHIs

3.1. Medical treatments outside PHIs

The Program for Medical Treatment Outside Public Health Institutions (MTO PHI) is a program established for the purpose of providing health services in conditions when Public Health Institutions cannot provide such services. These services are provided in private health institutions at home or abroad. The functioning of this program is regulated by an administrative instruction which provides for the procedures for benefiting from this program as well as the bodies for the administration of the program.

During 2019, 1,436⁴ patients have applied for the MTO PHI program while the number of approvals reaches 1,312.

If you look at the total number of applications in relation to the approvals, it is seen that there are still 124 unapproved cases, either due to administrative procedures or due to requests for completion of documentation.

If we compare the applications and approvals of 2019 compared to 2018, we see an approximately the same trend of applications and course approvals for this program.

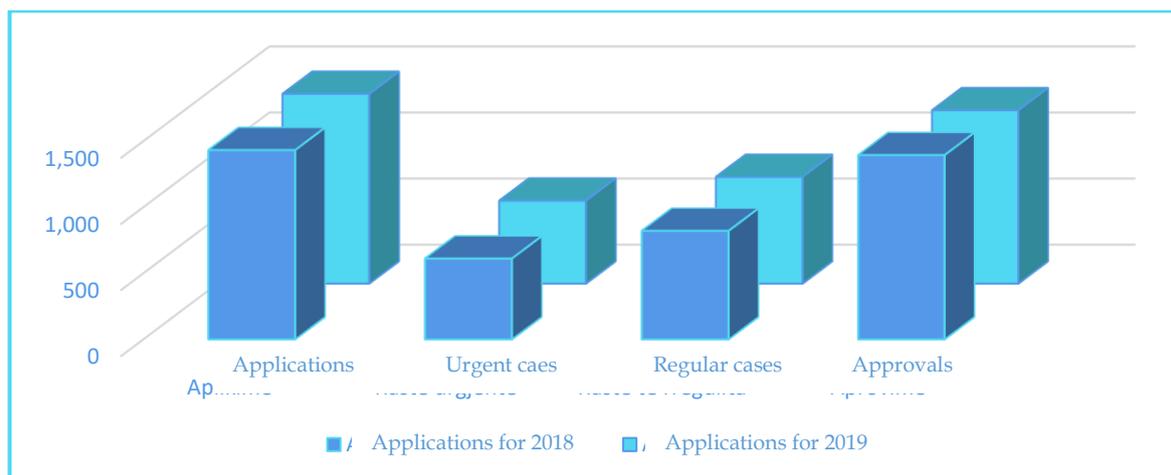
Table no.9. Requirements and approved subjects for 2019 and comparisons in 2018

No.	Description	Applications for 2018	Applications for 2019	Difference
1	Applications	1,432	1,436	4
2	Urgent cases	611	628	17
3	Regular cases	821	808	-13
4	Approval	1,394	1,312	-82

It is worth noting that in 2019, for the first time the number of cases (100) for free medical treatment under the agreement with Turkey has been met. Although a number of patients (somewhere around 13) for various reasons have failed to go for health treatment, the fund has asked to be replaced with new patients, but this was not accepted by Turkey.

⁴ Applications for 2019 also include cases that have been sent for free medical treatment under the agreement with Turkey.

Figure no.3. Requirements and approved cases for 2019 and comparisons in 2018

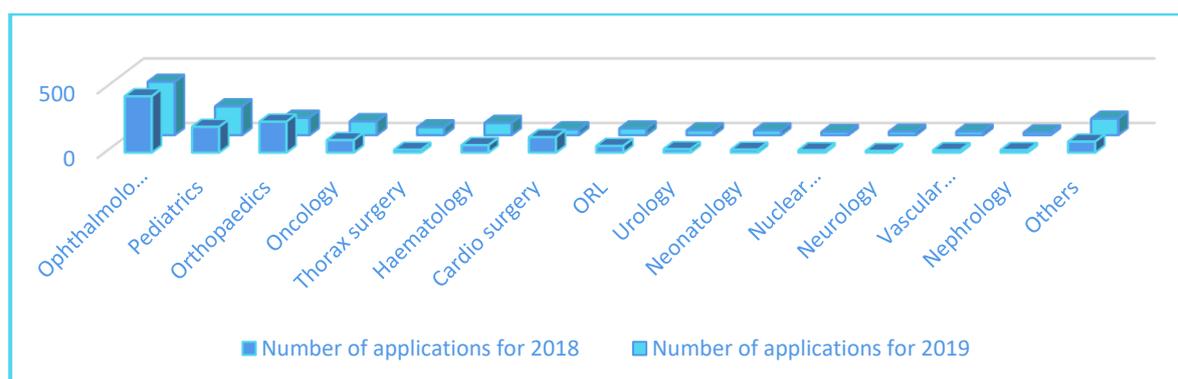


However, if we look at the referrals by clinics for the MTOPI program, then there are significant changes. The number of referrals has been significantly reduced in Orthopedics, Cardiology and Ophthalmology, but has increased in several other clinics. The following table shows the referrals by clinics for 2019 and 2018, as well as the differences between them.

Table no.10. Number of applications for medical treatments referred to by clinics for 2019

No.	Clinic	Number of applications for 2018	Number of applications for 2019	Difference
1	Ophthalmology	437	414	(23)
2	Pediatrics	200	224	24
3	Orthopedics	240	135	(105)
4	Oncology	97	108	11
5	Thoracic surgery	22	61	39
6	Hematology	58	95	37
7	Cardiology	120	45	(75)
8	ORL	52	52	-
10	Urology	27	37	10
11	Neonatology	23	36	13
12	Nuclear medicine	19	25	6
13	Neurology	13	27	14
14	Vascular surgery	19	28	9
15	Nephrology	20	21	1
17	Others	85	128	43
Total		1,432	1,436	4

Figure no.4. Applications referred to clinics for 2019 comparing to 2018



3.2. Payments for medical treatments outside PHI

Payments for the program of MTPOPHI for 2019 were in amount of 8,699,979€, or over 92% of total expenditures of the Fund. In the table below are shown payments according to the countries they were performed.

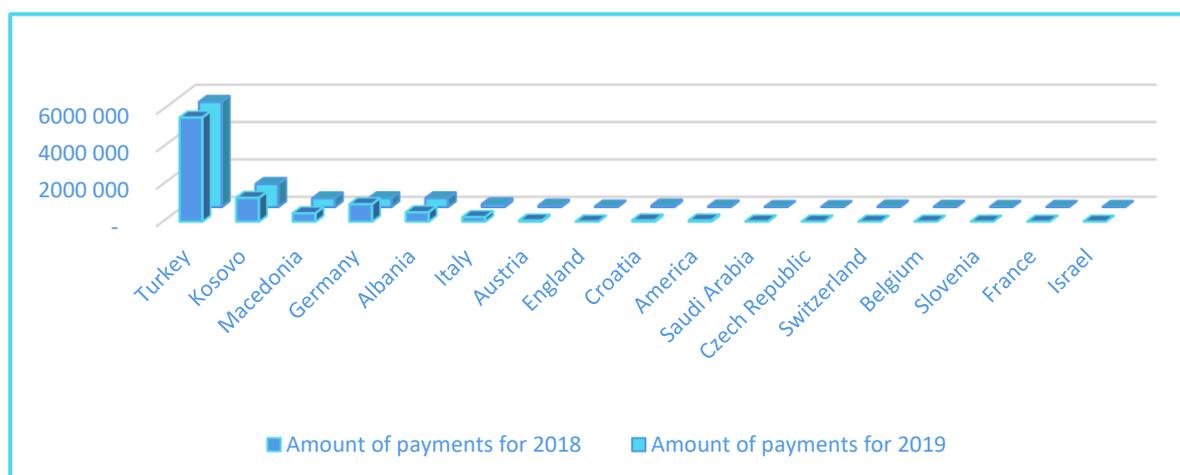
Tableno.11. Payments for MTPOPHI for 2019 comparing to 2018

No.	Country	Amount of payments for 2018	Amount of payments for 2019	Difference
1	Turkey	5,573,723	5,628,520	54,797
2	Kosova	1,272,259	1,232,385	(39,874)
3	Macedonia	451,127	464,644	13,517
4	Germany	934,411	475,906	(458,505)
5	Albania	500,511	471,231	(29,280)
6	Italy	243,972	152,026	(91,946)
7	Austria	60,153	74,813	14,660
8	England	6,102	28,132	22,030
9	Croatia	66,757	78,562	11,805
10	America	64,673	30,000	(34,673)
11	Saudi Arabia	13,000	-	(13,000)
12	Czech Republic	5,865	-	(5,865)
13	Switzerland	-	28,527	28,527
14	Belgium	-	14,015	14,015
15	Slovenia	-	9,560	9,560
16	France	-	7,313	7,313
17	Israel	-	4,345	4,345
Total		9,192,553	8,699,979	(492,574)

Most payments were done to cover all 2018 liabilities, as well as some 2019 cases that were urgent, other cases when patients' health deteriorated, and urgent cases sent to the Union countries. European, who refuse to carry out the treatment of the patient without the payment being executed, despite the presentation of the promissory note issued by the Fund.

