

HEALTH CARE SYSTEM IN UKRAINE .....

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The article describes the basic model of the health care system. The state budget expenditures on health care, the share of health in the consolidated budget and the GDP in Ukraine are analyzed. The estimation of average monthly wages of health workers in Ukraine and the cost of certain medical services in hospitals is performed.

### **Introduction**

In the modern world the state understands the value of health of the population and economic effectiveness of investment in the health care. The preservation and development of the health of citizens as a part of human capital is a key imperative of the modern civilization progress. This is one of the main components of the national wealth and the driving force of the social development as well as one of the main criteria for its level assessment.

The condition of health of the citizens directly determines the level of productivity in the society, and largely affects the prospects of its socio-economic development. According to the leading experts of the World Health Organization, only a society consisting of the physically and mentally healthy individuals with a significant duration of active life is able to achieve the sustainable progress in all the spheres of its life.

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The health of population and the economy of country in the process of social development become more interdependent and are inseparable in relation to their impact on the number and quality of the population and the effectiveness of human resources.

The medical essence of health is in the health needs formation of, philosophical – in the value milestones, psychological – in the advantages and the motivation of behavior on its preservation, economic – in the higher labor productivity and creation of material values increasing the welfare of population and the quality of life, political – in the ensuring of stability and security, and social – in the restoration of labor resources and ability to socially useful activity.

### **Analysis of recent publications and studies.**

The importance of scientific research under the various components of the state health regulation in Ukraine is distinguished by T. Bakhteeva, M. Belinskaya, S. Bugaytsov, L. Buravlev, L. Zhalilo, N. Krizina, V. Lobas, A. Martynyuk, W. Meged, N. Mezentsev V. Moskalenko, Ya. Otdat, G. Slaby, I. Solonenko, I. Hozhilo, and N. Yarosh.

In the context of the financial regulation of medical practice some issues of the formation, distribution and use of the financial resources of health institutions were covered most thoroughly in the works of N. Avramenko, V. Bazilevich, I. Bedrik, Vinogradov, Yu.Voronenko, V. Zagorodnii, D. Karamyshev, N. Karpishin, E. Kovzharova, B. Lekhan, S. Lobodina, E. Malik, S. Nadyuk, T. Pedchenko, I. Rozhkova, V. Ruden, B. Ryzhiy, N. Solonenko, and M. Shutov.

### ***The aim of this article is***

To study the health care system in Ukraine.

### ***Presentation of basic material.***

The basic concepts of the health care system construction in Ukraine are defined in the article 4 of the Law of Ukraine “Fundamentals of the health protection legislation in Ukraine”. The type of health care system stated in the Law is based on the principles of the English model, which is gradually implemented both in the legislative and medical practice, and is manifested in the forms of private and family medicine, insurance, and high social standards [1, p.75].

Health care system management is carried out by the Ministry of Health of Ukraine and other central executive authorities to which the departmental health agencies, local state

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administrations and local authorities as well as the Academy of Medical Sciences of Ukraine are subordinated.

In addition to the state authorities which are directly related to health care, this system is operates also due to the administrative and control functions of the other state institutions, namely, the President of Ukraine (in particular, through the activity of the Presidential Administration of Ukraine, National Security and Defense Council of Ukraine), the Verkhovna Rada of Ukraine (in particular, the Verkhovna Rada Committee on Health Affairs), the Ukrainian Parliament Commissioner for Human Rights, the Cabinet of Ministers of Ukraine (in particular, due to the activities of ministries and other central executive bodies), the Prosecutor General of Ukraine and his local offices as well as the judicial system of Ukraine [2, p.56].

It should be noted that today in the global practice of public health and medical care there are four basic models of the health care system. Although the national health care systems are based on a combination of different sources of the aggregate budget formation, each country is dominated by one of the funding mechanisms.

Depending on what kind of mechanism prevails in the health care system of one or another country, it belongs to one of the four models (Table. 1).

