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Health Reform in Russia: Lessons from International Experience

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Unexpected Health Reforms During Global Financial Economic Crisis

- **Russia 2008**: “Priority Health Project” and “Conception of Health RF to 2020”
- **China 2009**: “Implementation Plan for the Recent Priorities of the Health Care System Reform (2009-2011)”.
- **USA 2010**: Senate Bill 3590 “Patient Protection and Affordable Care Act”
- **UK 2011**: “Health and Social Care Bill”

Motivations for Medical System Reform

- Control rising cost of medical care, reflected in increasing health shares of GDP, driven by ageing populations and technological progress
- Improvement in access to medical care and reductions in health inequalities
- Improvement of quality of medical care
- Reductions in inefficiencies, duplication in the medical system
- Improvements in health outcomes (survival rates, raising life expectancy)
- Reducing public dissatisfaction with medical care and increasing patients' choice of treatment

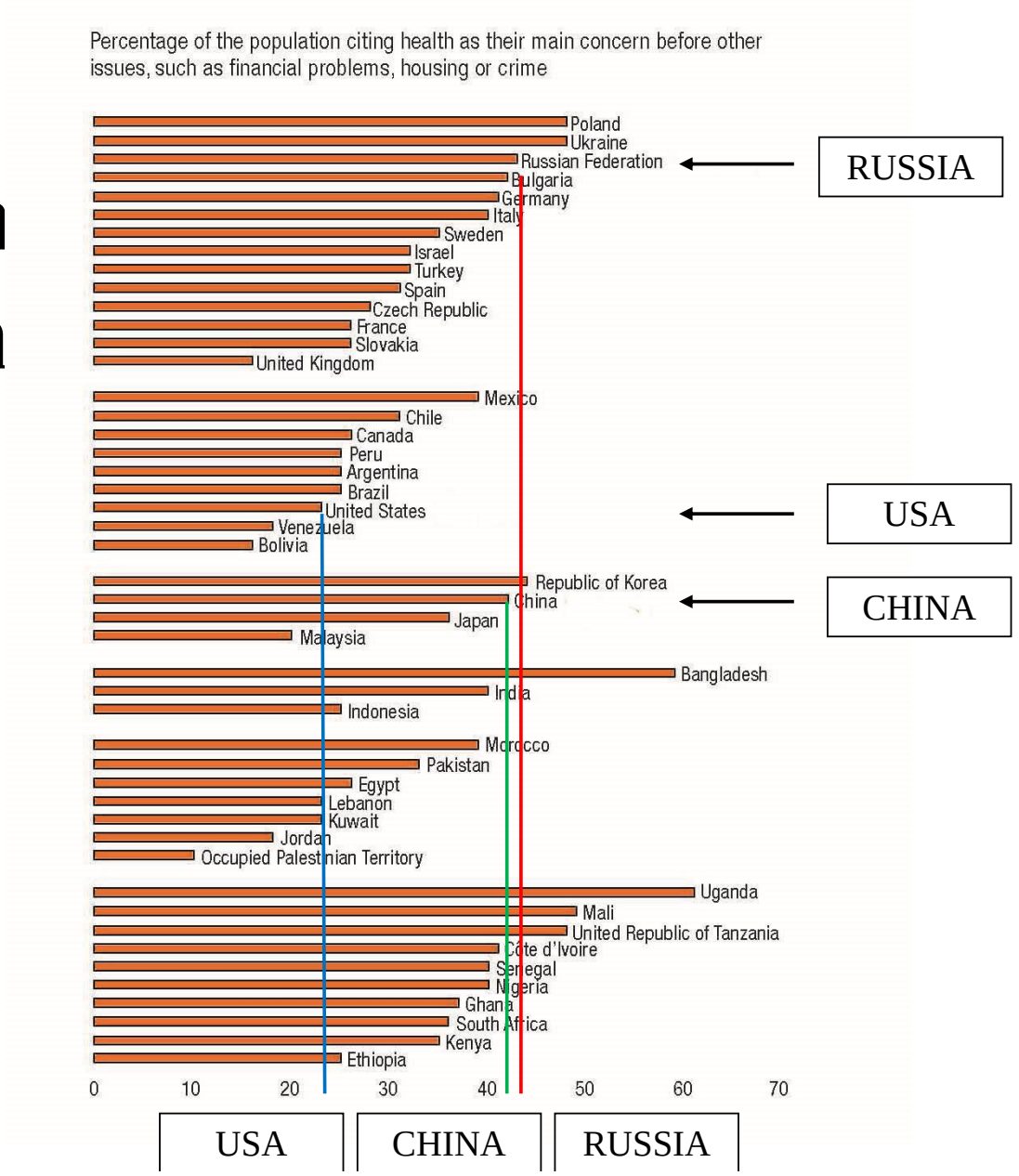
Questions to be Answered

- Which of these 6 motives explain health reforms in China, Russia, UK, USA?
- How have political, economic and institutional factors influenced reforms?
- Are reform measures consistent with objectives?
- What are the criticisms of the reforms?
- What impacts might the reforms have out to 2020?