Below are the payments for medical treatments for 2019 in graphic form.

Photono.5. Payments for MTPOPHI for 2019 comparing to 2018



3.3. The process of equating with private hospitals

With the decision of 23 February 2019, the Director of the Fund has established the Commission for Financial Equating between the Fund and Private Health Institutions inside and outside the country. According to the decision, the commission has the obligation to take into account, check, and verify all the documentation related to each individual request for the MTPOPHI program, regardless of the place or time of realization of the request. The accepted documentation will be verified against the data and information that the commission has available and / or will be accepted by the PHIs inside and outside the country.

According to Law no. 03/L-222 on Tax Administration and Procedures, Article 13, Establishment and maintenance of records, item 2. Notwithstanding the requirements for keeping records provided for in the legislation and other administrative tax instructions: 2.1. a person who has the duty to create registers under this law shall keep those registers for a period of at least six (6) years after the end of the tax period when such a relevant tax liability has arisen.

Based on this request, the commission established for equalization has determined the period 2013 - 2018, respectively for six (6) years, will make the equalization with the hospitals and will identify the free means (cases in which the payment has been made, but health services were not completed, or other cases when the services provided were lower in relation to payments).

The Commission for Equalization initially prepared the working methodology, including the entire process from the preparation of the cards to the signing of the report and the archiving of all the documentation. He then proceeded with the preparation of the cards with each Health Institution inside and outside the country, as well as with the process of equalization.

Since the largest volume of transactions was with Private Health Institutions within the country, the commission has decided to give it priority. As part of them, initially were dealt the Private Health Institutions, which have the highest number of transactions.

By the end of 2019, 13 institutions have been equated with 740 transactions and the value of free funds derived from this process is 383,222€⁵. Below we have presented the details for each of them.

Table no.12. Private Health Institutions with which Fund has concluded payments

No.	Health Private Institution	Number of services	Total value of payments	Value of free funds
1	Klinika Gjermane e Syrit sh.p.k.	288	1,104,286	158,630
2	Qendra Laserike e Syrit – Kubati	341	875,478	197,518
3	Elab Kosova sh.p.k.	37	108,512	5,500
4	Prolab sh.p.k.	14	13,651	260
5	Akat Orthomeditica	18	163,450	5,930
6	Tirana Lab	11	10,584	1,504
7	Otrila	4	13,225	2,795
8	Metropolis	1	840	-
9	Qendra Diagnostike Plus	2	765	-
10	CT Scanner	4	8,150	-
11	Italian Medical Center	4	62,409	-
12	Klinika Gjermane DFK	1	4,500	-
13	Ortoprotech	15	62,003	11,085
Total		740	2,427,853	383,222

⁵Fund's management has decided to use these funds for patients who are on the waiting list for payment

Besides the 13 Private Health Institutions presented in the abovementioned table, commission for equalization is in the process of equalization for another 24 institutions with which Fund had 3,451 transactions.

Tableno.13. Private Health Institutions with which Fund is in process of equalization

No.	Private Health institution	Number of services	Total value of payments
1	Orthomedica	7	45,890
2	Klinika Amerikane	1	4,700
3	Sinorg	54	835,150
4	Lindja	1	3,500
5	Spitali Amerikan	855	3,994,690
6	Kavaja	101	241,735
7	Royal	164	519,478
8	Rezonanca	181	170,165
9	Eyo Hospital	184	594,694
10	Internacional Medicine Hospital	937	5,667,881
11	Cardio Center Shpk	34	81,700
12	Klinika Gjermane E Syrit Tirane	25	166,100
13	Spitali Amerikan Tirane	236	1,794,384
14	Eye European	149	591,520
15	Acibadem Sistina	181	856,375
16	Zan Mitrev	10	89,590
17	Filip Vtori	61	362,899
18	Remedika	11	29,750
19	Medical Park	55	1,308,049
20	Istinye	2	60,000
21	Acibadem Sistina- Turqi	91	1,025,855
22	Spitali Amerikan - Turqi	36	1,071,549
23	Koc University	18	375,623
24	Liv Hospital	57	2,472,182
Total		3,451	22,363,459

4. Preparation for contracting health services

During 2019 Fund has realized a number of activities towards preparation for contracting health services, such as:

- Contracts from countries in the region (Montenegro and Croatia) have been reviewed);
- The draft documents for contracting have been prepared and at the moment of drafting the necessary legal framework they can be used as documents for the finalization of the contracts;
- Establishment of the list of basic health care services together with the relevant financial statement for the fiscal year;
- Drafting terms of references for Technical Committee and work regulation of the Technical Committee;
- Establishment of Professional Commissions according to the Clinics of the Clinical and University Center of Kosovo, drafting of reference terms for the Professional Commissions and the work regulation of these professional commissions;
- The constitution of the Technical Committee and the commencement of the work of the professional commissions. The definition of the Basic List is in process despite the commitments due to organizational problems, lack of bylaws for the definition of the catalog, etc.;
- Training of the chairpersons of the professional commissions for the work methodology during the identification of services by ICD9;
- Coordination meetings with representatives of private health institutions, with projects such as (World Bank, Project of LuxDev-Muller Healthcare Consulting, etc.);
- Regular participation and direct contribution within the Commission for Costing Policies (bylaws, strategies, etc.) established by Decision of the Office of the Secretary General of the Ministry of Health;
- Regular participation and direct contribution within the Commission for Adoption of ICD10 and ICD9 established by Decision of the Office of the Secretary General of the Ministry of Health; and
- Regular participation and direct contribution within the Kosovo Council for Clinical Guidelines and Protocols.

5. Pharmaceutical services

In 2019, respectively after 25.02.2019, upon the removal of drugs from the Fund's budget, the Department of Pharmaceutical Services, through the Law on Health Insurance, has presented a new plan of activities towards the preparation and finalization of the list of drugs out-patient (with prices), which will be paid by the Fund. During 2019, this department in cooperation with Health Institutions has carried out the following activities:

- Supply of the Hospital, Clinical and University Service of Kosovo with products from the List of Essential Medicines until 25.02.2019 when the acceptance/delivery of contracts has been officially done;
- Active participation in the Technical Committee for the revision of the List of Essential Medicines, where the part of medicines was approved by the Minister in September 2019 while the activities for the revision of other lists continue in accordance with the recommendations of the World Health Organization;
- Active participation in the Working Group for the redesign of the Pharmaceutical Stock Management System (PSMS);
- Active participation in the Working Group for the drafting of the Administrative Instruction on determining the prices of medicinal products;
- Active participation in the Commission for determining the prices of products registered with the Kosovo Medicines Agency;
- Training related to the drafting of Clinical Guidelines and Protocols;
- Participation in the drafting of the Concept Document for Medicinal Products and Equipment by the Kosovo Medicines Agency;
- Participation in the support team for drafting the Regulation on contractual relations with Primary Health Care Institutions;
- Participation in the support team of contract "Outpatient Drug Benefit Scheme";
- Participation in the support team for drafting/implementation of e-Prescription module, and
- Benefit from training on pricing methodology "External and Internal Reference Pricing" from the contracting company Conseil Sante.

The Fund in cooperation with the implementing company of the Fund Information System has trained 903 pharmacists for the use of E-prescription (electronic prescription).

6. Information Systems

The Department of Information Technology Services is responsible for the creation of information technology (IT) policies, procedures and planning, for procurement and IT contracts, for the provision of hardware and software infrastructure and telecommunications for all information systems within the Health Insurance Fund. The Department is also responsible for financial planning, but also for providing comprehensive services that improve and advance cost-effective information technology processes. The Department is also responsible for providing solutions that can operate independently by assisting operational units in providing the functionalities they need. Thus, the Information Technology Management Department is responsible for the architecture, hardware, software, computer network, and policies and procedures for their management and maintenance.

The three experts engaged at the end of 2018 through the Kosovo Health Project were hired also during 2019, who have helped the Fund in carrying out the planned activities, but also new activities that have emerged during the year.

This report reflects the ongoing evolution of the IT mission and activities carried out by the department for the period January – December 2019.

Information Technology Department Vision - *Tomorrow's technology, to be distributed today.*

Mission of Information Technology Department –*Providing reliable information technology with telecommunication leadership and services that provide proven and cost-effective solutions for all internal employees but also for external stakeholders.*

Activities implemented during 2019 –Every Each year, DTI develops an Information Technology Work Plan including an Infrastructure and Systems Architecture Plan. The work plan was used to help plan future technology efforts and presents in a structured way all objectives and activities defined for the IT field.

Within the Fund Information Systems, the bids for the development and implementation of the Fund Information System (HIFIS) and e-Prescription through the Kosovo Health Project have been evaluated. In the beginning of May, was signed the contract with the economic operator, which was successfully concluded at the end of the year.

Within this contract, E-prescriptions and the Basic Fund Information System were developed and implemented, which contains several modules, E-prescriptions, the interconnection module with other institutions, the module for financial and accounting management, the

reporting module, the module for voluntary premium payments. Within this project, were submitted the user manuals and was done the training of 903 pharmacists and other users. For the development and implementation of this system, a large number of activities and interconnections were carried out with systems of different institutions, for the exchange of various data for the completion of the database of the Fund Information System.

