FIJI NATIONAL HEALTH ACCOUNTS 2005

The Fiji NHA Team

September, 2007

Osmat AZZAM
WHO Consultant
West Pacific Regional Office

Foreword

I have great pleasure in presenting the Ministry of Health's first National Health Account for the financial year 2005.

With limited available financial resources, providing universal access to health services remains a major concern for the Government of Fiji Islands. This was the major driving force behind the Ministry of Health and the World Health Organization to develop a National Health Accounts survey.

The Ministry of Health is coordinating and managing a major part of the Health Sector with significant support from its key development partners such as the World Health Organization, AUSAID, JICA, NZAID and other donors

The Ministry of Health had to find answers to basic questions such as: to what extent it succeeded in ensuring equity? At what price? And at what burden on households?

In order to get a clear picture, the MOH had decided, in collaboration with the World Health Organization to conduct the National Health Accounts (NHA). A systematic effort was put by the WHO Consultant, Mr. Osmat AZZAM and the NHA team to collect information from both public and private sectors. The Statistic Department provided information on out-of-pocket expenditures and employment status in the country. Major surveys contributed to the finalization of this NHA report were The Providers survey, Employers survey, NGO survey, Donors survey, Private Insurance survey and Traditional Healers survey.

National Health Accounts are designed to give a comprehensive description of resource flows in a health care system, showing where resources come from, and how they are used.

This study would certainly have a great impact in shaping the health financing reform in Fiji. Most importantly, it constitutes an essential benchmark for assessing the health system performance and evaluating health policies in the future.

Permanent Secretary of Health

Introduction

The total estimated population for Fiji is 849,361[1], with a population growth rate estimated at 0.1, and a total fertility rate of 97.25 per 1,000 population. The annual number of life births has remained at approximately 17,000 over the past five years or around 21 births per 1,000 populations. The majority of population resides in the central division, which account for 48% of the total.

In the absence of a national health financing information, national health data in Fiji was usually obtained from studies done upon the need of certain projects; For example the WHO Social Health Insurance study undertaken in 2003 and the WHO health financing analysis undertaken in 2002. Those studies along with National Household Income and Expenditures Surveys (HIES) conducted in 2002-2003 were used in the preparations of this National Health Accounts. Most of the behavioral surveys (Knowledge, Attitudes, and Practices studies) on HIV are funded by Global funds or WHO under specific projects. More so, Data on Mortality causes of deaths and morbidity was done by the MOH and collected from the Annual Reports 2001-2005 and mapped with the western pacific country information profiles (CHIPS 2006 edition). Nevertheless, small scale studies, usually limited to certain population groups and most of the time to certain geographic are abundant. However, it is frequently difficult to use these studies and generalize the results to the population at large because of their poor representativeness, often poor reproducibility, and sometimes inadequate quality of the data.
With the current information difficulties, this Fiji first National Health Accounts (NHA) exercise was carried out by the NHA team and The WHO Regional NHA expert (Mr. Osmat AZZAM) with the funding provided by the World Health Organization. The purpose was to present the results with the aim to contribute to the health care financing policy analysis and policy development process in the country. This Report also attempts to identify the major problems (logistical, methodological, and those related to data quality) faced during the NHA compilation in order to define those areas that will need to be addressed during the Future NHA process.

Like many other countries in the Pacific, the government of Fiji faces a situation in which it is expected to meet a growing burden of disease, rationalize service delivery systems, regulate the quality and cost of services, and meets these demands despite declining public financing. As the economy continues to struggle, and the population keeps growing, the challenges of providing health care services increases. Government health budget continue to grow and reach an amount of F$ 137 million or 9.6% of the Government budget in the year 2005. This is an area of concern to policy-makers and maybe it is a time to start thinking of raising user fees and or develop some kind of an insurance scheme (social or National insurance).

[1] MOH Annual Report 2005

Socio-economic and health status background

Fiji Background

Fiji has the largest population of the South Pacific islands countries. According to the Fiji National Millenium development goal report for 2004, the national economy is barely growing. It rests primarly on sugar production and tourism, but is becoming more diverse with manufacturing now an important employment sector. The shock to the economy delivered by the 2000 coup was minimized by the quick action of the central bank to maintain stability and sharply reduce aggregate demand. The Reserve bank of Fiji protected the value of the currency during the crisis and thus inflation was not a factor in 2000, coming in about 1%.

The Government of Fiji faces a number of health challenges. According to the MOH, in addition to the continuing incidence of communicable diseases, they include an increasing prevalence of non communicable diseases such as diabetes and hypertension, due to lifestyle changes, poor diet, smoking, changing patterns of physical activity , continuing mulnutrition problems, particularly in schoolchildren and women. On disease conditions and status, NCD continues to be the major cause of of morbidity and mortality. Controlling diabetes and cardiovascular disease remains a priority focus of the MOH.

Fiji faces a double burden of infectious and non-communicable diseases, which impacts on the health of individuals and populations and has the potential to affect broader social and economic development as well. The increase in the pattern of diseases, along with the political problems which considerably weakened the institutional and financial capacity of the government and public sector and the MOH role steadily declining.the private sector is expected to play a major role in filling the vaccum in capacity and numbers. Health care services have become increasingly oriented towards curative care but still not occupying the large size of provision. Today more than eighty percent of hospital beds are in the public sector.

Tertiary health care services for complications of cardiovascular diseases is limited or restrictive and the MOH relies heavily on medical treatment abroad for identified disease conditions.

Demographic and poverty

In 2004-2005 a household survey of employment and unemployment (EUS) aimed to obtain a comprehensive statistical data on the economically active population, comprising employed and unemployed persons, as well as on the inactive population of working age. While the general public perception is of considerable unemployment rate in the country, the official statistics out of this survey indicates that the stated unemployed rate is about 4.7%, and that there are extremely high levels of under-employment in several categories of workers, especially Family workers, self employed and Community workers.

When taken this under employment into consideration, the effective rate of unemployment becomes considerably higher (over 20%).[2]

The population estimates from this report (817,952) is lower than what is projected by the MOH (849,361). The reason was that these estimations exclude institutional populations. The distribution of population by ethnicity and Divisions is detailed in table 1:

Table 1: Population estimates, 2005

Ethnicity / Divisions	Central	Eastern	Northern	Western	TOTAL	% per Ethnicity
Fijians	194,234	32,466	60,817	144,235	431,752	52.8%
Indo-Fijians	118,439	798	62,799	164,194	346,230	42.3%
Others	13,752	608	9,366	5,540	29,266	3.6%
Rotuman	3,951	4,354	389	2,008	10,702	1.3%
TOTAL	330,376	38,226	133,371	315,977	817,950	100.0%
% per Division	40.4%	4.7%	16.3%	38.6%	100.0%	

Source: 2004-2005 EUS, Fiji Islands Bureau of Statistics

The 2002-2003 Household Income and Expenditure (HIES) and the Employment Unemployment Surveys (EUS) indicate that the average household size in Fiji is 4.9 persons, with an average 5.3 for Fijian Ethnic and 4.4 Indo-Fijians. The average income per household is F$12,753 per year with a higher estimates for the Fijians Ethnic (F$12,972). The interesting finding comes up from the surveys was the rate of unemployment which is defined as 8% for urban areas and 4% in the rural areas. The two surveys indicate that in aggregate, all the ethnic groups consume an average of 3.2% of their income on health expenditures, which gives us an estimation of an average out of pocket spending on health of F$408 per household per year. Table 2 indicates the indicator related to Ethnicity comparison and Table 3 related to Rural/Urban comparison.

Table 2: Household Analysis by Ethnicity

Ethnicity	% of HH	% of pop	Ave HH size	Ave Unemployed urban population	Ave Unemployed rural population	Income by Ethnic group	Ave HH income $	Ave Medical Exp as % of Income
Fijians	50%	53%	5.36	17%	3%	51%	12,972.00	3.1%
Indo-Fijians	46%	42%	4.41	12%	5%	43%	11,902.00	3.5%
Rotumans & Others	4%	5%	4.90	18%	1%	7%	19,105.00	3.0%
Total Population	100%	100%	4.9	8%	4%	100%	12,753	3.2%

Source: 2004-2005 EUS, Fiji Islands Bureau of Statistics
2002-2003 IHES, Fiji Islands Bureau of Statistics

Table 3: Household Analysis by Rural / Urban

Rural / Urban	% of HH	% of pop	Ave HH size	Ave Unemployed urban population	Ave Unemployed rural population	Income by Urban / Rural	Ave HH income $	Ave Medical Exp as % of Income
Rural	53%	55%	5.04		4%	44%	10,559.00	2.9%
Urban	47%	45%	4.75	8%		56%	15,267.00	3.5%
Total Population	100%	100%	4.9			100%	12,753	3.2%

Source: 2004-2005 EUS, Fiji Islands Bureau of Statistics
2002-2003 IHES, Fiji Islands Bureau of Statistics

[2] 2004-2005 Employment and Unemployment survey, Fiji Island Bureau of Statistics. May 2007

Health status of the population

The last population household Income and expenditures survey (HIES) was carried out for 2002-2003. Another recent survey, Employment and Unemployment survey (EUS) was carried out in 2007 for the year 2004-2005 and estimates the population size of 817,952. These estimates exclude institutional populations. Around 45 percent of households are living in urban area, while 55 percent are living in rural areas.
The MOH Annual Report estimates a total population of 849,361 for 2005 and an increase of 0.1% from 2004 estimates. As per the Employment and Unemployment survey (EUS) 8.6 percent of the population is under the age of 5 with a total of 39.3% under the age of 15, and 4% over age 65.

Table 4: Population distribution by age group

Age Group	Fijian	Indo-Fijian	Others	Rotuman	All	% by Age
0-4	46,068	20,519	2,567	980	**70,134**	**8.6%**
5-19	143,362	96,342	8,443	3,351	**251,498**	**30.7%**
20-49	184,347	170,582	13,299	4,315	**372,543**	**45.5%**
50-64	40,078	44,206	3,497	1,449	**89,230**	**10.9%**
65 +	17,898	14,582	1,461	607	**34,548**	**4.2%**
TOTAL	**431,753**	**346,231**	**29,267**	**10,702**	**817,953**	**100.0%**
% by Ethnicity	**52.8%**	**42.3%**	**3.6%**	**1.3%**	**100.0%**	
Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics						

This pattern is typical in countries that experienced relatively high fertility rates in the past. The highest percent of population is in the age group 20-49 (reproductive age group). Population has been growing at 0.1 percent per year and Total Fertility Rate Vary between 92 per thousand population in 2001 to 105 per thousand in 2004.

Tables 5A and 5 B show the key health indicators as per the MOH Annual Report 2005.

Table 5A: Key Health Indicators

	2001	2002	2003	2004	2005
Population	861,003	872,985	866,099	848,647	849,361
Women (15-44)	186,547	226,124	180,555	167,810	183,295
Total Live Birth	17,222	17,002	17,910	17,714	17,826
Crude Birth Rate (per 1000 pop.)	20.00	19.48	20.68	20.87	20.99
Crude Death Rate	7.00	6.48	7.06	6.63	7.02
Child Mortality Rate (per 1000 Live birth)	23.17	22.35	23.73	22.52	25.81
Infant Mortality Rate	15.40	17.76	18.87	17.84	20.76
Peri-natal Mortality Rate	7.90	8.59	16.40	19.30	22.05
Early Neo-natal Mortality Rate	5.00	6.40	7.54	8.13	10.43
Neonatal Mortality (death 1-12 months)	8.90	11.29	9.27	10.05	15.37
Post Neo-natal mortality Rate	6.40	8.65	9.60	7.79	5.39
Maternal Mortality Ratio	29.03	23.53	22.33	33.87	50.49
Gross Fertility Rate (per 1000 CBA)	92.32	75.19	99.19	105.56	97.25
Family Planning Protection Rate	43.69	35.50	41.96	45.92	42.48

Mortality and Morbidity:

The main challenges faced by the MOH in Fiji, in addition to the continuing incidence of communicable diseases, there is an increasing prevalence of non-communicable Diseases (NCD) such as Diabetes and Hypertension, due to life changes, poor diet, smoking, changing patterns of physical activity as well as the continuing malnutrition problem. NCD have become the principal cause of ill-health and death. The leading causes of death and serious illnesses in young children are acute respiratory infections, diarrhea, parasitic infections, meningitis and anemia. A rapid increase has been recorded in HIV/AIDS cases, where 158 cases were confirmed as at 31 December 2004, as well as sexually transmitted infections (STI). Despite the increasing burden of Chronic diseases, respiratory disease and infectious and parasitic diseases continue to represent the leading causes of admission to hospital.
The MOH Annual indicates the top five major causes of hospitalization and death for the year 2005 as follow:

Table 5B: Five Major causes of Mortality and Morbidity

Top Five Major Causes of Morbidity	Percentages
Diseases of the Respiratory System	8.08
Diseases of the Circulatory System	6.98
Condition originating in perinatal period	6.39
Infectious and Parasitic Diseases	5.91
Diseases of the genitourinary system	4.36
Top Five Major Causes of Mortality	**Percentages**
Diseases of the Circulatory System	26.37
Infectious and Parasitic Diseases	13.4
Neoplasm	10.62
Condition originating in perinatal period	8.91
Diseases of the Respiratory System	8.55

Employment status

The Bureau of Statistics in Fiji has conducted a survey on Employment and Unemployment in Fiji. The 2004-2005 EUS is intended to contain comprehensive national data on employment and unemployment. It includes a number of useful desegregations; rural/urban, divisions and districts, ethnicity, age, industries and occupations; as well as incomes, hours and days worked, major activities, industries, occupations…. This report will represent a good reference for any future feasibility study on Health insurance or policy on universal coverage.

