

GAIDAR INSTITUTE FOR ECONOMIC POLICY

RUSSIAN ECONOMY IN 2022

TRENDS AND OUTLOOKS

(Issue 44)

**Gaidar Institute Publishers
Moscow / 2023**

UDC 338.1(470+571)"2022"
BBC 65.9(2Poc)"

R95 Russian Economy in 2022. Trends and outlooks. (Issue 44) / [V. Mau et al; scientific editing by Kudrin A.L., Doctor of sciences (economics), Radygin A.D., Doctor of sciences (economics), Sinelnikov-Murylev S.G., Doctor of sciences (economics)]; Gaidar Institute. – Moscow: Gaidar Institute Publishers, 2023. – 521 pp.: illust.

ISBN 978-5-93255-665-8

The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 44th issue. This publication provides a detailed analysis of main trends in Russian economy, global trends in social and economic development. The paper contains 5 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

Reviewer:

Spartak A.N., Doctor of sciences (economics), Corresponding Member of RAS, Professor, Director of JSC VNIKI, honored scientist

UDC 338.1(470+571)"2022"
BBC 65.9(2Poc)"

ISBN 978-5-93255-665-8

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Health care and public health in Russia in 2022²

The main challenge of the year for domestic health care was the need to maintain the achieved level of quality and accessibility of medical care in unfavorable macroeconomic atmosphere. Despite medical products were not formally the core of Western sanctions, provision of the industry was dramatically complicated due to restrictions on transportation, uncertainty of the exchange rate and departure of a number of suppliers from the Russian market.

For most of the year, health care system also continued to struggle with the pandemic of a new coronavirus infection. While the severity of the disease declined sharply, the spread of COVID-19 remained widescale enough to place a high burden on health care organizations.

External and internal constraints were bound to have a negative impact on the implementation of the national project “Health Care” and sectoral projects of smaller scale. Overall consequences of the crisis for the sector development can be assessed only after the restructuring of previously approved programs and projects is completed. Nevertheless, implementation of the majority of planned activities continues, while cancellations or significant temporary shifts of projects are isolated.

4.4.1. Adaptation to new macroeconomic conditions

The most dangerous impact of sanctions imposed by foreign countries against the Russian Federation for the health care system was the threat of losing access to modern medical technologies. According to the Ministry of Health of Russia, the share of domestic medical devices in total consumption is 31%.³ Of the 31.500 medical products registered in Russia, the share of manufacturers from unfriendly countries in March 2022 amounted to more than 4.500, of which 254 items were recognized as critical to the health care system.⁴ According to a later assessment conducted for the most demanded medical products in the health care, out of 5.900 product codes more than 1.500 items are not produced in Russia or its

2 Authors: *N.A. Avksentiev*, Researcher, Department of Health Care Economy, IAES, RANEPa; *V.S. Nazarov*, Candidate of economic sciences, Head of Department of Health Care Economy, IAES, RANEPa; *N.N. Sisigina*, Researcher, Department of Health Care Economy, IAES, RANEPa.

3 Ministry of Health: over 30% of medical items in RF are domestically-produced // Interfax, 07.07.2022. URL: <https://www.interfax-russia.ru/index.php/main/minzdrav-bolee-30-medicinskih-izdeliy-v-rf-otechestvennogo-proizvodstva>

4 *T. Beskaravajjnaya*. Ministry of Health disclosed data on non-reproducible types of medical products in Russia // Medvestnik // 29.03.2022. URL: <https://medvestnik.ru/content/news/Minzdrav-raskryl-dannye-o-nevosproizvodimyh-v-Rossii-vidah-medizdelii.html>

friendly countries, of which more than 800 items are not among the promising areas to organize their own production in the near future.¹

A similar situation is observed in the sphere of drug supply. In 2021, the share of domestic drugs in total sales was 61.2% in packages and 35.1% in rubles. The cumulative share of imported substances is estimated at 80% of the total amount of raw materials needed. The technological capabilities to organize production of the full cycle of drugs included in the list of vital and essential drugs (hereinafter - VED) in the territory of Russia exist only for half of the drugs (all estimates according to the Ministry of Industry and Trade).²

In February-March 2022, most international pharmaceutical companies announced that they suspended recruitment of new patients for participation in clinical trials conducted in Russia, as well as postponed the start of new research projects. This measure may seem illogical and inconsistent with sanctions imposed by Western countries, which do not affect the supply of medicines. The reason for such actions was the impossibility of ensuring uninterrupted logistics of medicines for clinical trials, which turned out to be disrupted amid restrictions on international passenger and cargo flights. Taking into account the fact that majority of clinical trials conducted by pharmaceutical companies in Russia are international multicenter (i.e., they take place in several medical organizations in different countries), manufacturers began to minimize the risks of lower quality trials, which could affect their activities in other countries.

In addition to significant reduction of research programs, many international pharmaceutical manufacturers also announced the suspension of new investments in Russia. However, the spirit of this wording for a long time made it impossible to assess the companies' real plans, which eventually ranged from withdrawal from the Russian market and transfer of rights to their medicinal products to partner companies to suspension of planning new capital investments (while maintaining the existing production and supply chains).

