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Summary of the dissertation:

**INTERNAL AUDIT IN THE SYSTEM OF SOCIAL HEALTH INSURANCE**

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## **1. Structure of Thesis**

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## **2. Keywords**

Internal audit, corporate governance, internal audit, external audit, supreme audit institutions, public funds management, social health insurance systems, social health insurance resources for funding health care providers, public internal audit mission system Health insurance, risk management in social health insurance system, risks associated with operations audited, the process of risk management, performance audit, hospital providers, Fixed Price per Case (i.e. Diagnosis Related Groups –DRG), Number of Cases Discharged-NCD, Case Mix Index -CMI, Rate per Weighted Case-RWC.

## **3. The motivation and importance of scientific research**

### *Research Objectives*

In general debates on social health insurance often focus on political and technical issues such as risk sharing, solidarity, security system management. Even if these issues have a higher role on an equitable basis for the operation of the health system, the problem remains a major concern of the insured benefits.

It is known that the health system resources are limited, regardless of the type of system or economic system of organization and functioning of the exchange, which is why it is totally immoral to waste. An inefficient use of resources within a given area determines the default, a lack of services in other areas, where indeed is needed. Therefore it is a moral requirement to identify the most effective organization of all health services and to ensure the usefulness of rational, economical, and effective use of available resources.

Given the context of the audit work in social health insurance system is recognized as a complex activity, in conjunction with the fact that the primary and secondary loan officers was regulated public internal audit, we can say that today, we stand in a phase of consolidation effective audit function.

Audit function has always been regarded as an integral part of governmental financial management and, lately, as a tool for improving the performance of the government sector. Traditionally, public audit was a mechanism by which the executive and legislature were assured that public funds are received and spent in accordance with the manner in which they were assigned, following legislation in force. Audit function has evolved in many countries,

developing a comprehensive economic and social implications of public business operations - often called "value for money or performance audit.

Economy, efficiency and effectiveness was a major concern for all governments in developed countries and not only in trying to reform and modernize health.

Referring to the current state of implementation of performance audit, we believe that the hospitals it is an important area of interest, which supports the creation of an effective audit functions at hospitals, but to date its effectiveness leaves desired.

It is known that the total amount contracted by hospitals to the District Health Insurance Houses (CHIH) is established at a rate of over 80% of hospital medical services related amounts for which payments are made on a fee per case resolved (ie DRG- Diagnosis Related Groups) in this context was intended as a scientific approach, to bring value to both internal audit and performance audit of social health insurance system.

Also, the literature in recent years is more distinct shape that the internal audit function is concerned whether the organizational culture of risk (i.e. Enterprise Risk Management ERM) is the predominant risk adverse or if you accept the risk and perceived as an element of corporate governance. Also there is increased interest in both the theoreticians and specialists in the health of the risks associated with operations audited.

Therefore the issues raised above may be relevant considerations that motivate the need for understanding of the limits within which there is growing internal audit work and the social health insurance system.

### ***The importance of field research for knowledge***

The importance of this research may be motivated by:

- links between performance audit and public management reform in the health system;
- determining the performance of service providers to improve hospital-specific indicators, activity, or financing "true", "unbiased" by the principal (i.e. Ministry of Health -MH, National Health Insurance House -NHIH) and secondary loans (ie County Health Insurance Houses -CHIH), and security system Health, which is forced under pressure from limited resources to seek new sources of funding;

- verification activities and through the appropriate Rate Indicator resolved (i.e. DRG) can be useful and beneficial in the audits conducted both by internal auditors in hospital units;
- using the concept of public audit, we considered this step necessary because the literature in recent years, has formed a widely accepted opinion on the internal audit to the main purpose, namely, to contribute to improving the business public entities to evaluate and improve the effectiveness and efficiency of the management system based on risk management, internal control and management efficiency of public funds;
- hospital care providers, although they are audited and in terms of expenditure incurred, however, still are not evaluated by auditors and in terms of performance, namely, quality of service.

#### **4. Research Methodology**

In our approach has been used several research methods and techniques such as documentation and archival research, field study, the classification of hospital health care providers, comparison, graphics, statistical estimation and statistical test.

Description of research process

In the case study research process was structured in several stages as follows: select area of interest, working methodology for the statistical population studied, formulating hypotheses, and finally conclusions (not the conclusions are outlined in detail in the last part the paper).

##### ***A. Select area of interest***

The diagnostic classification groups (ie, DRG) was discovered in the '70s, the United States of America, by a research group composed of doctors, economists and statisticians from Yale University, New Haven, Connecticut. Therefore this system is intended beneficiaries / patients to be classified as pathological while both by cost and service staff, which provides the ability to group patients after both complexity and length of hospital services and costs as they incubate .