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Table 1 – Main health care system models

Private system (customer preference model)	Social insurance system (Bismark model)	State system (Beveridge model)	Centralized system (Semashko model)
Countries			
USA	Active: Austria, Belgium, France, Germany, the Netherlands, Luxemburg, Switzerland, Japan  At the transient stage: Israel, Turkey	Active: Denmark, Finland, Spain, Ireland, Norway, Sweden, United Kingdom  At the transient stage: Greece, Italy, Portugal, Spain	All former republics of the Soviet Union and socialist commonwealth countries in the past (now at the different transient stages or only planning the transition to the insurance or mixed system)
Covering of population			
Depends on the employment	Compulsory covering of all citizens	Compulsory covering of all citizens	Compulsory covering of all citizens
Prevailing source of financing			
Contributions of employers and/or personal purchase of insurance policy through the private insurance companies	Compulsory target contributions of employees and employers	State budget (total tax proceeds)	Only the state budget

The health care system of Ukraine belongs to the fourth model (Semashko). This centralized model of the health protection system is built according to Semashko model and is funded

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exclusively from the state budget, is based on the total taxes, controlled by the state through the central planning system and is characterized by the absence of the private sector.

The disadvantages of this model are the bureaucratic and administrative–command methods of health management as well as the lack of economic management levers.

Further, it is necessary to analyze some analytical parameters to obtain a comprehensive picture of the health care system in Ukraine. Let us start with the expenditures of the state budget for the health protection (Table 2).

Table 2 – Expenditures of the state budget for the health protection, mln. UAH  
[3]

Items of expenditures	2010	2011	2012	2013	2014
Total	4099,7	6321,0	7365,5	7535,0	8759,0
Including for:					
work of polyclinics and outpatient departments, fast and emergency assistance	373,1	498,2	585,7	549,7	695,3
work of hospitals and health resort institutions	1894,0	2669,2	3346,9	3179,3	4276,3
sanitary–preventive and anti–epidemic measures and institutions	985,5	1230,9	1545,4	2261,8	2038,8
studies and developments in the field of health care	129,0	180,4	231,5	249,0	265,3
other activities in the field of health care	718,1	1742,4	1656,0	1268,8	1483,4

As it can be seen from Table 2, the state budget expenditures for health protection in 2014 increased by 16.2% or by 1224.0 mln. UAH, compared to 2013. Most of the budget funds were used for financing the hospitals and health resort institutions – 48.8%; health–preventive and anti–epidemic measures and institutions – 23.3%. At the same time, compared to 2013, the expenditures for the preventive and anti–epidemic measures decreased by 233.0 mln. UAH. It evidences on the transfer of funding priorities namely to the treatment, but not to their prevention.

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If in the hryvnia equivalent the increase in the health care costs is observed, the picture is not so positive in the dollar equivalent. In addition, the increase in the budget funding of health care was associated mainly with the need to increase the wages of medical workers and the inflation index.

