

# MAIN TENDENCIES AND ISSUES OF UKRAINIAN HEALTH CARE SYSTEM REFORMATION ON THE MODERN STAGE OF ECONOMIC DEVELOPMENT

*Yuri Safonov,*

*Doctor of Economic Sciences, Professor,  
Professor of Macroeconomics and public administration Department,  
National Economic University named after Vadym Hetman, Kyiv, Ukraine*

*Viktoriya Borshch,*

*PhD in Economic, associate professor of Economic and Management  
Department, I. I. Mechnikov National University, Odessa, Ukraine*

One of the most important tasks, put before the Ukrainian society, is increasing of Ukrainian economical competitiveness and wellbeing of Ukrainian population. Hence, a lot of reforms in the different spheres of economic, social and legal policies are provided in the modern stage of Ukrainian development. By 2018, one of the most urgent reforms in Ukraine is the health care system's reformation.

Nowadays the complicated socio-economic, political and demographic changes are taking place in Ukraine. To date, according to the non-official statistical data, the preliminary appraisalment of the total number of population is about 29 millions, i.e. in comparison with 2010 it has decreased 1,58 times or 16,96 mln. people. According to the official statistics, the dynamics is not such bad, but nevertheless, there are significant problems with demographics: by 01.02.2018 there are 42, 39 mln. people in Ukraine.

Such reduction of population is caused by military actions on the East of Ukraine (Donetsk and Luhansk regions), massive migration processes (about 7 millions emigrants per year), high mortality rate, low fertility and population ageing. According to statistical data (2017), in the last decade in Ukraine, more than 1.5 thousand diseases account for 1 thousand people.

Thus, these difficulties have a significant impact on the entire health system's activities, regional health authorities, and each medical institution. Hereby, one of the most important priorities of Ukrainian state policy is the preservation and strengthening of the population's health on the basis of a healthy lifestyle formation and increasing the medical care's availability and quality for the population.

The actuality of the research topic arises from aforesaid, which is defined by finding out the most perspective ways of Ukrainian health care system reformation and implementation of the best international experience into this process.

Therefore, the analysis of the best practices of managing health care and the main procedures of their implementation into Ukrainian realities is one of the main tasks of this research.

Nowadays a lot of researches are dedicated to this problem. Among the most prominent ones are the scientific works of the following Ukrainian and international

scientists E. Kovzharova, M. Fotaki, G. Plimmer, M. Shcherbynina, Yu. Skyrda and so on.

As it was said in the target setting part, we have to analyze not only the national implementation mechanism of health care system's reformation, but the main gears of health care system's realization worldwide; implementation of their most efficient parts into our reformation process remains the underdeveloped scientific issue.

The main goal of this research is to analyze the procedures of Ukrainian health care system's reformation and to determine the most useful mechanism of their realization, considering the best international practices. The study has challenged the assumption that the modern Ukrainian financial model of the health care system needs to be revised and reformed with the purpose of its improving.

Despite the diversity of forms of medical care, today there is no country that would be fully satisfied with its own health care system [4]. Ukraine is no exception. For the entire formative period of Ukrainian independence its governance has been finding the best ways of the health care system improvement.

The following classification of the models of the health care system exists in the Health Economics: (1) national health model (Beveridge model), directed on the high-grade preventive and medical process, characterized by universal health care coverage of all citizens by a central government; (2) social insurance model (Bismarck model), grounded on the comprehensive compulsory health insurance; (3) private insurance model, based on the out-pocket financing, characterized by employment-based or individual purchase of health insurance financed by individual and employer contributions [5, p. 26-30].

Ukrainian health care system was related to the Semashko health care system (administrative state model), as the most post-soviet health systems, characterized by the planned economy and centralized mechanism of administration and control. But nevertheless, in recent years corruption and bureaucracy was peculiar to this model; the profession of "physician" has long been not considered prestigious, due to the low level of salaries of specialists in this sphere. Thus, the old Ukrainian health care system has been shown its inability in the conditions of the market economy. So, one of the main issues of the modern reformation process is to decide this problems.

In accordance with the new concept of the health care reformation, starting from January, 1st, 2018, it will involve the following spheres of Ukrainian health care system: (1) an autonomization of medical institutions; (2) the rural health care; (3) the primary health care; (4) the secondary health care; (5) the tertiary health care; (6) e-Health. The transitional period of the reforming will last for up to January, 1st, 2020. The main stages of reform are presented in the table 1.

