

## DEVELOPMENT OF THE HEALTH PROTECTION SYSTEM FOR THE HEALING OF THE HEALTH CAPITAL

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### Abstract

The health of the population is a basic element in the harmonious development of the state and a key element of economic security being in direct correlation with the state of the national economy and the political stability of society. Funding is one of the main factors determining the sustainable functioning of the health system and creates favorable conditions for meeting the needs and demand of the population in health services with the appropriate quality and volume. The effects or impact of research is the specification of ways to significantly improve the correlation and coordination capacity in health care, including effect on the efficiency of the system. The financial effects concern: ensuring the financial protection of the population; increasing the efficiency of the health services delivery system by streamlining the distribution of financial resources; ensuring the transparency of the health system; increasing the funding of the health system. On the other hand, the possible non-financial effects are expressed by: improving the health status of the population; increasing access and equity to necessary medical services; improving the quality of the services provided; rationalizing the use of health system resources; correlating the consumption of health services with the needs of the population.

**Key words:** health system, medical insurance, health costs.

Health is not only one of the basic human rights but also a success of the welfare state, a necessary condition for the progress of the economic, social opportunities of modern society. Health care is a public service with special features. First of all, it is known that all individuals need access to sanitary protection. Secondly, the likelihood of risks and their magnitude, multiple collective effects, with negative influences such as epidemics and pandemics or positive ones such as vaccine prevention have to be taken into account.

Must be emphasized that at present the issue is not only about reforming the health sector, but also strengthening all activities in the health sector and modernizing it as a whole.

The objectives of the reform are the same - preserving and strengthening the health of the population, however, the tasks to achieve this goal differ. So, if the healthcare sector needs to address the issues of improving the quality of health services, the equal access of the population to them, as well as the efficient use of allocated resources, then the objective of the healthcare sector is to ensure the financing of the sector in the necessary volume, ecological conditions for the harmonious development of the individual and the

maintenance of a healthy lifestyle, as well as the successful development of the medical institutions.

### MATERIAL AND METHOD

The materials for the study of the health care system were selected taking into account the theoretical approach, the analysis of the real situation of the health system in the Republic of Moldova, the necessary directions to be achieved according to the strategies and development programs based on the experience of the EU member states, World Health Organization documents, the Directorate-General for Health and Consumer Protection of the European Commission and other international bodies in the field of health policy.

The health care system has been studied through scientific research (definitions, composition, necessity), comparative analysis, dynamics and statistics (financing of the health system in the period 2000-2016, share in GDP), systematization of results and formulation of conclusions for valorisation resources, taking into account the medium and long-term objectives.

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## RESULTS AND DISCUSSIONS

Interpretation of population health through the socio-economic approach is generally related to the development of society and, in particular, of the economy. Health care and the economy are interdependent because the health of the population is essential for the country's economic development. Health has an impact on economic performance, and this happens both at country level and at individual level.

According to its own approach, defining the concept of a health care system is reflected in a broad and narrow sense. In a broad sense, the health care system is seen as an integral part of protecting the health of the population. In a narrow sense, it represents the totality of healthcare actions carried out in order to maintain and improve the health of each individual and of the population as a whole.

The health system consists of several basic components (Bugă M., 2011):

- resource management;
- organization of programs;
- economic support - financing the health system;
- provision of services.

Resource management concerns 3 directions:

a) human resources management through the rational use of existing staff and adequate and diversified training of performers for the health system;

b) strengthening the technical-material basis of the health system institutions;

c) rational management of medicines.

The type of financing chosen by a country, together with the type of organization of the health care system, determines the access to health services, the cost and the quality of the health services provided to the population.

The funding of medical care has evolved over the course of history since the personal payment of the service at the time of its granting, the financing through prepaid medical insurance by the employer or employee depending on the country, the state financing of health care through the mechanisms of tax-based social security with the participation of private and non-governmental organizations. Ultimately, all countries face the need for state funding of healthcare for the whole population, or at least, as in the US, with state funding of health care for socially vulnerable strata.

At the present stage, the need to research the financing of the health care system is motivated by the fact that the Republic of Moldova needs to

increase the efficiency of the functioning of the health care system from the perspective of attracting additional financial resources. This implies the analysis of the situation regarding the problems of organizing and financing the national health care system elucidated by the native researchers.

At present, the healthcare sector in the Republic of Moldova is at a difficult stage in moving from a quantitative reform promoted over the last 15 years to a qualitative reform. In 2009, the financial crisis led to the reduction of financial resources from the state budget. Under such conditions, the World Bank and the World Health Organization have recommended resource allocation for efficient and lower-cost health services such as primary health care and the reduction of over-infrastructure in hospitals.