It is known that the most important indicator by which health care providers contracted hospital budgets with secondary authorizing officer (the County Health Insurance Houses-CHIH) charge per case is solved (DRG). This indicator is considered under the law (ie the Framework Agreement) a quantitative indicator, because the elements that enter into its composition.



### ***B. Methodology for statistical working population observed***

Systematic observation and statistical data, the objective pursued in the case study to clarify the issues involved, to ensure the scientific training of statistical observation, namely: definition of the population under observation, or hospital care providers, the definition of statistical units observed, respectively units of municipal hospitals in Romania, the period under observation, ie the period between 2005-2009, the choice of statistical variables (ie, DRG, number of cases discharged-NCD, case-mix index CMI, charge per case weighted-RWD) that best characterizes the population and meet the objective, ie suppliers who have not experienced "extreme values", the development of primary series, and finally graphs with specific data representation used in the representation of statistical data.

Collate data-length relationship used for a class in systematic data are adapted from well-known formula for the American Statistician H., A., Sturges, where the maximum number has been included that recorded minimum value of "X" variable studied (ie, DRG- the actual) and n the sample size studied was considered.

The representativeness and statistică-correlation to compare the degree of representativeness of the mean value (ie  $V_x$ -relative form) determined in our case study, we used the relationship for the coefficient of variation of the famous British scientist K. Pearson. Consequently, starting from the basic relationship for determining the coefficient of variation, a relationship was established with which to calculate the degree of representativeness (i.e.  $VDRGrMH$ ). Also, starting from the known relationship coefficient introduced by K. Pearson relationship was developed for determining the correlation of the indicators examined (ie, NCD and CMI, NCD and RWD, RWD and CMI, namely the correlation between DRG and each of the factors listed above).

Estimation of statistical test-statistics and formulas used to determine the confidence interval, the sample average, and absolute error limit, the necessary statistical estimates were developed based on relationships found in the literature. Given that the materiality generally allowed values of less than 5% in our case study was considered equal to 4%. The testing of statistical significance on the average, please note that all the specific steps have been taken (i.e. the hypothesis, sample averages, the area of acceptance of the hypothesis, the statistical calculation of particular value, namely, decision-making) with relations using appropriated and adapted from literature.

### ***C. Formulation of hypotheses***

Starting points that formed the basis for formulating hypotheses concern: the defining audit hospital health care providers (both highlighted issues in bibliographic sources and the content of the sentence), the existing previous concerns (awareness presented by an attempted review of work prepared by experts both nationally and internationally), proposed solutions, existing and potential difficulties.

Assumptions made are focused on issues such as performance measurement of hospital health care providers, in our opinion, may be performed using both quantitative indicators such as economy and efficiency. Price calculation relations are known in the literature to determine the indicators set out above, attempts to transfer them to specific hospitals. Also, since the characteristics of activity providers how to analyze and settlement of health services are considered useful and beneficial at the same time change the relationship for setting DRG's done.

Another working hypothesis was the degree of influence on DRG's of the three indicators the NCD, CMI and RWD. On its importance, we believe that the performance audit, internal or external auditor, may create a series of indicators to help in the process of expressing opinions or making recommendations.

## **5. Summary of chapters included in the dissertation**

Objectives in the first chapter, entitled Approaches on internal audit and financial theories are: the evolution process of developing, training and development of the concept of internal audit, internal audit function delimitation of other concepts, explanatory scope of internal audit through the financial theories , highlighting the defining elements of internal audit in the context of targeting of commitment, identifying key factors that contribute to improving corporate governance, the importance of internal audit function in corporate governance.

The research methodology used in the first chapter has focused on synthesizing national and international literature, namely the classification of concepts according to specific criteria addressed in the conditions under which aspects are dealt two major concepts such as internal audit and corporate governance.

Objectives in the context of the second chapter, called the internal public audit and its role in financial resource management process are: presentation of the concept of internal-audit tool for improving performance in financial management, internal audit role in the formation and use of public resources public financial entities, highlighting the responsibility of the internal audit of the use of public funds, highlighting the usefulness in the management of public funds and ensure financial accountability by public external audit respectively Supreme Audit Institutions, regulation and standardization of the internal audit, harmonization of audit practices public law.

In this sense the idea was presented that the public audit function has always been regarded as an integral part of governmental financial management and becoming more so as a tool for improving the performance of the government sector is accepted by both academics and practitioners. This function has evolved in many countries, developing a comprehensive economic and social implications of government operations - often called "value for money or performance audit.

