

ICPS newsletter

Healthcare system reform one of the most difficult government policy objectives

Last week, a new issue of the Russian version of the Local Government Brief journal was published by the International Centre for Policy Studies, commissioned by the Open Society Institute's program "Local Government and Public Service Reform Initiative" (LGI). This issue is devoted to the problem of reforming healthcare systems in transition countries

The goal of this issue of the *Local Government Brief* is to follow the bumpy road of healthcare reform in the post-Communist countries of Eurasia, providing into the policies and practices which characterise the past several years of change. The newly independent states inherited a Soviet model of healthcare, which offered, at least in theory, universal access to a basic level of services. However, the emphasis on quantity at the expense of quality in healthcare provision, as with other social services, resulted in waste and inefficiency. The fall of Communism necessitated reform in the healthcare sector; at the same time, the advent of privatised alternatives to traditionally centralised service delivery gave rise to competing conceptions of healthcare services as a consumer or a public good. This fundamental debate today lies at the heart of deliberations concerning the development of sustainable modern healthcare.

Different elements of reforms require different approaches

For more effective management and regulation of the healthcare system, it is broken down into three components:

- Basic services (primary care);
- General specialised services (secondary care);
- Highly specialised services (tertiary care).

Correspondingly, government policy concerning each of these components requires different approaches. For example, primary healthcare is of the most social significance. Thus, as a rule, it is made as accessible for the public-at-large as possible (in terms of both physical accessibility and obtainable prices); at the same time, it is decentralised, as local authorities are much closer to local

communities' needs than higher-ranked public administration bodies.

The publication considers the experience and possible ways of resolving the most acute problems of the sector:

- lack of financing;
- inefficient resource allocation;
- corruption and lack of transparency;
- structural problems, including redundant infrastructure and personnel;
- servicing minorities.

Much attention is paid to analysing the reforms implemented by different countries of the region. During transformation, some countries chose the way of total privatisation of their healthcare system, while the others decided to assign responsibility for its proper functioning to the state. It is interesting to note specific approaches to solving problems of sector reform, especially the efforts made to combine public administration elements with private initiatives.

Health insurance: obvious but still not an easy decision

The economic recession observed virtually in all transition countries has led to the reduction of budget financing of the healthcare system. The state by itself can no more carry the burden of financing the huge healthcare system inherited from the Soviet times. This raised the problem of searching for new mechanisms to attract funds to medicine from private sources, which can be broken into two main trends:

- health insurance for individuals;
- direct payments for medical services.

In developed countries, health insurance is the most widespread form of generating

Network cooperation will be introduced in OSI Healthcare Program

Open Society Institute (OSI) intends to shift to the network principle for organising work on citizens' interests advocacy during the preparation and development of government policy in the public health sphere. This was announced at the conference of Related Centres Network, held on the 18–20 September 2003 in Tbilisi (Georgia).

The conference for the first time demonstrated donors' willingness to combine government policy with citizens' interest advocacy, under a single substantial framework, as well as showed their intentions to create a new support and cooperation system which lies in shift from separate projects assistance to comprehensive impact citizens can have on making socially important decisions.

Deputy of ICPS director, Volodymyr Nikitin, held a presentation for conference participants showing the advantages of network cooperation in strengthening impact on social policy. In particular, he noticed that the efforts of one organisation, however successful, cannot lead to full-scale changes, while owing to network cooperation, it is possible to achieve:

- increasing capacity for carrying out inter-disciplinary research, thus raising public awareness of complicated problems;
- widening research framework, due to the combining of individual national organisations' knowledge in joint research and strengthening the role of research in policymaking.

The need for transferring the skills of networking is vital for post-totalitarian states, because in the countries of the former Socialist camp, ideology and methods of cooperation in networks were not applied, while coordination of decisions in vertical management systems was practised instead.

money to the sector. It can be obtained in two forms: state (compulsory) and private policies. In the first case, employees or employers make regulated deductions from their salaries to special state funds or authorised companies, which, in their turn, allocate these costs among healthcare institutions. Private health insurance envisages voluntary insuring of citizens by insurance companies. This method complies best of all with the concepts of market liberalism. However, its introduction in transition countries is complicated by the insufficient level of citizens' incomes, and the low popularity of insurance in the society. Besides that, the introduction of a private insurance system means, to certain extent, that the state has abandoned its social function of ensuring proper healthcare. This measure is very unpopular in post-Communist countries, where people are used to the idea of

healthcare as a public good, which citizens use for free.

Measuring the success of health reforms

As already mentioned above, the healthcare system is characterised not only by quantitative indicators but also by qualitative ones. And often, it is these qualitative indicators that appear to be crucial. Correspondingly, in order to assess the results of transformations in the sector, sophisticated methodologies need to be applied that allow measuring many qualitative indicators.