Photo no.6 Institutions with which were reached cooperation agreements

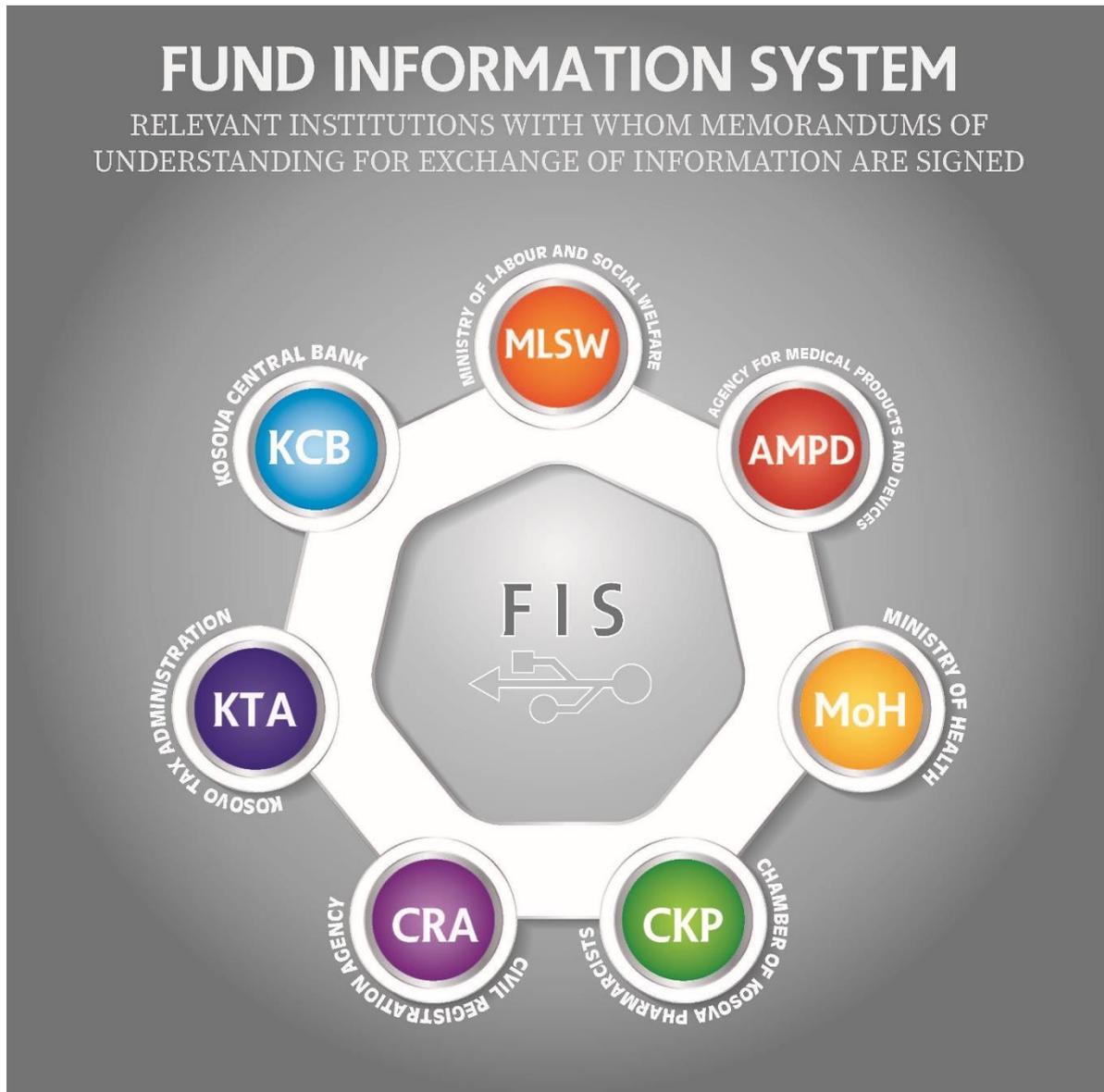
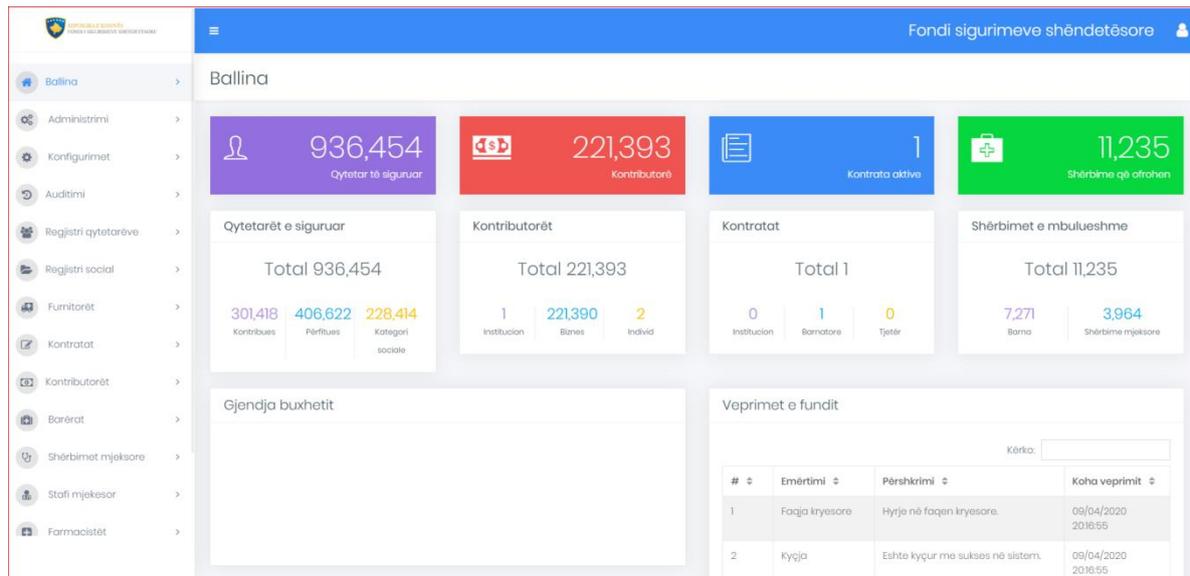


Photo no.7 View from Fund Information System



In the premises of the data center in the Agency of Information Society (ASHI), the Fund's servers have been placed and configured, in which the Fund's Information System (SIF/HIFIS) were implemented. In these servers, three environments have been created, the Production environment, the Testing Environment and the Development Environment.

Through internal resources, several applications have been developed and implemented or data analyzed, such as:

- Web application for reporting health units from three levels (primary, secondary and tertiary) on the number of visits, diagnoses, procedures and financial costs (Work report, Active staff report on work performance and Expenditure report) in monthly periods. This report aims to assess the costs of procedures in the overall health system which will enable preparatory actions to be performed, such as continuing work on drafting the Price Draft of the Basic List of Health Services, calculating the real cost of each service. It is also a key instrument in the evaluation of work, in the functioning of the Fund's activity, an instrument that precedes the possibility of creating basic elements for analyzing the work of Health Institutions and creating the basis for Contracting between the Fund and health institutions;
- Web application for registering requests for the DTOPHI program. The application is linked to the civil registry for the registration of claims and has a considerable number of reports which have facilitated the decision-making, management and reporting process;

- Web application e-Reception, for the registration of visitors to the Fund, which is in use and has enabled the parties to be managed and the types of visits to be followed;
- Temporary Web application for planning work activities in the Fund, reporting on progress and management of activities/sub-activities;
- Interface for identification of health procedures / services by UCCK professional commissions and primary level. Also, technical support has been provided for this part of the staff. The purpose of this process was to identify the procedures/services performed in public health institutions, according to the catalogue *ICD9 vol.3 shqip*. In addition to the identification of services, through this interface some additional information is given about each service identified, such as: duration, volume of that service, who performs it and whether it is hospital or outpatient. All this for the purpose of a closer financial assessment of budget planning at the moment that begins with the collection of premiums and budget allocations for health care providers;
- The data of the register of citizens of Kosovo have been analyzed and a report has been prepared on the findings and recommendations for the improvement of the data related to the creation of the trunk of the insured; and
- The data of the register of licensed pharmacists together with the necessary data for the Health Insurance Fund have been analyzed, especially the data for establishing access to the drug reimbursement application for the outpatient benefit scheme. The findings and recommendations will be forwarded also to the Kosovo Chamber of Pharmacists.