The report indicates that the bulk of the unemployed are mostly the youths between the ages of 18 and 30. While only 35% of the Labor Force, those aged 18 to 30 were 66% of the unemployed. Of note is that while those over 55 were 11% of the Labor Force, they were only 3% of the Unemployed. Tables 7 and 8 indicate the unemployment rate in Fiji. Based on that survey, Table 6 below shows that the total unemployment rate (or not in labor Force) in Fiji represents 59% of the total population.

Table 6: Labor Force and percentage of population

	Rural	Urban	All
In Labour Force	165,645	170,245	335,890
% of Labour Force	49.3%	50.7%	100.0%
Total Population	410,655.0	407,297	817,952
% in Labour Force	40.3%	41.8%	41.1%
% Not in Labour Force	59.7%	58.2%	58.9%

Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics

Please note that total population estimated in the survey excluded institutional populations

Most of the unemployed population falls in the age of 18-30. This category of the population is expected to be the most productive in the country.
As shown in the tables 7 and 8 below, there seem to be an important portion of the population who are working. This means that an important number of dependent people rely on an active and working environment.
It also should be noted that, ethnically all the Rotuman unemployed were between 18 and 30, while a slightly higher proportion 72% of the Fijians in this age group were unemployed. The eastern and western division of the country had higher rates of Youth unemployment too.

Table 7: Unemployed by Age Group

Unemployment by Age Group			
Age Group	% Unemployed	% of Labour Force	% of Unemployment
<18	7.6	2	3
18-30	8.8	35	66
31-55	2.4	52	27
>55	1.4	11	3
All		100	100

Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics

Table 8: Unemployed by Desegregations

Ethnicity / Divisions	<18	18-30	31-55	>55	All
Fijians	2	72	25	2	100
Indo-Fijians	3	62	30	5	100
Others	20	57	23	-	100
Rotuman	-	100	-	-	100
Female	3	73	22	2	100
Male	4	61	31	4	100
Central	4	59	31	5	100
Eastern	-	78	22	-	100
Northern	6	54	31	10	100
Western	2	73	24	1	100
Rural	3	71	25	1	100
Urban	3	64	28	4	100
ALL	3	66	27	3	100

Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics

Table 9 below shows the distribution of the workforce by employment status and Ethnicity. This distribution represents an important factor for the country feasibility study on any change in financing scheme or insurance mechanism to be proposed in the future.

Table 9: Employment Status in Fiji

Ethnicity	Wages Earners	Salary Earners	Employers	Self Employed	Family Workers	Community Workers
Fijians	59,919	26,863	696	58,815	28,372	1,412
Indo-Fijians	80,504	17,891	2,235	29,311	7,083	645
Others	3,928	3,203	332	3,340	1,375	177
Rotuman	1,691	926	-	239	1,127	
Total	**146,042**	**48,883**	**3,263**	**91,705**	**37,957**	**2,234**

Table 10 indicates the distribution of the workforce by income group in 2004-05. One of the most difficult definitions in the EUS was to differentiate between those who are in the formal sector employment and those who are in the informal sector. The EUS define the one in the formal sector as paying the Fiji National Provident Funds (FNPF) contribution. The EUS study resulted that 41% of the employees (or 134,210 employees) are registered under the FNPF which is another good indicator for any future changes in Health financing mechanism.

Table 10: Number of Employees by Income Group

Income Range (F$)	Fijian	Indo-Fijian	Others	Rotuman	All	%
0 to 2,999	86,883	39,815	4,124	1,478	**132,300**	**40.0%**
3,000 to 4,999	26,976	32,108	1,825	250	**61,159**	**18.5%**
5,000 to 6,999	20,203	22,948	1,020	373	**193,459**	**58.5%**
7,000 to 9,999	20,107	20,024	1,393	686	**42,210**	**12.8%**
10,000 to 40,000	20,665	21,732	3,204	1,062	**46,663**	**14.1%**
more than 40,000	1,513	1,345	790	175	**88,873**	**26.9%**
Total	**176,347**	**137,972**	**12,356**	**4,024**	**330,699**	**100.0%**
Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics						

Table 11 indicates the average income per household as per the HIES 2002-2003. The average income of a household (of F$10559 for rural and F$15267 for urban) in this survey has been way overestimated. A simple calculation of this estimation and the number of household will indicate that total household income represents almost double the Government total budget and half of the GDP.

Table 11: Average Household Income

	Average Household Income			
	Number of Household		Average HH Income	
Ethnicity	Rural	Urban	Rural	Urban
Fijians	51,288	27,167	11,082	16,539
Indo-Fijians	30,635	40,741	9,653	13,593
Others	1,756	5,093	11,066	21,877
Average / Total	**83,679**	**73,001**	**10,559**	**15,267**
Source: 2002 2003 HIES, Fiji Islands Bureau of Statistics				

Health Sector

Background

Fiji is faced now with an alarming escalation in health care costs, which is a burden for patients and for the MOH and its health care institutions. To address the most pressing issues, the Fiji health sector was transformed in 2003 from a highly centralized system to one that is decentralized within the MOH. This transition was slow and will continue to require substantial technical support and system development to put it in place.

The Government health service is provided through divisional hospitals, sub divisional hospitals and area hospitals, Health Centers and Nursing stations. Government also provides assistance to community or village health worker clinics managed and staffed by trained Village Health Workers.

Fiji Health Sector

The Fiji Ministry of Health is currently leading the financing and provision of the health services. It is indeed a need to redefine the role of government and health sector stakeholders in the financing, provision and regulation. To continue facing the challenges in the provision and financing of health services to the population, a new health sector reform is needed to be fused on funding; external development; health workforce; and ability and challenges of the MOH to provide accessible and quality health service. The agenda of such a reform need to address as well the issue of the other health related financing agents' responsibilities, contracting tertiary care provision and the continuous partnership with Donors for the sustainability of public health program.

Hospital sector

As noted in table 12, there is a total of 26 public hospitals with 1,812 beds in Fiji in 2005. More than 90% of total Hospitals and beds are in the public sector. The private sector has the minority of beds. The predominance of the public sector reflects the major role of the government in term of financing and provision. A financing arrangement where the public sector purchases services from the private sector is minimal and is mainly for rehabilitation.

Fiji has 2.2 beds per 1000 population making this one of the highest ratios in the pacific islands. However, the beds are not uniformly distributed. As example, for the referral hospitals there are 458 beds in Suva, 339 beds in Lautoka and 161 beds in Labasa. The three specialized hospitals are located in Suva. Most of the Hospitals have sixty beds or more with less than 50%

occupancy, when only one has 27 beds. Thus this is considered a heavy workload and responsibility for the MOH to manage.

Table 12: Distribution of Facilities and Beds by Divisions

	Central	Western	Northern	Eastern	Total	Number of Beds	% of Hospital	% of Beds
Hospitals								
Divisional Hospitals	1	1	1		3	969	11.5%	53.5%
Specialised Hospitals	3				3	277	11.5%	15.3%
Sub-Divisional Hospitals	4	5	3	4	16	533	61.5%	29.4%
Area Hospitals	1				1	33	3.8%	1.8%
Old People Home	1	1	1		3		11.5%	
Total	10	7	5	4	26	1,812	100.0%	100.0%
Other Facilities								
Health Centers	18	24	18	14				
Nursing Stations	20	26	21	33				
Village Health Workers	5	3	2	7				

In addition of the secondary care there is an overseas medical referral system maintained by the MOH through CWM Hospital and Lautoka Hospital for urgent and treatable medical conditions overseas. Main countries engaged in the referrals are New Zealand Australia and India.

Profile of Health Sub-Systems in Fiji

Following is a brief overview of the Fiji health sector in terms of health services coverage, sources of financing, prevailing provider-payer relationships, and the size of operation of each of the health care sub-systems.

Table 13: Profile of Health Sub-Systems in Fiji

Benefits by Health Subsystems	Coverage/ Special Categories	Principal Financing Sources	Provider – Payer Relationship	Percentage of Population Covered or Eligible	Size of Operation
Describes types of services and benefits available.	Describes coverage and eligibility criteria, special programs for specific population groups	Describes main sources of financing	Describes relationship between financing and service delivery functions	No. of people covered or eligible by health system nation wide	As indicated by staff, beds, or number of facilities
Ministry of Health					
Provides comprehensive public health services; primary, preventive and curative care services through its facilities. Free outpatient and low fees for inpatient. Minimal fees for Dentistry	All citizens and residents in Fiji Highly subsidized care services for the entire population as well as Expiates	▪ Ministry of Finance (general tax revenues) ▪ Household Spending (out-of-pocket) • Donors (through grants for vertical programs)	Primary and Secondary services treatment as well tertiary treatment (available 2 overseas treatment scheme, a special budget item for overseas treatment out of the MOH and another scheme funded by NZAID)	All Fiji citizens and expats are eligible.	***Operates:*** ▪ 101 Nursing Stations ▪ 76 Health Centers ▪ 16 Sub Divisional Hospitals ▪ 3 Referral Hospitals (CWM in Suva-458 beds, Lautoka Hospital–339 beds, Labasa Hospital-161 beds) ▪ 3 specialized Hospitals (Main Centrally referral hospitals; St Giles in Suva-136 beds, PJ Twomey in Suva – 27 beds, Tamavua in Suva-64 beds) ***Staff:*** There are 4409 employees positions in the Ministry of Health, 3313 established staff and 1276 General wages earners. 3037 are the actual number of staff There are 15 SES Post (Directors), 344 Medical Doctors, 1723 Nurses Personnel including midwives and specialized nurses, 197 Dental staff, 74 Pharmacists, 57 Dietitians, 119 Environmental Health staff, 133 Laboratories, 35 Physiotherapists, 63 radiologist technicians, 1 occupational therapist, 5 biomedical technicians, 4 supervisors hospital services, 20 institutional services staff, 6 IT, 2 legal officer, 4 librarians, 4 welfare staff, 20 Stores man, 10 telephone operators, 17 accounting officers, 138 Administrative Support staff, 4 statistical services staff and 42 reporting/typing staff. Doctors and nurses are salary paid.
Ministry of Home Affairs					

Benefits by Health Subsystems	Coverage/ Special Categories	Principal Financing Sources	Provider – Payer Relationship	Percentage of Population Covered or Eligible	Size of Operation
Provides comprehensive public health services; primary, preventive and curative care services through the Military Hospital. Free outpatient, drugs and inpatient for Militaries and tehir family. Army had also private insurance scheme and overseas treatment through the Private insurance	All army and their family in Fiji Highly subsidized care services for the entire population as well as Expiates	▪ Ministry of Finance (general tax revenues) ▪ Household Spending (part of the premium paid from salary)	Primary and Secondary services treatment as well tertiary treatment (available overseas treatment scheme through private insurance scheme.	All army and their family eligible.	***Operates:*** One military hospital in Suva with 7 beds has general health services. and can always refer their patients to specialized public hospitals
National Provident Fund (All government and non government workers retirement Scheme)					
NPF provides health and medical scheme for Elderly. Free services existed for patients treated at Private Hospital and Doctors.	Medical coverage for Employees and pensioners (inpatient and outpatients).	GOF via Ministry of Finance (general tax revenues) and wages deduction 8% from Employees salaries and 8% from Employers	Paying Private Providers	Private sectors	Patients are treated at the Private Hospital and GPs
Non Government Organization					
Provides Health related programs mostly; some provides primary health care and first aid kids to village organisations such as Red Cross and Reproductive Health centers; Good number of NGOs are funded by the Ministry of Health	All citizens	Mainly from International Non-Government Organizations, Donors and Ministry of Health as well as fundraising organized by NGO's themselves	Delivering of Primary Health Care related activities, public programs and first aids	Approximately most of the population are eligible and can benefit from these programs	There are several NGO's in Fiji; 9 received grants from the MOH namely: Ra Catholic Hospital, Responsible Parenthood Council, St John Ambulance Brigade, Fiji Red Cross, Channel Home of Compassion, Father-Law Home, Reproductive and Family Health Association, Family Support Association Group, and national Food and Nutrition Committee.
Donors					
These are external governments and organizations that donate both cash (in form of grants) and in-kind items for the health sector	Everyone are covered through these funded programs	Mainly from external governments and organizations	Providing funds for Primary Health, Health Programs and Overseas Treatment	All citizens are eligible for services delivered by various health care providers (for Primary& Secondary treatment); also eligible for OVT as well provided they meet the criterion	World Health Organization, (WHO), AusAID (Australia Agency for International Development), Global Funds, NZAIDS, JICA, UNFPA, UNICEF, Chinese Government Funds and Southern Pacific Commission (SPC).
Private Sector					
Private Insurance					
Private or voluntary health insurance is a big industry in Fiji. One private insurance offered health for civil servants and a number of private insurance companies existed all over the country.	All citizens are eligible to use this insurance provided they can afford the price; Civil servants are eligible for Marsh and McLennan insurance.	Mainly Household out-of-pocket spending and employers	Primary & Secondary Treatment (drugs, outpatient and in-patient)	All citizens (100%) have a choice to access services provided that they can meet the associated cost. beneficiaries are covered through private contracts.	Private insurance companies contract services to private providers.