Given these considerations, the major objective of this chapter was the one related to the internal public audit and its role in the management of public resources. To reach this goal were outlined highlighting the key issues of public internal audit role in public spending, public internal audit approaches which are outlined responsibilities for the use of public funds (i.e. centralized and decentralized approach) and the usefulness of Supreme Audit Institutions their management of public funds that regulation, standardization and harmonization of internal financial practices, national and international approach.

The research methodology used in the second chapter was based on: documentation - studying national and international literature, the classification concepts treated according to certain criteria, and comparison between the rules, standardization and harmonization of internal financial practices nationally and internationally.

The research developed in chapter three, entitled Health Insurance System and the internal public audit was focused on highlighting the importance of the main parts of internal audit within the social health insurance system, namely its functions properly.

The major objective of this chapter was to explore key issues relating to: existing health insurance systems in EU Member States, development of health insurance system in Romania so

far and prospects for future financing of health systems in EU countries; up resources to fund single national reunification health insurance in Romania and their use by categories of indicators, the major role it holds in public internal audit assurance and financial resources, focusing on the mission of internal audit system health insurance.

The research methodology used in chapter three was based: the study of archival documentation, action research to develop and complete required reports on a series of national and international literature and specific regulatory provisions for health insurance systems; comparison -made in the 27 EU member states, the aim being to highlight both similitudinele and differences between countries on health systems that finance public health spending, the graphical representation, using graphs were shown a series imaging modalities of representation of data on the financing of health systems in EU states, but also those related to budget execution account institution CNAS (i.e. the creation and use of FNUASS), in this sense, to expose the processed data in a clear manner were chosen as several types of graphical representation, namely: structure chart / pie-for qualitative variables, named respectively waveforms, graphs with columns and points.

The objectives in chapter four called risk management in social health insurance system are: presentation of the concept of risk and its forms, highlighting the risks associated with operations audited in social health insurance system (i.e. risk and decision management, contractual risk, the risk in business investment, public procurement), description and analysis of the risk management process steps (i.e. the identification, evaluation, control, risk analysis and reporting), highlighting the risk management measures, quantifying the benefits and success of risk management process, methods and tools risk management in the health care providers.

The research methodology used in chapter four was based on the following: archival documentation and study-action research to develop and complete required reports on a series of national and international literature and specific regulatory provisions for health insurance system governing risk management in the public entity, the classification of certain risk categories according to certain criteria, phenomenological approach which has made a descriptive study of processes, phenomena, facts and situations, while the status and trends taking place in of an organ, in a general sense, ie, the providers of medical services in particular.

Objectives in the fifth chapter entitled Performance Audit in the management of financial resources from social health insurance are: presentation of the concept of performance audit,

highlighting the link between performance auditing and financial management in the health insurance system, highlighting the objectives of performance audit system Health insurance, describing the principles of performance audit through the INTOSAI Auditing Standards, monitoring procedures, audit evidence of performance, synthesizing and analyzing samples, reporting results that the performance audit, performance audit presentation of specific indicators, developing a case study performance audit on the hospital medical service providers in Romania.

The research methodology used in chapter five was based on the following: archival documentation and study-action research to develop and complete required reports on a series of national and international literature, international auditing standards issued by INTOSAI, normative acts governing the financing of specific health care providers, (i.e. the Framework Agreement) and guides to good practice in auditing performance (i.e. performance audit manual developed by the Court of Accounts)-based classification of certain indicators used in the audit past performance to the classification units surveyed, respectively, during the period considered, 2005-2009, attempted a ranking of the top ten municipal hospitals, depending on the type of performance indicator analysis, field study, which was conducted by direct examination at the District Health Insurance House White Contracting Office, Statistics, Hospital Care and Emergency pre-hospital, and settlement of contracting hospital services, the comparison made in the same category, the hospitals, municipal hospitals, respectively, in the to 31 counties in Romania, with the aim of highlighting the differences between both similitudinele and hospital care providers;-phenomenological approach was realized a descriptive study of the processes, phenomena, and statements made during the five years by hospital care providers, monitoring the status and trends over time, graphical representation, using graphs were shown a series of imaging methods of data representation, statistical estimation of the mean indicator analysis was performed using specific statisticii inferential relations, that the confidence interval, the statistical test-case study was proposed for 2009 as a statistical hypothesis testing hypotheses include exposure of samples (i.e. statistical test) to see if they can be accepted or not.