Political System, State Priorities and Health

- Importance of politics in health reform
  - Sheiman & Shishkin 2009: “After an unsuccessful start of the programme of monetization of benefits in early 2005 discussion of health reform legislation was minimized ..Transformations in organization, management and financing of the health service were moved to the back burner.”
- Political system
  - influences health sector (State bureaucracy, political parties, legislature, interest groups, voters, public opinion and expressions of discontent)
- State priorities
  - influence allocations of resources, protection of health sector in a crisis, and degree of inequalities

Public Concern about Health in Russia, China, USA



Geography, Population, Economy, and Illness in China, USA, UK and Russia

- Large Country Sizes (Russia biggest)
- Large populations/labour forces(China biggest)
- Ageing of populations
- Large economies (USA biggest)
- Problems with obesity, alcohol, smoking, drugs
- Rising share of non-communicable diseases
- But infectious/social illness still important (TB, HIV/AIDS, STD)

Organisation of Medical Care

- USA, R, C have medical systems that provide: public health; outpatient primary care (GPs, polyclinics); inpatient care (hospitals); diagnostics (labs)
- **UK:** state-budget financed national health service
- **USA:** diversity of delivery (private doctors and hospitals, HMOs, local and federal government facilities)
- **Russia:** national health service based on polyclinics
- **China:** 3-tier rural (village clinics, simple hospitals, specialized hospitals); urban has municipal and factory medical facilities

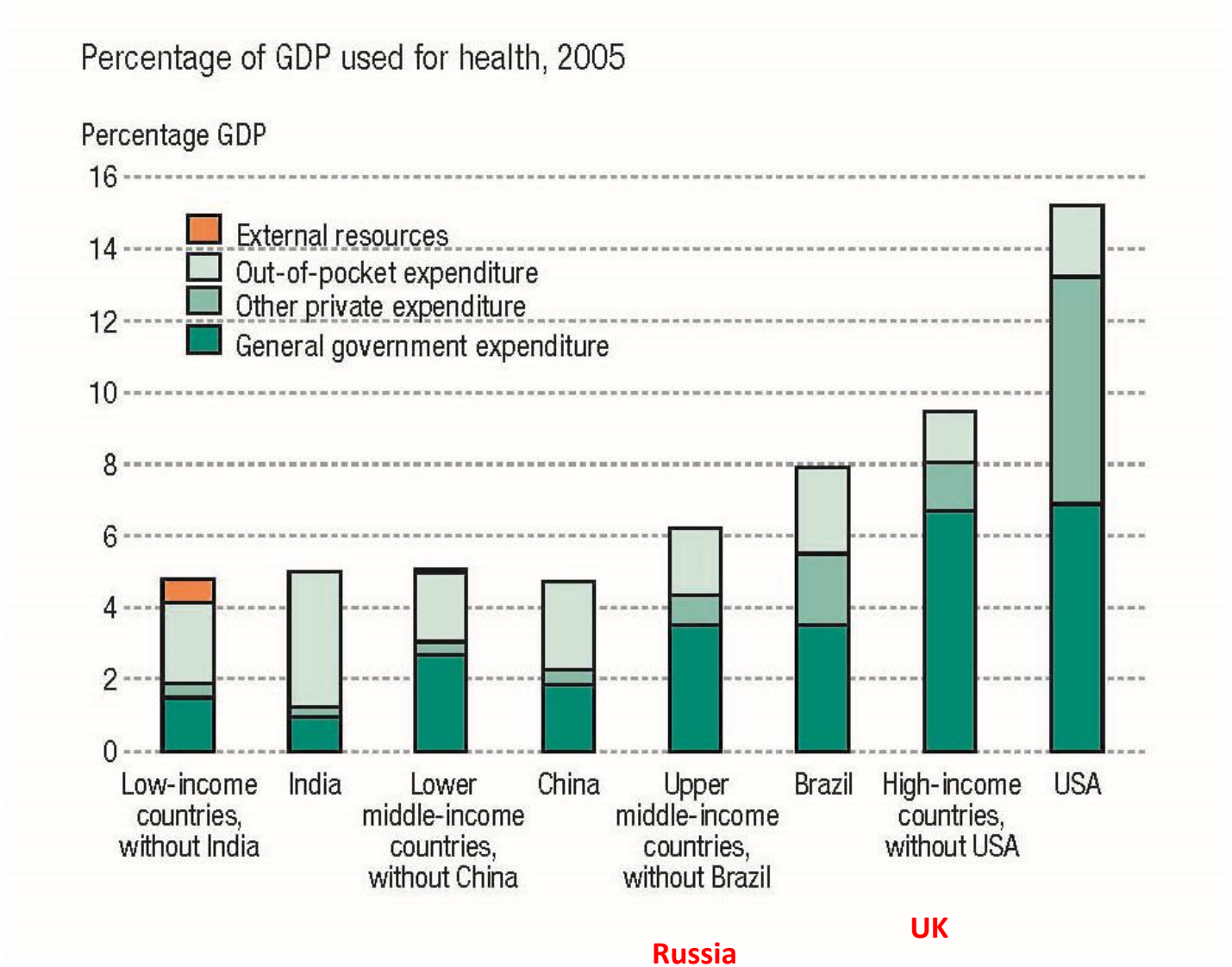
Medical Systems in China, USA, Russia, UK