A number of other activities were conducted within the department, such as:

- Procedures and policies of IT – on reaction against incidents were drafted;
- The proposal for the recruitment strategy within the IT department was drafted;
- The plan to create backups for all database information systems in the Fund was implemented;
- It is finalized the plan for 2019 for trainings, human and financial resources for the information system management department in the Fund;
- The inventory was done for all existing IT equipment in the Fund, also it is implemented the standardization of the names for the IT equipment which have been placed in the government domain;
- A File Server was created in which, documents and other data of the Fund are stored centrally by the Fund officials with a specific approach. Data storage is done on a regular basis and this helps in the continuity of the business;

- The video conferencing system has been implemented in the meeting room of the Fund, which system has facilitated meetings with outside parties;
- The Office365 platform has been implemented, which enables users to work from anywhere within the government network, has strong security and reliability, and teams or users can easily collaborate with each other;
- The internal intranet was designed for all Fund officials to access the Fund's Information Systems. This has enabled a centralized approach, improved internal communication, and helped employees find information faster and easier;
- From the Information Society Agency, the necessary administrative approaches for managing the accounts of the Fund's officials have been transferred to the IT department. This has increased efficiency by drastically reducing waiting time;
- It is implemented the digital archive system for storing electronic documents of the Fund, which system has facilitated the management, search and retrieval of information easily and quickly;
- Changes were done in the Fund's Web page, placing updated information and maintaining it regularly;
- Fund Management has received proposals of designs of visual concepts for various Fund reports, some of which have started to use. This enables the creation of identity of reports;
- With the purpose of as best as possible promotion of fund, official sites of Fund were created in social networks, which are continuously populated with information;
- Terms of references are prepared on "Supply with IT equipment for needs of Fund" and tender was announced;
- In order to communicate and exchange documents with the German AOK, the IT Department has tested and recommended the communication platform; and
- The process of management and maintenance has continued for all information technology equipment and systems within the Fund.

7. External assistance

During this period, the Fund has received support from agreements reached between the Ministry of Health and the World Bank, AOK and Lux-Dev. Below in the report, we are revealing the benefits of the agreements reached.

7.1. Kosovo Health Project

The Kosovo Health Project has provided support in defining and implementing the Health Insurance Benefit Package. The package includes health care services that will be reimbursed by the Fund. Initially the focus will be on off-hospital drugs provided through private pharmacies. This sub-component will include technical assistance to assist in the consultation with key stakeholders and key beneficiaries, as well as support in the preparation of technical reports, policies and bylaws, and in the decision-making process that will assist in the adoption of package. This will also include technical support for the Fund in the management of the outpatient drug benefit scheme. during the initial stages of implementation.

The World Bank, through the Kosovo Health Project, has hired five (5) experts covering Legislation, Finance and IT.

The Kosovo Health Project has provided support in the design, development and deployment of the Health Insurance Fund Information System (HIFIS), including adequate software, focusing on modules that are essential for the implementation of the out-of-hospital drug scheme will be offered through private pharmacies (modules will include patient databases, prescription register, payment system, management functions, budget, financial management and human resources).

The Kosovo Health Project has contributed to building the Fund's capacity as a purchaser of healthcare services. This includes technical assistance to the Fund in the preparation of budget and financial documents, the development of the monitoring function of the health financing, defining management processes related to the purchase of health goods and services. In addition, this sub-component will also support the creation of adequate working conditions (inventory and office equipment, training, twinning and study visit arrangements, technical support, etc.).

7.2. AOK

Cooperation between the Kosovo Health Insurance Fund and the German Insurance Fund AOK, began in January 2020, as a result of a joint memorandum of understanding signed in July 2019 between the Ministry of Health of Kosovo and that of Germany.

Through this agreement AOK will help the Fund to increase its professional capacity. This cooperation includes a number of processes, such as: defining and clarifying the statute of the insured, clarifying the process of collecting premiums and other generated revenues, defining the list of drugs that will be reimbursed by the Health Insurance Fund, types of diseases covered and the groups that will benefit, clarifications and support in legislation, definition of benefits/gains for the insured after the start of the collection of premiums, etc.

At this stage of technical and professional support, were discussed issues related to the status of the insured of the Health Insurance Fund, the modalities of collecting contributions, as well as before calculating and balancing the revenues and expenditures of the Fund.

7.3. Lux-Dev

From Lux-Dev (Consulting Company from Luxembourg Muller Healthcare Consulting) Fund started to get support in the following aspects:

- System of allocation of finances based on activities;
- Implementation of reporting system according to DRG; and
- Assessing the implementation of the capital-based financing system for primary health care.

Appendix I – Objectives and activities for 2020

Objectives for 2019	Number of planned sub-activities	Number of sub-activities implemented or in process	Action plan implementation rate
Objective 1 - Ensuring effective governance, transparency and accountability in the Fund.	26	26	100%
Objective 2 – Preparation of three-year institutional development plan and 2020 annual plan	7	7	100%
Objective 3 – Identification of needs for changes/amendments in the legislation framework and initiation of procedures internal administrative acts and completion of legislation.	11	7	64%
Objective 4 – Development and implementation of systems.	19	19	100%
Objective 5 – Implementation of the Fund Information System.	21	21	100%
Objective 6 – Cooperation with SHSKUK, KPSH and other institutions of healthcare. Preparation for contracting health services.	5	2	40%
Objective 7 – Effective management of medical treatments outside public health institutions.	4	4	100%
Objective 8 – Extension of cooperation with other local institutions and international partners.	6	5	83%
Objective 9 – Development of human resources' capacities and continued professional education.	6	4	67%
Objective 10 – Fulfillment of conditions for contracting services and launching of premium collection in accordance with Law Nr. 04/L -249 on Health Insurance.	21	14	67%
Objective 11 – Preparation and finalization of out-of-hospital medicines (at price) that will be refunded at the Fund.	5	0	0%
Objective 12 – Public information through campaigns and increase of public trust.	11	6	55%
Objective 13 – secure location for construction of the HIF building.	6	3	50%
Total	148	118	80%

A total of 118 sub-activities were implemented during 2019, *i.e.* 80% of the annual plan (sub-activities implemented or in process). A lower level of implementation was recorded in the following five (5) objectives:

- **Objective 3** – 7 out of 11 sub-activities planned under this objective were implemented during 2019 (64%). Sub-activities not implemented are related mainly to contributions for development of the new regulations deemed appropriate for fulfillment of secondary legislation, as well creation of internal administrative procedures, including the employee handbook;
- **Objective 6** – only 2 out of five sub-activities planned under this objective were implemented during 2019, 40%. Sub-activities not implemented are related mainly to contracting procedures and identification of contract model for health services. Non implementation of these sub-activities is related to delays in reviewing the legal base for contracting and definition of the contract model for health services;
- **Objective 11** – None of the five (5) sub-activities foreseen under this objective were implemented during 2019. This was caused by delays in reviewing the legislation (Law on Health Insurance and normative acts for contracting of pharmacies);
- **Objective 12** – 6 out of the total of 11 sub-activities foreseen under this objective were implemented during 2019, 55%. Sub-activities not implemented are related mainly to preparation of relevant materials (brochures, seminars, video spots, etc.), as well organization of information campaigns. Non implementation of these sub-activities is related to delays in the recruitment of DIC (Division of Information and Cooperation) staff as a result of complaints administrative procedures; and
- **Objective 13** – 3 out of 6 sub-activities foreseen under this objective were implemented during 2019, 50%. Sub-activities not implemented are related mainly to procedures for construction of the new HIF Building and delays in identification of the location (parcel).

Appendix II – Financial statements for 2019

Annual Financial Report

For the year ended on 31 December 2019

Neni 12
DEKLARATË E PASQYRAVE FINANCIARE

Për: AHMET ISMAILI, Drejtor i Përgjithshëm i Thesarit

Nga: z. Fatmir Plakiqi _____, Zyrtar Kryesor Administrativ (ZKA)

z. Liridon Dervishaj _____, Zyrtar Kryesor Financiar (ZKF)

Sipas mendimit tonë, pasqyrat financiare të cilat janë të bashkangjitura, përfshirë shënimet për vitin e përfunduar me 31 dhjetor 2019 janë përgatitur sipas Standardeve Ndërkombëtare të Kontabilitetit të Sektorit Publik të vitit 2017 "Raportimi Financiar sipas Kontabilitetit të bazuar në para të gatshme", i përmbushin të gjitha obligimet raportuese që dalin nga Ligji Nr. 03/L-048 për Menaxhimin e Financave Publike dhe Përgjegjësitë, të plotësuar dhe ndryshuar me Ligjin nr. 03/L-221, Ligjin nr. 04/L-116, Ligjin nr. 04/L-194, Ligjin nr. 05/L-063 dhe Ligjin nr. 05/L-007 dhe janë të bazuara në shënimet financiare të mbajtura në mënyrë të duhur.

Kjo deklaratë jepet në lidhje me prezantimin e Pasqyrave Financiare të organizatës buxhetore për vitin që përfundon më 31 dhjetor 2019 dhe është pjese përbërëse e pasqyrave financiare.

