

# Balancing the legacy of UHC and free market: Russia's challenge.

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# Conclusions

- Payments for some services in governmental health facilities open a Pandora box:
  - Barrier to private health sector worries me least,
  - Murder of free care is worrisome
- Free market can not stop at the health facility door, medics become entrepreneurs also
- If you don't pay medics they will find way to take their pay utilizing market failures
- In free markets the doctor becomes businessman and also takes control of health system making it hard to reform

# Semashko system: beginning

- USSR was the first country to offer free health care for all 1918
- It worked well on communicable disease control, under military conditions
- Centrally planned, budget funded, comprehensive network was developed
- Medicine was not the most lucrative profession but decent and respected



# Semashko system: the end

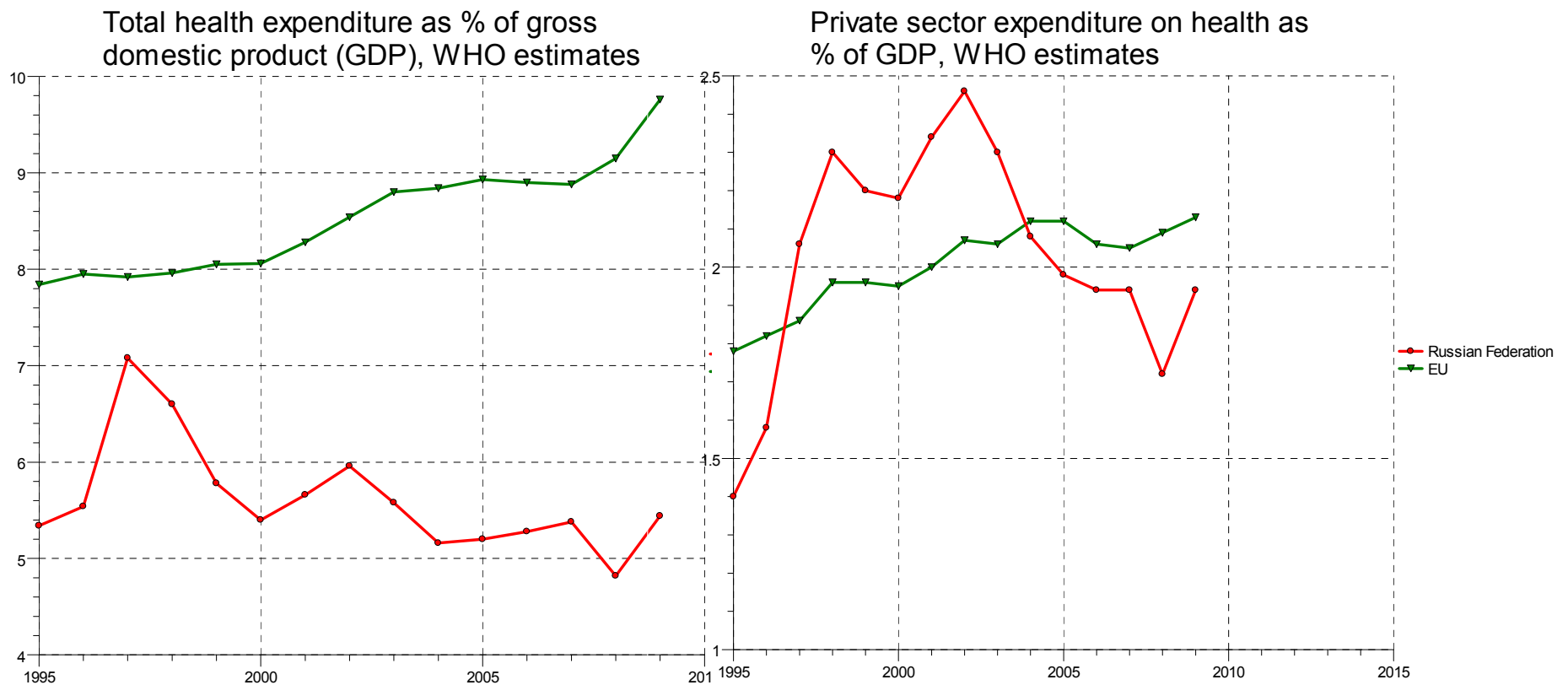
- After mid-1960s system collapses, life expectancy on decline
- More of the same solution leading to expansion of hospitals and staff numbers
- Ideology dominates science, propaganda dominates situation analysis
- Domestic pharma industry inexistent, reliance on physiotherapies and communist block imports of medical goods

# USSR collapse: “the wild 90s”

- Economic hardship of 1990s turning new Russia into a free market place
- Government attempts to stop the market at the hospital door
- Constitution in 1991 states that care is free of charge in state owned facilities, however in 1994 Rules of paid services provision approved
- Average doctors salary below subsistence, in Moscow = 2 meals in a mediocre restaurant
- Up to 30% of healthcare funds are informal payments

# While total health expenditure on health is low, private expenditure is high.

Income disparity (R/P 10% > 12) leaves over 40% with inadequate access to health system



# Current Russia: “the oily 00s”

- Healthcare funding increasing, but the system does not respond rapidly
- 2/5 of care is privately paid, 3/5 of drugs are non-reimbursed, catastrophic expenditures happen
- In large cities physicians make over 1/2 of the money privately, best business is “public costs, private incomes”
- New laws (e.g. on pharmaceutical products availability) demonstrates the conflict of the public health ideas vs. investing in profitable business
- Human capital is not at the top of economic agenda as 2% produce ca. 50% of national budget
- New threats: PPPs, concessions of hospitals, supplementary insurance

# Conclusions

- It was a bad idea to destroy Soviet system instead of giving it better payment system and technological content, but it was not a health care solution
- Once free market is there old solutions don't work
- Healthcare becomes big business, and that satisfies all but patients
- However patients don't have sufficient voice



# Further thoughts

- Commitment to public health from very top is needed, as economic agenda is not sustainable
- Increase investment in human resource for health and outlaw de facto private care in public facilities
- Strong political will is needed to beat the doctors lobby
- But my prognosis that UHC will further deteriorate at least in medium term