

## The problems and directions of financing mechanisms' development in Health Assistance System

❖ GHEORGHE COSTANDACHI ❖

**Abstract:** The essay discloses the main problem of Moldovan public health system is the significant gap between state free public health maintenance and its financial support. Here're the problems are met moldovan public health during reforming financing mechanisms in the transition period, also are presented interests of subjects of this system and informal sources of incomes. Author describes the interests of head physicians of medical institutions in relation to system of financing of public health services consist. In the final of work is making conclusions and is offered ways of the solutions created present situation and financing mechanisms' development in Health Assistance System on Moldova.

**Keywords:** reforming financing mechanisms, system of financing of public health, financing mechanisms' development in Health Assistance System, obligatory medical insurance, deficiency of financing of public health.

Serious changes occurred in management and financing of public health in the Republic of Moldova in early 90<sup>th</sup>. Here are the main:

- Decentralization of management;
- Implementation of obligatory medical insurance system;
- Development of central and local medical aid system.

At present the state inherited free aid obligations from the ex-USSR. The Soviet public health system was oriented to mass simple aid.

The medicine and pharmacy development increased the range of aiding capacities. Unfortunately, the state cannot and will not be able to provide the whole range health maintenance to its population.

Our research indicates that today a lot of vital problems are still unresolved or partially resolved. Here are some of them:

- a) There is a gap between the state guarantee program costs and the state financing;
- b) The present configured budget medical care system is tedious and inefficient;
- c) The medical care system restructure (implementation of general practices, substitution of hospital treatment by outpatient treatment; reduction of bed population ratio) is changing slowly;
- d) Public health management and financing operations are not coordinated properly;
- e) Nobody evaluates the efficiency resource supply and disposition and nobody can improve this process

We can explain the reasons for reform slowdown by public health configuration features.

In our opinion, it can be justified by our researches; the further pace of reforms will depend upon the struggle and cooperation of the public health financing entities:

- Different level authorities;
- Public health authorities;
- Obligatory medical insurance state foundations;
- Private medical insurance organizations;
- Managers of medical organizations.

The main problem of Moldovan public health system is the significant gap between state free public health maintenance and its financial support.

According to conservative estimation, the volume of state public health maintenance expenditures (in accordance with the 1997 year budget data) were 537,0 millions of Moldovan lei, then the above mentioned expendi-

tures were reduced by 179,4 millions of Moldovan lei within the next three years and in 1999 they were at 357,6 millions of Moldovan lei.

The increase of expenditures began in 2000 but it didn't achieve the 1997 level. In the meantime, the free public health safeguards, configured in Soviet period, remained unchanged. The costs increased due to new medical technologies and new expensive medical products.

Development countries with the same share of public health maintenance expenditures can provide only minimal packages concentrating their efforts at social important matters (fighting infectious diseases, etc). Developed countries expend 6-7% of their GDP to finance health maintenance. It is many times more than in the Republic of Moldova. Almost none of the developed countries have free health maintenance of all citizens.

Moldovan health maintenance expenditures are at about 2.7% of the GDP. The countries with the same per capita GDP level expend the same ratio for health maintenance. In 2007 the health maintenance foundation paid off in total about 6.1% of the Moldovan GDP.

Imbalance between the state obligations and their real financing negative impact on functioning of system of public health services makes.

In our opinion financial assets are spent for maintenance of existing medical institutions, first of all stationary, to the detriment of necessary development of preventive work and the out-patient-polyclinic help.

Because of impossibility free of charge to give desirable medical aid to all citizens there is a deterioration of availability of any qualitative medical aid for various strata of society, increase medical services and expan-

sion of practice of informal payments. In the greatest measure lower-income strata suffer from it. The inequality of possibilities of various social groups in reception of qualitative medical aid is great.

References to insufficiency of state financing of public health services and to impracticability of declarative rules of free health services serve as the self-justification for medical workers and heads of public health services for decrease in quality of medical services and for granting for a payment of services which could be really rendered for citizens free of charge.

Thus, the problem consists that in modern conditions of a guarantee of granting of medical aid to the population and the mechanisms of their maintenance generated still in 30th 20th century, do not allow to reach fair and effective granting to the population of necessary qualitative medical aid at the expense of those resources, which society in a condition to spend for health protection of the citizens.

Our research assumes *three basic strategy* of achievement of financial security of the state guarantees:

The first strategy provides growth of state financing of public health services in a combination to the limited actions for restructuring of system of health services and to increase of its efficiency.

The second strategy focuses on essential increase of efficiency of use of the available resources, reached at the expense of scale restructuring of medical aid with carrying over of its greatest possible part on an out-patient stage and the simultaneous termination of financing from public sources of liberated capacities of stationary medical institutions.

The third strategy assumes a combination of measures on increase of a system ef-

fectiveness of public health services with partial revision of guarantees and medical aid reduction (by the kinds, the guaranteed volumes and granting conditions), completely paid at the expense of public sources.

What is available actually? Actually, since 2000, the first strategy is realized. The sizes of state financing of public health services increase in real expression, reflecting gross national product growth. At the same time process of re-structuring of system of health services of the population goes slowly.