Benefits by Health Subsystems	Coverage/ Special Categories	Principal Financing Sources	Provider – Payer Relationship	Percentage of Population Covered or Eligible	Size of Operation
Private Hospital					
There are two private hospitals in Fiji; one in Suva and one maternity non profit private hospital in Ra run by the Catholic church. they provide the public with Primary and Secondary Treatment both outpatient and in-patient services	All citizens are eligible to use these facilities All citizens are eligible to use the Fiji hospital provided they can afford the price; user fees is expensive as compared to the free services at the public facilities. The Maternity hospital in Ra is a non profit organization and funded by a grants paid by the government (out of the MOH budget) and the church provided their staff.	Mainly Household out-of-pocket spending and MOH for non profit hospital	Primary & Secondary Treatment (outpatient and in-patient) provided on-site with patient paying out-of-pocket	All citizens (100%) have a choice to access services provided that they can meet the associated cost	Suva Private Hospital has 40 beds. Ra maternity Hospital has 7 beds. It provides both outpatient and in-patient services on-site. The maternity hospital provides only maternity and postnatal services.
Private Clinics					
These are physicians operating privately and independently providing general outpatient services, refer their operations and specialty to the public and facilities	All citizens are eligible to use services provided by these private clinicians. User Fees is expensive as compared to the free public facilities services	Mainly Household out-of-pocket spending	Primary & Secondary Treatment (outpatient only) inpatient cases are usually referred to either one of the public facilities or the private hospital depending on the recommendations from physicians	All citizens (100%) have a choice to access these services offered by private clinics provided they can afford to meet the costs	110 Private Physicians existed in Fiji
Private Dentistry					
These are dentists operating privately providing almost the same services that public facilities provide	All citizens are eligible to use services provided by these prvate dentistry User Fees is expensive as compared to public facilities	Mainly Household out-of-pocket spending	Oral health treatment and primary tooth prevention treatment	All citizens (100%) have a choice to access the services offered by private dentists provided they can afford to meet the costs	Private Dentists existed in XXXX XXX PLEASE ADD
Private Pharmacies					
These are pharmacies owned by individual pharmacists and are operating in the private sector	All citizens are eligible to use services Costs of drugs is expensive as compared to the free services offered by the public hospital pharmacies	Mainly Household out-of-pocket spending and donors	Selling medicine and drugs	All citizens (100%) have a choice to access these services offered by private pharmacies provided they can afford to meet the costs	43 Private Pharmacies existed in all urban areas ion Fiji
Household (out-of-pocket)					
These are spending by people on health services provided by health providers for them	All citizens	Mainly from their disposable income	Pay for primary and secondary treatment also tertiary care	All citizens	

National Health Accounts Activities

Methodology and data sources

The Fiji NHA study followed the methodology provided by the Guide to Producing National Health Accounts prepared by the World Health Organization (WHO) in collaboration with the World Bank and USAID. Needed adjustments were made to the classification schemes to bring them in line with Fiji national specifications. Several criteria were used to adapt the classifications: The transactions were grouped and partitioned so that they each represent an important, policy- relevant dimension. Partitioned transactions are mutually exclusive and exhaustive, so each transaction of interest is placed in one — and only one — category.
Efforts were made, to the extent possible, to consider existing international standards and conventions when placing certain transactions into groups to assure international comparability of the Fijian data. While preparing preliminary 2005 NHA tables, the NHA team relied on existing data sources and, where absolutely essential, additional efforts were made to compile the information.

The following sources informed the report:

- The Ministry of Finance or Public revenues and expenditures;
- The Department of Statistics (SD),
- The 2002-2003 Household Income and Expenditure Survey (HIES)
- The 2004-2005 Employment and Unemployment survey (EUS)
- The Private insurance and Providers market;
- The Annual Reports of the Ministry of Health and the National Provident Funds were used to obtain details on public financing by functions and providers;
- The Army Medical Scheme was consulted to collect information about amounts disbursed by this agency to different providers and for different services;
- For donor financing and NGOs, special inquiries were made with the organizations active in the country to capture the size of donor assistance and purpose of funds/programs and projects.
- For Information about imported pharmaceuticals and other medical goods we consulted the custom department and other national experts and reports.

Definitions used during NHA preparation were documented and also were subject to thorough review by the NHA team. After their revisions and approval, the required changes were made to the preliminary estimates and a final NHA for 2005 were produced.

Study Limitations

Preliminary NHA production revealed several strength as well as shortcomings of the existing systems and data.
The main challenges faced were:

- Household-level expenditure captured by the Household Income and Expenditures Survey was not enough for NHA purpose.
- Significant variation from the Government Classification and the NHA Producers' guide classification which led the authors to question the quality of the available information. These concerns were shared by the NHA team and the MOH staff, and preliminary plans for future data quality improvement were identified.
- Disaggregating spending by different Ministries and the armed forces medical scheme, other than the MOH, proved impossible, although in volume terms these agents manage less then 1 percent of Total Health Expenditure (THE) and services are provided at the MOH at no cost for the scheme, so this will not have significant impact on the findings.
- Private insurance companies and private hospitals were not cooperative and data proved inadequate and sometimes not available. The NHA team used further analysis to extrapolate data from other researches and studies available.
- NGOs expenditure data is of poor quality and what was available was on an aggregate level and not by functions and/or providers.
- Household expenditure data was available only by broad expenditure categories, which did not allow the NHA team to disaggregate the data according to specific types of providers and/or functions. Considering the significant volume of private spending in Total Health Expenditure (THE) and the inability to disaggregate it by providers and functions places significant limitations on the presented analysis.
- The quality of household level data, however, has been given prior attention, because it will help improving NHA estimates and will contribute to better Gross Domestic Product (GDP) estimation in the country and better health care financing policy development. Thus, presented data should be treated as preliminary that will be amended after data shortcomings will be improved in a follow up analysis and with the help of improved household medical expenditure survey tool.
- Private market of Pharmaceutical was derived mainly from the custom department. NHA team has to analyze the volume of import and export and estimates private consumption accordingly.

Finally, actual volumes of health expenditure described in this first ever NHA report in Fiji are reflected in the possible required format without adjustments, if not stated otherwise. These are the first NHA estimates. They attempt to achieve a compromise between timeliness and detail on one side and data quality on the other. As with any such estimation, revisions will be necessary to the methodology and numbers as new data sources become available, as improved estimation procedures are developed. Routine revisions will therefore be necessary in future years in order to maintain and improve the quality and usefulness of the NHA, as well as update it.

GDP and Government and Health budget evolution

Actual total government budget has been increasing overall since 1996. Table 14 shows the gradually increase in the government expenditures on Health and Gross Domestic Product (GDP). Total Government Expenditures in Fiji amounted to F$1,424 millions in 2005 fiscal year, representing almost 30% of a GDP of F$4,775 million. Whilst there has been an overall increase of Government expenditure since 1996, the increase has not been uniformly steady with some fluctuations and slight decrease in financial year 2001. The greatest period of growth in government expenditure occurred in Financial Year 2002 and accounted to 14.5%, following a GDP growth of 11.1%.
It is no coincidence that this was the year in which the government introduced an affirmative action program AAP for indigene Fijian and the government back pay of the salary raise.

Table 14: Gross Domestic Product, Government and health Budget

	MOH Expenditures		*Government Expenditures*		*Gross Domestic Product*		*Index Evolution (Base year 1996)*		
Financial year	*Gvt Exp (000 F$)*	*Annual increase (%)*	*Health Expenditure 000 F$*	*Annual increase (%)*	*Gross Domestic Product 000 F$*	*Annual increase (%)*	*MOH Budget Index*	*Govt Budget Index*	*GDP Budget Index*
1996	78,169		960,724		2,975,800		100	100	100
1997	86,793	11.03%	1,088,657	13.32%	3,033,100	1.93%	111	113	102
1998	84,145	-3.05%	1,108,256	1.80%	3,128,700	3.15%	108	102	103
1999	88,919	5.67%	1,174,564	5.98%	3,334,400	6.57%	114	106	107
2000	108,352	21.86%	1,097,960	-6.52%	3,709,500	11.25%	139	93	111
2001	91,027	-15.99%	1,096,848	-0.10%	3,641,700	-1.83%	116	100	98
2002	106,620	17.13%	1,255,497	14.46%	4,046,500	11.12%	136	114	111
2003	116,349	9.13%	1,294,996	3.15%	4,472,335	10.52%	149	103	111
2004	134,609	15.69%	1,313,300	1.41%	4,674,041	4.51%	172	101	105
2005	136,881	1.69%	1,424,484	8.47%	4,774,559	2.15%	175	108	102

Health care in Fiji is financed mainly by general taxation. The Government has allocated a proportion varied between 9 to 11% of its total yearly public expenditures on health care for the decade. Whilst there has been this overall increase of health expenditure as a proportion of overall national expenditure, the increase has not been uniformly steady with some fluctuations and a remarkable decrease of 16% in the financial year 2001. The greatest period of growth in health expenditure as a proportion of total government expenditure occurred in 2004 equivalent to the decrease of the year 2001 (15.69% increase).

Increased spending on health and the reduction in government revenues from taxes and other duties led to a steep increase in the balance of payment. Although the government budget on health has been increasing each year, the published total health expenditures in term of GDP have not increased. This NHA report highlight the issue that over the years, the declared Total Health Expenditures was underestimated and private share was more than it has been advised.

National Health Budget: Past and future trends and index

The actual total government budget on health has been increasing overall since 1996. Figure 1 indicates the comparison of Health, Government and GDP in term of yearly percentage of increase.

FIGURE 1- ACTUAL ANNUAL INCREASE IN GOVERNMENT HEALTH EXPENDITURES

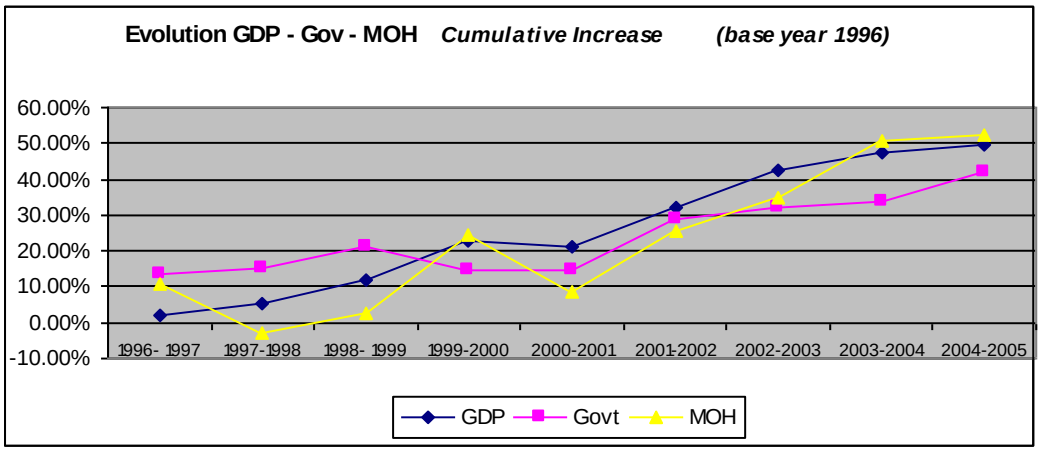
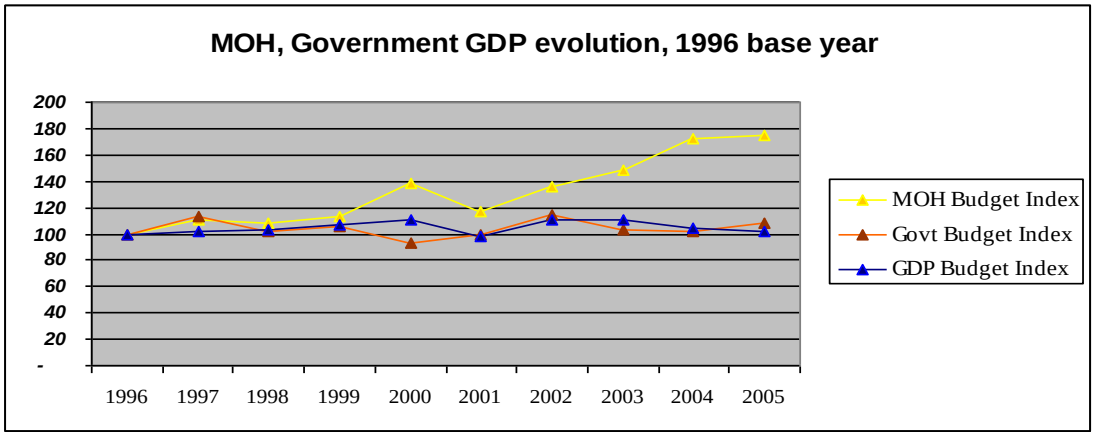


Figure 2 shows that the highest increase in health expenditure over the past 10 years occurred in the year 2000. Overall health budget since 1996 effectively almost doubled in 2005. Because of this fluctuation in Health Budget, it is useful to compare three dimensions: the increase in Health Budget, the increase in Government Budget and the increase in GDP. Although the view of each comparison depends upon which dimensions and increases are being observed. The key finding out of this figure is that the rate of increase in Government budget and GDP evaluated like a horse and carriage, although the increase in health budget was faster than the government and the GDP, which explains the priority the Ministry of Finance provided to the MOH and thus to the health of population.