## **6. Conclusions and proposals**

To get a meaningful, enlightening the results arising from research in the last part of the thesis conclusions and proposals, there was a configuration in two main directions: a) the conclusions drawn from theoretical research and b) conclusions Results from empirical research.

#### A. The conclusions drawn from theoretical research

Problems caused extensive internal audit or format debate and differing opinions concerning the definition, on the establishment of internal audit objectives, but also about the organization and its performance, both internationally and nationally. In this sense, in our approach, we wanted to present an overview of related: the evolution of internal audit, conceptual, internal audit on financial theories, the characteristics, internal audit and corporate governance factors that contribute to improving corporate governance, namely, the importance of internal audit function in corporate governance.

The concept of internal audit has evolved over time, developing a comprehensive account of everything that conduct internal audit methodology. Therefore, it has experienced changes and additions, as defined in a number of specialty papers from authors both known and professional organizations, outlining the two views, opinions, namely:

design classic that internal auditing: an independent task manager and help assist employees without judging and that causes the internal audit function within the organization;

modern design, which establishes that internal audit is considered: an objective self assurance and advisory services designed to add value and lead to improving the organization's activities, helps the organization meet its goals through a disciplined systematic approach in assessing and improving effectiveness of risk management processes, control and governance.

Also, in the first chapter presents a series of financial theories dealing with internal audit, with an opinion widely accepted by theorists, that in light of the objectives pursued, there are two main types of audits such as audit regularly (ie line) and the audit of effectiveness (ie, operational performance).

Summarizing the characteristics of the two major types of audit, outlined in this chapter, we can conclude the following: regular audit reality is characterized by comparing the reference system proposed and effectiveness by analyzing audit procedures and methods used by the organization to assess performance and identify opportunities for improvement activity.

Increasingly in recent years, internal audit is seen as an activity that brings added value that helps improve corporate governance, operations related to risk management, internal control and financial reporting.

Also, regarding the requirements for better corporate governance in recent years, it was noted that there has been an increasingly strong call for identifying key factors (ie organizational disasters, fraud, bankruptcy, institutional investors, the legal framework) using which to manage and assess risks and prevent the effects of their organization.

Internationally known groups initiative through their actions have called for better corporate governance and codes of good practice reports produced by them (ie the work of experts of the World Bank, Report Treadway / COSO, Cadbury Report, Hampel Report, Report NACD, the joint recommendations of the Corporate Governance Center and the Institute of Internal Auditors) in our opinion being true guides to good governance.

If this chapter I approach our research has covered internal audit, in the second chapter the focus was on public audit. This approach we considered necessary because the literature in recent years, has formed an opinion widely accepted on the main purpose of the public internal audit, namely, to contribute to improving the business public entities to evaluate and increase efficiency and effective management system based on risk management, internal control and management efficiency of public funds.

In this sense, the idea that the public audit function has always been regarded as an integral part of governmental financial management and, increasingly more so as a means to improve sector performance is supported by both government theorists and practitioners . This function has evolved in many countries, developing a comprehensive economic and social implications of government operations - often called "value for money or performance audit.

Given these considerations, the major objective of this chapter in our scientific research has been to public internal audit related to its role in the management of public resources. To reach this goal, we wanted to capture the essential aspects highlighting the internal audit role in public spending, public internal audit approaches which are outlined responsibilities for the use of public funds (ie, centralized and decentralized approach), the Supreme Audit Institutions and their usefulness in managing public funds, namely regulation, standardization and harmonization of internal financial practices-approach performed both nationally and internationally.

Due to the increasing importance of the internal audit is given in public spending, we considered relevant, "targeting efforts" of research to this direction. In this sense, the view that the need for the internal audit requirement resulting from the administration against wasting public funds, prevention of dysfunctions that can occur in their activities and usefulness of the internal audit is given to the effect that the results of activities of public entities.

In this regard show that there are authors who consider public audit as the last phase of the budget process (Lee, 2008), its main objective being to ensure that funds are used for their intended purpose, to ensure fairness in distributing public money and prevent unnecessary losses.

Another important aspect in this chapter, which was the subject of our research was how the internal audit approach, that central-northern model (eg UK, Netherlands etc..) South-model and decentralized (eg France, Portugal, Spain, etc..) internal public audit, in terms of public expenditure management system (English Expendure Public Management-PEM), the advantages and disadvantages.

In our exposure related to public audit and its role in the management of public resources, we wanted to highlight the main purpose of the audit and performance audit carried out by Supreme Audit Institutions (SAI). Therefore, the research conducted, it can be concluded that the purpose is to determine whether taxpayers have "benefited" from the new value created in relation to fees, taxes and contributions paid within a certain period of time, the ISA must be useful in the management of public funds or the insurance financial responsibility.

