



Strategies to Improve Health Care Services

Larisa Konstantinovna Kirillova*

Samara State University of Economics, 443090, Samara, Sovetskoi Armii Street, 141, Russia. *Email: kirillova.sseu@mail.ru

ABSTRACT

The article analyzes the development of the national healthcare system after the introduction of market reforms in Russia. We consider the economic substance of healthcare services, the specificity of their provision. Reveals social peculiarity of medical services and a high significance for national security. Based on existing publications spent a comparative analysis of healthcare reform in foreign countries. Generalized health financing mechanisms used by national governments. Disclose concept combining paid and free medical services. The paper presents the market mechanism to provide health care services. Represented the results of the introduction of market reforms in the healthcare of Russia. Analyzes the performance evaluation of the effectiveness of medical services, offers internal and external criteria for the evaluation of medical to improve the availability and quality of medical care. Represented the method of evaluating the effectiveness of medical practice. Grounded the necessity of expanding the volume of paid medical services for compensation of public financial resources. Proposed the conditions for the introduction of paid services in the health care system.

Keywords: Affordability of Medical Services, Economic Efficiency, Efficiency of Health Care, Health Care Services, Paid Medical Services, Quality of Medical Services

JEL Classification: I1

1. INTRODUCTION

Market economy makes specific demands to the state connected with solving of the most important social problems including the development of the national health care system. The level of national health care development is an indicator of the quality of living of population. It defines the place of a state in the world macroeconomic system and guaranties conditions for national security. Health of citizens, possibilities of its support and strengthening are very important for the economic growth of a country. Taking into consideration the historical experience of health care development before the year 1991 in Russia when there were no paid medical services, it is an actual task to have optimal combination of medical expenses defrayment by the state and private persons. As health care has social character the state must guaranty granting of basic medical services free of charge and the possibilities to get alternative paid medical services. The current stage of reformation of health care system is not completed and the concept of granting paid medical services is not defined yet. Foreign experience can contribute much to the reformation of the national system of health care (Mossialos,

2002). In our research we came to the conclusion that the majority of countries use complex approach to granting health care services and combine paid and free services. Different countries have different approach to the development of health care but the problem of sources of financing is a common problem for all the countries. And the most common way to solve this problem is to combine budgeting methods, the mechanism of granting paid medical services and medical insurance (Mamedova, 2005). Methods of state budgeting include global budgeting, estimate financing, payment per day in hospitals. The method of global budgeting suggests granting financial resources for the realization of the whole project without total control of definite expenditures. Control over expenditures during the project is based on the estimation of the level of satisfaction of the patient by the quality of services. Global budgeting is rather flexible tool and makes it possible for a medical institution to achieve goals by spending money on activities which are the most important at the concrete moment without detailed financial reporting to the state. Budgeting is changed annually after confirmation of paid services dynamics and influence of inflation by the insurance fund and local authorities. Estimate financing assumes strict

control of cash flows on concrete expenditures and substantiated arguments in case it is necessary to increase spending. Estimate financing does not provide quality development of health care and is more often used by the countries with low level of economy but it makes it possible to prevent extension of infection diseases. Budgeting of state expenditures on the basis of payment per day in hospitals is used rather often and allows paying for factual services but it stimulates medical institutions to prolong the process of medical treatment. Granting paid services in most countries is based on the system of medical insurance intended for decreasing the risk for patients from decrease of affordability of expensive treatment. Medical insurance provides increase of profit of medical institutions but it does not save patients from substantial expenses before and at the moment of rendering a service. The use of medical insurance system is connected with the level of well-being of the people, their ability to make appropriate payments without taking medical services at the current moment. Such system of insurance of future medical services is expensive for patients and not always provides necessary effect. That is why people need support from the state on the basis of combination of different mechanisms of granting medical services including paid ones. Tax benefits for companies widening the range of affordable paid services for their personnel are often used in developed countries. The biggest tax benefits are given to the companies granting diagnostic and prophylactic examination for their personnel because prevention of illnesses has a big social and economic effect. The main idea of tax benefits for companies and organizations financing medical services of their personnel is the increase of tax-free profit of more healthy citizens who decrease expenditures on medical treatment and sick-leave.