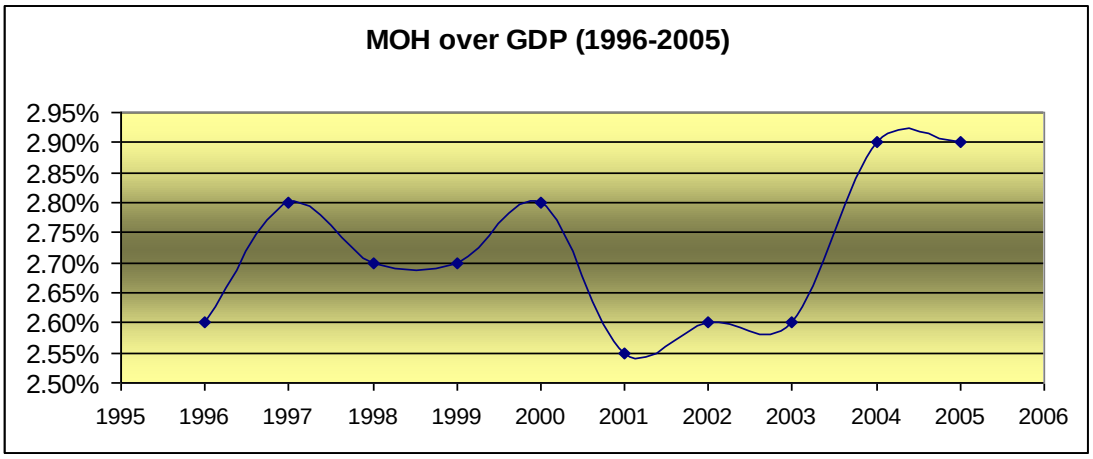
FIGURE 2- INDEX OF ANNUAL INCREASE IN GOVERNMENT HEALTH EXPENDITURES (BASE YEAR 1996)



Although the government budget for health has been increasing each year, figure 3 shows that total health expenditures in term of percentage of GDP has

not been increasing and maintained a constant share between 2.5% and 2.9%.

FIGURE 3- ANNUAL SHARE OF MOH BUDGET OVER GDP



Based on this analysis, running a National Health Account was a priority for the government in order to outline the health needs and measure the total health spending as well as the impact of the total public, private and donors spending on health.

Use of NHA

National Health Account (NHA) is a widely accepted tool that is promoted by the World Health Organization to allow policymakers to understand and manage these health needs and systems used, and to improve system performance. It is a framework for measuring total – public, private, and donor – national health expenditures.

Structured around a simple framework, the NHA methodology organizes, tabulates, and presents information on health spending in user-friendly format. It outlines some basic principles underpinning financial resource management and accounting rules that will be applied to monitor, mobilize and match resources to recognized needs.

This 2005 Fiji NHA report provides a clear and transparent picture regarding the structure of the health financing system in Fiji and essentially measures the "financial pulse" of the national health system and helps policy makers making better-informed decisions by answering questions like:

- Who in the country is financing health services?
- How much do they spend in 2005? On what types of services?
- Who benefits from these health expenditures?

This NHA also intend to highlight the equity imbalances in the distribution of health expenditures as a valuable input into the financial projections of Fiji health system needs. The actual picture of how the fund is distributed among different groups, occupations and employment status are not available and

approximations were made before. The distribution of population by occupation categories along with Health spending to Occupation NHA matrix can help to derive how much of resources can be pulled out from the government funding, currently being used to finance those who can potentially be financed by some form of insurance.

Financial protection for everyone is a major concern of the government of Fiji. With limited government resources, the government has been debating to reallocate the government resources since 2001 to start some kind of Social or National health insurance to cover the population including those who cannot afford care on their own and depend on the government resources. Fairness in distributing health resources in a “Financial Protection” way is important. This can be understood by considering how the health care is financed.

The Government has the following general aims in regulating health financing systems:

- Raise revenue to provide individuals with adequate protection against medical expenses caused by illness and injuries
- Manage these revenues to pool health risks equitably and efficiently
- Ensure the provision and or the purchase of health services efficiently and effectively.

From an expenditure point of view, NHA is built on four main classifications:

Financing Sources (FS), Institutions or entities that provide the funds used in the system by financing agents,

Financing Agents (HF), institutions or entities that channel the funds provided by financing sources and use those funds to pay for, or purchase, the activities inside the health accounts boundary,

Healthcare Providers (HP), entities that receive money in exchange for, or in anticipation of, producing the activities inside the health accounts boundary,

Healthcare Functions (FC), goods and services produced by healthcare providers and by institutions and actors engaged in related activities to health care.

NHA Main Findings

Summary Results (FY 2005)

The main findings inferred from the three NHA matrices are summarized below:

Table 15: NHA Summary Results

Summary NHA Results	F$	USD
Population	*849,361*	
Exchange Rate $1=	*1.60*	
THE	*181,510,286*	*113,443,929*
Total Government Budget	*1,424,484,200*	*890,302,625*
GDP Estimates for Vanuatu	*4,774,559,000*	*2,984,099,375*
GDP Per Capita		
US $	*$3,513*	
F$	*5,621*	
Gov Exp Per Capita		
US $	*$1,048*	
F$	*1,677*	
Per Capita Expenditures on Health		
F$	*214*	
US $	*$134*	
Percent GDP Spent on Health		**3.8%**
MOH as Percent Government Budget		**9.6%**
THE as Percent Government Budget		**12.8%**
HH OOP	**15.06%**	**of THE**

Table 16- Sources of Funds:

Sources	Amount	Percent	Per Capita
Ministry of Finance	131,036,450	72.2%	154.28
Private Employer Funds	4,072,534	2.2%	4.79
Household funds	27,447,216	15.1%	32.32
Non profit Institutions Serving Households	3,525,000	1.9%	4.15
Donors Funds- Grants	15,429,086	8.5%	18.17
Total F$	***181,510,286***	***100%***	***213.70***
			USD 133.56

Table 17- Total Health Care Expenditures by Financing Agents:

Financing Agents	Amount	Percent	Per Capita
Ministry of Health	136,880,800	75.4%	161.16
Army Medical Scheme	900,000	0.5%	1.06
Private Insurance Enterprises	8,936,950	4.9%	10.52
Private Household' out of pocket	21,682,800	11.9%	25.53
Non Government Organization	3,525,000	1.9%	4.15
Donors Agencies	9,584,736	5.3%	11.28
Total	***181,510,286***	***100%***	***213.70***
			USD 133.56

Table 18- Total Health Care Expenditures by Functions:

Functional classification of Health	Amount	Percent	Per Capita
Inpatient curative care	64,424,464	35.4%	75.85
Basic Outpatient Medical and Diagnostic Service	40,169,446	22.0%	47.29
Outpatient Dental Care	481,534	0.3%	0.57
All Other Specialized Health Care	4,062,310	2.2%	4.78
Traditional Health Care	2,122,800	1.2%	2.50
Ancillary Services to Health Care	2,194,875	1.2%	2.58
Pharmaceuticals and other medical non durables	23,671,939	13.0%	27.87
Reproductive Health (Maternal and Child health,	3,092,842	1.7%	3.64
Health Promotion & Blood Safety Program	770,439	0.4%	0.91
Prevention of communicable diseases	1,940,192	1.4%	2.28
Prevention of non-communicable diseases	923,582	0.5%	1.09
Environmental Health, Sanitation & food safety	229,214	0.1%	0.27
Other Miscellaneous public Health services	970,464	0.5%	1.14
General Government Administration of Health	13,772,244	7.6%	16.21
Health Administration & Health Insurance	1,291,950	0.7%	1.52
Overseas Treatment	5,246,193	2.9%	6.18
Capital Formation of health care providers	4,821,140	2.6%	5.68
Education and training of health personnel	3,694,820	2.1%	4.35
Research and development in health	7,629,839	4.2%	8.98
Total	***181,510,286***	***100%***	***213.70***

Table 19- Total Health Care Expenditures by Providers:

Providers of Health In Fiji	Amount	Percent	Per Capita
Public General Hospitals	***28,892,662***	15.9%	34.02
Public District Hospitals	***30,749,494***	16.9%	36.20
Private Hospital	***4,782,309***	2.6%	5.63
Physicians and Clinics	***5,879,995***	3.2%	6.92
Dentists	***481,534***	0.3%	0.57
Traditional Healers	***2,122,800***	1.2%	2.50
Health Centers	***34,597,360***	19.0%	40.74
Medical and Diagnostic Laboratories	***2,194,875***	1.2%	2.58
Private& Public Pharmacies	***23,671,939***	13.0%	27.87
Central Public Health Providers	***11,236,556***	6.2%	13.23
Government Administration of Health	***13,772,244***	7.6%	16.21
Other (private) Administration of Health	***1,291,950***	0.7%	1.52
Institutions providing HRF	***16,590,375***	9.5%	19.53
Overseas Treatment Providers	***5,246,193***	2.9%	6.18
Total	***181,510,286***	***100%***	***213.71***

Table 20- Household Out of Pocket Spending in 2005

Household Out of Pocket spending in 2005		
Description	**2,005**	**Percentages**
MOH cost recovery at public facilities	**1,336,000**	**4.9%**
Individual contributions/premiums to Private Insurance companies	**4,864,416**	**17.7%**
Armed Forces Contribution to Military Forces welfare group	**900,000**	**3.3%**
Payment to Priv Providers (Hospital user fees)	**3,696,000**	**13.5%**
Payment to Priv Providers (user fees)	**4,862,000**	**17.7%**
Outpatient Dental Care	**275,000**	**1.0%**
Clinical laboratory	**836,000**	**3.0%**
Diagnostic Imaging	**550,000**	**2.0%**
Pharmaceutical spending at Private Providers	**7,351,580**	**26.8%**
Reimbursement of Pharmaceutical by Insurance Companies and Large Firms	**653,420**	**2.4%**
In kind contribution at Traditional Healers	**2,122,800**	**7.7%**
Household Medical spending	**27,447,216**	**100%**

Health Care Financing in Fiji

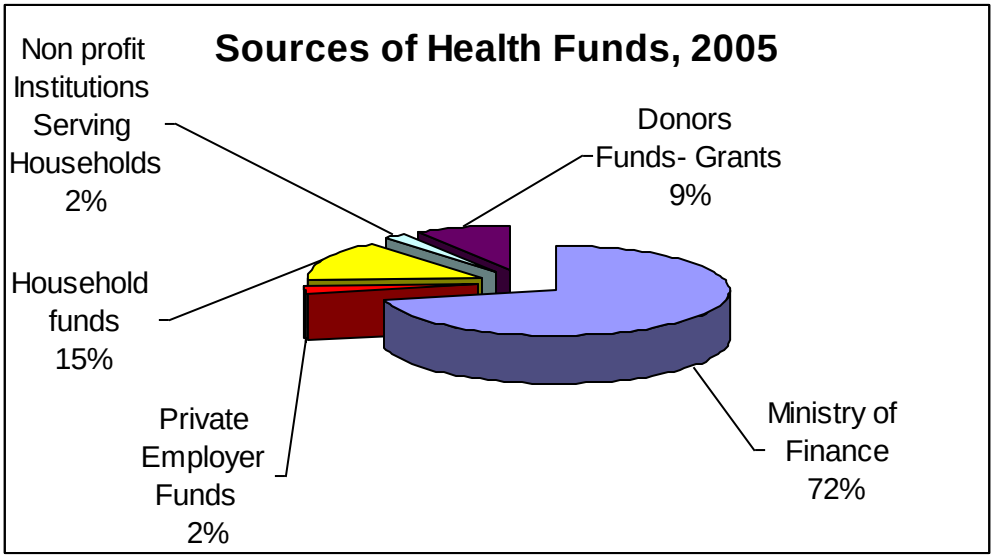
Fiji has several different public and private financing schemes including a growing private sector. These include:

- The Army employment-based social insurance schemes
- The Ministry of Health financing that covers all Fijian citizen not dependent on the income of the beneficiary
- A growing private insurance market
- Out-of-pocket expenditures

As indicated in the summary above, the NHA 2005 shows that the total National Health Expenditures in Fiji amounted to F$ 181,5 millions (USD 114 millions) in 2005 fiscal year, with per capita spending F$ 214 (USD 134). Health spending as a share of gross domestic product (GDP) came to 3.8%. This represented a low rate compared to other neighbors' countries.

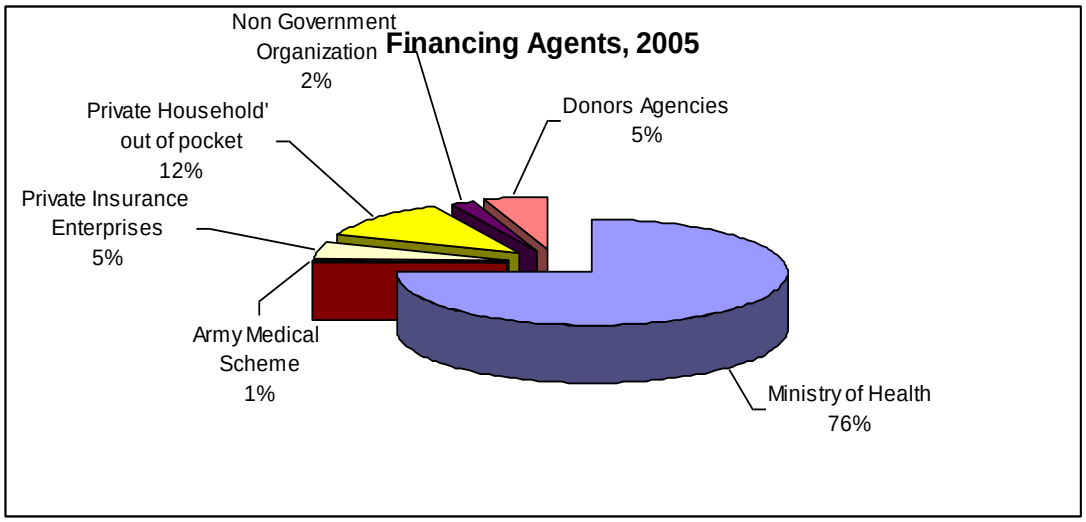
As per Figure 4, The NHA 2005 results show that almost 72% of the total funds (equivalent to 3% of GDP) originate from public sources, whereas 19% are apportioned private funds and the remaining 9% is contributed by international donors or other sources. Expenditure on health as a percent of total government expenditure in 2005 is 12.8% where the MOH budget over the government accounted to 9.6%.