Indicators	Units	2000	2007
China			
Doctors	Per 1,000 population	1.7	1.5
Hospital Beds	Per 1,000 population	2.4	2.7
Middle Medical per doctor	Number	2.8	3.1
USA			
Doctors	Per 1,000 population	2.3	2.4
Hospital Beds	Per 1,000 population	3.5	3.1
Middle Medical per doctor	Number	4.6	4.6
Russia			
Doctors	Per 1,000 population	4.7	5.0
Hospital Beds	Per 1,000 population	11.6	10.7
Middle Medical per doctor	Number	2.3	2.2
UK			
Doctors	Per 1,000 population	2.0	2.5
Hospital Beds	Per 1,000 population	4.1	3.4
Middle Medical per doctor	Number	4.4	3.8

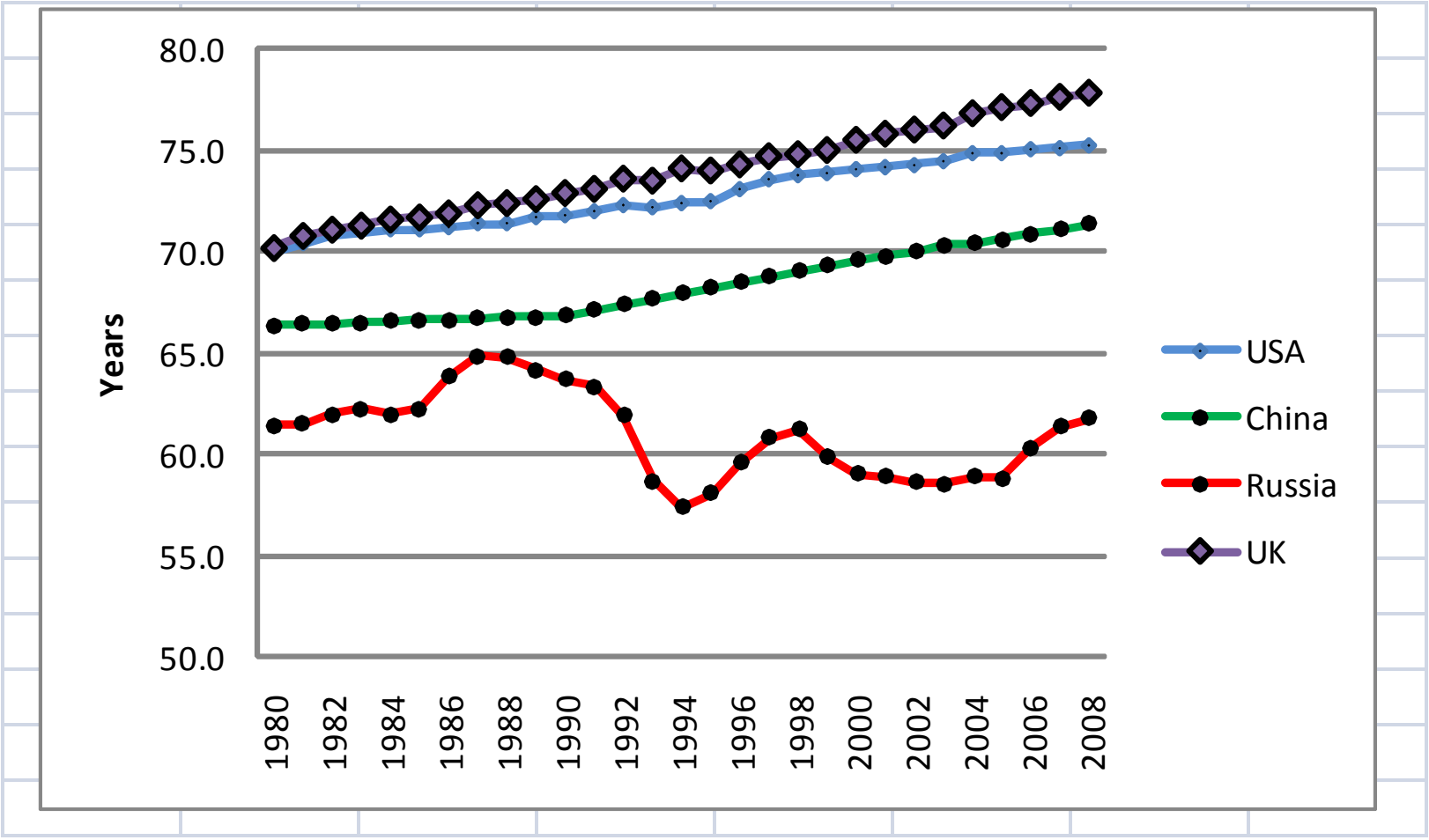
Health Finance: USA, UK, Russia, China

- **USA**
  - Public (Medicare, Medicaid, Military, Tax Subsidies)
  - Work-related Insurance (Employer, Employee)
  - Substantial Private Insurance and Out-of-Pocket Expenditure
- **UK**
  - Mostly state budget, small private insurance
- **China**
  - Public (State and Provincial State Budgets, Subsidies)
  - Work-related Insurance (Urban, Rural)
  - Small Private Insurance and Out-of-Pocket Expenditure
- **Russia**
  - Public (State Budget, Compulsory Medical Insurance)
  - Small Private Insurance and Out-of-Pocket Expenditure