The market mechanism of granting health care services is oriented towards the increase of efficiency of money spent on them. But the specific character of health care demands to take into account wider range of efficiency indicators including the level of satisfaction of patients, the quality of medical personnel motivation, and available share of compensation of the people's expenses on paid medical services. Consequently we paid much attention to revealing specificity of health care services, structuring evident and hidden costs the process involves. Special attention is paid to the problem of estimation of health care functioning efficiency because this sphere is has great social importance both for the population and the state when realizing its social functions.

2. METHODS

The research is based on the works of leading scientists and specialists in the sphere of health care and on the normative and legal documentation of the Russian Federation, on the experience of work of the domestic health care organizations and the foreign experience of health care development. The methodological basis of the research is dialectic method of cognition, the principle of systematic approach to studying definite phenomena and processes, the methods of revealing causal relations, observing, comparing and grouping of data.

The research is based on the theoretical substantiation of the peculiarities of health care services market. Health care services

are specific market product and have a number of specific characteristics. First of all, the state functions aimed at the preservation of health of their citizens are realized through the functioning of health care system. Taking into consideration social and economic structure of society the state guarantees satisfaction of the basic medical needs to all the citizens regardless of their income and compensates expenditures to the low-income groups of the population. Secondly, health of a person in particular and population in general is the criteria of the quality of life and the level of economic well-being of a country. Thirdly, health care services can't be granted only on paid basis because of the risk of general worsening of health of the population with low income. So, health care services are initial needs. It is impossible to do without them. The demand for them is constant, resumed. It would be reasonable to highlight the category of paid services in the sphere of health care. Traditionally paid services mean compensation of expenditures by a person or organization. Free services granted to a person are compensated by the state at the account of special resources for realization of the state responsibilities before the society. In the system of health care there are also paid and unpaid services but the category of paid services in its economic meaning is divided into two types: Services of unsocial character and services of social character. The first category of the first type can be realized both on paid and unpaid basis. Unpaid services are financed by the state in the state institutions which have no right to grant commercial services. Health care services of social character are granted by the state institutions and private institutions. Private institutions grant only paid services as a kind of business. The state institutions have the right to grant medical services on paid as well as on unpaid basis. Granting of health care services on commercial basis assumes taking into consideration lack of information about the range of possible services and their specificity and the characteristic of public benefit inherent in health care services. "Activities in conditions of market economy assume the use of the range of tools increasing the efficiency of business" (Kirillova and Pavlova, 2012). Health care plays a very important social role. Medical institutions granting paid or free services realize non-commercial marketing as their main aim is not getting maximum profit. They use their profit for the developing of their organization. The peculiarity of health care market is the existence of unpredictable events and alternative costs which can be the consequence of ineffective functioning of medicine. Alternative costs include mass diseases which ask for high one-time expenditures, social tension in society or threat to national security. To overcome such events it is necessary to create an appropriate infrastructure of health care system in the form of medical insurance. As a rule medical insurance is created at the expense of private medical insurance. The distribution of financing sources is 80% funded by private contributions and 20% - by the state. The most difficult aspect of medical insurance functioning is the equality of payments made by the rich and the poor as well as "catastrophic costs." This term in medicine means expenditures on preservation and support of health which lower the level of life of a person and a family. In this connection it is necessary to define the level of catastrophic costs for different social groups of population. According to the results of the American scientists research (Shvedova, 2009) 3000 dollars

expenditures plus 10% of family profits are catastrophic for 2,6% of the families where the age of the head of the family is <65 years and for 7,8% of the families where the age of the head of the family is more than 65 years. It means the necessity of the state support of families with the increase in the average age of citizens or creation of medical insurance which allows accumulating finance and distributing it on the basis of current and future needs of the citizens. The problem of the degree of participation of the state in regulating the health care market are actual for many countries and most often the society consider it to be public benefit. At the same time, according to the opinion of researchers (Udin and Stepanova, 2009) the participation of the state must be limited, because of the following circumstances:

1. Forecast of demand for some kinds of medical services can be estimated better by specialists than by the state management structures;
2. Specialists and the state have different opinions on the problems of range and quality of medical services dependent on the territorial location of clients;
3. The state sometimes is not able to define the structure of optimal range of basic and additional medical services taking into consideration accompanying costs;
4. The state does not have enough information to estimate adequately the reaction of the population to the organization of medical services and the necessity to develop definite services.

