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### **PROBLEMS AND MECHANISMS OF REFORMING THE HEALTH CARE SYSTEM OF THE RUSSIAN FEDERATION**

*ABSTRACT. The subject of the author's paper is a study into economic mechanisms and the particulars of their application in the management of hospitals and the Health Care System in general. The purpose of the author's research is the development of arrangements to increase the effectiveness of the economic mechanism's application in the activities of the Health Care System's institutions in terms of reform. In the course of the study the author considered the following key problems and suggested methods for their regulation. Firstly, the reform the Health Care System turned to a single stream of funding, but it could not overcome a financial lack of regional programs of state guarantees or their significant differentiation in security in the regions. To solve this problem, the author suggests introducing unified standards and indexing these standards for the regions. Another problem is the lack of specification of state guarantees of medical care, which has led to the fact that hospitals charge citizens a fee for their services, which should be free in accordance with the state guarantee. In this case, the author proposes to adopt a clear list of medical services that citizens should get free. Also one of the most important problems is the low salary, the equalizing approach to the payment of medical staff, the lower social security and prestige of the medical profession, which has led to a shortage of qualified medical personnel. In this case, the author offers to form salary projects for medical staff with consideration of the peculiarities of the job, qualifications and labor productivity of each category of medical workers. One of the key problems is shortage of funding. According to the author, to change this situation for the better is possible through active investment in the sector and the development of public-private partnership.*

*KEY WORDS. Health Care System, problems of Health Care System, mechanisms of reform.*

Nowadays the health of people in developed countries is one of the most important factors of the system which characterizes the level of social and economic development. The real wealth of economically leading countries under current conditions is defined by the condition of immaterial forms of wealth, and spheres which provide human development. Progress is provided not by the rate of goods' growth but by the quality of people's life.

To save and strengthen people's health and to increase the availability and quality of medical care are some of the most important priorities of State Policy of the Russian Federation concerning the improvement of life quality.

According to «The Concept of Development of the Health Care System of the Russian Federation by 2020», the effective performance of health care system will be defined by three main strategic factors:

- improvement of the institutional setup;
- development of infrastructure and resources for the provision of health care;
- presence of enough and well-educated healthcare manpower [1; 1];

The transition from a state-financed system of healthcare to a budget-insurance one was to advance the healthcare organization of the Russian Federation.

If we analyze the volume of money which is spent on healthcare in the Russian Federation, it is clear that the amount is more than three times smaller than in other countries (Table 1).

Table 1

**Comparative analysis of healthcare expenses  
of some countries in the world for 2009**

№	Country	Share of healthcare expenditure		Share of expenditure per capita	
		Total expenses on healthcare as % from GDP	Total State expenses on healthcare as % from total expenses on healthcare	Total expenses on healthcare per capita according to average exchange rate (\$US)	Total State expenses on healthcare per capita according to average exchange rate (\$US)
1	Australia	8,7%	68%	3945	2683
2	Germany	11,7%	76,9%	4723	3630
3	Greece	10,6%	61,7%	3015	1859
4	Italy	9,4%	77,9%	3323	2588
5	Russian Federation	5,6%	63,4%	476	302
6	The USA	17,6%	47,7%	7960	3795

Source: World healthcare statistics (2012). World Health Organization.

In 1993 a compulsory medical insurance system was created as an addition to the budget healthcare system. In 1998, the government of the Russian Federation created the Program of State Guarantees to Deliver Free Medical Care to the Citizens of Russian Federation, which was paid for by the Russian Federation budget system.

But as experience has shown, the existing financial system wasn't available to solve the problems appeared in the sphere before the system had been implemented.

It is necessary to mention the permanent decrease in the share of compulsory medical insurance in the financial provision of the State Guarantees Program. Nonworking population insurance was introduced without any unified principles of insurance payment, other sources of funding the system were from tax rather than

insurance. It happened by means of a budget funding increase within the national priority healthcare project [2; 9].

Moreover, salary expenditure, medicine, equipment, foodstuffs and expendable materials were financed by compulsory medical insurance money, and utility payments, property maintenance and fixed asset acquisition were financed by the federal budget and constituent entireties of the Russian Federation's budgets.

Analysis of the financial indicators of state guarantee territorial programs' realization in 2007 shows their deficit in the 60 constituent entireties of Russian Federation as 65.4 billion rubles.

In 2007 the deficit in the financial provision of compulsory medical insurance territorial programs was defined in 58 constituent entireties of Russian Federation as 29,2 billion rubles.