Health Expenditure Shares of GDP



Male Life Expectancy 1980-2008: UK, USA, China, Russia



Motivations for Medical System Reform in Russia

- National security concerns over declining population due to high mortality rates and low birth rates
- Meet challenges of ageing population
- Quality and effectiveness of medical care needs to be raised
- Return on public expenditure on health could be improved (efficiency)

Health Reforms in Russia 1990-2008

- 1991-1993 Introduction of **Compulsory Medical Insurance** (CMI) (contributions only from employers)
- Deterioration of economic performance, weak state, over-ambition means most health reforms fail in 1990s
- In 2000s more emphasis on **health education, prevention**
- Intensified reforms related to **management and incentives** in the medical system
- Improvements of CMI system
- **Federal Goal Programs in Health** for 2002-06 to supplement normal activities
- **Priority National Project in Health 2006-10**
- Adoption in December 2008 of **Conception of Health RF to 2020**
- Real health expenditures from state budget, CMI and private sector increase substantially

Health Reforms in Russia 2008

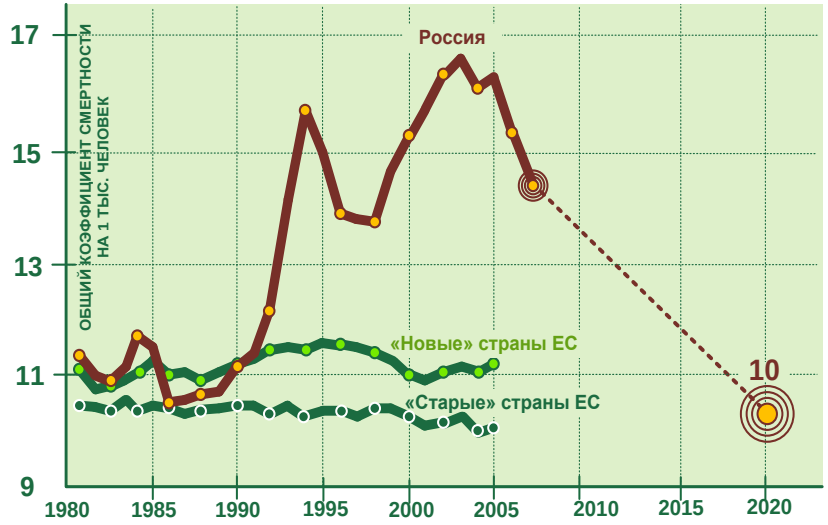
- Sept 2008: Priority Health Project to become State Program with more funds in 2009
- Dec 2008: Conception of Health RF to 2020
  - Concretization of State Guarantee
  - Development of One-Channel CMI (OMC)
  - Raise Territorial Program of State Guarantees from R 7,600 per capita in 2007 to R 43,700 in 2020
  - Raise health expenditure R 2.6 B in 2010 to R 9.0 in 2020

ДЕМОГРАФИЧЕСКАЯ ПОЛИТИКА В РОССИЙСКОЙ ФЕДЕРАЦИИ

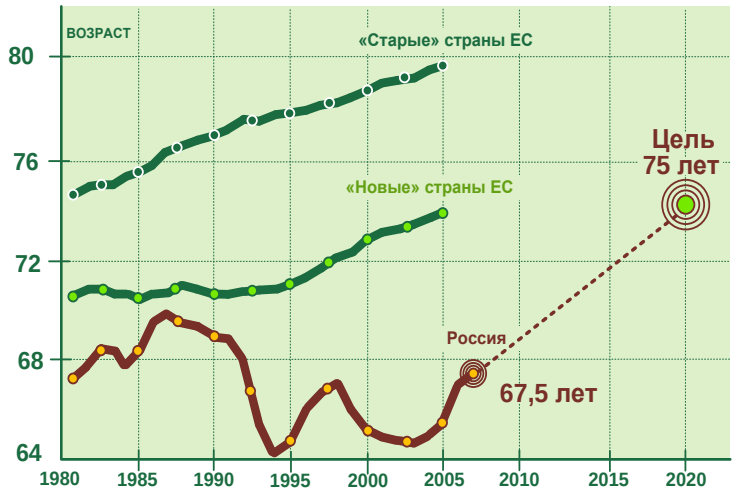
Population: 142 million
Area: 17 million км^2
Birth Rate: 11.3 per 1,000
Crude Death Rate: 14.6 per 1,000