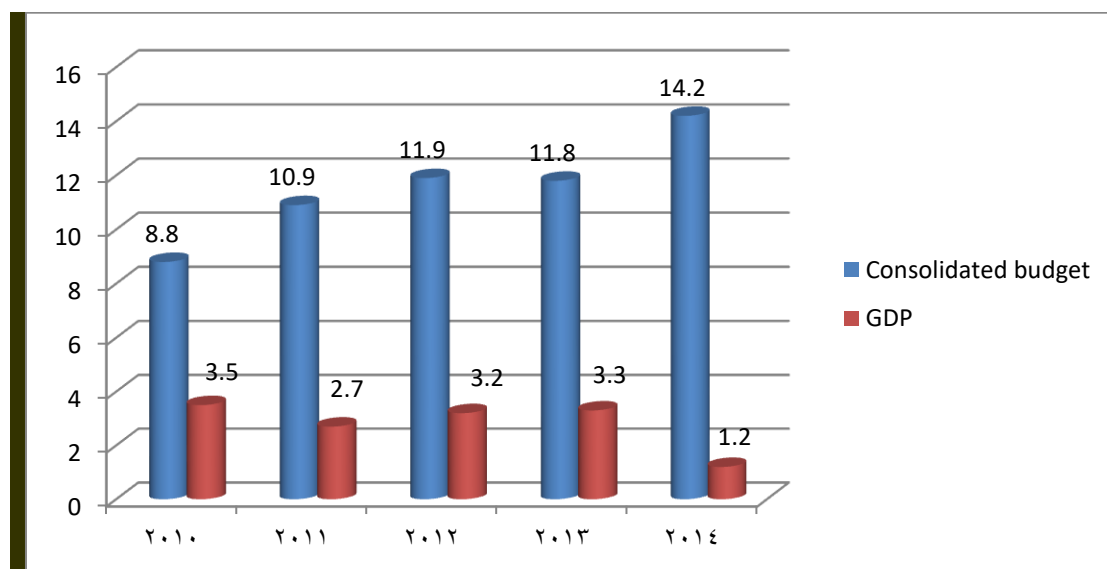


Fig. 1 – Share of health care in the consolidated budget and GDP of Ukraine, %

However, no appreciable improvement of the state occurs for the state, for the patients or for physicians. The level of wages in the medical field is one of the lowest.

Table 3 – Average monthly wages of the health care workers in Ukraine, UAH  
[3]

Years	2007	2009	2011	2012	2013
Wages, UAH	747	1149	1523	1550	2291

Source : Annual Reports of Ministry of Health of Ukraine

The average monthly wages of workers engaged in the health care system in Ukraine is 70% to the average level in the economy. The salary of physicians is the lowest in the country after the fishery and agriculture workers. Accordingly, such situation is not only



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encouraging the workers in the sector to improve the performance, but also provokes them to receive the informal payments in the form of bribes.

Low salaries of health workers, respectively, negatively affects their social security, the pensions of health workers are also close to the minimum, as well as the social protection in the case of occupational diseases or disability payment, etc.

The problem of safety at the workplace is extremely urgent in the medical institutions of the state and municipal forms of ownership. According to the Strategic Studies Institute the level of occupational diseases of physicians is quite high (in recent years, 150 people became ill with tuberculosis, and more than 50 – with viral hepatitis). 0.2% of wages fund, as provided by law, is allocated for the labor protection measures in the field of medical assistance.

However, taking into account the small wages fund in the health care, the costs make up only 62 UAH per one employee per year (for understanding – the medical mask costs 1 UAH, the cost of one pair of rubber gloves is from 2.8 UAH, robe – from 110 UAH, medical slippers – from 80 UAH, etc.). Most of insurance claims remain the problem of the injured.

In the structure of health care costs 53% are occupied by the spending for wages, 13% – for utility bills and 34% – for all other needs: medicines, machinery, food, medical equipment, repairs, etc. It is understood that these funds are not enough. As of February 1, 2015, the wage arrears to health workers were 13.92 mln. UAH; in some regions the debt reached 10 months.

Table 4 – Hospitals and primary health care facilities per 100 thous. of population in Ukraine, certain neighboring countries and EU according to the WHO data in 2014.

Indicator	Ukraine	Belarus	Moldova	Poland	Russia	EU
Hospitals	5,4	6,8	2,3	2,2	4,5	2,6
Beds in hospitals	864	1107	609	662	966	529
Average duration of staying of patient on the bed (days)	12,7	11,5	10,0	5,9	13,6	8,61
Primary health care facilities	15	58	21		9	49

Source : Annual Reports of Ministry of Health of Ukraine

The Table 4 shows that, compared to the EU, the material base of the medical assistance system in Ukraine is higher by 1.7 times, but is three times less for the primary health care

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facilities. In general, the material base volume is 1.3 times bigger than the European level. However, here it is necessary to pay attention to the fact that this is the analysis of extensive indicators, and the system development is still characterized by the intensive indicators.