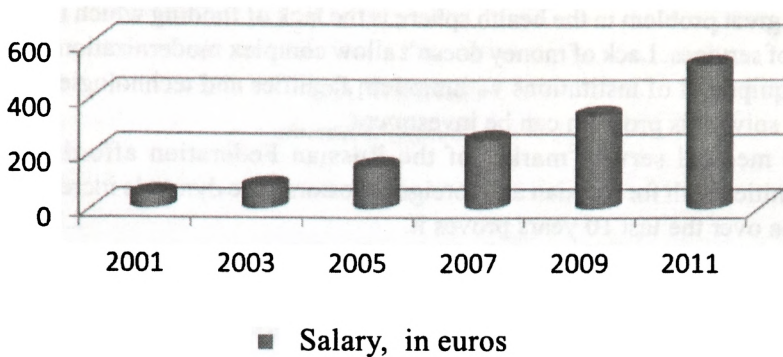
It should be noted that besides the deficit of state guarantee territorial programs, there was a differentiation of their provision per constituent entirety of the Russian Federation which led to a difference in the availability and quality of medical care. Thus, the norms per capita of state guarantee territorial programs were from 1723 rubles in the republic of Ingushetia to 26 918 rubles in Chukot Autonomous Area, the average norm being 5 150 rubles in the Russian Federation.

Compulsory medical insurance money is sent to health institutions via insurance companies which are not interested in increasing healthcare quality and the decrease of expenses [2; 10].

The additional source of money for medical and preventive treatment facilities (MPF) is from commercial medical services and voluntary health insurance (VHI). These sources afford MPF additional funds for employees' salaries and regular maintenance of MPF (when there is a lack of funding) on one hand, but on the other lead to a decrease in healthcare availability and quality for the citizens (when hard regulation of such services is absent).

It can't be said that the reforms made have greatly changed the current situation in healthcare in Russian Federation. The transition to a single-channel system of funding changed the source of healthcare profit. At the present time, funding is taken from the insurance payments of employers and executive authorities of the Russian Federation for the nonworking part of population; there was no necessity for additional financing from the Federal budget and constituent entireties of Russian Federation budgets. However, the strengthening of the duty for employers to pay insurance premiums led to an increase in illegal salaries. In accordance with the reform, one of the participants of this system continues to be the Health Maintenance Organization, which is not interested in increase of quality of health care and the decrease of expenses. And norms per capita are defined by territorial compulsory insurance funds.

Another problem in healthcare sphere of the Russian Federation is a lack of qualified personnel. In the modern system of healthcare in the Russian Federation there are some recurrent problems: low salary, equalization of salary, low social protection and occupational prestige. The statistics of health workers' salary increase for the period from 2001 to 2011 are presented in Picture 1.



Pic.1 The dynamic of health worker salary increase for the period from 2001 to 2011

Source: Official site of Federal State Statistics Service of the Russian Federation

To motivate the employees to increase quality of service and increase labor productivity, the method of salary calculation should be progressive, clear and in proportion to the amount of work. If the amount of work increases the salary should increase too. The method of calculation take account of the specialties of work, employees' qualifications and the periods of work of every category of worker.

In the author's opinion, it is more effective to determine an employee's salary by taking into account the special features of his work: to draw up the indicators in accordance with official duties; find the breakeven point for the company or activity area; establish the limits of average and maximum production; correct salary in accordance with work amount increase. There is a principle into the accounts: as the number of services increases, semi-constant expenditures per service decrease. Taking this principle into consideration and on the basis of production limits, prime cost limits decrease according to service amount are attested. The employee's salary can be linked to service amount, profit, sales result, goods produced and so on.

The next problem in the healthcare sphere of the Russian Federation is the absence of specification of state guarantees for healthcare services: there is no clear understanding of what kind of service and how many times a year a person can get for free. Therefore it helps the medical facilities to get money for services which are free according to the Program of State Guarantees. Because of it this, it is very difficult to calculate the norms per capita and forecast the budget. To the author's mind, common norms per capita should be established in healthcare, they should be confirmed all over the Russian Federation according to the territory. Also a clear list of medical services, what a person can have for free should be created [2; 38].

Nowadays, there are several tendencies in healthcare in the Russian Federation. On one hand, the Government tries to modernize the system by giving money, renewing medical equipment, realizing social programs. On the other hand, private funds are added into this sphere more and more and also it is noticed that private medical companies are growing.

The great problem in the health sphere is the lack of funding which influences the quality of services. Lack of money doesn't allow complex modernization in the sphere or the equipment of institutions with modern facilities and technologies. One of the ways to solve this problem can be investment.

The medical service market of the Russian Federation affords substantial opportunities both for Russian and foreign investors. The dynamic increase in private medicine over the last 10 years proves it.

There are single and network hospitals in the private medicine market. There is a tendency towards the creation of strong brands and networks which go to work in the regions. The hospitals in networks enjoy much greater profit than single ones.

In the author's opinion, it will be effective for the system to create new corporate forms together with private investors. Such cooperation will promote investment which in turn will allow the modernization of the healthcare system and develop innovation activity in medicine. Investors will help to investigate effective management and increase the quality of medical services. The range of services of public medical centers will enlarge and their availability will increase, if free services are identified correctly in the Public Private Partnership Contract in accordance with State Guarantees Program, including high-technology equipment services.

#### REFERENCES

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