Thus the role of the state in the system of health care is the developing of initiative of medical specialists, searching for financial resources for this sphere and solving the problems of competitiveness development. The development of health care market is aimed at the formation of the capital to finance medical service of the population and to increase the income of the medical personnel. Granting medical services to the population is a very important social function of the state. When the share of paid medical services increases the principle of social support of the population should be realized. Participation of the state in financing of the health care market is conducive to the best functioning of the market, improves the level of well-being of the population and increase profits of people engaged in this sphere.

3. RESULTS

Reformation of national health care systems has become a global tendency. It reflects the changes in understanding the level of the economic development by way of strengthening human capital. The necessity to reform health care system has several reasons: The increase of the need to have high quality of medical services, a substantial gap in the incomes of people, high cost of technological medical care, the increase of life duration and aging of the population, formation of the need to lead healthy life, breaking up the monopoly of the state system of health care.

From the very beginning of market changes in Russia the concept of reformation of the health care system began to be implemented. Its main principles were commitment to market values and

integration in the world health care system. The goal of the concept is protection of people's rights to preserve and improve their health and the stable development of the branch. Market orientation of the sphere of health care means its functioning on the basis of demand and supply but with an active participation of the state taking into consideration the specific character and social role of medical services. In this connection the question of estimation of the health care functioning efficiency becomes very actual as this sphere is not a production sphere but it is very important for the successful development of the state. Economic efficiency of medical activities is a complicated problem. Any attempts to make qualitative and quantitative rate setting of the work of medical personnel do not give an adequate estimation of their work. There is an opinion that the usefulness of work of a doctor does not depend on his working hours. Sometimes the most high quality assistance of medical personnel does not change the state of health of a patient and even brings "negative effect." Traditional estimation of efficiency as an economic category is a correlation between costs and result. On the one side efficiency reflects the structure of necessary costs in order to obtain planned result. On the other hand it reflects the character of relations in using the result. Measuring of the efficiency of labour in non-productive sphere has specific character as it is reflected through productivity of work, saving of material and labour resources in other spheres, as a rule, in the sphere of production. In the sphere of health care it is necessary to work out methodical questions of defining of efficiency. At the moment there is no single opinion concerning understanding of terms of health care efficiency as it is multi-sided and it is necessary to estimate medical, social and economic components. On the macroeconomic level the efficiency of work in the sphere of health care is defined as the impact on the health of population, the correlation of the increase of productivity of labour and the unit of costs of health care, less costs in the sphere of production and services and the increase of gross domestic product (GDP). The efficiency of medical care is connected with the productivity of individual and collective labour in the sphere of health care, the level of which depends on social and economic processes in society and introduction of innovative medical technologies. The research of effectiveness of the medical services market functioning demands studying internal and external criteria of estimation. Internal criteria characterize the result of use of labour, material and financial resources in the process of functioning of health care sphere as a branch of economy. External criteria estimate the impact of medical services on the reproduction of working force, social product and social relations concerning production, distribution, exchange and consumption. When estimating the efficiency of health care it is necessary to have data on the losses of the society caused by people's illnesses. In general economic losses can be divided into direct and indirect expenditures. Direct expenditures on health care include expenditure on medical care in hospitals and outpatient reception, scientific research, training and retraining of specialists, social insurance costs. Indirect expenditures include the costs caused by decrease of productivity of labour, decrease of GDP and the decrease of the volume of non-material benefits because of losing the ability to work, disability or premature death. Efficiency of health care as the object of research asks for studying two aspects of the problem.

Firstly, it is necessary to analyze current costs on medical activities and investments in capital construction, equipment, transport and personnel training. Secondly, it is necessary to estimate the dynamics of the people's health improvement, prevention of illnesses, disability and premature death in order to define the economic effect from the efforts aimed at the improvement of health in other spheres of the national economy. It is possible to estimate costs but calculation of the economic effect is a serious methodical problem. Taking into consideration the specific character of health care the efficiency of medical services can be viewed from two positions: The results of work of health care departments and institutions and the influence of health care on public reproduction by way of protection of health of the population and creation of preconditions for the increase of the national well-being. In general we should recognize the fact that defining of economic efficiency of health care system is closely connected with the indicators of medical and social efficiency. When estimating medical care contradictions arise. They are stipulated by the fact that high effectiveness of medical care does not always mean quality medical service. That is why estimation of health care system demands considering a number of indicators. Academician Strumilin was the first to point out this fact. He called medical services a benefit having social orientation.