FIGURE 4- SOURCES OF HEALTH EXPENDITURES, 2005



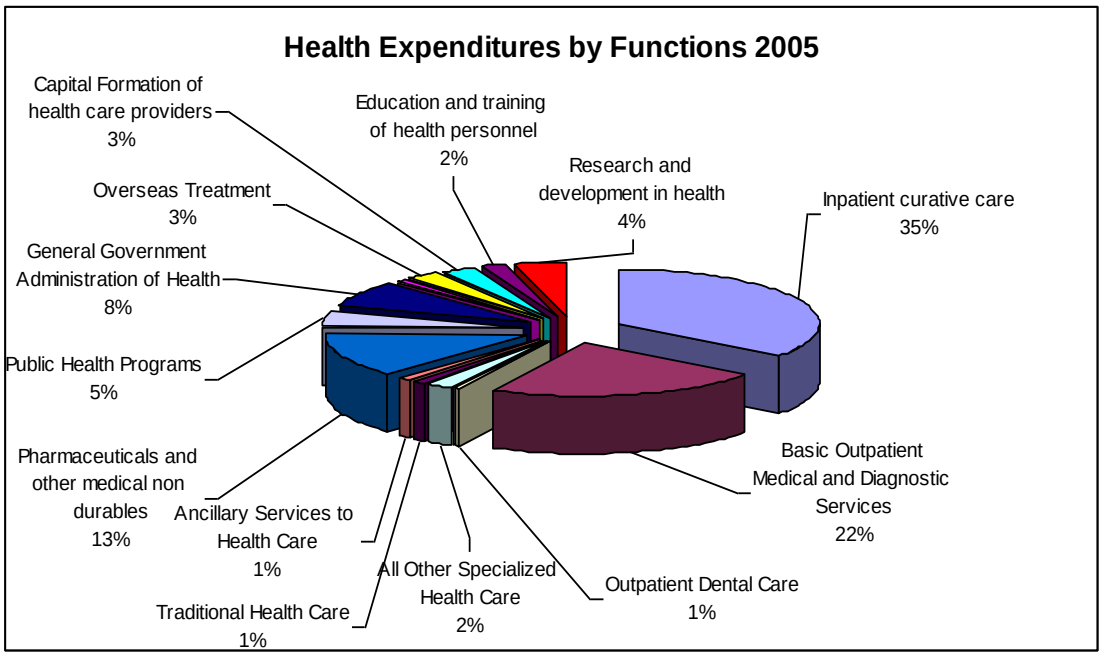
As per the figure 5, The Ministry of Health plays a major role in administrating the health funds in the country and manage almost 75% of THE, the household out of pockets accounts to 12%, Private Insurances market for 5% and Donors agents for the remaining 6%. It is important to mention that it is the first ever estimation of the private sector at the national level in Fiji.

FIGURE 5- ADMINISTRATION OF HEALTH EXPENDITURES, 2005



A breakdown of total health expenditures by function indicates, almost 58% is spent on curative services out of which 35% spent on Inpatients care, 23% on outpatients including general and curative, 5% on preventive and primary and 8% on health administration and 1% on other health related functions. Drugs and Pharmaceuticals absorb a major share of 13%. It is important to mention that it is the first ever estimation of the functional classification at the national level in Fiji.

FIGURE 6- HEALTH EXPENDITURES BY FUNCTIONS, 2005



Expenditure on health in Fiji is relatively higher than most countries in its region. It accounted for approximately USD 134 per Capita with a total Health Expenditures of USD114 million. Share of GDP is under 4% which need further analysis at the National level. Next Chapter will highlight the analysis of the health sector.

NHA Matrices

Sources to Financing Agents Matrix

Fiji National Health Accounts 2005

Sources to Financing Agents

		FS.1 Public Funds		FS.2 Private Funds			FS.3 Rest of the World	
		FS.1.1	FS.1.3	FS.2.1	FS.2.2	FS.2.3	FS.3.1	
		Ministry of Finance	Other Public Funds	Private Employer Funds	Household funds	Non profit Institutions Serving Households	Donors Funds	TOTAL
HF.1	Public Sector - General Government							
HF.1.1.1	Ministry of Health	131,036,450					5,844,350	*136,880,800*
HF.1.1.2	Ministry of Planning							-
HF.1.1.3	Ministry of Home Affairs							-
HF.1..14	Army Medical Scheme				900,000			*900,000*
								-
HF 1.2	Fiji National Provident Funds							-
HF.2	Private Sector							
HF.2.2	Private Insurance Enterprises			4,072,534	4,864,416			*8,936,950*
HF.2.3	Private Households' out of pocket				21,682,800			*21,682,800*
HF.2.4	Non State Actors (Non-Governmental Organizations)					3,525,000		*3,525,000*
HF.2.5	Private Firms (Other than Health Insurance)							-
								-
								-
HF.3	Rest of the world							
HF.3.1	Donors Agencies						9,584,736	*9,584,736*
HF.3.2	Overseas Treatment Agents							-
								-
TOTAL (THE)		*131,036,450*	-	*4,072,534*	*27,447,216*	*3,525,000*	*15,429,086*	181,510,286
% of THE		*71.90%*	*0.00%*	*2.23%*	*15.06%*	*1.93%*	*8.87%*	*100.00%*

Financing Agents to Providers Matrix

	Financing Agents to Providers	HF.1 Public Sector			HF.2 Private Sector				HF.3 Rest of the World	TOTAL
		HF.1.1.1	HF.1.1.4	HF.1.2	HF.2.2	HF.2.3	HF.2.4	HF.2.5.1	HF.3.1	
		Ministry of Health	Army Medical Scheme	Fiji National Provident Funds	Private Insurance Enterprises	Private Household' out of pocket	Non Government Organization	Private for Profit	Donors Agencies	
HP.1	**Hospitals**									
HP.1.1	General Hospitals	-								-
HP.1.1.1	Public General Hospitals	27,132,718	423,944			1,336,000				28,892,662
HP.1.1.2	Public District Hospitals	30,749,494								30,749,494
HP.1.2	Private Hospital	-			1,086,309	3,696,000				4,782,309
HP.1.2.1	Private for profit Hospital	-								-
HP.1.2.2	Private Not for profit Hospital	-								-
HP.3	**Providers of ambulatory health care**									
HP.3.1	Physicians and Clinics	-			1,017,995	4,862,000				5,879,995
HP.3.2	Dentists	-			206,534	275,000				481,534
HP.3.3	Traditional Healers	-				2,122,800				2,122,800
HP.3.4	Out patient care centers	-								-
HP.3.4.1	Health Centers	33,688,582	276,056				631,522		1,200	34,597,360
HP.3.4.2	Nursing Stations	-								-
HP.3.5	Medical and Diagnostic Laboratories	808,875			-	1,386,000				2,194,875
HP.3.6	NGOs	-								-
HP.3.7	Home Care Services	-								-
HP.3.9	Other Providers of Ambulatory Health Care	-								-
		-								
HP.4	**Retail Sale and Other Providers of Medical Goods**									
HP.4.1	Private Pharmacies	15,164,000			473,390	8,005,000			29,549	23,671,939
		-								
HP.5	**Provision & Administration of Public Health Programs**									
HP.5.1	Health Services Units	8,404,008					2,832,549			11,236,556
HP.5.2	Health Inspection Units	-								-
HP.6	**General Health Administration & Insurance**									
HP.6.1	Government Administration of Health	13,772,244								13,772,244
HP.6.9	Other (private) Administration of Health	0			1,291,950					1,291,950
HP.8	**Institutions providing HRF**									
HP.8.1	Establishments providing HRF	4,670,000					60,929		5,734,674	10,465,603
HP.8.2	Establishments providing TA & Training	2,490,880							3,633,891	6,124,771
HP.9	**Rest of the world Providers**									
HP.9.1	Donors Providers of Public Health	-								-
HP.9.2	Overseas Treatment Providers	-	200,000		4,860,771				185,422	5,246,193
		-								
HPnsk	Providers not specified by kind	-								-
	TOTAL FA	136,880,800	900,000	-	8,936,950	21,682,800	3,525,000	-	9,584,736	181,510,286
	% of THE	75.11%	0.49%	0.00%	4.90%	11.90%	1.93%	0.00%	5.66%	100.00%

Financing Agents to Functions Matrix

	Financing Agents to Functions	HF.1 Public Sector			HF.2 Private Sector				HF.3 Rest of the World	TOTAL
		HF.1.1.1	HF.1.1.4	HF.1.2	HF.2.2	HF.2.3	HF.2.4	HF.2.5.1	HF.3.1	
		Ministry of Health	Army Medical Scheme	Fiji National Provident Funds	Private Insurance Enterprises	Private Household' out of pocket	Non Government Organization	Private for Profit	Donors Agencies	
HC.1	**Services of Curative Care**									
HC.1.1	Inpatient curative care	57,882,211	423,944		1,086,309	5,032,000				64,424,464
HC.1.3	Outpatient curative care									-
HC.1.3.1	Basic Outpatient Medical and Diagnostic Services	33,688,582	276,056		710,086	4,862,000	631,522		1,200	40,169,446
HC.1.3.2	Outpatient Dental Care				206,534	275,000				481,534
HC.1.3.3	All Other Specialized Health Care	3,754,400			307,910					4,062,310
HC.1.3.9	Traditional Health Care					2,122,800				2,122,800
HC.3	**Long Term Nursing Care**									
HC.3.1	Outpatient curative care									-
HC.4	**Ancillary Services to Health Care**									
HC.4.1	Clinical laboratory	808,875				836,000				1,644,875
HC.4.2	Diagnostic Imaging					550,000				550,000
HC.4.3	Patient Transport and Emergency Rescue									-
HC.4.9	All Other Miscellaneous ancillary services									-
HC.5	**Medical Goods dispensed to outpatients**									
HC.5.1	Pharmaceuticals and other medical non durables	15,164,000			473,390	8,005,000			29,549	23,671,939
HC.5.2	Medical appliances and other medical durables									-
HC.6	**Prevention and public health services**									
HC.6.1	Reproductive Health (MCH, FP and counseling)	1,159,594					1,898,248		35,000	3,092,842
HC.6.2	Health Promotion & School Health Services	504,271					206,360		59,808	770,439
HC.6.3	Prevention of communicable diseases	1,381,244					349,046		209,902	1,940,192
HC.6.4	Prevention of non-communicable diseases	458,428					378,895		86,258	923,582
HC.6.5	Environmental Health, Sanitation & food safety	229,214							-	229,214
HC.6.9	Other Miscellaneous public Health services	916,856							53,607	970,464
HC.7	**Health Administration & Health Insurance**									
HC.7.1	General Government Administration of Health	13,772,244								13,772,244
HC.7.2	Health Administration & Health Insurance				1,291,950					1,291,950
HC.8	**Overseas Treatment**									
HC.8.1	Overseas Treatment		200,000		4,860,771				185,422	5,246,193
HCR	**Health Related Functions**									
HC.R.1	Capital Formation of health care providers	4,670,000							151,140	4,821,140
HC.R.2	Education and training of health personnel						60,929		3,633,891	3,694,820
HC.R.3	Research and development in health	2,490,880							5,079,698	7,570,578
HC.R.4	Food, Hygiene and drinking water control								-	-
									49,262	49,262
HC.R.9	Other Health Related Functions								10,000	10,000
	TOTAL FA	*136,880,800*	*900,000*	*-*	*8,936,950*	*21,682,800*	*3,525,000*	*-*	*9,584,736*	*181,510,286*
	% of THE	*75.11%*	*0.49%*	*0.00%*	*4.90%*	*11.90%*	*1.93%*	*0.00%*	*5.66%*	*100.00%*

Sector Analysis

The Health sector in Fiji depends highly on the public sector and the MOH is the largest in the Fijian public sector. Not only it is the generator of Health in Fiji, but it is also the largest provider of care and collective health prevention services.
Fiji has several government public schemes with only two active medical schemes. These include:

- One employment-based social insurance schemes to cover the Armed Forces members and their dependants.
- One non medical compulsory social saving scheme for formal sector employees, which became a major significant player in the Fiji financial system
- The Ministry of Health financing that covers any citizen who is not covered under any other scheme and is not dependent on the income of the beneficiary
- A growing private insurance market that is largely employment based
- Out-of-pocket expenditures

The main two social schemes represent the MOH and the Military Forces Welfare Group Medical Scheme (MFWGMS). The MFWGMS covers employees and their family members of the Fijian Armed Force. 20,000 of the population were covered under MFWGMS and the remaining 830 thousands are eligible for the MOH. As indicated in table 21, it is estimated that the Ministry of Health provides coverage to more than 95% of the population.

Table 21: Percentage of Population Covered by Various Public Agencies

Public Financing Agent	Ministry of Health	Army Medical Scheme	Fiji National Provident Funds	Total Public Agents
Number of Members		*20,000*	*225,000*	***245,000***
Health coverage	*Centralised Budget*	*Social Insurance*	*no medical scheme*	
Number of members covered	*829,361*	*20,000*		***849,361***
Total contribution (F$)	*no*	*900,000*	*200,000,000*	
Health Premium / co payments (F$)	*1,336,000*	*900,000*	*-*	***2,236,000***

Ministry of Health

The Ministry of Health is the largest sector in the Fijian national health system. It is a very important sector due to its weight in the national health system. The MOH expenditures account for the bulk of total health expenditures as well as the government health expenditures. The Ministry of Health is the generator of health fund and represents the largest provider of care and collective health prevention services. This chapter will analyze the MOH budget, sources of its funds, economic and functional classification and describing the degree of equity in distributing funds.