ИЗМЕНЕНИЕ ЧИСЛЕННОСТИ НАСЕЛЕНИЯ

СМЕРТНОСТЬ НАСЕЛЕНИЯ РФ



ДИНАМИКА ОЖИДАЕМОЙ ПРОДОЛЖИТЕЛЬНОСТИ ЖИЗНИ В РОССИИ И В СТРАНАХ ЕВРОСОЮЗА



МИНИСТЕРСТВО ЗДРАВООХРАНЕНИЯ И СОЦИАЛЬНОГО РАЗВИТИЯ РОССИЙСКОЙ ФЕДЕРАЦИИ

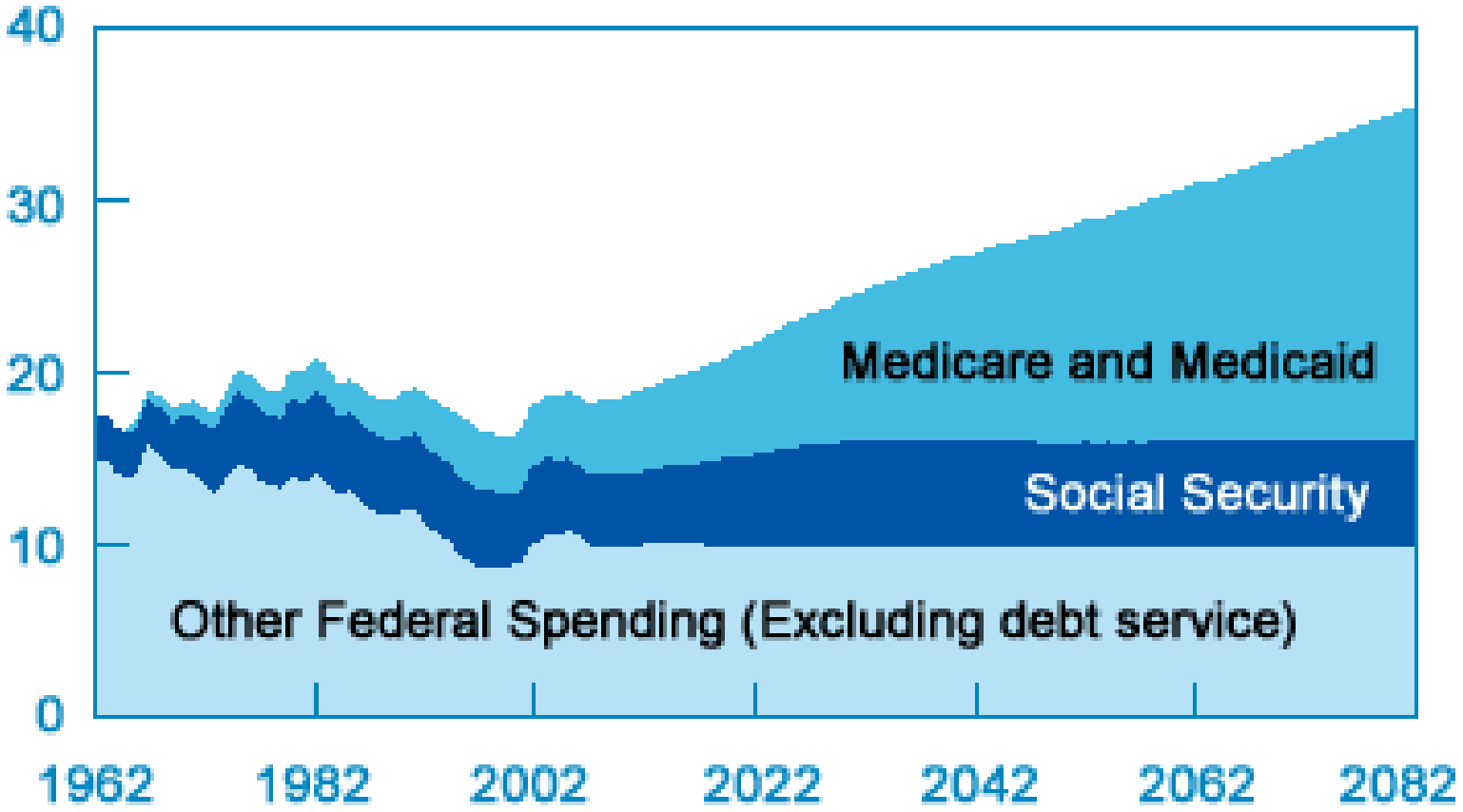
Strategy 2020 in Health Findings

- Development of the health care system will be increasingly impacted by new technologies.
- Need to: develop fee-for-service market that can supplement guaranteed health care package; combine mandatory and voluntary health insurance; motivate employers to share health care costs with employees
- Scenarios envisage an increase of the government health care spending by 1-3 % of annual GDP. Health labour costs will increase 1.3-1.8 times out to 2020

Motivations for Medical System Reform in USA

- 54 million residents (including non-citizens) not covered by health insurance
- Uncontrolled rising cost of medical care, reaching $ 2.2 trillion or 16.5% GDP
- Substantial health inequalities
- Significant inefficiencies, duplication in the medical system