4. DISCUSSIONS

The efficiency of medical care is revealed in affordability for the population of modern methods of treatment of the most widespread illnesses in the sphere of cardiology, endoprosthetics, neurosurgery, transplantology, reproductive technology. Then we will be able to sort out a number of qualitative and quantitative indicators reflecting the efficiency of health care. According to the research of the World Health Organization in 2009 the factual level of affordability of effective treatment in the sphere of cardiology was 20%, in the sphere of transplantology - 8%, neurosurgery - 5% and reproductive technology -1% (Daurenbeckov, 2010). It is not optimal and economic stimulus is needed to increase the quality and affordability of medical services. The research showed that the specificity of functioning of the medical services market is cumulative and synergetic character of the effect from the medical care of the population. It is rather difficult to calculate the effect from the work of health care personnel as there is a complex of factors: Social factors, medical technologies and methods of treatment, demography, ecology, traditions and mentality of a nation. At the same time the majority of scientists think that there is a connection between the labour costs of health care personnel and the final results such as the changes in average duration of life and the level of death rates of the population. The introduction of new medicines and medical technologies also influences the preservation of life and the increase of life duration. It reflects the possibilities of the state to use the most innovative methods of treatment. Studying of the opinions of specialists on the question of calculation of medical care effect testifies the existence of a number of indicators: Premature deaths, decrease of GDP, preservation of the number of people able to work, additional production of goods and services

influenced by the development of health care. Some specialists (Shepin et al., 2010) believe that the estimation of the economic efficiency of the decrease of illnesses and premature deaths is connected with the financial estimation of losses from temporary inability to work and their dynamics under the influence of the modern methods of treatment and possible saving of financial resources. The research allowed to establish the fact that the efficiency of medical services can be measured by the indicators of quality and affordability of medical care which are reflected in the decrease of the coefficients of chronic diseases of the population.

This study has allowed to establish, that the effectiveness of health services can be measured by indicators of quality and availability of health services, which are reflected in a reduction in the rate of chronic diseases of the population. We can use the following equation for the calculation (Sheyanov, 2013):

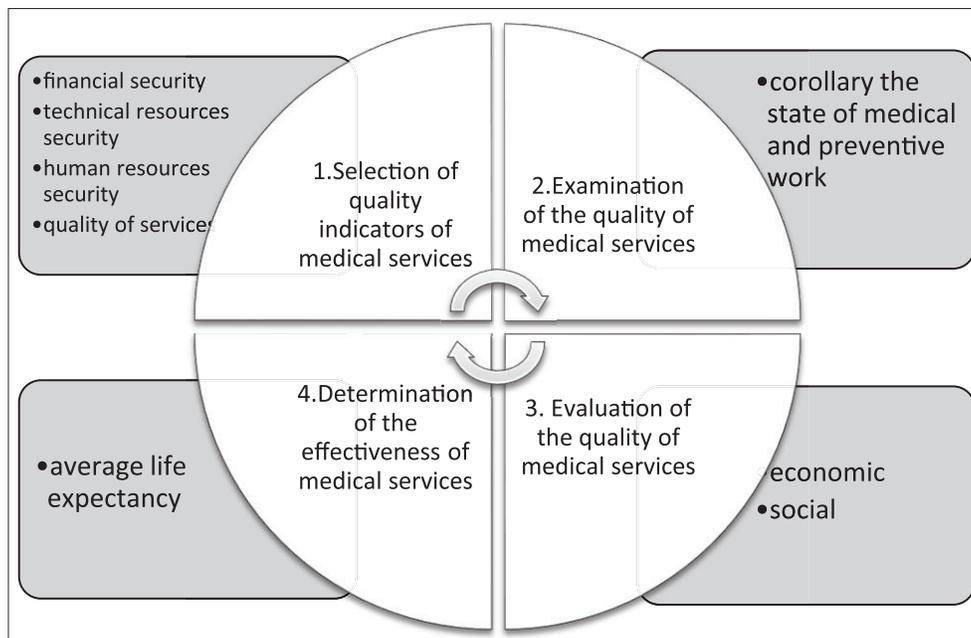
$$E=(Cd_2-Cd_1) (GDPp_2-GDPp_1) P_2 \quad (1)$$