The main objective of chapter three was to examine key issues relating to: existing health insurance systems in EU Member States, development of health insurance system in Romania with a statement of present and past to the present into the future; financing of health systems in EU countries, up resources to fund single national reunification health insurance in Romania and their use by category of expenditure on health indicators, the major role it holds in the internal public audit and financial resources to ensure , focusing on the mission of internal audit within the health insurance system.

It is also worth noting that a growing number of Member States of the World Health Organization (WHO) recognize the urgent need to achieve a sustained commitment to strengthening health systems. This political interest, globally, according to the WHO, is an



important prerequisite for ensuring sustainable health programs, improved, efficient and effective to meet the needs of the population.

The existing health systems in Member States of the European Union is known that, over time, there were more systems namely: the Bismarck, Beveridge system and Semashko system. Interest in private security manifests itself differently in Bismarck and Semashko system is relatively low share, compared with Beveridge system, there is a concern and a much wider opening to these types of insurance.

Evolution and development of health insurance in Romania was another objective in our scientific approach, the main conclusions that can be drawn are:

Over time the health insurance system has undergone significant changes specific to the different historical periods (ie from 1902 to 1911 period and ending with 2000-2010), changes caused by political factors, social and economic factors;

first step in reorganizing the health care system was made with the adoption of social health insurance law in 1997, thus ensuring guaranteed demand for medical services and have set responsibilities for each organizational level.

Another key pursued at this stage of our research is funding health systems of EU countries. From this perspective we have tried to emphasize that funding systems are dominant and which are the main sources of additional funding. Therefore, the EU health systems are financed through public contributions or through direct contributions such as the Beveridge model, characterized by public financing based on taxes, Bismarck model-the funding is done through compulsory insurance, voluntary private financing through insurance.

Also in the Community Member noted that there are different methods for "distribution" costs borne by the insured value of a share of health services. Co-payments for services are most often applied to prescription drugs, or a fixed amount or a percentage of their price, which shall be borne by the beneficiary.

Due to the increasing importance given that the internal audit function as a guarantor of public finance management and a tool for improving public sector performance and improving the internal audit role in the health insurance system has become a necessity, and we consider that research of this problem is imperative.

The fourth chapter began with the attempt to follow the conceptual approaches to risk capture and typology. In this respect on several key issues related to such risk: Wanted or unwanted events, certainty or uncertainty are realities that are succeeding with a certain regularity, which may affect medium and long term business entity, so that always accompanies risk activity, and the auditor's responsibility is to identify these risks in order to analyze and evaluate in order to detect hazards that affect or could affect the organization's work. Theorists and specialists in the field of risks, recommends that internal auditors understand the culture of the organization in order to determine causes and to propose the most appropriate recommendations and risk management a viable solution is to find a balance that risk with "live together" - residual risk is equal to the risk they are prepared to tolerate the risk-appetite.

Also, in our approach we have referred to the risk management process that has been revealed and analyzed in terms of risk management standards and practical guides in different countries (eg UK, Australia, Romania, etc..) that works and specialized studies (eg Turnbull Report, Hampel Report, etc).. Opinion unanimously accepted by experts on risk management process is that through the activities of specific key (ie identifying, assessing, monitoring, analysis and reporting risk) management has provided an effective framework to address risks and opportunities their management, thereby enhancing its ability to enhance the added value of the organization.

It is known that the health system resources are limited, regardless of the type of system or economic system of organization and functioning of the exchange, which is why it is totally immoral to waste. An inefficient use of resources within a given area determines the default, a lack of services in other areas, where indeed is needed. Therefore it is a moral requirement to identify the most effective of all health services organization that is implementing the level of economic rationality.

For this goal to our research related to in chapter five with an emphasis on the concept of performance audit, remarking that although it is an activity that has occurred relatively recently, now this is an extremely important activity that seeks to auditors whether public policies, programs, organizations and projects were implemented in compliance with economy, efficiency, effectiveness and good public expenditure management practices.

Also, in chapter five was underlined the link between performance auditing and financial management in the health system in the sense that the performance audit to examine how the entities use the funds allocated and to ensure performance, and if not, how would could be improved. In the last two decades has been observed that the health insurance systems, there is growing interest in financial management, not only for those directly involved - accountants, but the medical staff, namely managers, health care providers.