Certain challenges related to supply of equipment from abroad and rising costs caused by the complexity of international transportation during the pandemic were already observed in 2020—2021.³ Introduction of Western sanctions dramatically worsened the situation. In spite of the fact that medical and pharmaceutical products were excluded from the USA and EU sanctions, the ban on direct air and road freight traffic, limitations of currency transactions and bank mutual settlements, departure of some foreign producers and importers from the Russian market resulted in mass delays of supplies and increase of logistics costs (by 300—500%⁴) by estimates of profile companies). In early March 2022 import of

1 Ministry of Health informed that over 1.500 items of medical products are not produced in Russia // TASS. 28.06.2022. URL: <https://tass.ru/obschestvo/15052789>

2 V. Kulakova. Our share: the Russian Federation can fully produce 50% of essential and vital drugs // Izvestia. 21.03.2022. URL: <https://iz.ru/1307280/veronika-kulakova/nasha-dolia-v-rf-polnostiumogut-proizvodit-50-zhiznenno-vazhnykh-lekarstv>

3 Explanatory note to the draft Resolution of the Government of the Russian Federation “On Suspension of Individual Provisions of Certain Acts of the Government of the Russian Federation.” URL: <https://regulation.gov.ru/projects#npa=125843>

4 O. Ageeva, M. Kotova. Medical equipment will be sent abroad for repairs. However, foreign manufacturers will be required to guarantee their return. // RTVI. 10.08.2022. URL: <https://rtvi>.

medical devices to Russia has almost completely stopped and by the end of April it was half of the usual level.¹

To ensure uninterrupted supply of health care, a package of counter-sanctions measures was adopted already in March, which can be roughly divided into four areas.

1. Ban for exports of potentially deficit items from Russia.

Already on March 6, a temporary ban was imposed on the export from Russia of medical products manufactured in countries that had announced introduction of sanctions against Russia.² Later, the ban on the export of devices and appliances used in medicine was extended until the end of the year³ and further until the end of 2024.⁴ Exceptions are allowed for exporting the equipment for repairs, but each case of such export requires an individual permit and guarantees for return of the equipment.⁵

Similar restrictive measures were not applied in the sphere of drug provision. At the end of the year, the regions of the Russian Federation received a recommendation to maintain a four-month supply of drugs to mitigate logistics risks.⁶

2. Advance provision of funding to medical organizations for purchasing fixed assets and consumables.

In order to prepare reserves of medicines and other material supplies, as well as for the early purchase of fixed assets amid high uncertainty, medical organizations were granted the right to receive advance financing for the next month in the amount of more than 1/12 of the annual amount, but not more than the amount of costs for the purchase of fixed assets and material supplies at the expense of MHI funds in 2021.

At the request of a RF region, the advance funds were transferred from the annual subvention for implementation of the territorial MHI program.⁷ Moreover, the maximum cost of medical devices used for medical interventions, laboratory and instrumental examinations permitted to be purchased at the expense of MHI

com/stories/medtehniku-otpustyat-na-remont-za-rubezh-no-ot-inostrannyh-proizvoditelej-potrebuyut-garantii-ee-vozvratu/

- 1 *Guarascio F.* Risk of medical gear shortage in Russia falls as West restores exports // Reuters. 20.04.2022. URL: <https://www.reuters.com/world/europe/risk-medical-gear-shortage-russia-falls-west-restores-exports-2022-04-20/>
- 2 RF Government Decree of 06.03.2022 No. 302 “On the introduction of a temporary ban on the export outside the Russian Federation of medical devices previously imported into the RF from foreign countries that have decided to introduce restrictive economic measures against the Russian Federation.”
- 3 RF Government Decree of 09.03.2022 No. 311 “On measures for implementing the Executive Order of the President of 08.03.2022 No.100.”
- 4 RF Government Decree of 02.11.2022 No. 1959 “On amendments to particular acts of the Russian Federation.”
- 5 *O. Ageeva, M. Kotova.* Medical equipment will be sent abroad for repairs. However, foreign manufacturers will be required to guarantee their return. // RTVI. 10.08.2022. URL: <https://rtvi.com/stories/medtehniku-otpustyat-na-remont-za-rubezh-no-ot-inostrannyh-proizvoditelej-potrebuyut-garantii-ee-vozvratu/>
- 6 Ministry of Health requested regions to ensure supply of drugs at least for four months // TASS. 12.11.2022. URL: <https://tass.ru/obschestvo/16306269?ysclid=lebg9k5paq968604414>
- 7 RF Government Decree of 16.03.2022 No. 373 “On Amendments to the RF Government Decree of 28.12.2021 № 2505”

funds (if the medical organization has no outstanding payables within 3 months) was increased from Rb100,000 to Rb1mn per unit.¹ According to Ministry of Health of Russia, regions had received Rb240 bn by April for purchasing drugs, which allowed to offset up to 80% of the costs for drug supply.² The effect of the special order of advance payment to medical organizations and the increased limit of expenditures for purchasing fixed assets was extended for 2023.³

The deferral to pay insurance fees to state non-budgetary funds became an additional measure of support for medical organizations and organizations producing medicines and medical products. It was assumed that the released funds could be used to cover price growth and logistics costs, which would reduce the need for borrowed funds. The funds' revenues were compensated at the expense of budgetary funds.⁴

The measures taken to support procurement mitigated the impact of sanctions on domestic health care, making it possible to avoid massive shortages of drugs and medical equipment. People could not access single high technologies (for example, cell therapy for oncohematological patients and bone marrow transplantation).⁵ At the same time, the approved set of measures was not intended to fully compensate for the negative impact of sanctions on the industry. The provided financial assistance, in fact, represented a redistribution of funds from future periods, which is clearly seen in the level of budget execution of the Federal Medical Insurance Fund.