CBO Projection: HE Share GDP to 31% 2035 and 49% 2082



USA Health Reform Features I

- Extend insurance cover to 32 m (94 % of non-elderly eligible) by providing incentives and subsidies and making coverage required
- Develop new state-based health insurance exchanges by 2014 with bigger pools
- Expand Medicaid, control costs in Medicare
- Regulate insurance industry (restrict exclusions of children with pre-existing conditions, end recissions, young people stay on parents' plans, no life-time limit on benefits)

USA Health Reform Features II

- Tax credits to small business that provide health insurance to employees
- Free preventive care on Medicare
- Tax on insurance plans with high premiums
- Cost of reforms $ 780-950 B over 2010-19
- But reform-related savings and revenue will bring in $ 931, so effect on budget ranges from neutral to a reduction of $ 143 billion over 2010-19

Motivations for Medical System Reform in China

- Strategies of "balanced development" and "harmonious society"
- Deterioration of urban and rural medical systems
- Substantial and ↑ inequalities in health
- ↑ burden private health expenditure (hospital stay costs Y 1,500 or ½ yearly rural income)
- Public dissatisfaction with medical care situation
- Concern about future with ageing population

Medical System Reform in China

- April 2009 China introduces “Implementation Plan for the Recent Priorities of the Health Care System Reform (2009-2011)”. Part of $ 586 B stimulus package.
- Will invest 850 B Yuan (about £ 85 B, or $ 124 B) in health over the next three years
- Will ensure that all the population would have access to medical insurance and a minimum package of medical care.
- Universal Health Insurance by 2020

Implementation Plan: 2009-11
The Five Priorities

- 1. Expand basic medical insurance to 90% coverage
  - Basic Med Insurance for urban residents
  - Rural Cooperative Medical Care
  - Medical Assistance
- 2. Establish a national essential drug system
  - Controls on sales of drugs by med facilities
  - Controls on purchases of expensive med equipment purchases (over $ 700,000)