It should be noted further that in Ukraine of five types of social insurance provided by the Fundamentals of legislation on the compulsory state social insurance, practically three are acting, which already have the relevant funds: Pension Fund, Employment and Social Insurance Fund. The total insurance rate of deductions to these funds is now about 40% to the wages, including 1.5–2% paid directly by the insured.

According to preliminary calculations, the introduction of the draft law “On the compulsory medical insurance of citizens” proposed and prepared by the Ministry of Health of Ukraine requires the additional expenses, corresponding to the current annual budget of the national health care. Therefore, in Ukraine the compulsory medical insurance (CMI) is still a theoretical concept. At the same time, the voluntary medical insurance exists and is steadily developing in Ukraine.

In the health care system the voluntary medical insurance is focused primarily on the private sector. In Ukraine, more than 70 companies are have the license providing the right to carry out the voluntary medical insurance; among them about one third is actually working in this market. The largest of them are the insurance companies “Nadra”, “Ostra–Kiev”, “Aska”, “Oranta”, etc.

The insurance companies have different capabilities, experience, and credibility, so the cost of medical services and their volume are different in different companies.

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Table 5 – Main insurance companies carrying out the voluntary medical insurance in Ukraine [3]

“Alfa–Garant” Insurance Company			
Name of the insurance package	Standard	Business	Elite
The sum of insurance per one insured/year, UAH	50 000	70 000	100 000
The insurance payment per one insured/year, UAH	1300	2500	3600
“NAFTAGAZSTRAKH” Insurance Company			
Name of the insurance package	Voluntary medical insurance in case of road traffic incident	Voluntary medical insurance – Business	Voluntary medical insurance – Collective
The sum of insurance per one insured/year, UAH	5000	1260	10000
The insurance payment per one insured/year, UAH	60	70000	540
“Providna” Company			
Name of the insurance package	Classic	Elite	+stomat
The sum of insurance per one insured/year, USD	500	900	500
The insurance payment per one insured/year, USD	20 000	25 000	1000

Further we will analyze the provision of the population of Ukraine with doctors and nursing staff.

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Table 6 – Doctors and nursing staff [3]

	Number of doctors of all specialities	Provision with doctors per 1000 of persons, persons/1000 persons	Number of nursing staff, persons	Provision with nursing staff per 1000 of persons, persons/1000 persons
2006	226 320	4,6	540 999	11,0
2008	224 177	4,7	525 597	11,0
2010	223 349	4,7	522 286	11,1
2012	224 942	4,8	493 232	10,6
2014	221 603	4,8	464 302	10,1

Let us compare the cost of some medical services in the medical institutions under the data of Table 7.

Table 7 – Cost of some medical services in the different types of medical institutions, UAH [3]

Medical services	Private hospitals	State medical institutions with self-supporting departments
Consultation of specialized doctor	200	60
Consultation of professor	460	123
Complete blood count	150	60
Electrocardiography	200	184
Ultrasound scan of abdominal cavity	300	70
Fibro gastroduodenoscopy	460	254
X-ray examination	200	90
Histologic examination	440	110

According to Table 7, we see a significant difference in the cost of medical services of the private sector and self-supporting departments. The health care system commercialization

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and its integration into the system of market relations will lead to a continuous increase in the cost of medical services, and, as a result of it, more and more layers of population will not have access to medical assistance due to the insufficient paying capacity.

The state of the health care system in Ukraine is characterized by the presence of the fundamental problems requiring from the state the making of principal decisions on their solving: inadequate mechanisms for the health care system financing and inefficient use of available resources; ineffective organizational and functional structure of the health protection system, which manifests in the absence of the clear distribution of medical institutions into the medical institutions of primary and secondary (specialized) level, excess inpatient care facilities, and hospital beds; prevailing focusing of the Ukrainian health care on the morbidity and sick patient, rather than on the prevention of diseases and healthy population.