The compulsory health insurance model applied in the Republic of Moldova operates on the basis of mixed financing sources consisting of:

- 1) insurance premiums paid by employers and employees;
- 2) amounts paid by non-employed individuals in the workplace;
- 3) transfers from the state budget for categories of persons insured by the Government; and other sources.

In order to identify possible solutions to solve this problem we will analyze the financial situation of the health care system in the Republic of Moldova (*Table 1*).

Table 1

### Analysis of expenditures for health care in the Republic of Moldova period 2000 - 2016

Years	Total expenditures, mln. lei	Volume of GDP, mln. lei	Weight of health expenditure in GDP, %
2000	471.9	16019.6	2.95
2001	542.3	19051.5	2.85
2002	792.3	22555.9	3.51
2003	935.7	27618.9	3.39
2004	1340.3	32031.8	4.18
2005	1572.4	37651.9	4.18
2006	2111.8	44754.4	4.72
2007	2628.6	53429.6	4.92
2008	3391.4	62921.5	5.39
2009	3846.9	60429.8	6.37
2010	3996.4	71885.5	5.56
2011	4259.6	82348.7	5.17
2012	4749.8	88227.7	5.38
2013	5226.9	100510.5	5.20
2014	5890.5	112049.6	5.26
2015	6816.3	122562.7	5.56
2016	6756.0	134476.0	5.02

Source: elaborate by authors

In the Republic of Moldova in the year 2016 for the healthcare sector was capitalized 6756.0 million lei, which is 60.3 mln. lei or 0.88% less

than in 2015 (negative appreciation) and 14.32 times more than in 2000. The share of health expenditures in GDP in the analyzed period is gradually increasing to 6.37% in the year 2009, then fluctuates permanently, in 2016 accounting for 5.02%. Between 2000 and 2015, there is a steady increase in financial resources allocated to the healthcare sector, dynamically reflected in the chart (Figure 1).

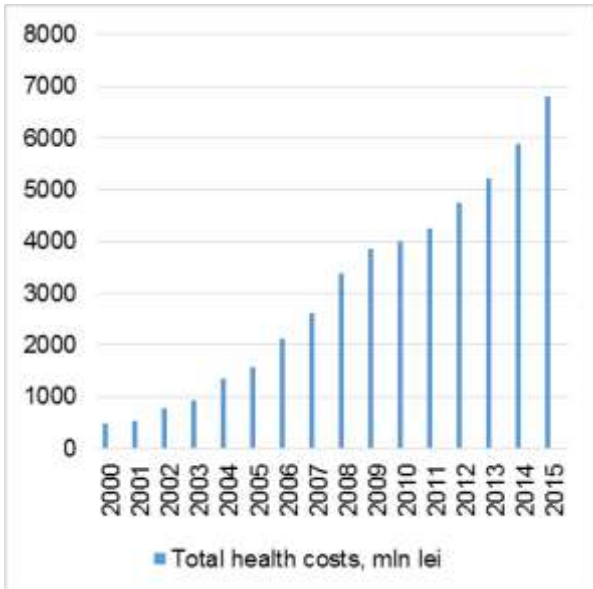


Figure 1 Dynamics of total health care expenditures in the Republic of Moldova in 2000-2016, mln.lei

The public financing of the health care system refers to the financial sources that are formed in the state budget, the budgets of the territorial administrative units, the compulsory medical insurance funds.

Private financing of the healthcare system refers to financial sources in the form of direct payments and funds to insurance companies.

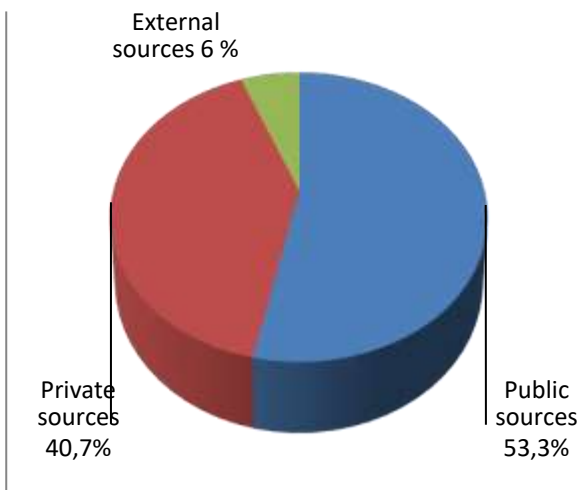


Figure 2 Structure of sources of financing of the health care system in the Republic of Moldova in 2014, %

At the current international level, the specific characteristics of the organization, operation and financing of the health care system, which consist of the combined nature of financial relations and financial resources, are analyzed and the aspects of public and private financing are analyzed. The financing mode combined with the type of organization of the health care system determines the access of the population to the medical services, the cost of the medical services, the productive efficiency, as well as the quality of the medical services.