Ne besojmë dhe konfirmojmë, që:

- Nuk ka pasur parregullsi lidhur me udhëheqësin apo me punëtorët, e cila ka mundur të ketë efekt material në pasqyrat financiare.
- Informatat e dhëna dhe të prezantuara në pasqyrat financiare lidhur me burimin e fondeve dhe shpenzimin e tyre të lidhura me Buxhetin e konsoliduar të Kosovës janë të plota dhe të sakta.
- Informatat në lidhje me grumbullimin e të hyrave janë të sakta.
- Nuk ka tjera llogari bankare të Buxhetit të Republikës së Kosovës përveç llogarive bankare të specifikuara në pasqyrat financiare dhe ky specifikim është i plotë dhe i saktë si në datën 31 dhjetor 2019.
- Nuk ka pasur shkelje të kërkesave të autoriteteve rregullatore të cilat kanë mundur të kenë efekt material në pasqyrat financiare.
- Nuk ka ndonjë ankesë (ligjore) në proces e cila mund të ketë efekt material në pasqyrat financiare
- Të gjitha detyrimet, si ato aktuale ashtu edhe kontingjente, dhe të gjitha garancitë që u kemi dhënë palëve të treta janë regjistruar dhe/ose janë shpalosur në mënyrën e duhur.
- Të gjitha huatë e pranuar janë regjistruar dhe/ose janë shpalosur, sipas legjislacionit në fuqi
- Nuk ka pasur asnjë transaksion pas përfundimit të periudhës i cili do të kërkonte korrigjim ose shpalosje në pasqyrat financiare apo në shënimet e tyre.

Sipas mendimit tonë, pasqyrat financiare që janë të bashkangjitura paraqesin një prezantim të vërtetë dhe të paanshëm të financave dhe transaksioneve financiare për vitin e përfunduar me 31 dhjetor 2019 të institucionit Fondi i Sigurimeve Shëndetësore.

Data: 19/02/2020


(Nënshkrimi i ZKA)

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Datë: 19/02/2020


(Nënshkrimi i ZKF)

Article 13

Statement of receipts and payments in cash

Statement of cash receipts and payments for (Health Insurance Fund)

For the ended year on 31 December

		2019	2018	2017
		The single Treasury account	The single Treasury account	The single Treasury account
	Note	BKK '000	BKK '000	BKK '000
SOURCES OF FUNDS - RECEIPTS				
Governmental grant		9 379	34 362	19 968
Own income				
Dedicated income				
Income from KPA		32		
Defined donor grants				
Investment clause				
Development fund in faith				
Other receipts				
Total		9 411	34 362	19 968
USE OF FUNDS - PAYMENTS				
Operations				
Salaries and wages	2	358	216	127
Goods and services	3	269	23 469	19 836
Municipal services	4	22	7	0
		<u>649</u>	<u>23 692</u>	<u>19 963</u>
Transfers				
Transfers and subcentions	5	8 700	9 195	
Capital expenses				
Propety, buiding and equipment	6	62	1 475	5
Other payments	7			
Total		9 411	34 362	19 968

Note: Payments from third parties are shown under note 13 in accordance with SNKPS 2017, effective of 1 January 2019.

Article 14

Budget execution report

Statement of comparison of budget and current amounts for (Health Insurance Fund)

For the year ended on 31 December

	Note	2019				2018	2017
		Realization	Final budget	Initial budget	Variance	Realization	Realization
		A € '000	B € '000	C € '000	D=B-A € '000	E € '000	F € '000
CASH INCOMES							
Tax incomes	8						
Non tax incomes	9						
Dedicated incomes	10						
Defined donor grants	11						
Others	12						
Total receipts		-	-	-	-	-	
CASH OUTGOINGS							
Salaries and wages	2	358	358	641	-	216	
Goods and services	3	269	360	1,060	91	23,469	
Municipal expenses	4	22	36	66	14	7	
Transfers and subventions	5	8,700	8,700	6,000	0	9,195	
Capital expenses	6	62	90	930	28	1,475	
Others	7						
Total payments		9,411	9,544	8,698	133	34,362	

Article 15**Explanatory notes on financial statements**

The report of the Financial Statements for 2019 is presented according to the regulations and according to the data presented in the KFMIS, the change made at our request in the KFMIS is due to the incorrect registration of the return to the KFMIS by the treasury.

Note 1**1. Accounting policies**

The Financial Statements for the year ended on 31 December 2019 are prepared according to the International Accounting Standards of the Public Sector of 2017 "Financial reporting by Accounting based on cash", fulfill all reporting obligations arising from the Law No. 03/L-048 on Public Financial Management and Accountability, supplemented and amended by Law no. 03/L-221, Law no. 04/L-116, Law no. 04/L-194, Law no. 05/L-063 and Law no. 05/L-007.

1.1 Information on the budget organization (activities, legislation, etc.)

The Public Sector Entity the Health Insurance Fund has prepared the Financial Statements in accordance with the requirements of Law no. 03/L-048 on Public Financial Management and Responsibilities, supplemented and amended by Law no. 03/L-221, Law no. 04/L-116, Law no. 04/L-194, Law no. 05/L-063 and Law no. 05/L-007.

According to LPFMR all the transactions with funds within the Consolidated Fund of the Republic of Kosovo shall be done only through the Single Treasury Account.

Legal Basis Health Insurance Fund (hereinafter Fund) - public health insurance institution with the status of legal entity with special rights, obligations, responsibilities and authorizations for law enforcement 04 / L249 on behalf of the insured including effective collection of financial means for the provision of health care services by health institutions in all forms of ownership.

The mission of the Health Insurance Fund is to be a credible institution that ensures universal access of citizens and residents of the Republic of Kosovo to quality basic health care services, with the aim of improving health indicators and providing financial protection against impoverishment. high spending on health care through the establishment and regulation of the public health insurance system.

Vision, creating a sense of security among citizens about the Fund's potential to cover all costs for their health problems.

1.1 Third party payments

Pursuant to IPSAS 2017, payments by third parties are disclosed in note 13.

1.3 Reporting amounts

Reporting amounts from article:

13 until article 15 are under `000 (thousand) Euro (€),

16 until article 24 are the total amount in Euro (€).

1.4 Reporting value

Amounts are reported in currency Euro (€),

1.5 Date of authorization

Authorized with the date of signing of the report on Financial Statements from the Chief Administrative Officer and Chief Finance Officer.

Article 14.6

Disclosure of initial and final budget allocations

Category of allocation	Initial budget (Law on budget) € '000	Changes authorized from LMFPF					Determined donors grants € '000	Other sources of finance € '000	Final budget SIMFK € '000
		according to the Decision of Government Nr.01/113 € '000	according to the Decision of Government Nr.01/115 € '000	Change III € '000	Change IV € '000	Own revenues € '000			
Incomes									
Tax incomes								-	
Non tax incomes								-	
Dedicated incomes								-	
Determined donors grants								-	
Borrowings								-	
Others								-	
Total	-	-	-	-	-	-	-	-	
Outgoings									
Salaries and wages	641		-283					358	
Goods and services	1 060	-700						360	
Municipal services	66	-30						36	
Transfers and subventions	6 000	700	2 000					8 700	
Capital expenses	930	-450	-390					90	
Return of borrowings								-	
Others								-	
Total	8 698	-480	1 327	0	0	0	0	9 544	

Details in the table:

1. According to the Government's decision No. 01/113 Dated: 05.11.2019, the Health Insurance Fund has had savings: 30,000€ Municipal services, 700,000 Goods and Services, and 450,000 Capital from fund 24, Total 1,180,000 €.

According to the same decision No. 01/113 Dated: 05.11.2019 The Health Insurance Fund has received an allocation in the amount of 700,000 € in the category of Subsidies.

2. According to the Government's decision No.01/115 Dated: 17.12.2019, the Health Insurance Fund has had savings: 390,000€ Capital from fund 24, and 283,325.67€ from the category of salaries, Total savings 673,325.67€.

According to the same decision No.01/115 Dated: 17.12.2019 the Health Insurance Fund received an allocation in amount of 2,000,000€ in the category of Subsidies.

Note 2 to 12 Presentation of material differences

Unlike notes 2 to 12, these notes are used to clarify the material difference in column **D** (Article 14), i.e. the material difference of budget execution. IPSAS, based on cash, seeks to clarify material differences. Depending on the size of the difference, there is no need to provide explanations for all categories, so changes to the data counting system may be required. When clarifying the differences of any division category, a summary of the nature of the change should be given.

Note 2 Salaries and wages

Description	Payments € '000	GQ € '000	THV € '000	THD € '000	TH-AKP € '000	GPD € '000	KI € '000	FZHM € '000	Budget € '000	Comparis on	€ '000	€ '000
Net wages through payroll	302 465	302 465									183 782	107 564
Payment for union	102	102									111	159
Payments for overtime work	-											
Workers with contract (not in the payroll)	-											
Tax on personal income	21 302	21 302									11 753	6 993
Pension contribution-employee	17 046	17 046									10 297	6 038
Pension contribution-employer	17 046	17 046									10 297	6 038
Salary and wage	357 960	357 960	-	-	-	-	-	-	357 960	100%	216 242	126 792

Detailed notes reflected in the table:

The Health Insurance Fund has realized all the expenses for salaries and wages through the Government Guarantee, it was worth mentioning that the Budget Law for 2019 has been approved in the second part of February 2019, therefore the budget allocated for January, February 2019 is 1/12 actually 2/12.

Until the approval of the Budget Law for 2019, the Health Insurance Fund has worked under OB 206, which means that it has spent the budget allocated under code 206, after the approval of this law, the Health Insurance Fund has been allocated as OB under code 224.