If in Q1 subventions to the territorial MHI funds amounted to 35.7% of the planned expenses instead of 25%⁶, the excess reduced to 7,1%⁷ in Q2, and at the end of three quarters to 3.5%⁸. Proposal on indexation of MHI tariffs taking into account growth of prices for consumables was not supported.⁹

Similarly, no systemic decisions were made to increase financing of major investment programs. Instead, regions of the Russian Federation are released from liability for failure to comply with obligations on use of inter-budgetary transfers till January 2024. It is allowed to retain the unused balance of funds

1 RF Government Decree of 12.03.2022 No. 346.

2 A. Ryabova. Murashko: regions received Rb240 bn of advance money to purchase drugs at the MHI expense // Vademecum. 18.04.2022. URL: <https://vademec.ru/news/2022/04/18/murashko-regiony-poluchili-240-mlrd-rublej-avansov-na-zakupku-lekarstv-za-schet-oms/>

3 RF Government Decree of 29.12.2022 No. 2497 "On the program of state guarantees of free medical care for people for 2023 and for the planning period of 2024 and 2025."

4 RF Government Decree of 29.04.2022 No. 776 "On changes in deadline for paying insurance premiums in 2022".

5 T. Beskaravajjnaya. The Rogachev Center transferred patients who received CAR-T therapy to other types of treatment // Medvestnik. 23.05.2022. URL: <https://medvestnik.ru/content/news/Centr-Rogacheva-perevel-poluchavshih-CAR-T-terapiu-pacientov-na-drugie-vidy-lecheniya.html>

6 Operative report on the execution of the MHIF budget for January-June 2022 // Accounts Chamber. 29.08.2022. URL: <https://ach.gov.ru/audit/35102>

7 Operative report on the execution of the MHIF budget for January-March 2022 // Accounts Chamber. 07.06.2022. URL: <https://ach.gov.ru/audit/31790>

8 Operational report on the execution of the MHIF budget for January-September 2022. // Accounts Chamber. 02.12.2022. URL: <https://ach.gov.ru/audit/36086>

9 Governor of Chelyabinsk region announced that MHI tariffs should be indexed in Russia// TASS. 11.03.2022. URL: <https://tass.ru/ekonomika/14041863>

under the programs suggested for return to the federal budget.¹ Since April, RF regions were authorized to incur changes to the earlier approved programs in a simplified way², and since October the Ministry of Health of Russia could redistribute funds under federal project “Modernization of primary care setting” between RF regions depending on the current funding need.³

3. Simplification of government procurement.

To further accelerate reserves of medical products, a number of requirements of the legislation on public procurement were relaxed. The maximum contract price, which gives the right to conduct procurement by electronic request for quotations for medical equipment and consumables, was raised from Rb3 mn to Rb50 mn for a single purchase and from Rb100 mn to Rb750 mn for a cumulative volume during the year.⁴

The limit volume of purchase from a single supplier was increased to Rb50 mn for medicines and Rb250 mn for medical products (knowing that the sole supplier represents Russia or a country that has not sanctioned Russia).

For only suppliers of drugs and medical products without Russian counterparts, the maximum amount of purchase for one patient was increased from Rb1 mn to Rb1.5 mn.⁵ Requirements for the division of purchases into separate lots for each type of medical products were suspended until September 1, 2022.⁶

4. Special rules regulating turnover of medical devices and medicines with high risk of shortages.

The latest set of measures applied to critical medicines, equipment and consumables that could not be purchased on general terms because suppliers left or exceeded the established ceiling price due to reasons beyond control.

The first package of anti-crisis measures for the procurement of such drugs introduced mandatory consideration of the exchange rate of national currencies in setting the ceiling price for drugs from the list of VEDs, as well as the possibility to change the contract essential conditions for the supply of such drugs by agreement of the parties in the event of circumstances beyond their control.⁷ Later, this measure was supplemented by a simplified mechanism aimed at re-registration of maximum selling prices in case of the medicines’ shortages⁸ or if risk occurs.

1 RF Government Decree of 09.06.2022 №. 1056 “On suspension of certain provisions of certain acts of the Government of the Russian Federation.”

2 *Tatiana Golikova*: Vital and essential drugs are sufficient for the activities of medical institutions and the provision of our people // Government of Russia. 04.04.2022. URL: <http://government.ru/news/45042/>

3 RF Government Decree of 10.10.2022 No. 1805 “On amendments to Appendix No. 10 to the State Program of the Russian Federation “Development of Healthcare.”