### Main stages of reforming in Ukraine

Stage	Period	Scope of action	Main actions
1	From January, 1st, 2018	Creation the National Health Service	1. Formation of the Service 2. Election of the head on the competitive basis 3. Start to the work 4. Formation of main hospital districts 5. Gathering of the all necessary statistic data 6. e-Health
2	From January, 1st, 2018 till 2020	Primary health care sector	1. Acquiring the status of noncommercial utility 2. Contracting with National Health Service 3. Contracting with patients 4. Adoption of e-Health technologies 5. Financing by the tariff system for the patient and additional budget financing
3	From 2020	Secondary health care and Tertiary health care	1. Contracting with National Health Service 2. Contracting with patients 3. Adoption of e-Health technologies 4. Direct financing per each provided medical service at one unitary rate (it'll be fixed-cost and include costs for drugs, equipment and its amortization, salaries) 5. Adopting the program of medical guarantees

*Source: Created by the authors on the basis of the data from [3].*

For the realization of this concept, the National Health Service as the key element of medical reform must be founded. Its main functions are funding executing and contracting with medical institutions. Its head must be elected on a competitive basis, as the main responsible party of this medical reform [3].

In our view, another important part of reforming is the necessity of creation of hospital districts. The main reason for their creation is the provision of the qualitative intensive medical care for all Ukrainian population; this requires the number of served population about 200 thousand people, which allow the medical institutions to be provided by necessary equipment and staffed with qualified personnel.

The autonomization mechanism of all medical institutions is considered as the main financial and managerial tool of this reformation process and the essential condition of the adherence of institutions of the primary health care into it.

From 2018, all the medical institutions concluded the contract with National Health Service, will be financed under a new mode, i.e. they will get annual fixed payment for the medical care for each patient, with whom the physicians of this institutions signed a contract. In accordance with the draft law № 6327 medical care is paid from the State budget [1]. At the primary level and in case of the emergency situation the state pays for 100 % of all the necessary treatment; it covers about

80 % of all appeals for medical care. At the secondary and tertiary levels the state guarantees 100 % of payment for medical care and other medical services, included into the list of treatment and defined by medical guaranties program.

In accordance with the reform, it is formed the system of the national solidarity insurance. Budget contributions are formed through the general tax system and accumulated in the treasury accounts; from them the National Health Service pays for medical service (fig. 1).

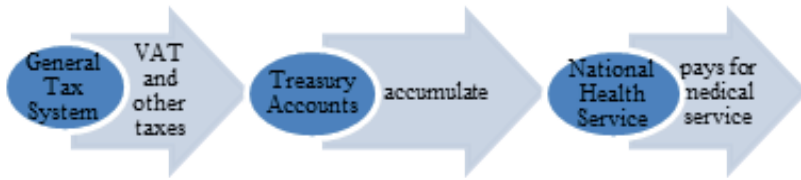


Fig. 1. Mechanism of payments for medical services in accordance with the concept of the medical reform

*Source: Created by the authors on the basis of the conducted researches.*

But nevertheless, it is planned, that some medical services will be paid by patients (so-called “red service package”). All the medical services, gone beyond the bounders of the program of medical guaranties, are included to them (i.e. stomatological services or services of plastic surgery). Noncommercial utilities will be able to provide additional services at the uniform rates, which have been defined for the state program of medical guaranties. Private medical establishments will define independently tariffs for the additional services beyond the bounders of the contract with the National Health Service of Ukraine.

In accordance with the draft law № 6327 [1] there is a norm, in accordance with which the volume of the state budget funds for the state program of medical guaranties realization is annually determined as an amount not less than 5 % GDP in the Law of Ukraine “On the State Budget” (fig. 2 and 3).

It was mentioned above about the noncommercial utility; that means that all the medical establishments will tend to become like other enterprises. They were budget institutions, working through system of the vertical control, so far. Their managers didn’t have freedom to act and were guided by orders from on high. The Law of Ukraine № 2002 [2] allows the medical institutions to fully operate and expand their rights to the level of the all economic entities of Ukraine, including the right to strike deals, to have its own bank account, to set salaries without reference to the wage grid.

Thus, in accordance with [2], (1) manager of medical institution, will get the freedom to manage the assets and finances, to create personnel policy, and to determine internal organizational structure of medical establishment; (2) manager of medical institution, will get the right to set salaries for the employees in the ways, not prohibited by law; (3) medical institutions are able to have its own bank

account; (4) financing of the medical institutions is supported not by the breakdown of the costs, but on the basis of its own financial plan, which allows to manage the funds effectively; (5) medical institution has the right to consolidate with other establishments with the purpose of the functions redistribution among them and optimization of use of the material, human and financial resources; (6) medical institution has ability to hire the doctors, working as individual entrepreneurs, which are registered and have got the necessary license for the carrying out of economic activity in the medical sphere, under a refit contract. But nevertheless, noncommercial utility remains in ownership of the local communities.

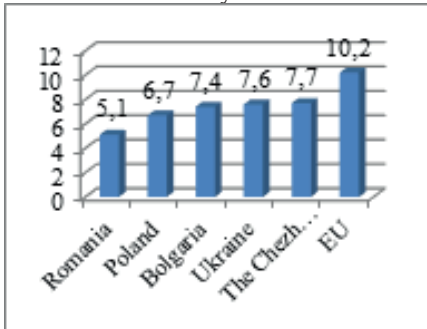


Fig. 2. Expenditures on the health care system in Ukraine in the comparison with other European countries, 2012

Source: The World Bank, 2012.