January 2019 salaries in the amount of 22,438.83 € were incorrectly transferred as an expense of HUCSK and despite our requests were not transferred/returned as an expense of the Fund.

Therefore, the amount shown in ST at note 2 Salaries and wages does not include salaries of January 2019.

Other payments to be spent on the purchase of Medicines in the amount of € 54,472.01, which were the obligation of 2018, have been transferred to HUCSK as their expense together with all rights and obligations (Obligations, Contingent Liabilities).

Note 3 Goods and services

See details in the table:

Description	2019								Final Budget € '000
	Total Payment € '000	GQ € '000	THV € '000	THD € '000	TH-AKP € '000	GPD € '000	KI € '000	FZHM € '000	
Expenses for official trips abroad	12,52	12,52							
Payment for official trips abroad	1,47	1,47							
Accommodation for official trips abroad	7,97	7,97							
Other expenses official trips abroad	8,54	8,54							
Mobile phone expenses	5,26	5,26							
Training/education expenses	10,32	10,32							
expenses for advices	9,16	9,16							
Other contracting services	14,58	14,58							
Technical services	-	-							
Phones (less than 1000 euro)	-	-							
Computers less than 1000 euro	-	-							
Other equipment (less than 1000 euro)	0,67	0,67							
Office supply	4,57	4,57							
Supply with food and beverages (not official lunch)	1,09	1,09							
Medical supplies	-	-							
Cleaning supplies	-	-							
Clothing supply	-	-							
Petrol for vehicles	2,25	2,25							
Advance payment for official trips	3,14	3,14							
Cleaning of vehicles	0,42	0,42							
Vehicle insurance	1,91	1,91							
Municipal tax for vehicle registration	-	-							
Vehicle service and maintenance	0,01	0,01							
Maintenance of building	10,23	10,23							
Building rent	161,01	161,01							
Advertisements and announcements	(0,14)	(0,14)							
Publications	-	-							
Official lunch	2,62	2,62							
Expenses - court decisions	-	-							
Purchase of books and arts	0,96	0,96							
Insurance of other buildings	10,75	10,75							
Add codes as needed									
Goods and services	269	269	-	-	-	-	-	-	360

The Health Insurance Fund has realized all the expenses for Goods and Services through the Government Grant.

Note 4 Municipal utilities

See the details in the table:

Description	Total	GQ	THV	THD	TH-AKP	GPD	KI	FZHM	Final	Comparis	2018	2017
	Payment										Budget	on
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000		€ '000	€ '000
Electricity	20,9	20,9									4,84	
Water	0,2	0,2									0,08	
Garbage	-											
Central heating	-											
Phone bills	1,1	1,1									0,02	0,19
Payments - court decisions	-										2,03	
Utilities	22,2	22,2	-	-	-	-	-	-	36 160	0%	7	0

The Health Insurance Fund has realized all the Municipal utilities expenses through the Government Grant.

Note 5 Subsidies and transfers

Description	2019									Comparis	2018	
	Total	GQ	THV	THD	TH-AKP	GPD	KI	FZHM	Final			Budget
Payments	€ '000									€ '000	€ '000	€ '000
Subsidies for public entities	-											
Subsidies for public entities (tea.bib)												
Subsidies for non public entities	8 700	8 700										9 195
Transfers for other governments	-											
Payments for individual beneficiors	-											
Basic pension	-											
Basic contributory pension	-											
Pension for persons with special needs	-											
Social scheme pensions	-											
Pensions for prisoners	-											
Pensions for war veterans	-											
Pensions for the blind	-											
Pensions of TMK	-											
Pensions of KSF	-											
Payments for war invalids	-											
Payments for the families of those killed in th	-											
Temporary pensions of Trepça	-											
Maternity leave	-											
Payments for court decisions	-											
Payment for agriculture sector	-											
Payment for cultures	-											
Restructuring of physical potential	-											
Management of irrigation resources for agric	-											
Farm diversification	-											
Subsidies and transfers	8 700	8 700	-	-	-	-	-	-	8 700	100%	9 195	

See details in the table:

Based on the recommendations of the NAO, the Director of the Fund has established a commission for equalization with Health Institutions in which the Fund has made payments, this commission has managed to identify unpaid money in health institutions, as liabilities are constantly increasing The Fund's management has decided to use these funds for patients who are on the waiting list for salaries.

N r.	Name of the Institution with which was performed financial equation	Amount certified by the commission for financial equations	Amount of decisions that have been processed in the name of the amount approved by the commission of financial equations
1	Klinika Gjermane e Syrit	197,518.00	193,814.00
2	Kubati	158,630.00	158,381.00
3	Spitali Otrila	2,795.00	2,060.00
4	Laboratori PROLAB	260.00	215.00
5	Laboratori E-Lab	5,929.50	5,924.00
6	Akat Orthomeditica	5,500.00	3,500.00
Total		370,632.50	363,394.00

Therefore: Amount of 363,394.00€ is considered paid and together with decisions were taken out of obligations.

Note 6 Capital expenditures**See the table in detail:**

Description	2019								Final Budget	Comparison	2018 € '000	2017 € '000
	Total Payments € '000	GQ € '000	THV € '000	THD € '000	TH-AKP € '000	GPD € '000	H € '000	FZHM € '000				
Residential buildings	-											
Administrative business buildings	-											
Education buildings	-											
Health buildings	32				32						1 475	
Culture buildings	-											
Sports buildings	-											
Memorial buildings	-											
fences	-											
Warehouses	-											
Garages	-											
Sports fields	-											
Construction of roads	-											
Construction of regional roads	-											
Construction of local roads	-											
Side walks	-											
Sewage	-											
Water supply	-											
Special medical equipment	-											5
Official vehicles	30	30										
Shto kode sipas nevojës	-											
Capital expenditures	62	30	-	-	32	-	-	-	90	69%	1 475	5

Note 7. Others

Nature of payment	20__	20__ -1	20__ -2
	€ '000	€ '000	€ '000
Deposit 1			
Deposit 2			
Deposit 3			
Other deposits			
↓			
Total	0	0	0

Note 8 Tax revenues

Description	Note	20__	20__ -1	20__ -2	% of total 20__	% of difference from 20__ -1
		€ '000	€ '000	€ '000		
Tax revenues 1					%	%
Tax revenues 2					%	%
Tax revenues 3					%	%
Tax revenues 4					%	%
Total		0	0	0	0%	%

Health Insurance fund does not have tax revenues.

Note 9 Non-tax revenues

Description	Notes	20__	20__ -1	20__ -2	% of total 20__	% of difference from 20__ -1
		€ '000	€ '000	€ '000		
Revenues from taxes 1					%	%
Revenues from taxes 2					%	%
Revenues from fines - tickets 1					%	%
Revenues from fines - tickets 2					%	%
Revenues from licenses 1					%	%
Revenues from licenses 2					%	%
Revenues from sale of property and services					%	%
Revenues from inspection					%	%
Revenues from bank interest					%	%
Revenues from exchange rate changes					%	%
Tariff from accreditation					%	%
Revenues from property					%	%
Other receipts					%	%
Total		0	0	0	0%	%

Health Insurance Fund does not have non-tax revenues.

Note 10 Dedicated revenues

Description	Note	20__	20__ -1	20__ -2	% of total 20__	% of difference from 20__ -1
		€ '000	€ '000	€ '000		
Type of revenue 1						
Type of revenue 2					%	%
Type of revenue 3					%	%
Type of revenue 4					%	%
Total		0	0	0	0%	%

Health Insurance Fund does not have dedicated revenues.

Note 11 Defined donor grants

Description			20__	20__ -1	20__ -2
Description			€ '000	€ '000	€ '000
Name of donor	Name of project	Name of project	-	-	-
Name of donor	Name of project	Name of project	-	-	-
Name of donor	Name of project	Name of project	-	-	-
Total			0	0	0

Health Insurance Fund does not have defined donor grants.