4 RF Government Decree of 06.03.2022 No. 297 “On establishing the size of initial (maximum) contract price and annual volume of purchases aimed to buy certain types of medical devices using electronic request for quotations.”

5 Federal law of 08.03.2022 No. 46-FZ “On amendments to certain legal acts of the Russian Federation.”

6 RF Government Decree of 16.03.2022 No. 374 “On suspension of RF Government Decree of 19.04.2021 No. 620.”

7 Federal Law of 08.03.2022 No. 46-FZ “On amendments to particular legal acts of the Russian Federation”

8 In pharmaceuticals, the term “inventory shortages” is used to refer to shortages of drugs (i.e., inability to meet demand due to lack of necessary quantities of drugs on the market).

The risk threshold for shortages was lowered from 30 to 10% deviation of supply volumes.¹ For other drugs, where risk of deficit exists, a simplified procedure of state registration was introduced² and amendments to the registration dossiers.³ Until January 1, 2024, it is allowed to import and circulate scarce medicines in non-Russified packaging.⁴

According to year-end, it should be noted that coordinated actions of the Ministry of Health of Russia, the Ministry of Industry and Trade, FAS and pharmaceutical companies prevented the deficit of most vital drugs, and the deficit of medicines observed at the beginning of the year was overcome for most positions.

However, changes in the actions and plans of pharmaceutical manufacturers may be more significant in the medium and long term. In particular, registration of most medicines in Russia is possible only if clinical trials have been conducted on the territory of this country with their plans significantly reduced.

Moreover, experience shows that priority is given in Russia to drugs with localized production and the deeper the localization, the better their market penetration (especially in the state segment). At the same time, termination of capital investments by international pharmaceutical manufacturers jeopardizes the possibility of localizing new drugs. Thus, in the future, the availability of modern drugs for patients in this country may decrease.

A simplified registration procedure was also introduced for medical devices with a risk of shortage. The list of medical devices subject to accelerated registration is formed by an interdepartmental commission, which includes the Ministry of Health, Roszdravnadzor, the Ministry of Industry and Trade, the Ministry of Finance, and the Ministry of Economic Development, and is published by Roszdravnadzor. As of December 2022, the list included almost 1900 product codes.⁵

At the end of the year the Russian government allowed non-original spare parts and components in the absence of corresponding supplies from foreign

1 RF Government Decree of 23.03.2022 No. 444 “On amendments to nature of state regulation of maximum selling prices of the medicines’ manufacturers included in the list of vital and most important medicines.”

2 RF Government Decree of 05.04.2022 No. 593 “On characteristics of medicines’ circulation for medical use in case of inventory shortages or risk of inventory shortages of medicines due to introduction of restrictive economic measures in respect of the Russian Federation.”

3 RF Government Decree of 23.03.2022 No. 440 “On approval of the nature of amending documents contained in the registration dossier for a registered medicinal product for medical use in case of inventory shortages or risk of drug inventory shortages due to introduction of restrictive economic measures in respect of the Russian Federation.”

4 Federal Law of 26.03.2022 No. 64-FZ “On amendments to particular legal acts of the Russian Federation”; Federal Law of 19.12.2022 No. 519-FZ “On amendments to particular legal acts of the Russian Federation and termination of particular provisions of legal acts of the Russian Federation.”

5 List of type codes of 01.12.2022 according to results of the interdisciplinary commission meeting on establishing list of medical products subjected for circulation in compliance with “Characteristics of circulation, including specifics of state registration of medical items in case of their inventory shortages or risk of inventory shortages due to introduction of restrictive economic measures in respect of the Russian Federation approved by RF Government Decree of 01.04.2022 No. 552 // Roszdravnadzor. 2022. URL: <https://www.rozdravnadzor.gov.ru/documents/79223>

manufacturers and obtaining a confirmation of compatibility from Roszdravnadzor to maintain servicing of medical equipment.¹

As the most radical measure, the Government of the Russian Federation was empowered to choose goods, where exclusive rights to results of intellectual activity are suspended, but in practice this power has not been used.²

4.4.2. Pandemic of a new coronavirus infection

The most important feature of the third year of the pandemic was the reduction in the severity of the new coronavirus infection. According to Ministry of Health of Russia, during incidence of “Omicron” strain hospitalization was required for only 8% of patients, which resulted in a visible reduction in peak inpatient load: from almost 250,000 patients at one time in the fall of 2021 to less than 150,000 at the peak of the disease in January-February 2022.³ Reduction in lethality of new strains became even more noticeable. By July 2022, mortality from COVID-19 has reduced in annual terms more than by 90% compared to the same period of 2021, resulting in removing this cause beyond the top 5 causes of mortality. Since August 2022, the Rosstat stopped publishing operative data on mortality from a new coronavirus infection.⁴