### Conclusions

Having analyzed the health care system in Ukraine it is possible to make the conclusion that it requires reforming. Reforming of the public administration of the health care system, which is characterized by the financial and resource fragmentation and deformation of the structure of health services, shall be conducted in such a way that, on the one hand, to meet the growing public demand for medical care, and, on the other hand, – to restrain the increase in the expenses for health care.

Thus, the socio-economic transformations in Ukraine require the immediate effective steps towards reforming the public administration of the health care system financing. To do this, it is necessary to carry out the following actions: strengthen the financial basis of health care, improve the organizational and legal mechanisms of health care activities that affect the financial condition of the health care system.

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### Summary

The aims of this Article is analyzing the health care system in Ukraine and compare the budget allocated for this sector with total Gross Domestic Production (GDP) of the Country . We present through this research the financial payments and compensation of Employees in health sector compared with other sector workforces compensation, in addition to evaluating the budget of the departments of health sector .

It's clear that developed countries supporting health sector to develop their economic investment, due to the health care of individuals leads to more prosperity of the country

According to the legislation adopted by parliament, in Ukraine the health care sector in the responsibility of the ministry of the health, following the centralized system depending on the national budget, under this system all the tasks and costs will be implemented.

Its been noted that the most negative aspects in health sector in Ukraine is bureaucracy , In spite of increasing the budget allocation for the ministry of health by ( 16.2%) in 2014 comparing with 2013, but it was not reached the national demands.

The results of this research are:

- 1- The unbalanced of health sector employees compensation comparing with other sectors in Ukraine that's affected their performance and violating the policies.
- 2- Health care system in Ukraine is in need to be reformed in term of management and financial aspects and finding new mechanisms to implementation.
- 3- Reorganizing the health care sector structure in Ukraine by increasing allocating budget.

### ملخص البحث

الهدف من هذا البحث هو تحليل نظام الرعاية الصحية في أوكرانيا ومقارنة الميزانية المخصصة لهذا القطاع مع اجمالي الانتاج المحلي الإجمالي للبلد.

نقدم من خلال هذا البحث حجم المدفوعات المالية والتعويضات للعاملين في القطاع الصحي مقارنة مع تعويض القوى العاملة في قطاعات أخرى، بالإضافة إلى تقييم ميزانية إدارات القطاع الصحي.

أن الدول المتقدمة تدعم القطاع الصحي لتطوير الاستثمار الاقتصادي، ويرجع ذلك إلى الرعاية الصحية للأفراد يؤدي إلى مزيد من ازدهار البلاد.

وفقا للتشريعات الذي تبناه البرلمان في أوكرانيا ان قطاع الرعاية الصحية تقع ضمن مسؤولية وزارة الصحة، تحت نظام مركزي معنمدا على الميزانية الوطنية، ويتم تنفيذ جميع المهام والتكاليف في ظل هذا النظام.

لوحظ من أن أكثر الجوانب السلبية في القطاع الصحي في أوكرانيا هي البيروقراطية، وعلى الرغم من زيادة مخصصات الميزانية لوزارة الصحة من (١٦.٢٪) في عام ٢٠١٤ مقارنة مع عام ٢٠١٣، ولكن لم يلبي المطالب الوطنية.

نتائج هذا البحث هي:

١- عدم وجود توازن للرواتب وتعويضات العاملين في القطاع الصحي مقارنة مع القطاعات الأخرى في أوكرانيا وهذا ما أثر على أداء العاملين وادى الى انتهاك السياسات واللوائح الصحية.

٢- نظام الرعاية الصحية في أوكرانيا بحاجة إلى الإصلاح الإداري والمالي وإيجاد آليات جديدة لتنفيذها.

٣- إعادة تنظيم هيكل قطاع الرعاية الصحية في أوكرانيا من خلال زيادة الميزانية المخصصة.