Note 12 Others

Nature of receipt	20__	20__ -1	20__ -2
Nature of receipt	€ '000	€ '000	€ '000
Deposits 1			
Deposits 2			
Deposits 3			
Other deposits			
Total	0	0	0

Note 13 Payments from third parties

<u>Economic category</u>	<u>20__</u> € '000	<u>20__ -1</u> € '000	<u>20__ -2</u> € '000
Salaries and wages			
Goods and services			
Municipal utilities			
Transfers and subsidies			
Capital expenditures			
Total payments from third parties	0	0	0

See for details table under annex 1:

Article 16 Report on receivables

<u>Economic code</u>	<u>Description</u>	<u>20__</u>	<u>20__ -1</u>	<u>20__ -2</u>
Total		0	0	0

See in PF table for details and according to format in Annex 1:

<u>Date of issuance of invoice</u>	<u>Number of invoice</u>	<u>Economic code</u>	<u>Payment deadline</u>	<u>Supplier</u>	<u>Description</u>	<u>20__</u>
Total						0

Article 17 Report on unpaid liabilities (invoices)

<u>Economic category</u>	<u>gory</u>	<u>2019</u>		<u>2018</u>		<u>2017</u>	
		<u>< 30 days</u>	<u>> 30 days</u>	<u>< 30 days</u>	<u>> 30 days</u>	<u>< 30 days</u>	<u>> 30 days</u>
11	Salaries and wages						
13	Goods and services	15 941,97	669,00	1 641,23	54 620,96		183 795,92
14	Municipal utilities	24,97		4 355,49			
20	Transfers and subsidies	670 603,66	9 821 280,17	1 243 931,57	5 926 297,53		3 795 480,62
30	Capital expenses			271 993,87			
Total		686 570,60	9 821 949,17	1 521 922,16	5 980 918,49	-	3 979 276,54

See table in PF for details and according to format in Annex 2

Supplier	Description		Reason for nonpayment	2019
AB & Associates	Translation of announcement		In process for payment/ Obligation remained from 206	30.00
AB & Associates	Translation of documents		In process for payment/ Obligation remained from 206	420.00
Auto Servis " Besi"	Vehicle service		In process for payment/ Obligation remained from 206	159.00
Distribution Express SHPK Bota Sot	Payment for publication of calls in newspaper "Bota Sot"		In process for payment/ Obligation remained from 206	60.00
Olti Trasing	Rent for December 2019		payment	14,637.00
Magra Austria - Bërnice	End of year dinner		In process for payment	1,280.00
Company ujësjellësi rajonal sh.a.	Payment for water supply - December 2019		In process for payment	24.97
Medical Park	Nesat	Krasniçi	Lack of funds	21,000.00
Sirona	Albulena	Hyseni	Lack of budget funds	840.00
Guvan Hastanesi	Mentor	Gllgjani	Lack of budget funds	11,550.00
Universitatsspital Zurich	Vloriane	Arifaj Shala	Lack of budget funds	2,494.00
Eren Saglik	Ylber	Salihi	Lack of budget funds	4,200.00
Spitali Amerikan	Leoresa	Biqku	Lack of budget funds	8,900.00
Liv Hospital	Leonida	Salihi	Lack of budget funds	72,000.00
Liv Hospital	Arlinda	Morina	Lack of budget funds	30,000.00
Medipol Mega	Jon	Kelmendi	Lack of budget funds	28,400.00
Koc University Hospital	Emin	Begolli	Lack of budget funds	16,800.00
Ortoprotech	Hakif	Berisha	Lack of budget funds	5,832.00

Article 18 Contingent liabilities

Natyra e detyrimeve kontingjente	Arsyeja për detyrime	Vlera e vlerësuar ose e saktë		
		2019	2018	2017
		€ '000	€ '000	€ '000
R-B	Trajtim Jasht Institucioneve Shëndetsore Publike	10,000.00 €	10,000.00	
B-S	Trajtim Jasht Institucioneve Shëndetsore Publike	2,500.00 €	2,500.00	
R-I	Trajtim Jasht Institucioneve Shëndetsore Publike	3,878.20 €	3,878.20	
H-R	Treatment Outside Public Health Institutions	11,000.00 €	11,000.00	
A-Q	Treatment Outside Public Health Institutions	4,800.00 €		
A-L	Treatment Outside Public Health Institutions	8,000.00 €	8,000.00	
R-B	Treatment Outside Public Health Institutions	900.00 €	900.00	
E-H	Treatment Outside Public Health Institutions	6,000.00 €	6,000.00	
Sh-T	Treatment Outside Public Health Institutions	4,000.00 €	18,140.48	
Xh-H	Treatment Outside Public Health Institutions	3,000.00 €	3,000.00	
I-I	Treatment Outside Public Health Institutions	8,000.00 €	4,000.00	
B-A	Treatment Outside Public Health Institutions	8,500.00 €		
D-M	Treatment Outside Public Health Institutions	2,615.35 €		
D-M	Treatment Outside Public Health Institutions	8,400.00 €	8,500.00	
S-B	Treatment Outside Public Health Institutions	1,400.00 €		
A-O	Treatment Outside Public Health Institutions	13,560.00 €		
H-O	Treatment Outside Public Health Institutions	9,492.00 €		
P-D	Treatment Outside Public Health Institutions	9,500.00 €		
Redoni HM			36,797.76	
Medical Group			6,380.45	
Medical Group			7,890.49	
Meditech			8,000.00	

The amount of 113,371.01 € presented in the part of Contingent Liabilities in the previous year was transferred as Contingent Liability to HUCSK since with the approval of the budget law for 2019, the total budget foreseen for the purchase of medicines and medical equipment was transferred to HUCSK, all rights and obligations have been transferred, therefore we have notified the HUCSK to present these obligations to PF.

Article 19 Non-financial asset report

Article 19.3.1 Capital assets (worth over 1000 Euros)

Classification of assets	2019	2018	2017
Buildings (Ferizaj Hospital)		1 475 155,00	
HIF Building (idea plan)	31 304,32		
Land			
Equipment	25 266,63		
Machinery			
Vehicles	84 074,40		
Others			
Total	140 645,35	1 475 155,00	0

Article 19.3.2 Non-capital assets (worth less than 1,000 Euro)

Classification of assets	2019	2018	2017
Equipment and furniture	94 397,59	89 847,00	
Total	94 397,59	89 847,00	0

The value presented in Table 19.3.1 Capital Assets (worth over 1000 Euros) represent the value of assets (Vehicles and IT consequences) which are paid by borrowing WB, (purchase of 3 cars 60,350.00 €, purchase of 12 Laptops in total amount 23,399.93€ and 3 computers in total amount 5,969.99€, and video conferencing equipment in the amount of 1,150.00€). Audi A3 car purchased from the Kosovo Budget 29,800.00€. Only vehicles transferred by the MoH to the HIF through the SIMFK system (assets purchased by the WB are registered as assets of the MoH, laptops, computers, VC equipment have been made requests from the MoH to the MoF to be transferred as assets of the HIF but the transfer process has not yet been completed.

The property document was made according to the invoices and all assets were depreciated according to MF - NO REGULATION. 02/2013 - ON NON-FINANCIAL PROPERTY MANAGEMENT IN BUDGET ORGANIZATIONS

The value presented in Table 19.3.2 Non-Capital Property (worth less than 1000 Euros) represents the value of the property, registered in the e-property plus the assets purchased in 2019 that for technical reasons could not be entered in the e-property system, but as such they have been subjected to depreciation according to REGULATORY MF - NO. 02/2013 - ON NON-FINANCIAL PROPERTY MANAGEMENT IN BUDGET ORGANIZATIONS.

The value presented in PF is the total accepted by the property valuation commission, but the value presented in PF is not equal to the value of the property that is registered in KFMIS and e-property.

Article 19.3.3 Stocks

Classification of assets	2019	2018	2017
Stocks	3 352,46		
Total	3 352,46	0	0

Article 20 Report on unjustified advances

<u>Date of issuance</u>	<u>Supplier ID official</u>	<u>No. CPO</u>	<u>Purpose</u>	<u>2019</u>
12.9.2019	A224-401437	22400357	Financial Equality Com	1 045,00
12.9.2019	A224-401352	22400359	Financial Equality Com	1 045,00
12.9.2019	A224-401430	22400358	Financial Equality Com	1 045,00
Total				3 135,00

Disclosure of open or forwarded advances from the previous year, together with the reason for non-closure

Advance payments in the number of expenses,
 2019-387649 amount 1,045.00€ for Kaltrina Selmani Bislimi,
 2019-387643 amount 1,045.00 for Besnik Shabanaj,
 2019-387652 amount 1,045.00 for Teuta Rexhepi,
 These advance payments were closed on 15.01.2020 in the report FreeBalanc of 2020, whereas the return of funds into the NLB bank was done on 30.12.2019 with number of expense in close of advance:
 2020-372 amount 449,96€ for Kaltrina Selmani Bislimi,
 2020-381 amount 299.63€ for Besnik Shabanaj,
 2020-392 amount 540.64 for Teuta Rexhepi,

Amount 322.59 was transferred from report 71200 - PETTTY CASH of 2018, during 2018-2019 we have addressed several times this concern to the treasury but we could not identify the reason for these remains that are continuously transferred.