The publication contains an article with useful advice on measuring the results of healthcare system reforms. Different measuring systems are listed, used by:

- World Health Organisation (WHO);

- Organisation for Economic Co-operation and Development (OECD);
- World Bank;
- other systems.

The publication contains many useful references to web-resources on the subject, profile organisations, research papers, and conferences. It will be of use to government officials, researchers, and all those who deal with healthcare issues. ■

If you wish to subscribe to the Russian version of the Local Government Brief journal, please contact Maksym Korepanov at tel. +380-44-236-5464 or e-mail marketing@icps.kiev.ua. You may also fill in the subscription form at our web-site: <http://www.icps.kiev.ua/pubfree>. This publication's archives are kept on the ICPS website: <http://www.icps.kiev.ua/>.

Opposition joining forces hindered by inability of politicians to agree

The previous issue of ICPS's new monthly publication Political Commentary (which studies government policy of Ukraine and the sources of influence shaping it) contains special chapters devoted to an analysis of what the Ukrainian position should be at negotiations concerning the CEA, whether the so-called political reforms will be beneficial Ukraine, whether Ukraine should pay off the IMF loan early, and why opposition forces cannot come to agreement. Below is presented the opinion of Political Commentary experts on the latter issue

With less than a year remaining before the presidential election, neither the pro-government nor the opposition forces in Ukraine have revealed their candidates. The lack of agreement among the pro-government forces is above all linked to the problem of low popularity of those among their politicians who could theoretically stand as their single representative candidate. Prime Minister Viktor Yanukovich, National Bank governor Serhii Tihipko, Verkhovna Rada speaker Volodymyr Lytvyn, and presidential viceregent Viktor Medvedchuk do not have the ratings to rise above the fray, not to mention assuring victory. In the situation where all possible candidates have no good reason to be nominated, each of the three largest coalition forces—the Party of Regions, Labour Ukraine, and the SDPU(U)—are hoping that their candidates will each improve his ratings in upcoming months and will convince the others to

support him. That is why they may reach final agreement rather late—namely, at the end of this year or the start of next year.

The opposition still has (since 2001) the politician with the best prospects for winning the 2004 election—former NBU governor and prime minister, and current leader of the Nasha Ukraina bloc, Viktor Yuschenko. But the chances of the opposition putting forward a single candidate are falling as the election approaches. From the political point of view, Mr. Symonenko's decision not to support Mr. Yuschenko is logical, for the Communists do not agree with the Nasha Ukraina slogans about European choice and market reforms. Furthermore, it would be extremely difficult to persuade them to support a non-Communist candidate. But why have Ms. Tymoshenko and Mr. Moroz not supported Mr. Yuschenko? They are

much closer to him ideologically, and he did invite them to join his campaign back in March 2003. The explanation is in the catastrophic lack of ability of Ukrainian politicians to coordinate their interests, even if they are very close. This even applies to the Nasha Ukraina leader himself; having made the proposal, he did not wish to organise the negotiations themselves. As a result, the SPU and BYT blocs could go separately to the elections. Unfortunately, this would happen not so much in the hope of winning, or gaining particular political points, but because of the lack of dialogue with other candidates with whom it would be mutually beneficial for them to combine forces. ■

The electronic version of the mentioned Political Commentary issue is accessible on the ICPS website: <http://www.icps.kiev.ua>. For additional information on the political situation in Ukraine, please contact Yehor Sobolev at tel. +380-44-236-4477 or e-mail esobolev@icps.kiev.ua.

Starting with the next issue, the Political Commentary publication will be disseminated by subscription only. If you wish to receive further regular issues, please contact Maksym Korepanov at tel. +380-44-236-5464, +380-44-236-4477, or e-mail: marketing@icps.kiev.ua.

ICPS Newsletter is a weekly publication of the International Centre for Policy Studies, delivered by electronic mail.

To be included in the distribution list, mail your request to: marketing@icps.kiev.ua.

ICPS Newsletter editor Yevhen Shulha (shulha@icps.kiev.ua)

Phone: +380-44-236-4477, Fax +380-44-236-4668

English text editor D. (Ksenia) Ovcharenko.

Articles may be reprinted with ICPS consent.

The International Centre for Policy Studies is an independent research organisation whose mandate is to promote the introduction of public policy concepts and practices in Ukraine. This is achieved by increasing the know-how of key government officials for policy choices, formulation, and debate, and the awareness of the public-at-large of the benefits of policy.

Address: 13-a Pymonenka Street, Kyiv 04050, Ukraine

Web-site: <http://www.icps.kiev.ua>