Nevertheless, pandemic continued to negatively impact on the health care activities and public health. At a lower risk, the new strains demonstrated an increased infection rate, resulting in a further growth in the burden on primary health care and a partial suspension of routine health care. In January-February 2022, formal restrictions on provision of individual outpatient polyclinic services (most often preventive examinations and medical examinations of adults) were in force in 54 of 85 regions of the Russian Federation.⁵ In February, special procedure for implementing MHI program was introduced amid the threat of new coronavirus infection, authorizing RF regions to limit provision of planned medical care for outpatients and to extend the waiting period for planned medical care in hospitals until the end of 2023.⁶ In the medium term, these limitations may become an additional factor of mortality growth from chronic non-infectious diseases along with the results of a new coronavirus infection. According to 2021 data, an increase in maternal mortality was recorded, and in the next 2—3 years

1 RF Government Decree of 01.04.2022 No. 552 “On approval of nature of circulation, including specifics of state registration, of medical devices in case of their inventory shortages or risk of inventory shortages due to introduction of restrictive economic measures in respect of the Russian Federation.”

2 Federal Law of 08.03.2022 No. 46-FZ “On amendments to particular legal acts of the Russian Federation”.

3 Almost two thirds of Russian regions limited planned medical care due to “Omicron” // TASS. 03.02.2022. URL: <https://tass.ru/obschestvo/13609369>

4 Rosstat stopped publishing mortality data resulted from COVID-19 //RIA “Novosti”. 07.10.2022. URL: <https://ria.ru/20221007/covid-19-1822353601.html?ysclid=lefh30zslt809736226>

5 Almost two thirds of Russian regions limited planned medical care due to “Omicron” // TASS. 03.02.2022. URL: <https://tass.ru/obschestvo/13609369>

6 RF Government Decree of 04.02.2022 No. 107 “On specifics of the MHI basic program implementation amid threat of spreading diseases caused by a new coronavirus infection (COVID-19)”.

experts predict an increase in mortality from circulatory system diseases and malignant neoplasms.¹

Another negative result of the pandemic was the continued deficit in financing of the MHI program. Despite refinement of mechanisms to provide for emergency expenses (in particular, permission to send funds of the rationed insurance reserve of MHI for these purposes and remove restrictions on its size², allocation as part of the rationed insurance reserve of the Federal Fund of MHI a special reserve of funds for these purposes³), MHI own reserves again were not enough to fully cover the excess costs associated with COVID-19. Nevertheless, refinement of mechanisms to ensure provision of extraordinary expenses and reduced requirements of COVID-19 patients in a more expensive outpatient treatment allowed to significantly decrease the demand in the external funding compared to the most severe 2021 (*Table 5*).

Table 5

**Main parameters of financial provision for treating COVID-19 patients
in 2021 and 2022¹**

	H1 2022	H2 2021
Total amount of financial provision for treating COVID-19 patients, billions of rubles	150.2	218.1
Including in-patient, billions of rubles	124.2	208.8
Additional financial provision according to decisions of the RF Government, billions of rubles	47.1	28.92
Number of hospitalized COVID-19 patients, millions of people	1.1	1.5
Share of COVID-19 hospitalizations in the total number of hospitalizations for the period, %	9.9	15.6

Note.

1. Data on financial provision of medical care to COVID-19 patients in H2 2022 has not been published.
2. A relatively low share of co-financing from Reserve fund can be explained by allocation of a major part of funds in H2 2021. In total, in 2021 51.8% of expenses aimed at payment of medical care to COVID-19 patients was provided from Reserve fund (Rb288,700 bn from Rb 557,100 bn). Refer: Operational report on the execution of the budget of the MHIF. January-December 2021. // Accounts Chamber. 22.02.2022. URL: <https://ach.gov.ru/audit/19869>
- Sources:* Operational report on the MHIF budget execution. January-June 2022. // Accounts Chamber. 29.08.2022. URL: <https://ach.gov.ru/audit/35102>; Operational report on the execution of federal budget and budgets of state extrabudgetary funds. January-June 2021 // Accounts Chamber, 25.08.2021. URL: <https://ach.gov.ru/audit/13372>; Government Edict of 13.02.2021 No. 348-p; Government Edict of 23.03.2021 No. 728-r.

In 2022, funds from the RF Government Reserve Fund were allocated three times: in January Rb7.3 bn to support primary health care (in particular, for purchase of medicines for patients treated for COVID-19 outpatiently; in April

- 1 V. Kogalovsky. Experts forecast five years of high mortality in Russia after COVID-19 pandemic // Medvestnik. 18.02.2022. URL: <https://medvestnik.ru/content/news/Eksperty-prognoziruyut-pyatlet-vysokoi-smertnosti-v-Rossii-posle-pandemii-COVID-19.html?ysclid=lefgz571pa113653402>
- 2 Order of MHI Federal Fund No. 149n of 29.12.2021 “On approving procedure for using the rationed insurance reserve of the mandatory health insurance territorial fund”
- 3 Explanatory note to Federal Law draft “On the budget of MHI Federal Fund for 2022 and for the planned period of 2023 and 2024” // System of legislative support “Law making.” 30.09.2021. URL: <https://sozd.duma.gov.ru/bill/1258297-7>

Rb35.1 bn to pay for outpatient and inpatient care provided to COVID-19 patients in 2021—2022¹, in October Rb58.6 bn to pay for medical care provided in 2021—2022 by the MHI.² Funds of the latter transfer were officially intended to support the target indicators of remuneration of certain categories of medical employees in the organizations established by the “May” Executive Order of the President of the Russian Federation, but the reference to 2021 indicates that there are more general goals to reduce arrears in payment for medical care. Particular RF regions (ref. for instance, Sverdlovsk region³, Yaroslavl region⁴) reported that they still owed money to medical institutions even after receiving this transfer, but noted a significant decrease compared to the beginning of the year. With further reduction of the virus severity one can expect that next year medical organizations will receive funding as usual.