Another followed in our research refers to specific performance audit methodology in the literature there are some opinions about it. In this sense it is considered that, in general, the audit must take the following steps: strategy on performance auditing, audit planning, execution - complete the study, reporting, clarify the relationship with the auditee, its publication and submission to parliament executive response and follow impact.

Also in this chapter were presented performance indicators used to evaluate medical providers in this regard is found that, although legislation in Romania covers a range of issues in this regard, however, there is an assessment, inspection taken the appropriate internal or external auditors. Appearance not encourage the registration of high performance and lack efficient management, economical and effective is rarely punished.

Further questions were raised about the synthesis and analysis of performance audit samples, respectively, reporting the results. In this respect, it is recommended that the process of synthesizing data and information public internal auditors must be "creative" flexible "and careful, and sometimes it is useful to discuss with experts in evidence. In this way, reducing the risk of misunderstanding, and the collection and synthesis process can be accelerated. Simultaneously, data analysis and conclusions to be drawn public internal auditors are encouraged to issue recommendations to be supported logically, based on knowledge, applicable, provide added value and be consistent with the objectives of the audit.

### ***B. The conclusions drawn from empirical research***

Research has focused largely on the performance audit hospital health care providers in Romania, but in this paper have been used methods and techniques research by which specific data were processed and analyzed.

## A. Public health expenditure as a percentage of Gross Domestic Product

After analyzing the dynamics of the relative values of the indicator of public health expenditure as a percentage of GDP, the EU Member States in the period 1998-2007, there were the following:

- the period under review, the average public spending on health in all Member States is 6.3% of GDP, a slight depreciation (ie 0.4%) over the reference period (ie 1998), when the average was 6.7%;
- there are 13 countries have a share of public spending on health than the EU average (eg Finland with an average of 10.5% per year, Germany 8.8% Denmark 8.6%, Sweden 8.3%, France 8.1%);
- lowest average weight recorded a following countries: Bulgaria (ie 4.2%), Poland (ie 4.1%), Lithuania (IE 3.6), Romania and Estonia (ie 3.5%).

The next step in our scientific approach was the formation of a social health insurance funds, namely, the resources to finance health care providers in Romania. After analyzing the evolution FNUASS contributions, non-tax revenue, grants, final budget appropriations and disbursements for the period 2007-2009 (ie budget execution account CNAS, Form Code 20 and 21) we found the following:

- in each period the share of social health insurance contributions payable by employers, achieved revenue is about 47% of total revenues, and the dynamic is noted that such revenues increased by 11.60% in 2009 to the period base. Yet compared to 2008 it fell by about 3% reduction can be justified, in my view, primarily reducing the number of operators in 2009 (ie about 200,000 companies have exited the market), respectively, Romania's macroeconomic situation and economic and financial crisis;
- share on social health insurance contributions payable by employees, achieved revenues it is found that, in each year is approximately 47% of total revenues, and the dynamics is observed that the revenue of this nature have increased by 13.11% in 2009 compared to the base. Compared to 2008, and for these categories of income, earnings fell by more than made 4% decrease can be justified primarily by reducing the share of health insurance contribution (ie from 5.5% in 2009 compared 6.5% the previous year), namely unemployment to 7.8% in 2009 (ie over 700,000 unemployed), compared with 6.4% in 2008;
- -receipts tax revenue ratio achieved is approximately 0.3% of total revenues, and the dynamics is observed that it fell by 75.27% in 2009 compared to the base. It appears that the proceeds realized from the previous year decreased by approximately 80% decrease caused

by lower net interest income (ie from 2008 with 84.08% and basic compared to 77.33%), appearance can be justified on the one hand, economic agents delays in payment of contributions, and secondly the high regularity of CNAS disbursements made in the system;

➤ in terms of revenue-share grants made to determine that they, in each year is about 7% of total revenues, and the dynamic is noted that grants have increased by 9.79% in 2009 compared to the base. Compared to 2008, and for these categories of income, earnings fell by more than achieved 40%, mainly due to decrease in less amounts allocated from the revenues of the Ministry of Health, which were the most significant weight in total grants (ie over 70 %)

➤ largest share of total loans have a final budget health spending an average of approximately 95%, which is followed by social assistance costs are about 5% share;

➤ even if absolute size is an increase in spending on health more than 2,000,000 thousand, yet dynamic, their share has decreased by 1.43% in 2009. Changing the structure was determined by increased spending on social assistance, which is more than 55% higher in 2009 compared to base period, ie about 331 000 thousand. Following this, in 2010, authorities took a series of measures through which social aid to be made in the "spirit and letter of the law" (ie FNUASS had been supplemented with over 900,000 lei fines and amounts received as a result of rejection payment of sick leave were issued illegally);

