

Armenians struggle for health care and medicines

Private financing constitutes about half of total health expenditures in Armenia and most of that comes directly out of the consumer's pocket. In the current economic downturn, fewer and fewer people can afford it. Monika Mkhitarian and Onnik Krikorian report.

In the Communist era, Armenia enjoyed one of the best health-care systems of all the Soviet republics, delivering comprehensive care on a centralized basis. Since then the system has fragmented along partially free-market lines and is today failing the majority of the people it is supposed to serve. Skewed towards expensive hospital interventions that swallow up more than 50% of the national health budget, the Armenian health system falters at the local community level and is often totally absent from rural areas.

The Armenian government is trying to redress the problem, notably by introducing primary health care reforms with an emphasis on preventive care and the management of chronic diseases. But as Dr Ara Babloyan, Armenia's minister of health between 1991 and 1997, puts it, "Despite efforts in the area of primary health care, the health system requires new improvements", he said, adding that the scope and definition of primary health care should be revised and enlarged.

One of the most pressing concerns is the cost of treatment and medicine for working Armenians who don't benefit from the minimal social programmes that are in place.

To address this, the ministry of health has implemented several programmes since independence in 1991 including a Basic Benefits Package (BBP) established in 1999. The package provides specific health-care services, including medicines, at no charge to vulnerable segments of the population, including children, the elderly and disabled, impoverished people and injured military personnel. Since 2006, primary health care services have been free of charge under the BBP.

But, of course, being eligible is not the same as being covered. And concern about the BBP being stretched a little thin is expressed in the highest places: "Each year the number of people included on the 'vulnerable' list is increased by the Armenian authorities and as a consequence, the money attributed to each individual decreases," explains Babloyan. In concrete terms this means

that people like Naira Thovmasian, a 34-year-old woman living in Yerevan, who since 1999 has needed dialysis to compensate for her failing kidneys, cannot always get the medicines they need. "By law, the hospital has to provide the medicines for me, but what happens if they don't have them?" Thovmasian asks.

When the hospital can't provide them, Thovmasian has to pay. And she is not alone. Elizabeth Danielyan, head of the World Health Organization's (WHO) Armenia country office, notes private financing constitutes about 50% of total health expenditures in Armenia, with 84% of that coming directly out of the consumer's pocket, according to the national health accounts monitoring project.

Just one month's supply of albumin, one of the treatments Thovmasian takes, costs her the equivalent of US\$ 32. Under the BBP, she receives a disability pension equivalent to US\$ 27 per month. In other words this one drug costs more than her pension. So how does she manage? "Usually I can't," she says. "That's why my blood pressure drops constantly. But, if we can't afford to eat, what hope is there to pay for medicines and treatment we need?"

The stark choice Thovmasian faces every month – between food or medicine – is familiar to many Armenians, and becoming more so in the current global economic downturn. According to the Central Bank of Armenia the economy will shrink by 5.8% in 2009, after several years of double-digit GDP growth driven by construction. According to the World Bank, the current downturn could push an additional 172 000 people below the poverty line, currently set at 12 600 dram (equivalent US\$ 21) per month in Armenia, bringing the total number to 906 000 by 2010, that is to say one-third of Armenia's three million population.

As part of a rapid United Nations (UN) assessment of the impact of the global financial crisis, a study of the country was carried out in March and April this year. It revealed that people who had lost their job or who were no longer receiving remittances from abroad were already facing problems accessing health care before the economy took a nose dive. And now things are set to get worse. "People are beginning to self-medicate," says WHO's Danielyan. People wait to see if a medical problem passes or resort to home remedies rather than seek



Naira Thovmasian, 34, has kidney failure and goes for dialysis three times a week. She lives with her mother and her son, pictured here.

WHO/Onnik Krikorian

treatment from a doctor. People like Yevgenia Grigorian, a 51-year-old unemployed woman living in Yerevan's Erebuni district, who says: "I have to use lemon, tea, vinegar, that sort of thing when any of us are ill."

Today's crisis also contains the seeds of tomorrow's catastrophe. Again according to the UN rapid assessment, because they lack the funds, some people no longer cultivate the land, which means less and poorer food in the shops in the coming months and years. Others struggle to feed themselves now, increasingly buying food with borrowed money.

"Household dietary diversity has decreased with a drop in the consumption of meat and vegetables other than potatoes," says Danielyan, referring to the results of the UN rapid assessment. In Yerevan, Thovmasian is buffered somewhat by the harsh realities of rural life, but even there, she sees the effects of the shrinking economy. "Now it's getting worse," she says. "Things are more expensive. We can't pay for transport and we can't pay for food."

And that's when things are going relatively well. Because for all the hardships suffered by Thovmasian, her health-care needs are at least partially covered by the government. For those not qualifying for free services under the BBP, things get a good deal grimmer. There is a system of partial subsidy for people with less serious disability and pensioners without family support; and the ministry of health provides medicines free of charge for certain cancers, diabetes, tuberculosis, psychiatric diseases, epilepsy, myocardial infarction, familial Mediterranean fever



A food market in Yerevan. In the current global economic downturn, more and more Armenians are facing the stark choice between buying food or medicines for their families.

and malaria; but beyond that, they are pretty much on their own. "It's simple," says WHO's Danielyan. "The working population, people with low income, sufficient to pay only for food, cannot acquire essential medicines."

So what is to be done? Part of the problem is the lack of pricing regulation for medicines. A new draft law covering price regulation and reimbursement is under consideration. But would that be enough? When the International Monetary Fund published a gloomy report on the prospects for the Armenian economy in May, it recommended government spending to support the poor and vulnerable groups through the current crisis, particularly in the light of the shortfall in remittances. In other words: throw money at the problem until the global economy cranks up again. Indeed, it seems that the Ministry of

Finance is now reconsidering planned cuts in the health budget.

Danielyan isn't convinced that this measure is sufficient to solve the problem. "There needs to be fundamental change in the way risk is shared, and service delivery model is organized and funded," she says. "There is a need to ensure the correct functioning of social protection mechanisms that would make it easier for the population as a whole to afford health care." But isn't this the wrong time to be implementing major overhauls? Not necessarily, says Danielyan: "We need to take advantage of the current crisis in an intelligent way and initiate moves that would be less likely under normal circumstances, in the sense of applying insurance principles that have been used in western Europe for decades" she says. ■