4.4.3. National project “Health care” and public health

Results of the implementation of the national project “Health Care” in 2022 were not summarized publicly. In the absence of official information, main data sources of achieved results are represented by public announcements made by representatives of the RF Ministry of Health and operative data of Rosstat on the natural movement of the population.

The RF Ministry of Health reported a reduction in mortality below the pre-pandemic 2019 and a projected over-fulfillment of the life expectancy target (71.0 years). The increase relative to last year was expected to be 1.8 years, which corresponds to a life expectancy of 71.9 years. It was assumed that growth relative to the previous year would be 1.8 years, which corresponds to a life expectancy of 71.9 years.⁵ In this case, the indicator will surpass the level of 2020 (71.5 years), but remain below the maximum reached in 2019 (73.34 years).⁶ Operational data from Rosstat on the natural movement of the population also show an improvement over 2020—2021, but a higher mortality rate relative to the period before the spread of the new coronavirus infection (*Fig. 21*).

Until detailed statistics on the causes of death are published, it remains unclear to what extent the observed reduction in the number of deaths is due to the reduced risk of new coronavirus infection, and what contribution development projects have made to the improvement of indicators.

The results of individual federal projects have repeatedly voiced the success of the federal project “Combating Cancer”. In particular, it was reported that the plan

1 Operational report on MHIF execution for January-June 2022. // Accounts Chamber. 29.08.2022. — URL: <https://ach.gov.ru/audit/35102>

2 RF Government Edict of 24.09.2022 No. 3147-r.

3 MHIF did not pay Rb300 mn to Yaroslavl hospitals // YarNews. 14.11.2022. URL: <https://yarsmi.ru/2022/11/14/fond-mediczinskogo-strahovaniya-ne-oplatil-yaroslavskim-bolniczam-300-millionov-rublej/>

4 Sverdlovsk TMHIF owed hospitals over Rb1bn // New day. 06.12.2022. URL: <https://newdaynews.ru/ekaterinburg/780239.html>

5 *Murashko*: plan to increase life expectancy in Russia will be exceeded by the end of the year // TASS. 22.11.2022. URL: <https://tass.ru/obschestvo/16392551>

6 Life expectancy at birth // EMISS. 2022. URL: <https://www.fedstat.ru/indicator/31293>

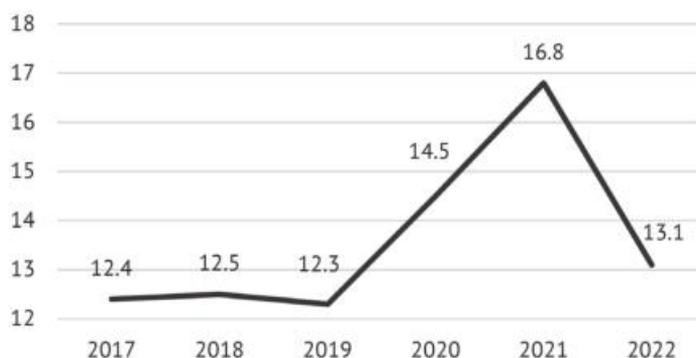


Fig. 21. Number of deaths per 1000 people, operative data for January-December of the respective year

Source: Federal Service of State Statistics. Natural movement of the population across RF regions for December 2022 // Rosstat, 2023. URL: https://rosstat.gov.ru/storage/mediabank/Edn_11-2022.htm

to build centers for outpatient cancer care is 90% complete (original plan — 86%),¹ the reduction in mortality from cancer diseases since 2019 reached 4.4% (original plan — 5.2%), one-year mortality reduced by 13.5% (original plan — 9.5%), five-year survival rate increased by 6.6% (original plan — 3.0%), the proportion of diseases detected at an early stage evidenced 5.1% (original plan — 2.9%).²

Cash execution of the budget of the national project “Health care” in 2022 was slightly higher than in the previous year (*Table 6*).

Table 6

Cash execution of the national project “Health care” budget on expenditures, %

	2022	2021
National project “Health care”	96.3	95.2
Federal project “Primary health care”	97.7	96.2
Federal project “Combatting cardio-vascular diseases”	94.7	91.5
Federal project “Combatting cancer”	98.2	97.4
Federal project “Development of health care for children, including creation of a modern infrastructure of medical care for children”	94.8	75.5
Federal project “Providing health care organizations with qualified personnel”	100.0	100.0
Federal project “Development of network of national medical research centers and introduction of innovative medical technologies”	100.0	100.0

1 About 90% of outpatient cancer care centers built in Russia. // TASS. 12.12.2022. URL: <https://tass.ru/obschestvo/16567505>; Passport of national project “Health care” (approved by the presidium of the Council for strategic development and national projects under the President of the Russian Federation by protocol of 24.12.2018 No.16).