➤ in terms of payments made to the Health indicator can be observed that on average, they hold significant share of the health services in hospitals with beds that are at 49% in total, followed by pharmaceuticals, materials specific health and medical devices with 31.10%, respectively, outpatient medical services which have a weight of 14.35%;

➤ in dynamics is observed that most expenditure categories recorded decreases, except consemnându to the cost of hospital care providers, which have seen an increase of 2.27%, respectively prehospital emergency service costs and transport to health 1.31%

➤ on the financing of preventive health services (ie outpatient medical services), there is a good thing to say in 2009 they increased by 15.08% compared to 2007, which represents an increase in absolute size to 247,673 thousand . Even if the previous year (2008) payments for outpatient medical services have declined, however, have highlighted the trend of growth. It is known that the health care system in the world cost of curative health services is extremely high compared with preventive medical services, therefore, consider that in the coming years, the principal officer (ie CNAS with MS) should keep and even to accentuate this trend to increase resources for preventive health services.

*B. Performance Audit in the social health insurance system, hospital care providers in Romania.*

Empirical research in the last chapter generally based on quantitative analysis techniques (eg statistical estimation, statistical test, etc..) Focused primarily on developing performance indicators. The aim was to identify a number of indicators on public internal auditors can use them in their work. Conclusions can be drawn from our approach can be summarized as follows:

- the correlation between the number of cases discharged and the index of complexity-increasing number of patients treated implicitly determines an increase in costs and in this respect, we consider that the increasing complexity of index cases should provide an optimal level of hospital resources in line treated patients. Consequently, in terms of performance audit in the period under review seems to me that the index would be to grow larger;
- correlation between the number of cases discharged and the price per case-weighted average tariff in the last two years the event has risen above the weighted number of cases discharged, which is a positive aspect, however, of studies and statistics at EU level is know that the funds allocated in this area is at a relatively low level. In conclusion, in terms of performance audit on the case believe that the charge should have been weighted to the trend throughout the period considered superior NCD;
- correlation on the complexity index-weighted price per case in the past three years even if there is an increase of the average weighted tariff in the case, however, the growth rate of Case-mix index remains high. Please note that the appropriate value weighted tariff should not be at a relatively low level because it can lead to an underfunding of services and increased hospital debt service providers. So in this type of correlation we believe that the period under review the appropriate weighted tariff could record a higher value;
- current funding methodology for hospitals providing hospital care service providers the opportunity to "negotiate" with the CHIH NCD only they are "bound" within the contracted amount. A smaller number of NCD funding would result in a default under the contract that set and a larger number would, theoretically, increase hospital care costs, costs which often can not be covered in the initial budget, but only when the system-wide budgetary rectifications occur;
- in circumstances where it is known that an index of complexity of cases requires a certain level of performance, consider that for some hospitals CMI values do not justify the relatively high degree of moral and physical urzură aparturii supplied or shortages;
- in connection with determining the degree of influence on DRG's indicators made of complexity-index cases and the redemption value of a weighted case at the hospital level

should be the "key elements" when contracting services health, have a greater influence on the value of DRG. Since the CMI includes part of the cost elements of providers (eg relative value), and RWD is a "source" of financing the costs, it seems useful to their influence on DRG's indicators to know one another weight. At the end of the simulation results carried out have more questions as:

- objective of such simulations has been achieved, namely, the influence of two parameters has increased;
- while the RWD was increased by 45%, there were situations in which some units have obtained a lower value of DRG's, something that causes us to believe that in reality the redemption value at a weighted case hospital can support growth;
- CMI's decrease on average by 5% in each year, in conjunction with other adjustments, produced a positive effect on both the degree of correlation and the DRG's value;
- number of cases of discharge remains the most influential factor determining DRG's. Due to the nature of this indicator, in reality it can not be reduced very much (not can not estimate accurately the exact number of patients will be discharged) why it is considered that the reduction made on average 10% per year not adversely affected DRG's value.
- statistical estimation and statistical test-error development reinforces the idea that absolute limits to the level of the hospital in time to form an ever-increasing gap in terms of funding. Given that, theoretically, the cost of a case is weighted the same, the view that in terms of resources, should not register major differences between providers of hospital services;
- sample average increase by approximately 21% per year was lower than the absolute limit error of about 30%, something which led, in each year at a higher relative error limit of 5% (ie about 13% per year) respectively at the polls were not accurate enough;
- following the test statistic was found that nationally in 2009, the average DRG-hospital units was made about 11 million;
- in terms of performance audit missions believe that auditors can use as a tool for analyzing both statistical estimation and statistical test, so in the end to form an opinion on the amount of funds used by hospital units;
- inexpensive, in terms of methodology, prior to determining this indicator, it was considered useful and necessary to identify units with the smallest deviation complexity index (LCI). Motivation comes from the fact that among all the indicators that are part of the structure's DRG, CMI is the only one that is made up of cost elements - the relative or weighted cases;