Article 21 Report on unpaid own income

Description	<u>20__</u>	<u>20__ -1</u>
Own revenues transferred from last year		
<i>Plus</i> Own revenues received for this year		
Total for allocation for the current year	-	-
<i>Minus</i> The amount spent in the current year		
The remaining amount for transfer	-	-

Article 22 Report on unspent balances of the Development Fund in Trust

Description	<u>20__</u>	<u>20__ -1</u>	<u>20__ -2</u>
Revenues from the development fund in faith from last year			
Own incomes received for this year			
Total for allocation for current year	-	-	-
Amount spent for current year			
Amount remained for transfer	-	-	-

Article 23 Report on dedicated revenue

Dedicated incomes from last year	_____	_____	_____
Dedicated incomes received for this year	_____	_____	_____
Total for allocation for current year	-	-	-
Amount spent for current year	_____	_____	_____
Amount remained for transfer	-	-	-

Article 24 Report on unused donors' funds

Description	<u>20__</u>	<u>20__ -1</u>	<u>20__ -2</u>
Donors' allocated funds from previous year			
Donors' allocated funds for this year	_____	_____	_____
Total of fund available for this year	-	-	-
Amount spent during this year	_____	_____	_____
Amount left for transfer	-	-	-

Article 25 Report on the number of employees according to the payroll

Health Insurance Fund	No. of workers in Budget Law for 2019	Current number of workers in the end of 2019		Current number of workers in the end of 2018		Current number of workers in the end of 2017	
		Full time	part time	Full time	part time	full time	part time
Cabinet of the Director of Fund		4					
Department of Finance and General Services		15					
Department of Health Services		10					
Department of Pharmaceutical Services		6					
Department for management of Information Systems		1					
Division for Information and Cooperation							
Human Resources Division		3					
Procurement Division		1					
Internal Audit Unit		1					
Legal Division		3					
Total	98	44		35		30	

Article 26 Report on the number of employees outside the payroll

Department	Current number of workers in the end of 20__		Current number of workers in the end of		Current number of workers in the end of	
	Full time	part time	full time	part time	full time	part time
Department 1						
Department 2						
Department 3						
Total						

Explanation: Reveals the reason for the engagement, the duration, the purpose and the list of persons engaged.

Article 27 Report on the number of contract employees for special services

Health Insurance Fund	workers in the end of 2019		workers in the end of 2018		current no. of workers in the end of 2017	
	full time	part time	full time	part time	full time	part time
Department for managing Information Systems	1				1	
Department of finance and general services			1			
Department 3						
Total	1		1		1	

In 2017, hired with a contract for special services was Mrs. Delvina Rysha in the Information Services Division in the department for information systems management, Contract validity period 06/11/2017 to 06/12/2017.

In 2018, hired with a contract for special services was Mr. Labinot Krasniqi, in the division of logistics and IT, Department of Finance and General Services, contract validity 16/04/2018 to 15/08/2018.

In 2019, hired Mrs. Valisa Shala, involved for purpose of collecting, processing and controlling source data, recording source data on database of internal systems of the HIF, period of contract validity 01/11/2019 until 29/02/2020.

Article 28 Report on the state / implementation of the recommendations of the National Audit Office

No	Recommendation	Action taken	Deadline of implementation	Current status of recommendation	Risk assessment
1	Issue B2 - The Ministry is not harmonizing with the Hospitals in which the services for TOPHI are performed, Recommendation B2, The Minister should immediately set up a commission to implement a harmonization process that will cover all private hospitals, and that any funds paid to these hospitals that exceed current treatment costs should be returned to the MoH	The Director of the Fund has issued a decision to set up commission for equalization with Health Institutions, which has started working from the first period of 2019	2019- ongoing	Process	High
2	Issue B3 - Non-justification of funds for subsidized medical treatments, Recommendation B3 The Minister should establish efficient mechanisms to ensure that beneficiaries are respecting obligations on total reasonability of expenses subsidized by the Ministry.	Issue shall be addressed with supplement / amendment of AI on MTOPHI	2019- 2020	Process	High
3	Issue B4- Approval or requests without budget funds in the program MTOPHI Recommendation B4, The Minister should ensure that the Executive Board of TMJISP, when approving the requests for treatment of patients, should take into account the available budget funds and not approve requests that create obligations for the coming years.	It is addressed with supplement / amendment of AI on MTOPHI	2019-2020	Process	High

Details in the table:

Reveals recommendations from the previous year and unimplemented, efforts made and results.

Issue 11 - Supply of medicines in the absence of delivery note,

Action taken: Supply of drugs in the absence of delivery note, The subject which is mentioned in the report of the external auditor Supply of drugs in the amount of 238,440.00 to EO Liri Med is completed as a regular payment.

Issue 12 - Exceeding the contracted quantities:

Action taken: Exceeding the contracted quantities: The main reason was the appointment of the managers of the respective contracts. At the end of 2017, the Pharmaceutical Department in cooperation with the Procurement Office, has officially requested the appointment of contract managers, both existing and from the beginning of 2018, for all contracts signed in advance, the relevant managers have been appointed, who are responsible for avoiding possible excesses.

Issue 15 - Non-harmonization with the Hospitals in which the service for TMJIPSH is performed.

Action taken: Non-harmonization with the Hospitals in which the service for MTOPIH is performed, The Commission for Equalization has been appointed by the Director of the Fund, and that the same has started with the process of equalization. Establishing a sustainable system for monitoring the process of treatment and financial transactions with private health institutions.

Issue 16 - Non-justification of funds for subsidized medical treatments.

Action taken: Non-justification of means for subsidized medical treatments. The HIF, through the decision it issues, by means of a successor obliges the party to bring evidence on the occasion of the completion or receipt of the service for which it is financially supported. Despite this, there are few patients who adhere to this! In some cases, there are institutions that unfortunately do not provide such evidence. Therefore, the decision to establish an equalization commission with Health Institutions is the process that will avoid this finding.

Issue 22 - High value of outstanding liabilities,

Action taken: High value of outstanding liabilities, in this case, we are penalized from the budget allocated for the program for TMJISHP. However, the administrative procedures have never been stopped due to the demands and pressure of the right parties who want to get an answer as soon as possible regarding their treatments. Despite this, we have addressed numerous letters to the Minister of Finance to allocate additional funds to cover the obligations.

Explains the level of implementation of the WO internal audit recommendations

Recommendation 1 - We recommend that the Fund Management continue communication/ budgetary requests for subsidies (Medical treatment program outside public health institutions) addressed to the Ministry of Finance, including the reasonableness of the requirements as this program is very specific. Otherwise, it is proposed to reduce this program and approve the requests for medical treatment outside public health institutions to be done only after providing financial means.

Action taken: Request addressed to the MoF Budget for additional budget allocation, and request for next year's budget.

Recommendation 2 - We recommend the Department of Finance and General Services that the budgetary requirement for the construction of the facility be according to the value calculated according to the parameters and before the accounts as well as the dynamics provided for the construction of the facility. Along with the request, the reasons for the anger should be sent, that in addition to the need for accommodation of the new staff, the high cost of the monthly rent must be eliminated.

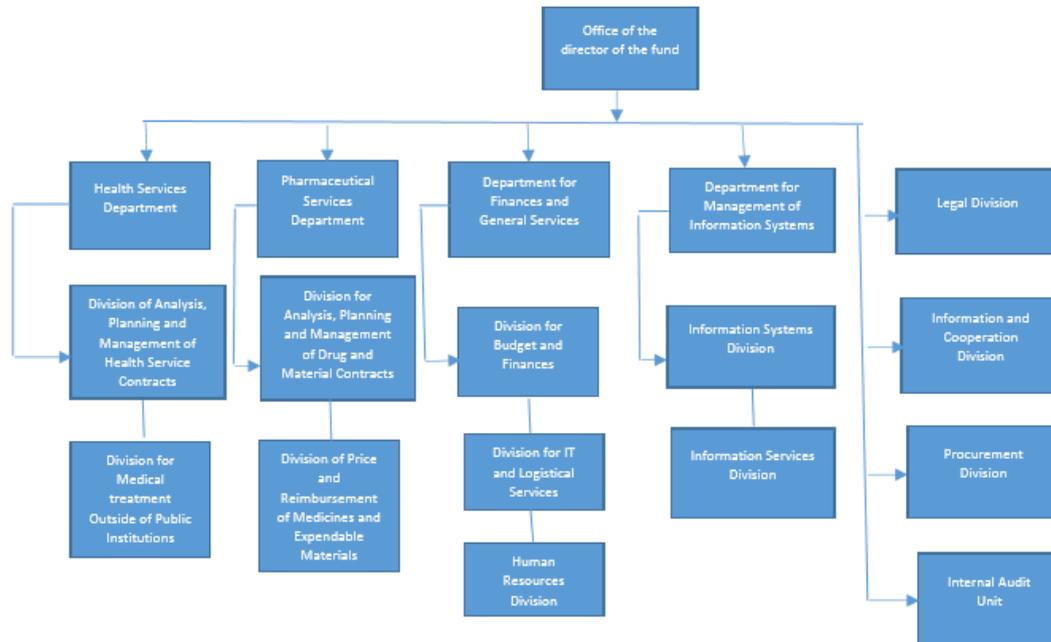
Action taken: Requests for additional budget to the Ministry of Finance according to the cost and reasonability of the rent.

Recommendation 3 - It is recommended that the Fund's management, in cooperation with ASHI / MPA, look at the possibilities of providing space for the establishment of the Recovery and Continuity Center, or include in the development and budget documents the construction of this center which should be in location/distance according to the standards and geographical possibility that Kosovo has.

Action taken: Communication and letters with ASHI.

Appendix III – Organizational structure

The Organizational Structure of the Health Insurance Fund consists of the Office of the Director of the Fund, four (4) Departments, as well as four other divisions that report directly to the Director of the Fund.



**Description of tasks and responsibilities according to Regulation no. 4/2017 on Internal Organization and Systematization of Jobs. Currently, this Regulation is in the process of being amended and supplemented. After the approval of the new Regulation, will be updated the tasks and responsibilities of the Organizational Units of the Health Insurance Fund.*