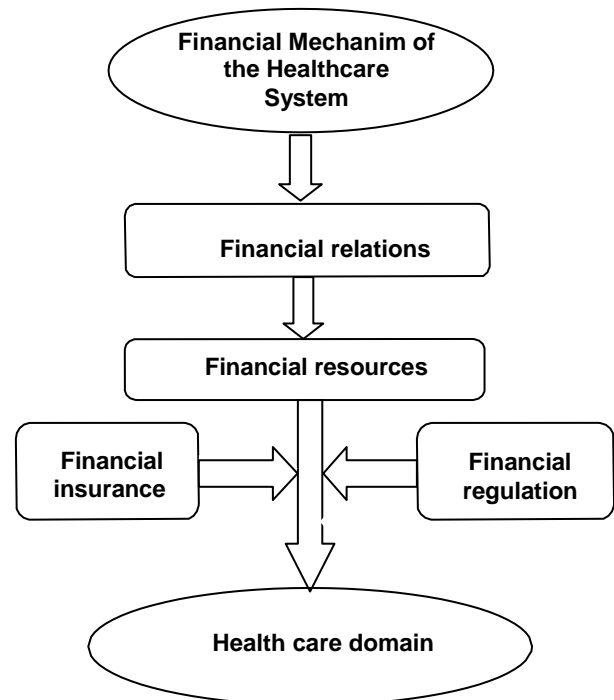


Figure 3 The Influence of the Financial Mechanism of the Health Protection System on Health Care

The financial mechanism of the healthcare system must fulfill the following functions:

- formation of the financial funds of the health care system based on the functioning of the financing model;
- use of financial funds geared to production, obtaining results and efficiency;
- increasing the transparency of the use of financial funds;
- adapting to changing external environment conditions.

Of the most widespread financing possibilities of the international healthcare field, the following are the most common ways of financing health systems:

- **The national health care system** based on financing tax (Great Britain, Italy, Greece, Norway, Israel);
- **Health care system**, based on social

health insurance funded by employer and employee contributions (Germany, Austria, France, Czech Republic, Japan, Romania, Russia, Armenia, Republic of Moldova);

• **Private health insurance system** that relies heavily on voluntary health insurance with insurance companies (US)

In fact, the financial mechanism of the healthcare system, creating financial relations, leads to the dynamic circulation of financial resources. In formalized order the financial insurance is performed. Both the circulation of money means within financial regulation. Its importance is conditioned by the level of economic development of the society and the state policy regarding the health care sector (Botnari N., Baurciulu A., 2010).

The special destination allows to concentrate money in the sphere of health protection of the population. With the financial mechanism of the healthcare system, the financial insurance with the financial funds necessary for the health sector is achieved by influencing the financial relations and first of all on the activity of managing the financial flows.

## CONCLUSIONS

The theoretical, methodological and applicative applications regarding the development of the health care system in order to capitalize on the health capital and the development of the access to its financing in the Republic of Moldova, including innovative, allow the following conclusions to be drawn:

- Funding options from state budget sources, social insurance and voluntary insurance - are the most widespread ways of financing the health care system. Based on the analysis of the international experience of financing the health care system, it is noted that many of the countries using the three options have used innovative forms of financing to stop the escalation of health costs, widen access to health services for the population, competition between insurance companies and between healthcare providers.

- The particularities of the organization of the health care system in the Republic of Moldova are developed in two horizontal directions - the coverage of the population and the increase of the number of medical services included in the mandatory compulsory health insurance program, and the vertical direction has been neglected for a long time. In this respect the priority vector becomes the co-participation of the population in

the financing of the health care system by creating incentives in this direction.

- Improving the financing of the health care system by diversifying sources of funding can be done by organizing the multi-pillar health care system by creating health funds based on health savings accounts, which will ultimately contribute to the accumulation of additional financial resources in the national health care system;

- Modifying the legal framework by creating health funds based on the formation of personal savings accounts for health. Recommendation for the implementation of these accounts in the Republic of Moldova will facilitate the implementation of three key tasks:

1) creating economic incentives to change citizens' attitudes by using their own health savings and transferring control over spending to the patient who is responsible for preserving health;

2) allocation of the patient to individually assure the ability to pay for medical services, as well as to form the accumulation of health capital;

3) the formation of efficient accumulation mechanisms to attract additional funds in the healthcare sector (Ministry of Health).

The continuous development of the health system in the Republic of Moldova is possible through concrete measures in the directions:

- administration of the health system (monitoring, evaluation and continuous improvement);

- financing the health system and improving payment mechanisms;

- ensuring the delivery of quality health services;

- improving resource management.

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