➤ In a study of the sample, MH Bailesti had the lowest indicator values ecDRGSM. So while the unit is considered a relatively small, the volume of activity, however, at five years showed a favorable trend in irregularity index of complexity of cases, and therefore can state that attracted resources were used in an economical way. Even though CMI unit increased, compared with other suppliers, the unit was able to make appropriate values, which led her location on the first rank;

➤ efficiency - in terms of methodology as a first step has been established provider that is "performance unit" (), that unit has made deviations "favorable." Municipal Hospital, the largest deviation of the NCD, while the smallest deviation of CMI and the largest deviation of RWD, is "performing supplier" and was determined according to the indicator of efficiency;

➤ Arges Municipal Hospital was established "performance unit" and the Municipal Hospital Medias supplier who has made the best values of the indicator of efficiency.

## **7. Limits and prospects of research**

At the end of the paper were outlined research limitations, stressing that the research conducted has been characterized by certain limits determined by objective factors and subjective factors, limits that need to be overcome, transformed the opening of future research.

Objective factors that influenced our approach to empirical research for the purposes of this limitation, we could mention:

➤ system of indicators reported by hospitals and district health insurance houses is limited both in terms of casuistry pursued and how their reservation, and to reach reliable conclusions was the need for some adjustments that have hampered our approach course Tracking and representative indicators relevant to the topic of research (eg data reported by hospitals and municipal SNSPMSB used to define indicators are displayed on the site ccess a relatively heavy structure);

➤ reports on data that are used for recording and analysis of hospital performance indicators have been generated only unit since 2009, and for other years (ie 2005-2008) data processing was done by collecting data from several reports;

➤ reports on hospital activity indicators in 2007 are generated in a format which determined that the processing to be done in a long time;

➤ large differences between the values of certain indicators reported by various hospitals raises on their way both in terms of cost per patient and number of patients. Thus, we



conducted a brief analysis of the 2008 NCD ratio in the total population, resulting in the fact that approximately 30% (i.e. 15 units) of all municipal hospitals in the sample had a number of cases discharged with a weight ranging between 51% and 72%. In other words, in these hospitals, in theory, were released in 2008 at least one of two people, an aspect little doubt the veracity of data;

➤ explanation that we would attribute these high values is that hospital units are "forced" to fall in the value contracted with CHIH.

Differences also appear between the values of certain indicators, in our opinion can be explained by the fact that most doctors in state hospitals and private practices and in this way a series of hospital costs by migrating to these practices and changes in income them (ie drugs, materials, services, etc..).

Among the subjective factors that influenced our approach to limiting the purposes of this empirical research, we could mention:

- because questionnaires were not applied and technical research as empirical case study;
- questionnaires has led lack imposibilitatea develop a relationship for the effectiveness of hospital services, viewed as a performance indicator (i.e. the study we aimed to use the values entered by the municipal hospitals, and values that could be considered in relation to effectiveness, results scheduled) in the case study were established, indicators and default values only for economy and efficiency;
- non-use methods of analysis of "Inan and after, respectively, comparing the results estimated by applying a set of measures on a sample before the research starts with the same set of results, applied to the same sample, after a period long enough to start up, these methods can assist in determining an estimate of the degree of realization of the expected impact (i.e. research objectives set).

Latest issues presented in the completion of the work refers to proposals that future research directions.

Proposals were inserted down especially as a result of empirical research (eg use of new tools for measuring the activity of hospitals, developing best practice guide for providers of hospital in which to indicate the criteria for audit-relevant criteria covering a number of specific issues for the measures taken by the audited bodies and auditors who issued the opinion, as auditor and

insurance-related activities detailing each audit criteria, audit performance necessary, amend existing legislation so as to ensure full transparency of public procurement contract, framework agreement to establish a firm manner possible price, quantity and certification, in terms of quality of goods delivered, etc.).

Future research directions were determined to continue, through studies, research (eg the development of an international comparative study conducted from the perspective of the national organization of the internal audit systems of social health insurance EU countries, the importance of risk management in the audit process of the social security system based on survey research, a comparative study of the national internationally on the performance achieved by Romanian and foreign units, etc.).

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