2 L. Shamardina. Ministry of health records 600.000 new cancer cases annually // Medvestnik. 03.02.2023. URL: <https://medvestnik.ru/content/news/Minzdrav-registriruet-600-tys-novyh-sluchaev-raka-ejegendno.html>; passport of the federal project “Combatting cancer” (approved by protocol of the meeting of the project committee on national project “Health care” of 14.12.2018 № 3).

	2022	2021
Federal project “Creating a unique digital circuit in health care based on uniform state health information system (USHIS)”	90.8	85.3
Federal project “Development of medical services export”	100.0	100.0
Federal project “Modernization of primary health chain in the Russian Federation”	93.6	88.0

Sources: RF Ministry of Finance. Execution of federal budget aimed at implementation of national projects. URL: https://minfin.gov.ru/ru/press-center/?id_4=38341-ispolnenie_raskhodov_federalnogo_byudzheta_na_realizatsiyu_natsionalnykh_proektov; M. Mylnikov. Cash execution of primary chain modernization program reached 69% in 2022 // Vademecum. 08.12.2022. URL: <https://vademec.ru/news/2022/12/08/kassovoe-ispolnenie-programmy-modernizatsii-pervichnogo-zvenava-2022-godu-dostiglo-69/?ysclid=ldwyw2efcm880133696>

Thus, the deterioration of the foreign economic situation did not result in a complete stop of investments in the industry, but with a high probability entailed their redistribution between activities and in time. The information about the scale and content of the changes made to the regional projects has not been published.

4.4.4. Human resources

A difficult situation persisting in the staffing of the industry has once again placed this topic among the priorities of state policy in the field of health care. According to the RF Ministry of Health, the shortage of doctors in 2020—2022 increased from more than 21.000 to 26.500. The deficit of nursing staff has reduced more than half over the same period: from 122.000 to 58.200.

Increased outflow of doctors from state medicine is associated with the overload of workers during the pandemic and lower size of salaries in the public sector of health care compared to the offers of private medical organizations.¹ At the end of 2022, a new reason for the reduction in the supply of doctors in civic medical organizations was partial mobilization. Some regions faced shortages of surgeons and intensive care anesthesiologists.²

The main instruments for solving staffing issues remain the expansion of targeted training of doctors for state health care organizations and improvement of labor remuneration. In 2022 new features were added, such as accelerated training of mid-level medical personnel and doctors of the most deficient specialties under professional retraining and admission to work in medical organizations of students who continue their studies under specialty or residency programs.

As part of the regulation of targeted training, the list of specialties for which residency training is conducted exclusively on a targeted basis has again been expanded from 33 to 49 specialties.³ A new control measure for graduates was to be a ban on the admission to residency of those who have not fulfilled their

1 RF Government Decree of 26.12.2017 No. 1640 “On approval of state program of the Russian Federation “Development of health care”

2 RF Ministry of Health supported proposal of the People’s front to allow employment of interns as trainee doctors // All-Russia People’s front. 09.11.2022. URL: <https://onf.ru/2022/11/09/minzdrav-rossii-podderzhal-predlozhenie-narodnogo-fronta-razreshit-trudoustroystvo/>

3 RF Government Edict of 17.11.2022 No. 3502-r; RF Government Edict of 23.11.2021 No. 3303-r.

obligations under the contracts on targeted training¹, but respective edict was contested by the Prosecutor-General's Office². To solve the issue of poor quality of training, the customers of targeted training will have the right starting from next year to establish requirements for student performance and early termination of the contract in case of failure to comply.³ In order to further support graduates going to work in small towns and rural areas, programs "Country doctor" and "Country paramedic" were expanded. Graduates of medical professions returning to their home communities were authorized to receive a lump sum payment under these programs.⁴

It was suggested to solve the issues of low salaries in the budget sector of health care and flows of medical employees to the wealthiest regions by launching a unified sectoral remuneration system designed to regulate the marginal scale of differences in the level of wages of workers occupying the same position in the system of medical care. According to initial plan, testing of a new labor remuneration system should have started in November 2021, then, the pilot project was postponed to July 2022 and finally to 2025.⁵ The most likely reason for the postponement seems to be the refusal to allocate the additional funding needed to equalize the differences in wages.⁶

In the middle of the year, salaries of a large part of primary care workers were further reduced due to early cancellation of so-called "coronavirus" payments to workers in direct contact with patients with a diagnosed new coronavirus infection. As of July 15, 2022, the differential shift payment system was replaced by a single compensation payment of 25% of the salary.⁷ To mitigate the negative effect, starting next year, primary care workers will receive additional social payments with their size to be approved at a fixed rate depending on the position they hold.⁸

At the end of the year, a set of measures was adopted to enable the rapid training of the most needed specialists, if necessary. Starting next year, it is planned to introduce in medical organizations positions of doctor-trainees allowing to work in the specific specialty, starting from the second year of residency.⁹ Moreover, students receiving the first higher education in the

1 RF Ministry of Health letter of 12.08.2022 No. 16-2/2358; RF Ministry of health letter of 11.08.2022 No. 16-2/1/2-13202.