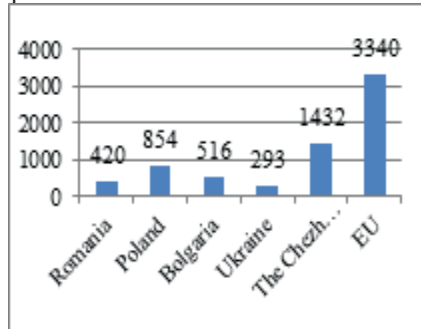


Fig. 3. Expenditures on the health care system in Ukraine per capita, in the comparison with other European countries, 2012

Source: The World Bank, 2012

Thus, we can conclude, that reformation of health care system is a complex process, covering all the spheres of system’s functioning. It must be provided by constant regroupment of resources between all elements, stages and levels of medical care with the purpose of clinically productive and more cost-effective decision-making process of medical care provision. It must take into account fast-changing market of medical techniques and technologies, pharmaceutical market, and system of development of clinical practice.

Therefore, among the most priority areas of changes are: (1) structural reorganization of health care system with the development of primary medical care on the basis of family medicine; (2) transition from administrative planned model to the medical care providing on the contractual basis; (3) strengthening of financial basis of health care system; (4) formation of the system of providing and support of qualitative medical care; (5) realization of active personnel policy; (6) realization of rational pharmaceutical policy; (7) managing change in the health care sphere.

But nevertheless, we can trace next obstacles for reformation of Ukrainian health care sector; among them are: (1) redundancy of state obligations of free medical care; (2) deficit of budget; (3) lack of knowledge, training and motivation of the

managerial personnel in the health care sector; (4) lack of interest in reforms of a number of political and corporative groups; (5) weak methodological and political managing process.

Thus, it is necessary to refer to the weaknesses and disadvantages of the reformation process of health care sector in Ukraine. They are: (1) absence of clearly defined goals; (2) a continuous review of strategies of reforms; (3) absence of clearly defined policy, providing the realization of adopted decisions; (4) ignoring of scientifically proved practical approaches, experiences and methods; (5) ignoring of the successful world experience and failures; (6) influence of lobby groups; (7) law paces of realization; (8) incoherence and contradiction of actions.

Given all of the above, we can conclude that for the effective development of the medical system, it is necessary that its part, related to organization and managing of medical institutions, has to be adequate and reasonable to the modern, fundamentally new economic and legal relations. Only in then it is possible high-grade interaction of the government, business and society on issues relating to health care system. In the modern Ukrainian health care system, however, there is a number of structural and management problems, which need fundamental changes of the current approach to the management and organization of medical care.

Among the most significant priorities of the modern stage of medical system's reform we can highlight: (1) formation of organizational structure of the primary health care on the basis of the general practitioner (a family doctor); (2) reorganization of the emergency care; (3) creation new links between the primary and secondary health care; (4) formation new financial gears of health care system; (5) implementation of the system of provision, appraisalment, and control of medical care quality; (6) formation of effective system of stimulation and motivation of the medical personnel. Thus, the main directions of health care reform are: (1) transition from inpatient care to out-patient one; (2) transition from specialized and highly specialized care to general one; (3) transition from quantity of medical services to their quality; (4) transition from increasing the number of physicians to the quality of their work; (5) transition from a treatment to the diseases prevention.

In our opinion, if all these priorities are adhered to, the medical reform will be effective and productive and the main its objective – to increase economies' competitiveness and wellbeing of population in Ukraine – will be achieved.

### **References:**

1. The draft Law of Ukraine on the state financial guarantees of provision of the medical services and supplies. 2014. [ONLINE] Available at: [http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=61566](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=61566). [Accessed 10 May 2018]

2. Law of Ukraine on the changes in the law of Ukraine about improvement of legislation of medical establishments' activity. 2017. [ONLINE] Available at: <http://zakon3.rada.gov.ua/laws/show/2002-19>. [Accessed 3 January 2018]

3. Official web-site of Ministry of Health of Ukraine. [ONLINE] Available at: [http://moz.gov.ua/article/news/viz nachili-osnovni-kroki-vprovadzhennja-reformi](http://moz.gov.ua/article/news/viz_nachili-osnovni-kroki-vprovadzhennja-reformi). [Accessed 25 May 2018]

4. Shcherbynina, M. B. & Skyrda, I. Yu. 2012. Reform of Ukrainian health care system : urgent problems. News of medicine and pharmacy. 4(402). [ONLINE] Available at: [http://www.mif-ua.com/archive/article\\_print/26830](http://www.mif-ua.com/archive/article_print/26830)[Accessed 25 May 2018]

5. Borshch, V. I. 2018. Health Economics : methodological recommendations. Odessa national medical university, 132.