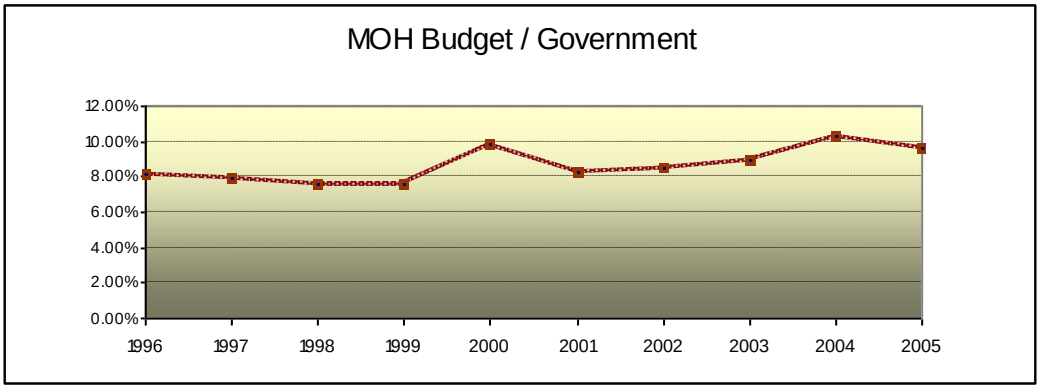
Change in the MOH Budget

Health is a true priority for the government of Fiji Islands. With the considerable population growth and needs in care and in health prevention, the changes in budget allocated to the Ministry of Health has reflected this priority specially when comparing its share with the government budget and the GDP. The total MOH share of government budget has been raised since 1996. Figure 2 above highlights this increase when comparing the ongoing evolution and indices of the MOH budget and Government and GDP respectively. Over the past 10 years, the curve of the GDP index variable has been always almost at the same level of the Government budget but almost always been below that of the Ministry of Health budget.

However the examination of the changes in the Ministry of Health's budget per capita and in constant value shows that, during the last ten years, the Government has made great efforts in this sector. These efforts have primarily been a benefit to the curative care and administration at the expenses of the rest of the operating budget and the preventive care. This migrates and weakens the benefits of increases in investing on public programs and preventives.

Since 1995, the actual budget allocated to MOH has been increasing with a highest increase occurring in the year 2000. A significant increase in government expenditures occurred with the establishment of an affirmative action program AAP for indigene Fijian and the government back pay of the salary raise but this increase did not affect the share of MOH over the Government budget. In order to allow for a more meaningful comparison of the MOH expenditures over time it was necessary to compare MOH share over the Government budget indicted in Figure 7 below.

FIGURE 7- ACTUAL ANNUAL INCREASE IN GOVERNMENT HEALTH EXPENDITURES



Sources of Funding for MOH spending

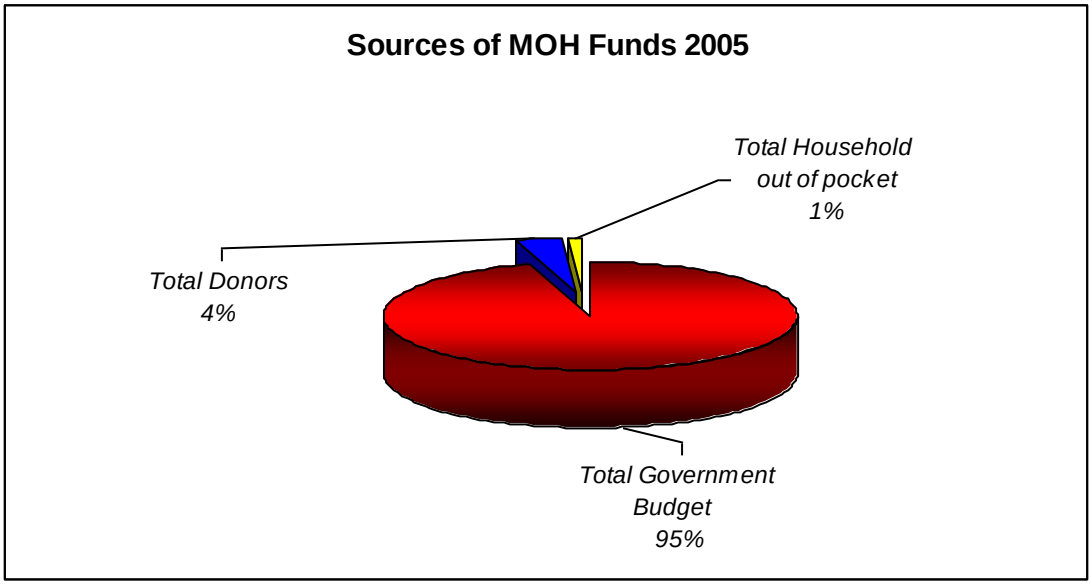
Table 22 indicates that the main source of the MOH funds is easily the Government budget, which amounts to almost 95% of Total Ministry of Health expenditures.

Table 22: Sources of health funds, 2005

Sources of MOH Funds	MOH 2005	Share
Total Government Budget	130,445,500	95%
Total Donors	5,099,300	4%
Total Household out of pocket	1,336,000	1%
TOTAL MOH 2005	**136,880,800**	**100%**

The share of other ministries for health is still unclear and undefined as no charges are accounted at the MOH or at the other Ministries (user of services) level. For example the Army medical scheme and the NPF used the MOH facilities to treat its patients at no charge. As indicated in Figure 8 below, other sources of funding (households and insurance companies) provide more or less than 1% of the MOH Spending. Donors contribute to some 4% of Total Ministry of Health expenditures and mainly on Public Health Programs.

FIGURE 8- SOURCES OF THE MOH FUNDS, 2005



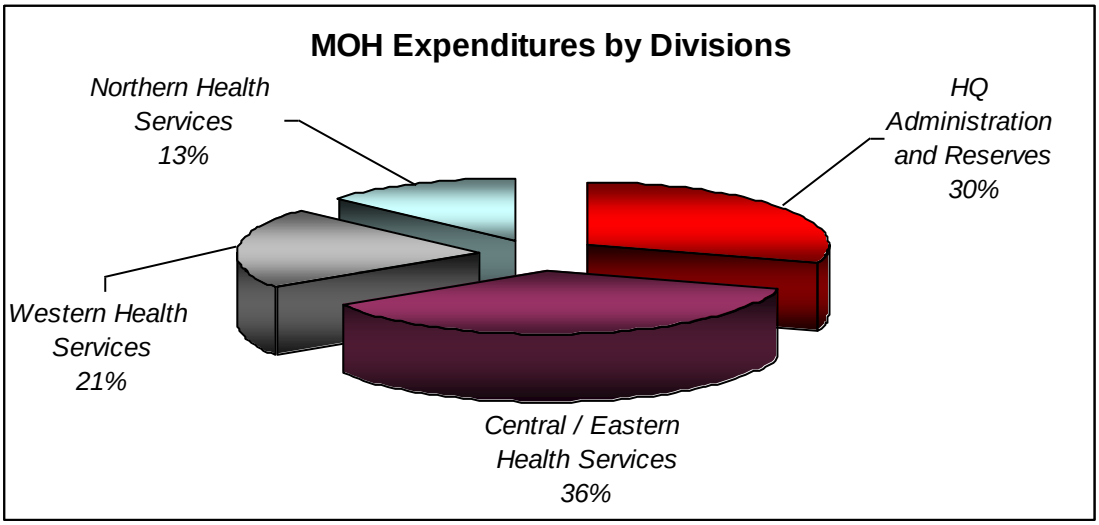
MOH Functions by Subdivision:

The Fiji MOH is facing a number of health challenges. The Health sector has been transformed in 2003 from a highly centralized system to one that is decentralized within the MOH. This transition has been taking place at a slower pace than originally conceived and will continue to need technical support and system development to put it into place. The MOH budget has been segregated by Division and subdivision. This segregation was not compatible with the NHA functional classification. In 2005, The MOH budget has been allocated to four main functional subdivisions with a highest share favor the Central Eastern Health services. A breakdown of MOH spending by division is indicated in Tables 23 below.

Table 23: breakdown of MOH funds by Divisions, 2005

Expenditures by Divisions		
HQ Administration and Reserves	40,660,400	*29.7%*
Central / Eastern Health Services	49,568,380	*36.2%*
Western Health Services	28,927,422	*21.1%*
Northern Health Services	17,724,598	*12.9%*
	136,880,800	*100.0%*

FIGURE 9 - MOH BREAKDOWN BY DIVISIONS, 2005



MOH Functions

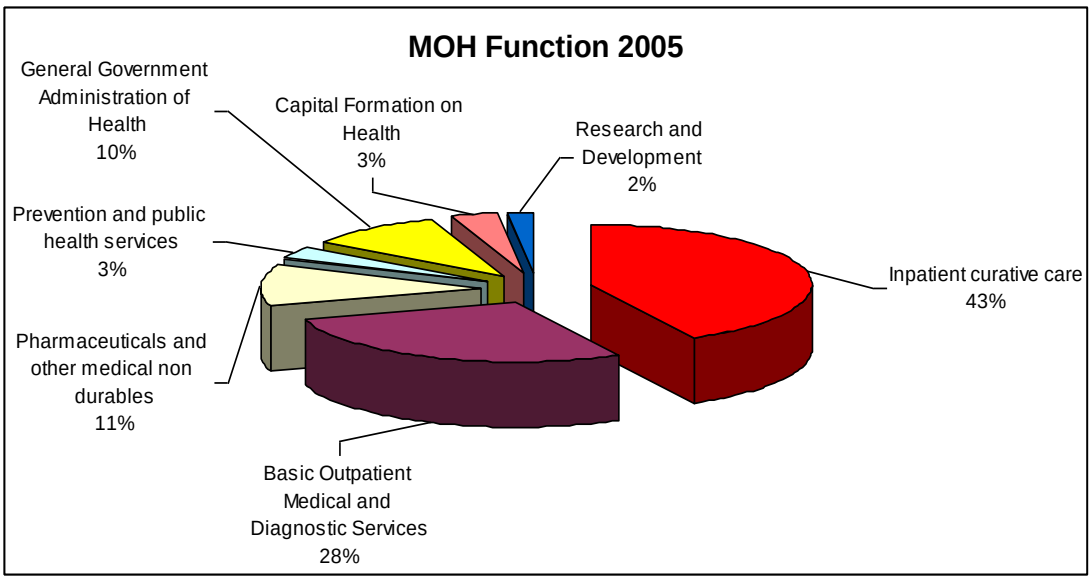
The NHA study result shows the Fiji first ever breakdown of MOH health expenditures by function following the International Classification of Health Accounts (ICHA).

Of the entire MOH budget, 42% is used for local curative inpatient care versus 28% for the basic care network. It is true that this percentage is fairly high, but it is mostly spent on Salary and Wages including Doctors and nurses. The Administration of the Central office of the MOH absorbs 10% of the budget. However it should be stated that, in the context of health programs and monitoring, health prevention activities continue to be substantial and not exceeding 4%. Pharmaceutical absorbs a good share of 11%.

Table 24: Uses of MOH funds, 2005

NHA Items	Amounts Allocated	Share
Inpatient curative care	57,882,211	**42.3%**
Basic Outpatient Medical and Diagnostic Services	38,251,857	**27.9%**
Pharmaceuticals and other medical non durables	15,164,000	**11.1%**
Prevention and public health services	4,649,608	**3.4%**
General Government Administration of Health	13,772,244	**10.1%**
Capital Formation on Health	4,670,000	**3.4%**
Research and Development	2,490,880	**1.8%**
	136,880,800	**100%**

FIGURE 10 - MOH BREAKDOWN BY FUNCTIONS, 2005



MOH Expenditures by Providers

The NHA 2005 results show that the MOH Providers are the major recipients of national health funds. Table 25 shows the breakdown of the MOH expenditures among the public providers.

Table 25: Breakdown of the MOH funds by providers, 2005

NHA Items	Amounts Allocated	Share
Public General Hospitals	27,132,718	**19.8%**
Public District Hospitals	30,749,494	**22.5%**
Health Centers	33,688,582	**24.6%**
Provision of Medical and Diagnostic Laboratories	808,875	**0.6%**
Pharmaceutical	15,164,000	**11.1%**
Adminsitration	13,772,244	**10.1%**
Provision & Administration of Public Health Programs	8,404,008	**6.1%**
Institutions providing HRF	7,160,880	**5.2%**
	136,880,800	**100.0%**

This breakdown indicates that the major providers of the MOH were the Health Centers with almost 25% of total funds. General Hospitals accounts to 20% and district hospitals to 22.5%. Provision of Drugs by the MOH absorbs 11% and salary and wages of the Central accounts to 10% of the budget not including the salary and wages of Hospital and Health Centers' staff.

Fiji National Provident Funds

The Fiji National Provident Fund is a compulsory social saving scheme for formal sector employees. It has become a major significant player in the Fiji financial system. The fund has a well-developed infrastructure, with a head office in Suva and two branches in Lautoka and Labasa and is interested in developing a medical benefits scheme for its member. The Fiji National Provident Fund has a total of 230 000 active members (including a small number of voluntary members) out of a total of 335,890 in labor force population as named by the 2004-2005 Employment Unemployment survey conducted by the Fiji Statistic Department.
The total revenue of the Fiji National Provident Fund from contributions amounted to almost F$200 million in 2005. Although a medical insurance scheme is not yet in place, it was important to mention this important sector in our National Health Report.