2 Letter of the RF Prosecutor-General's Office of 31.10.2022 No. 74/2-452-2022.

3 RF Government Decree of 23.11.2022 No. 2115 "On amendments to the RF Government Decree of October 13, 2020 No. 1681".

4 RF Government Decree of 22.04.2022 No. 739 "On amendments to Annex No.5 to the state program of the Russian Federation "Development of Health care".

5 RF Government Decree of 05.07.2022 No. 1205 "On suspension of RF Government Decree of 01.06.2021 No. 847".

6 From announcement to paycheck: The launch of the new system of payment for medical workers has been postponed until 2025. Mnenia// Vademecum. 2022. No. 2.

7 RF Government Decree of 15.07.2022 No. 1268 "On the procedure for providing compensation to certain individual categories at risk of contracting a new coronavirus infection"; Executive order of the RF President of 15.07.2022 No. 464 "On the invalidation of certain Executive orders of the President of the Russian Federation".

8 Meeting of the Council on development of civic society and human rights" // President of Russia. 07.12.2022. URL: <http://www.kremlin.ru/events/president/transcripts/>

9 List of instructions following the meeting of the Council on strategic development and national projects. Instruction of 26.01.2023 No. Pr-144, p. 8v) // President of Russia. 26.01.2023. URL: <http://kremlin.ru/acts/assignments/orders/70412>

specialties “General medicine”, “Pediatrics” and “Dentistry”, will be authorized to work as nurses¹ after 3 years of education, emergency paramedics after 4 years of education and short re-training, while graduates of a specialist program will be able to work as emergency physicians guided by a mentor.² The list of specialties allowing employment of other after professional re-training included surgeons, anesthesiologists-rheumatologists and orthopedic traumatologists.³

4.4.5. Drugs supply

At the end of the year the Russian Government approved lists of VEDs and high-cost nosologies programs (hereinafter HCN) for 2023. In previous years, the RF Government Edict corresponded to the draft submitted by the Ministry of Health of Russia based on decisions of the Commission on approval of drug lists.

However, this year only 5 drugs of the 21 approved drugs were included in the VED list, while none of the 3 drugs recommended for HCN program was included in the final list.

The decisions of the Commission on approval of drug lists are taken based on clinical and economic data on use of the drugs compared to available alternatives. Thus, drugs recommended for inclusion have proven their clinical and economic advantages over existing analogues. Failure to include these drugs in the lists would not allow to use these advantages. A possible reason for such action was the lack of guarantee of supplies from foreign countries for most of the drugs recommended for inclusion in the list. However, consequently, the availability of these drugs for patients will remain at the same — relatively low — level, and their prices will not be reduced taking into account the current pricing methodology. It should also be noted that changes in the “rules of the game” in the process of forming the lists may in the future demotivate manufacturers to submit new applications and co-agree with their global offices on more favorable prices for Russia.

At the end of 2022 it was also decided to transfer financing of drug therapy for children from the HCN program to the Fund “Krug Dobra.” According to expert estimates, this measure will reduce the costs of the HCN program by about R20 bn a year, which is comparable with the estimated need for additional financing of the HCN program, taking into account the commitments made earlier.

At the same time budget of the Fund “Krug Dobra” shows a considerable surplus: while the income of the Fund in 2022 amounted to Rb78 bn, the expenditures for 2022 were Rb63.2 bn (the similar values for 2021 were Rb60 bn and Rb30.8 bn).

¹ Order of RF Ministry of Health of 01.11.2022 No. 715n “On approval of the procedure for authorizing those who have not completed educational programs of higher medical or higher pharmaceutical education in Russian or foreign organizations engaged in educational activities, as well as those with higher medical or higher pharmaceutical education received in Russian or foreign organizations engaged in educational activities to the implementation of medical practice or pharmaceutical practice as specialists with a secondary medical or secondary pharmaceutical education”.

² RF Government Decree of 19.08.2022 No. 1448 “On identification of cases and conditions of admission of those who have not completed educational programs of higher medical education to perform medical activity as specialists with secondary medical education, as well as those with higher medical education to perform medical activity as specialists with secondary medical education and higher medical education in the emergency team.”

³ RF Government Decree of 20.12.2022 No. 2351.

Thus, the measures taken made it possible to effectively redistribute the available funds between the various channels of drug provision and to guarantee its accessibility to people. In the future it seems reasonable to extend this experience to other drug supply programs.

Finally, an important innovation for the Krug Dobra Fund in late 2022 was an increase in the age limit for those assisted by the Fund from 18 to 19 years old. This will allow to solve during next year the challenges in financing the purchase of drugs for children who come of age, and continue providing them with uninterrupted medicines supply. At the same time, temporary nature of this measure is obvious, and in the near future it will be necessary to develop fundamentally new approaches to solving the issue of drug provision for adults with orphan diseases.