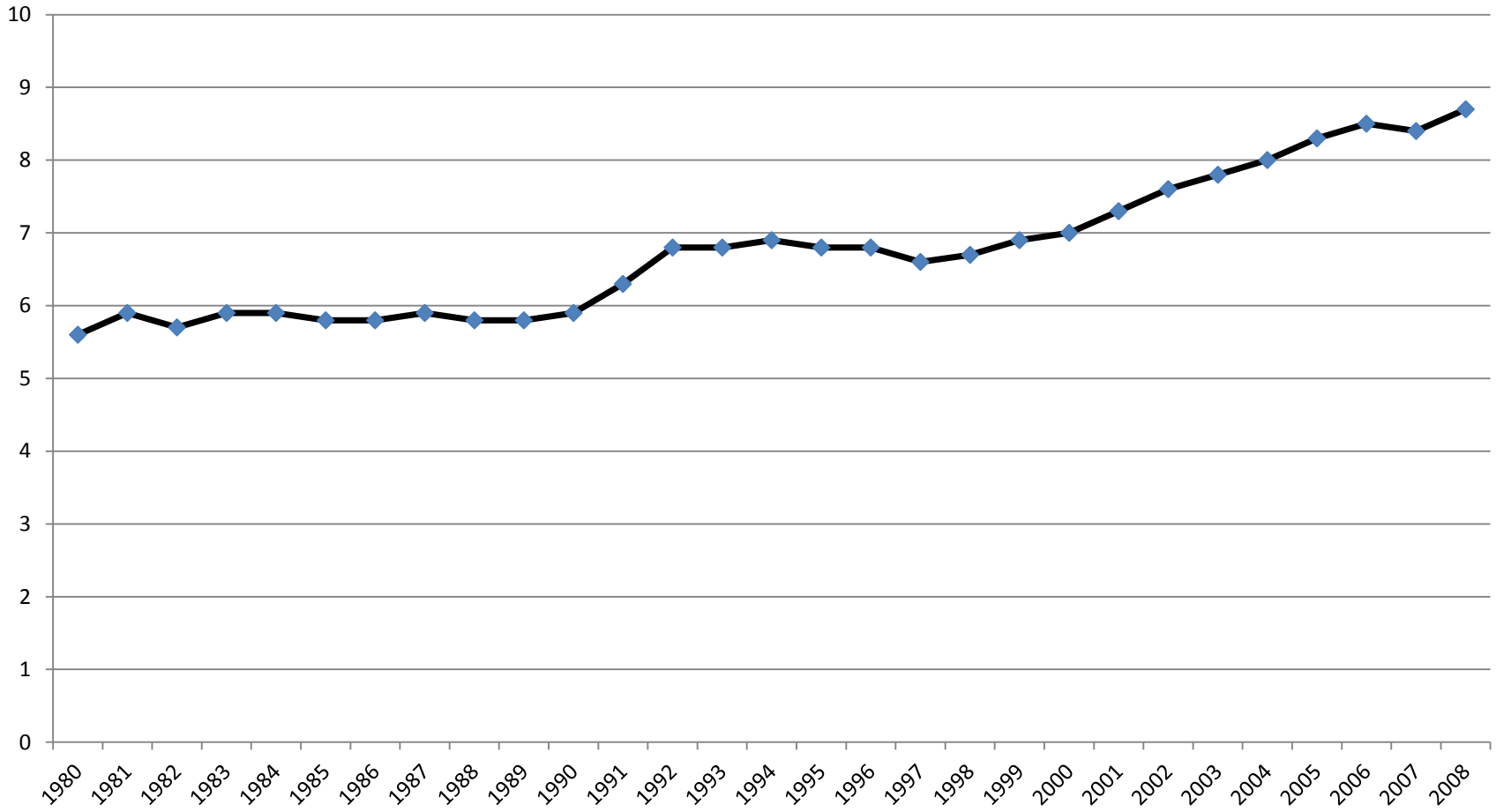
Five Priorities of Health Reform

- 3. Strengthen the grass-roots medical services (construction of clinics, hospitals)
  - Build 29,000 medical centres and 2,000 hospitals
  - Every villages with modern clinic by 2011
- 4. Make progress in moving to an equalisation of basic public medical services
- 5. Pursue local government hospital reforms

Motivations for Medical System Reform in UK

- Control cost of medical care
- Improve efficiency so that health spending has greater impact
- Reduce bureaucracy, strengthen purchaser-provider split, increase competition
- Devolve decision making and resource allocation to consortia of GPs
- Give patients greater choice of treatment paths

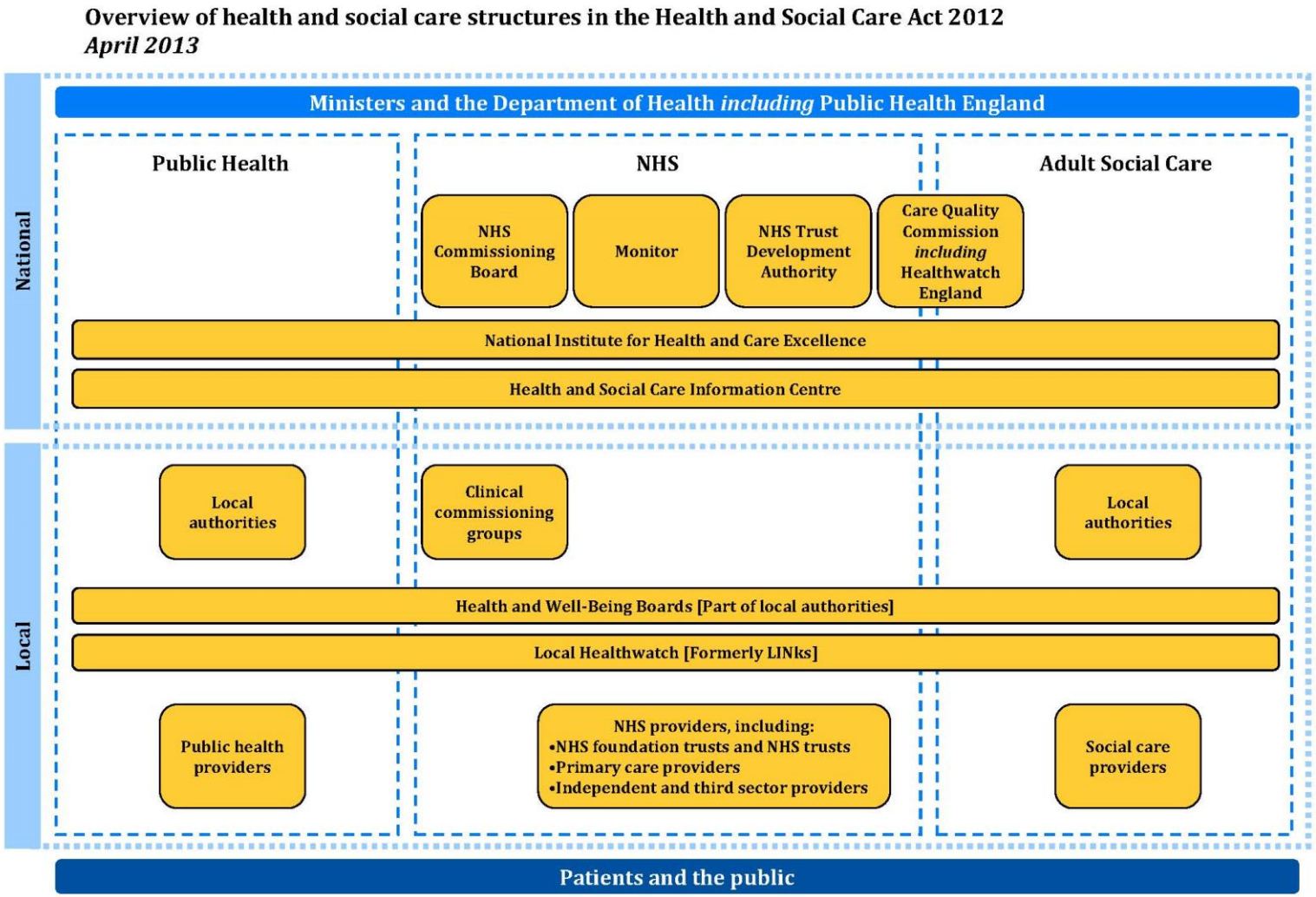
UK Total Health Expenditure as % of GDP: 1980 - 2008