For the answer to a question why real actions disperse from declared problems, it is necessary to address to the analysis of interests of various types of subjects of management and public health services financing.

Further our research will carry out such analysis. At first we will prove *an inefficiency of the developed system of financing*.

Since 1991, in Republics Moldova the public health services system has suffered three attempts of reforming.

The first. Just after announcements of independence of Moldova. Reforming of system of public health services by means of the international financial organizations has begun, but and has not reached the purposes. The system of financing of public health services had not time to develop because of high rates of growth of inflation.

The second. Has begun simultaneously with creation of new administrative-territorial formations in district territorial formations. For that moment transformation and adaptations of system depending on formation of new territories has begun.

The third. Simultaneously with transition from districts on areas.

Despite process arisen in administrative-territorial reforming, since second half

1990th attempt to reform system of financing of public health services of Republic Moldova has been undertaken. Replacement of budgetary financing of the medical organizations by insurance financing which at present is not finished yet has begun.

The developed combination of systems of budgetary and insurance financing focuses on maintenance of an existing network of treatment-and-prophylactic establishments and health services volumes, but not on the decision of the ripened problems of their restructuring and increase of efficiency of use of resource potential available in branch.

Expected positive effects from activity of new subjects in the public health services system, connected first of all with more rational use of available resources and with treatment quality assurance, were not showed with sufficient definiteness and do not counterbalance charges of these organizations. The insurance medical organizations and treatment-and-prophylactic establishments do not have stimulus to more effective utilization of available resources. Therefore Obligatory Medical Insurance and in particular the insurance companies began to be perceived by a considerable part of medical workers as unnecessary and expensive intermediaries in system of financing of public health services in the conditions of an economic crisis.

Insurance principles of the organization of financing of granting of medical aid to the population have appeared practically not expressed in that system of financing which really functions under the name «Obligatory medical insurance». In a today's condition system Obligatory medical insurance has settled the possibilities, and it is necessary or to refuse it, or to modernize.

In our opinion new workings out are

necessary. One of possible variants can be possibility studying (on an example of separate territory for experiment) for *creation of uniform system obligatory health maintenance insurance*. It is supposed to be made by association of existing systems of obligatory medical insurance and social insurance.

The working group of experts which will develop offers on association obligatory and social insurance in uniform system obligatory *health maintenance insurance* should be for this purpose created. The question on sources of insurance payments for the idle population can become a key obstacle to creation of such system. Effective way of the decision of this problem is unequivocal fastening of financial sources of such payments in the form of an establishment of the marked tax revenues - for example, such, as a certain part of the tax to incomes of physical persons, or excises on tobacco products and alcohol.

The offer to stratify approaches to preservation of guarantees of free medical aid are supplemented with offers on introduction of memory system on medical aid or other offers, allowing to minimize payments from the population or to stretch them in time. Practically all who positively concerns legalization of paid services, considers, that to introduction of such payment the differentiated approach is thus necessary for different categories of the population

At the same time the part of doctors does not support idea of introduction of stratification in payment for different profitable groups, explaining it is complexity of practical realization of similar idea.

Development of system of paid services and their subsequent legalization is skeptically enough estimated by practicing doctors that speaks a low share of the means received

by attending physicians from incomes for paid services. Moreover, doctors recognize, that development of system of paid services can result and in a reality leads to occurrence of "a parallel corridor» informal payments which can be below the official prices and both parties arrange.

The given researches allow to fix, however, the important tendency - the above a level of development of paid services, the smaller scope of informal payments can be ascertained. And on the contrary: the paid services, the above probability of occurrence of informal payments are less developed. It allows saying that development of system of paid services keeps probability of presence of informal payments, however their scope nevertheless remains smaller in comparison with a situation when development of paid services in any reasons restrains.

Unequivocally support idea of development of system of paid services and legalization of informal payments, without additional conditions, those from doctors who receive informal payments only incidentally or in small in comparison with their salary volumes. For such persons introduction of compulsion of payment by patients of given themes of services is a real way to raise the incomes, having removed with itself cargo of risk and the moral responsibility connected with reception of money from patients in hands. Those medical workers, who regular-

ly receive informal incomes in considerable volumes, are interested in their preservation as it gives them for today considerably the big increase to wages, than rendering of paid services. Therefore they support possible legalization of payment of medical aid provided that it will not lead to essential decrease in their incomes.

The senior nurses consider steps on reforming of guarantees as supportive notice in the interviews what exactly rich people and the big chiefs try to receive medical aid free of charge and are not generous on gifts though recognize, that a situation at which level of incomes of nurses remains at such low level, demands the decisions. However, in the expectations they are guided by the help from the state in the form of increase of wages for the average and younger medical personnel as more difficult schemes and possibility of medical institutions to earn on paid services of appreciable increase of wages to the average and younger medical personnel do not guarantee more.

As a whole the carried out research allows to be convinced of inexpediency of radical measures on reforming of rules of granting of medical aid to the population that speaks as low readiness of the territorial authorities and head physicians of hospitals for similar measures, and low level of trust to radical reforming of medical branch from doctors and the average medical personnel.

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