The Military Forces Welfare Group Medical Scheme

The Military Forces Welfare Group Medical Scheme (MFWGMS) is the only health insurance scheme in Fiji that has some feature of social health insurance. The scheme covers about 20 000 military forces personnel members and their dependants. The premium is F$17.00 per month, and F$34.00 for members older than 65 years. The scheme covers health expenditure at the military hospital (which is owned and run by the scheme itself) and treatment overseas (New Zealand and Australia). In 2005, F$200,000 out of the total premium revenue of F$900,000 was spent on treatment overseas. Hospitalization costs at referral public hospitals are covered by the government budget, except for private admission for F$4 per ward day or a private room of F$10 per day at the Colonial War Memorial Hospital in Suva.
The NHA study was not able to get data regarding this sector for many reason (refer to limitation Chapter). Therefore we assume the remaining funds, other than the F$200,000 spent on overseas treatments, is spent in the Military Hospital.

Private Providers

According to the Private Providers survey, the estimated total income of this sector in 2005 was over F$24 million and was higher than data collected in previous reports. 31% comes from the private Insurance reimbursement and 35% as a user fees. This number is valid regardless of whether they live in an urban or rural area. It was difficult to study the degree of severity of illness in this round of NHA. More data needed in the next round of NHA to define the percentage of women versus men as well as on the reproductive health issue.

Table 26: Breakdown of the private providers' income, 2005

Private Providers Income		Year 2005	Percentage
Private Insurance re-imbursment		7,645,000	31.4%
Employer re-imbursement		715,000	2.9%
Direct User fees		8,613,000	35.3%
Community Funds		1,100,000	4.5%
Employer Contributions/Premiums		1,760,000	7.2%
Group contributions/premiums		220,000	0.9%
Individual contributions/premiums		2,365,000	9.7%
Loans from Commercial banks			0.0%
Government assistance		1,100,000	4.5%
Donors assistance		440,000	1.8%
NGOs assistance			
Others specify		407,000	1.7%
	TOTAL	24,365,000	100%

According to this survey total household spending at private providers accounted to almost F$11 million and detailed in table 19 below:

Table 27: Breakdown of the HH spending at the private providers, 2005

Household Medical spending at Private Providers	
Payment to Priv Providers (user fees)	8,613,000
Individual contributions/premiums	2,365,000
	10,978,000

Table 28 indicates the total provision of ambulatory care visits to private providers and amounted to F$4.8 million in 2005 with 20% of total spending on this sector. Inpatient curative comes to 17% and pharmaceutical charges of 3 million which accounts to 13% of the total.

The income and expenditures distribution help the NHA team to estimate the Total and distribution of the household spending on health as well as estimating the private insurance market.

Table 28: Breakdown of functions at the private providers, 2005

Private Providers Functions	Year 2005	Percentage
Inpatient curative care	4,191,000	17.2%
Basic Outpatient Medical and Diagnostic Services	4,862,000	20.0%
Outpatient Dental Care	275,000	1.1%
All Other Specialized Health Care	440,000	1.8%
Clinical laboratory	836,000	3.4%
Diagnostic Imaging	550,000	2.3%
Patient Transport and Emergency Rescue	165,000	0.7%
All Other Miscellaneous ancillary services	55,000	0.2%
Pharmaceuticals and other medical non durables	3,168,000	13.0%
Medical appliances and other medical durables	2,365,000	9.7%
Reproductive Health (MCH, FP and counseling)	55,000	0.2%
Health Promotion & School Health Services	110,000	0.5%
Prevention of communicable diseases	165,000	0.7%
Prevention of non-communicable diseases	55,000	0.2%
Environmental Health, Sanitation & food safety	33,000	0.1%
Health Administration & Health Insurance	825,000	3.4%
Capital Formation of health care providers	165,000	0.7%
Education and training of health personnel	231,000	0.9%
Research and development in health	55,000	0.2%
Income from exercise	5,764,000	23.7%
	24,365,000	100%

Household Expenditures on health:

A National Household Income and Expenditure survey has been conducted by the Statistic Department. The level of desegregation of health and health spending was limited in this survey. The only information on health extract from this survey on health is the percentage of the Fijian on medical expenditures which comes to 3% distributed as per table 29.

Table 29: Spending on health as percentage of Income

Expenditures Items as % of Income				
Expenditures Items	Fijians	Indo-Fijians	Others	Total
Medical Expenses	3.10%	3.50%	3%	3.20%
Source: Table 66. 2002-2003 Household Income and Expenditure Survey, Fiji Islands Bureau of Statistics				

The current Household expenditures are estimated based on the above mentioned survey and the different surveys conducted by the NHA team. Household out-of-pocket expenditures account for nearly 15% of total health expenditures in Fiji. A more systematic way to estimate household expenditures on health has been used taken into account the private providers survey, the insurance survey and the traditional healers survey conducted by the NHA team as well as the 2004-2005 Employment unemployment survey and the HIES conducted by the Statistic Department. A variety of data sources was used to estimate total household expenditures on health and this includes:

- Use data from the providers' survey to estimate OOP functional expenditures for outpatient and inpatient care as well as estimate average premium paid at the private insurance companies.

- Use the Traditional healer survey to get OOP costs on traditional healers.
- Data from the Household Income and Expenditure survey (HIES) regarding percentage of medical expenditures out of the household total income.
- Use the Employment Unemployment survey to estimate total household income.
- Use WHO reports for 2005[3] spending on public and Private spending

The information based on household sources of funds and uses of expenditures was carefully examined to match all household spending during the considered year. Having done this, it was possible by using the best judgement to estimate the approximate volume of funding received by providers in the form of user fees paid to Private Providers, pharmacists and to insurance comapnies, for which data were not available, plus the market value of expenditures funded from household to traditional healers in both cash and in kind. This estimate was not enough to get total household spending. Additional survey has been carried out on pharmaceuticals to re evaluate the total consumption of drugs at the private and public providers.

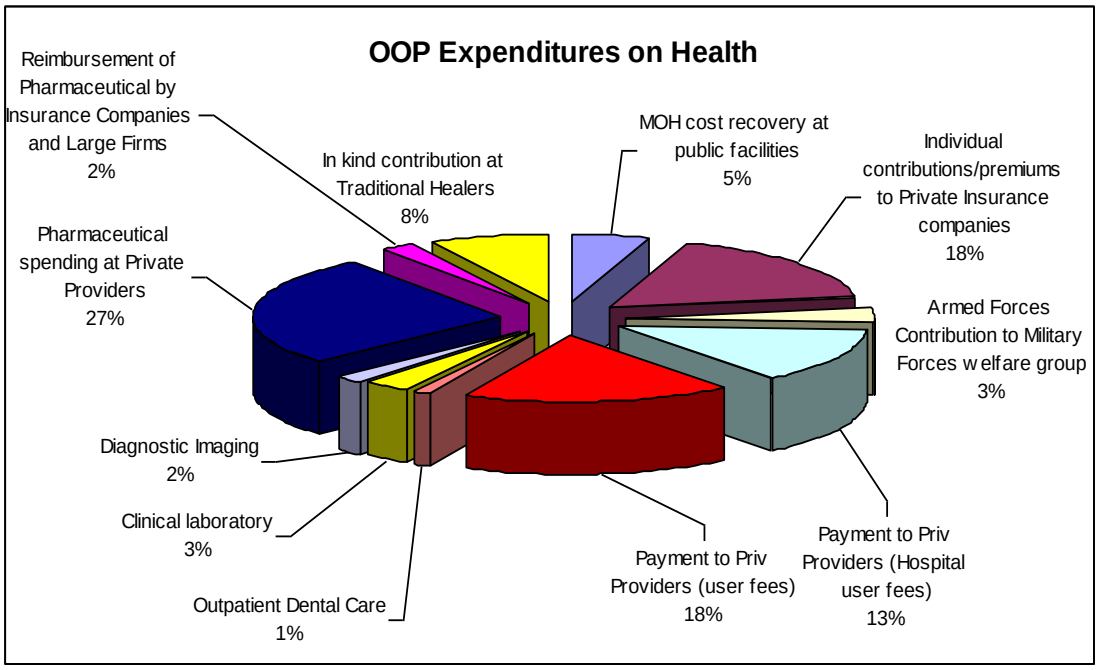
Table 30: Household Distribution in 2005

Description	2,005	Percentages
MOH cost recovery at public facilities	1,336,000	4.9%
Individual contributions/premiums to Private Insurance companies	4,864,416	17.7%
Armed Forces Contribution to Military Forces welfare group	900,000	3.3%
Payment to Priv Providers (Hospital user fees)	3,696,000	13.5%
Payment to Priv Providers (user fees)	4,862,000	17.7%
Outpatient Dental Care	275,000	1.0%
Clinical laboratory	836,000	3.0%
Diagnostic Imaging	550,000	2.0%
Pharmaceutical spending at Private Providers	7,351,580	26.8%
Reimbursement of Pharmaceutical by Insurance Companies and Large Firms	653,420	2.4%
In kind contribution at Traditional Healers	2,122,800	7.7%
Household Medical spending	27,447,216	100%

Total household expenditure on health in 2005 accounted to F$25 million or 15% of total health expenditure in Fiji for that year. Almost 90% of household expenditure was spent on private providers and 10% on MOH facilities and Armed Forces contribution.

[3] Beaver Carol, Review of pharmaceutical financing in 2005
Fresbout Consulting WHO, Review of financing and Expenditures on Pharmaceuticals

FIGURE 11 – OUT OF POCKET EXPENDITURES ON HEALTH, 2005



Private Insurance Market:

The Insurance in Fiji has become essential, especially for the employees working in the private sector as well as to the public, together with their families, who support themselves. Compared to other countries in the region, Fiji has a fairly well developed private insurance sector. As per the Employers surveys result, the list of most frequently used insurance companies by employers are: Fiji Care, QBE, Aon Risk, Health Plus and Colonial. Insurance companies refuse, to some extent, to provide data to the NHA team and we have to extrapolate data from other surveys.

There were about 330,699 employees in the formal sector in 2005, with about 24 000 public servants. The Employers survey result estimated that almost all big firms used the private insurance companies to cover their employees and dependants.
Table 31 of the EUS survey shows that almost one third of the population was in labor force and more than 40% of this segment earns more than F$10,000 per year. Assuming that most of this segment, benefits from an insurance scheme, it is estimated that 135,500 employees or more than 16% of the population has a private insurance coverage.

Table 31: Income ranges of in labor force in 2005

	Person and Income by Ethnicity					
Income Range (F$)	Fijian	Indo-Fijian	Others	Rotuman	All	%
0 to 2,999	86,883	39,815	4,124	1,478	**132,300**	**40.0%**
3,000 to 4,999	26,976	32,108	1,825	250	**61,159**	**18.5%**
5,000 to 6,999	20,203	22,948	1,020	373	**193,459**	**58.5%**
7,000 to 9,999	20,107	20,024	1,393	686	**42,210**	**12.8%**
10,000 to 40,000	20,665	21,732	3,204	1,062	**46,663**	**14.1%**
more than 40,000	1,513	1,345	790	175	**88,873**	**26.9%**
Total	**176,347**	**137,972**	**12,356**	**4,024**	**330,699**	**100.0%**

Source: 2004 2005 EUS, Fiji Islands Bureau of Statistics

There is no evidence that private insurance companies transfer the burden of medical cost cases to the Ministry of Health even though the latter does not have the ability to verify whether patients have insurance or not.

Donors:

Out of the Total Foreign aid, AUSAID was the biggest donor comprising more than half of the total aid given to Fiji. On average, Japan and New Zealand provided 16% and 12% respectively, whilst donors such as the World Health Organization, UNICEF and UNDP and others were responsible for the remaining funding.

- Provision of adequate primary and preventative health services
- Provision of efficient curative health care services
- Maintain appropriate level of human resources in health
- Generate funds for the health system through the introduction of user pay system
- Build management of culture that promotes and supports continuous quality improvement in the health sector

Aus Aid Assistance:

Total Multilateral and bilateral programs on Health accounted to 3.5 F$ million in the year 2000[4]. Main agencies were AusAid, JICA and Korea. In year 2005 a *Health sector improvement program* funded by AusAid has granted to Fiji an amount of 5.9 million F$ (4.5 million Australian Dollars). This fund is part of a long-term capacity building initiative to improve the quality of health services in Fiji MOH (4 million A$) and an amount of 500,000 A$ for the School of Medicine. It is supporting the Ministry of Health, via a program approach, across the priority areas of health information management, rural health, clinical services, and management training and development. In addition, the program has supported an expanded program of immunization against measles, the scaling up of health promotion and communication campaigns, leading to a documented increase in the public focus on food and water safety.
Aus Aid Grant has been distributed as follow:

Ministry of Health:

- Health Service Development: F$ 3.5 million
- Health Information Management: F$ 1,5 million
- Training & Strengthening Health Worker: F$ 0.2 million

School of Medicine:

Assistance to school of Medicine F$ 649,000

[4] Country Concept Paper and National Indicative Programme 2003-2007, European Commission

Japan Grants:

JICA, the Japanese Government Agency has been present in Fiji for many years. Among the support recently provided are support for the provision of a senior volunteer for the EPI program (plus equipment) and a Research specialist with an estimated cost F$ 2.9 million. There is also grass root program managed by the embassy providing small grants and among them some with health impact, like the rehabilitation of a dispensary.