Where E - is the increase of the gross regional product, millions of rubles;

- Cd_1 - Coefficient of chronic diseases of the population during the basic period in the region;
- Cd_2 - Coefficient of chronic diseases of the population during the reported period in the region;
- $GDPp_1$ - Per person during the basic period, millions of rubles;
- $GDPp_2$ - Per person during the reported period, millions of rubles;
- P_2 - The number of the population in the reported period, millions of people.

To estimate the efficiency of health care the following order of activities can be used: Choosing indicators of medical care quality estimation, medical services quality estimation, estimation of the results of medical care (Figure 1).

The indicators of medical services quality must be differentiated according to the structure, process and result. The indicators of medical services structure are reflected in the provision of the health care system with financial, technical and labour resources. The indicators of the process of granting medical care reflect the quality of medical care granted by organizations and specialists having licenses on the basis of the legislation. The indicators of the results reflect the estimation of the consequences of medical care for the patient. Thus the indicators are the main ways of estimation of medical services development with the account of the use of modern methods of treatment, the use of new technologies and medicines. The expertise of medical services quality means resolution on the state of medical and prophylactic activities of medical specialists and organizations. This expertise can be performed in different forms, in particular it can be complex, planned, unplanned, targeted, combined, current or thematic. It is necessary to perform expertise separately in hospitals and clinics. The expertise of hospitals work quality is performed on the basis of patient's files where special attention is made to the cases of death at home, primary disability, monitoring of the patients discharged from the hospital, revealing

Figure 1: Model evaluation of the effectiveness of healthcare services

The figure is compiled by author on the basis of Sheyanov, 2013

of neglected oncological diseases and tuberculosis. The expertise of patients in clinics is also performed on the basis of their files. Special attention is paid to children up to 5 years old, their observation and vaccination. The estimation of quality of medical services must be performed in two directions including economic and social components. The economic estimation of medical services quality asks for the analysis of costs on the treatment of each kind of disease and the revealing of tendencies of changing this indicator. The decrease of costs for the treatment of definite diseases means positive result if the treatment was successful. In order not to make cost reduction the only goal it is necessary to give a social estimation of medical services quality as the estimation of a patient's satisfaction by the quality of medical services. The successfulness of medical care can be estimated on the basis of the indicators of the average duration of life of the population which is a universally recognized criteria of the quality of life and the reflection of the level of the economic and social development of the society.

5. CONCLUSION

The suggested approach to the estimation of health care efficiency will make it possible to organize monitoring of the medical care of the population and work out events aimed at the increasing of quality and affordability of medical services. The research showed the necessity to increase the volume of money for the development of health care on the higher level. The lack of the state financial resources should be compensated by the development of paid medical services. But a number of terms must be taken into consideration. First of all, free basic range of medical services must be granted free of charge to all the categories of the population. Secondly, conditions should be created for the achieving of the higher level of management of the health care sphere. Thirdly, there should be the development of stimulation system providing

the increase of quality of medical services. There also must be created a mechanism of attraction of additional financial resources to the health care system aimed at the development of paid medical services and widening of the range of medical services granted to the population. Successful realization of the above-mentioned tasks demands the implementation of differentiation strategy in the state medical institutions. The goal of this strategy is widening of the possibilities of the population to receive medical services in two situations: When a person has a real disease or when a comparatively healthy person needs to check his or her health, to consult the doctor about prophylactic measures and prevention of diseases. It is necessary to increase the consciousness of the population concerning support of health and to provide granting of such kind of services by medical institutions. Widening of the range of paid services can be viewed as a strategy to improve the efficiency of health care. Paid medical services can become a premise for the increase of medical services quality, they will increase the income of the medical personnel and make it possible to create an effective system of strategic management of the health care system.

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