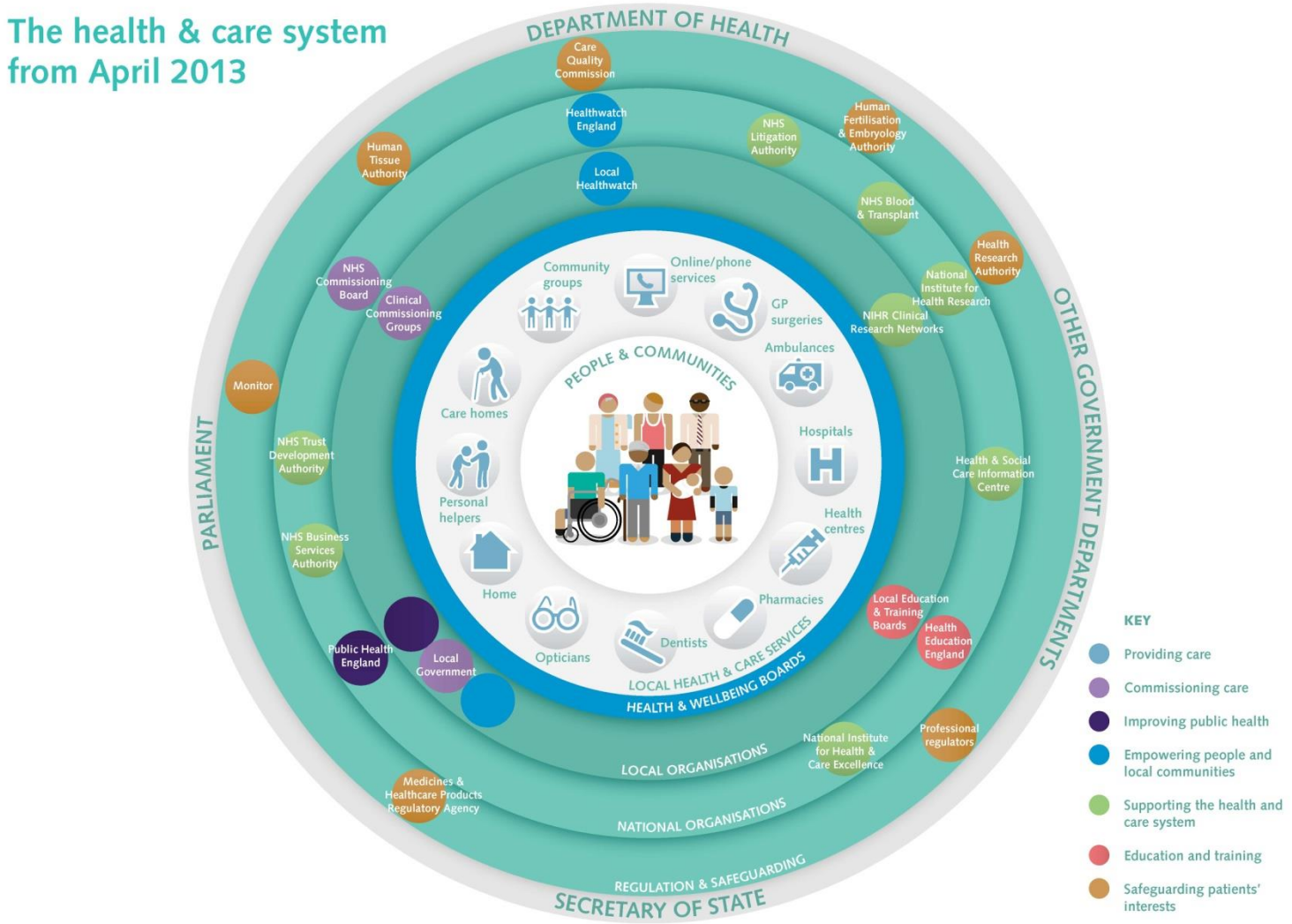
Health and Social Care Bill: January 2011

- Abolish all 150 Primary Care Trusts and 10 Strategic Health Authorities
- Establish GP Commissioning Consortia
  - GP practices to continue to offer community based services as independent contractors
  - But groups of GPs to form Commissioning Consortia that will be NHS organisations and to be given £ 70-80 billion to purchase services
- Create new NHS Commissioning Board
- All NHS Hospital Trusts will become Foundation Trusts and be regulated by Monitor according to financial criteria

New UK NHS Organization in 2013



UK Government Presentation of Organization of UK NHS in 2013



Conclusions

- Despite GFC, 4 major countries have introduced wide-ranging, radical health reforms
- The 4 countries have already introduced many health reforms, which have achieved modest successes
- Motivations vary, but current reforms have similar features
- Reform outcomes will depend on quality of design, political and economic factors, and support by relevant government and civil society institutions
- Due to good circumstances, it can be anticipated that the 4 reforms will generated positive outcomes in the period out to 2020