Table 32: JICA Health Sector Expenditures in 2005

JICA Health Sector Expenditure JFY 2005

(JPY/000)

	Oceania Region	Fiji in Yen	USD	F$
Training	61,762	23,397	202,134	323,414
Dispatch of Experts	162,460	139,191	1,202,514	1,924,023
Dispatch of Research Team	6,632	35	302	484
JOCV Volunteers	130,725	36,236	313,054	500,886
Provision of Equipment	74,625	10,934	94,462	151,140
Other Volunteers	88,325		-	-
Other	60	60	518	829
Total	**524,589**	**209,853**	**1,812,985**	**2,900,776**

Trying to avoid double counting but also trying to avoid leaving out any fund spent in the health sector in 2005, Table 32 was assembled with the information from the Japanese Embassy, opting for the most reliable ones when there were information from two or more sources for the same donor.

New Zealand Aids

New Zealand AID has been in Fiji for some years and has a defined strategic program for development of Fiji including the year 2005. NZAID acknowledges AusAID commitments to the health sector and has defined its role as complementary and limited to supporting regional programs. A number of supports have been provided. NZAID has supported regional initiatives (PIAF) and the medical school in Fiji, UNICEF regional programs and many other regional initiatives that should generate direct and indirect benefits for Fiji. Besides that, NZAID has kept a Medical Treatment Scheme which provides medical evacuation and treatment in New Zealand in certain circumstances, and a Small Project Scheme which provides funds for specific areas, including primary health, upon request. In 2005 this program spent NZ$ 115,889 (185,000 F$) in health related activities. According to the information provided by the MOH, the external funds received from New Zealand, this part of the

NZAID funding did not go through the MOH. There was no estimation available on other than the costs of the Medical Treatment Scheme in 2005.

Global Funds

The Global Fund to fight AIDS and Tuberculosis provides support to Fiji for the two component diseases. The funds are administered by the MOH, SPC, some donors and NGOs, the principal recipient of the Global Fund grants, for procurement of drugs and other medical goods. It was requested by the NHA team from SPC the exact amounts of goods purchased on behalf of Fiji. The information was not received until the end of the preparation of this report. According to the information provided by the SPC, the external funds received from Global funds amounted to US$ 115,069 (F$184,595). This figure need to be revised as it is different of the figure provided by the Ministry of Health.

WHO Funds

The World Health Organization funds a number of programs on an on-going basis. These include:

- Human resource development
- Health System Development
- Non-communicable diseases program and support for TB and mental health training.
- Child and Adolescent Health – support for nutrition programs and dietetics training
- Health sector reform
- Reproductive health
- STI/HIV/AIDS

Other WHO programs include Environmental health and communicable disease control initiatives. Total spending on health in Fiji for the year 2005 amounted to F$ 460,000.

Other Donors

Other donors provided some form of assistance (e.g. equipment, training, project salaries, etc) to MOH. These donors include UNICEF, World Heart Foundation, Global Trust Fund (HIV/AIDS), University of Melbourne (for Pneumo Project).

Non Government Organizations

NGOs provide a bulk of welfare assistance in Fiji, generally through non-cash donations, which is a very cost-effective manner. Some NGOs provide primary health care and first aid kits to villages organizations such as Red Cross and Reproductive Health Centers and a good number is funded by the

Ministry of Health. Those NGOs received grants from the MOH and are counted under the MOH budget, namely: Ra Catholic Hospital, Responsible Parenthood council, St John Ambulance Brigade, Fiji Red Cross, Channel Home of Compassion, Father-Law Home, Reproductive and Family Health Association, Family Support Association Group and National Food and Nutrition Committee. Total 2005 transfer to NGOs are detailed in Table 33 and accounted to F$ 502,900.

Table 33 – 2005 summary NGOs through MOH

SEG - 6 :Operating Grants And Transfers		
Grant to Rural Local Authorities	80,000.00	
Grant to National Food & Nutrition Committee	248,000.00	
Total Seg 6 (2406)		328,000
UNFPA	5,000.00	
Grant to Ra Catholic Hospital	25,000.00	
Grant to Resp Parenthood Council	3,000.00	
Subsidy to St. John Ambulance	40,400.00	
Grant to Fiji Red Cross	26,500.00	
Channel Home of Compassion	20,000.00	
Grant to Father Law Home	30,000.00	
Grant to Reproductive and Family Health Association	15,000.00	
Grant to Family Support Association Group	10,000.00	
Total Seg 6 (1106)		174,900
Total NGOs		502,900

Other Donors and NGOs contributed to different small projects focusing on health related functions like provision of safe drinking water, which has considerable impact on health, and nevertheless cannot be properly measured and incorporated into the health sector account. These numerous projects accounted to 3.5 million in 2005 and are managed by the NGOs themselves and therefore the MOH does not have a complete figure of the resources involved. Table 34 indicates the NGOs Health expenditures distribution in 2005.

Table 34 – 2005 summary NGOs expenditures distribution

NGOs Expenditures distribution in 2005	
Health Centers	17.9%
Reproductive Health (Maternal and Child health, FP and counseling)	53.9%
Health Promotion & Blood Safety Program	5.9%
Prevention of communicable diseases	9.9%
Prevention of non-communicable diseases	10.7%
Education and training of health personnel	1.7%

Traditional Healers

The informal private health sector consists of traditional healers and Traditional Birth Attendants mainly funded by out of pocket expenditure through in kind or cash. There are no set of fees for services in this sector. Traditional healers make up an integral part of the informal health care in the pacific islands. It is estimated that more than 500 hundred traditional healers existed in Fiji and absorb a big part of the outpatient consultation at the rural level as well as the urban.

The 2005 NHA estimates a total of F$ 2.1 million spend on traditional healers through in kind and Cash. Traditional healers' expenditures are estimated based on data collected from surveys conducted in Fiji and using some assumptions. The survey data was preservative in estimated both numbers of admissions and amount paid by Household. NHA team uses a special methodology for estimating Out-Of-Pocket Expenditures at this sector considering the following assumptions:

- We assume that the number of traditional healers in Fiji is correct
- We use the data on number of traditional healers per village surveyed and estimate total number of traditional healers in other villages.
- We use data on number of visits per Traditional healer per year from the survey.
- We estimate the traditional healers' fees and use an average of Traditional healer cost per visit.
- We use data from step 2, 3 and 4 to estimate total OOP expenditures on Traditional practices at the national level.

Table 35 – Summary Traditional Healers Survey results

Fiji National Health Account 2005					
Traditional Healer Survey - 2005					
	Surveyed:			***100***	
	people treated last 4 weeks			***1220***	
	Estimated Number of Traditional Healers				***500***
	Number of villages				
	Average Number of TH per Village				***3***
	average seen per week per traditional healer				***3***
	Total visits per year (100 TH)				***14,640***
	Total visits per year (500 TH)				***73,200***
	Upolu rural HH Expendirures on TH				
		Annual HH Expenditures on TH Servic			**$2,122,800**
		Average Cost per visit (top 5 illn.)			**$29.00**
		Per Capita spending on Traditional hea			**$2.50**

Cross Country Comparative Analysis

As indicated in Table 36 total expenditure on health in Fiji is almost 4% of the GDP. The proportion of government share is high and come up to 3% of GDP and private sources for around 1% of GDP. As we can observe, Fiji lies in the middle of the spectrum of East Asia and Pacific Region (EAP) countries in terms of GDP and in the highest of the spectrum in term of GDP per capita. However, in terms of expenditure on health care, Fiji Public expenditure as a percentage of total health spending is one of the highest amongst countries in the region.

Table 36 – Summary Traditional Healers Survey results

Country or Region	Last NHA year	Per Capita GDP (US$)	Health Expenditure (per capita US$)	Health Expenditures As Percentage of GDP		
				Total	Public	Private
Fiji	2005	3,513	$134	3.80%	2.90%	0.90%
Kiribati		870	24	2.70%	N/A	N/A
Marshall Islands		1,860	58	3.11%	N/A	N/A
Samoa	2002-2003	1,686	94	5.60%	3.40%	2.40%
Solomon Islands		960	54	5.60%	4.80%	0.80%
Tonga	2001-2002	1,471	93	6.20%	2.80%	3.40%
Vanuatu	2005	1,640	66	4.10%	2.50%	1.60%
MENA		2,070	54	4.80%	2.60%	2.20%
Far East		970	28	3.50%	1.50%	2.00%
OECD		24,930	2,470	9.90%	6.00%	3.90%

Source: World Health Organization indicators http://www.who.int
World Development Indicators, http://www.worldbank.org
Samoa National Health Accounts 2002-2003 findings
Tonga National Health Accounts 2001-2002 findings
Vanuatu National Health Accounts 2005 findings
Fiji National Health Accounts 2005 findings

Key Health System Performance:

The health system has been developing even with the lack of expertise and resources, initially driven by the needs of the population. During the past decade, the health system continued to develop and expand in an unregulated unplanned manner.

Currently, the health system performance seems to be suboptimal, as evident by the large budget allocation for health (10% of the government budget) with unmatched improvements in health outcomes at population level. In fact, three main policy issues are of great concern for the Fiji health system:

- *Equity*
- *Sustainability*
- Monitoring *quality*.

Equity:

At the national level, the current health system is largely developed by the public sector. This development is driving the health sector towards favoring urban areas at the expense of rural areas in peripheral islands, and the poorer population groups.

Equity in Health is described according to the following:

Discrepancies in physical access to health care

The *physical resources* for health are apparently not *readily available* in Fiji, with low High Medical Technology and low standard. There is a total of 1,768 hospital beds available distributed over 16 sub divisional Hospitals, 3 referral hospitals and 3 specialized hospitals; around 101 Government subsidized Nursing stations and 76 health centers and dispensaries, around 373 private clinics, 56 dentists and some 87 private pharmacists. However, the coverage remains unequal, favoring more large cities like Suva and Lautoka, despite the efforts over the past few years of the government to fill the gaps especially in terms of primary health care.

On the other hand, imbalances in terms of *human resources* for health are also observed. There are 375 medical doctors, 1,648 Nurses, and a shortage of Specialists and other paramedical staff. The human resources in health are also unevenly distributed, favoring the large cities at the expense of the peripheral areas of the country.

Discrepancies in financial access/ affordability:

Health care cost in the country is inflated, and mainly driven by Government support of its own facilities and low private market that provides around 20%

of the health services. It is estimated that less than 10% of the Fiji population benefits from any type of Health Insurance (private or group) while the remaining 90% of the population has no insurance coverage whatsoever and subsequently rely on the MOH as an insurer of last resort. Taking into consideration that, the public health care system, being funded only from the government budget, has been chronically under funded and the approved government budget for health care is always less than the requested budget, and taking into account that the ambulatory care, medications and dental care in the private sector is mostly paid out-of pocket by the population. Thus the poorer population groups will not be able to have prompt and timely access to health care except at the public facilities.

Table 38- Distribution of Public Coverage in Fiji

Public Financing Agent	Ministry of Health	Army Medical Scheme	Fiji National Provident Funds	Total Public Agents
Number of Members		20,000	225,000	**245,000**
Health coverage	Centralised Budget	Social Insurance	no medical scheme	
Number of members covered	829,361	20,000		**849,361**
Total contribution (F$)	no	771,538	193,200,000	
Health Premium / co payments (F$)	1,336,000	771,538	-	**2,107,538**

Table 39- Distribution of Private Coverage in Fiji

Sustainability

Over the past decade, around 2.6% to 2.8% of the GDP equivalent to around 100 to 140 million Fiji Dollars goes to the Ministry of Health every year while the total health expenditure is close to 182 million F$, that is around 4% of the GDP. This means that there is a deficit in the health budget that is somehow compensated for by the population.

Three main observations seem to affect negatively the financial sustainability of the health system:

- *The health system is providing a large offer that is not paralleled by a matching demand.*

For example, the average annual occupancy rate of the 1,768 hospital beds available does not exceed 40%[5]. A significant number of health centers in the public and NGOs sectors are utilized for ambulatory care. An increasing number of nurses (1648 or 19.8 per 1000 population) and a good number of physicians (375 or 4.5 per 1000 population) is in need to make up for the reduced income generated from the medical practice. The number of beds is larger than in any other pacific islands (more than 26 beds per 1000 population).

- *Most of the Ministry of Health budget is spent on the curative aspects of health care at the expense of the preventive aspects of health care.*

In fact, less than 6% of the MOH budget goes to public health programs, while 65% of the budget is spent on hospital care (mainly divisional and sub

[5] MOH Annual Report 2005

divisional hospitals), and less than 11% on the drugs and medication program.

- *High out of pocket expenditures*

It is estimated that around 15% of the total expenditures on health come from private sources namely out-of-pocket and private health insurances while the rest is paid by the public funds (MOH, Military Forces Welfare Group Medical Scheme). Recently there is evidence that some families are getting impoverished by emerging health costs.

Quality

Quality issues in the health sector have been relatively neglected, mainly because of the weak regulatory and auditing capacity of the MOH, and the absence of data in terms of quality perception among the beneficiaries.

The government initiated recent efforts towards establishing a clinical governance framework which was developed in 2004 and it is the basis for all the different quality projects and initiatives that have occurred in isolation over the years. These include infection control, quality improvement, customer service and risk management. This development procedure has been shy, mainly restricted to a few areas like the poor compliance of the health professionals coupled with the weak reinforcing capacity of the MOH.

On the other hand, in the absence of a gate-keeping system, a social insurance scheme or a clear referral system limiting the abuse of the tertiary care like overseas treatment and ensuring the continuity of the health care respectively, there is no doubt quality of care will be affected.