


<https://doi.org/10.21272/hem.2021.1-02>

JEL Classification: I11, I15, I18, M12, M16

Zhanna Oleksich,


Ph.D., Sumy State University, Ukraine

 ORCID ID: 0000-0002-4486-974X

email: z.oleksich@uabs.sumdu.edu.ua

Jan Polcyn,

Hab. Dr. in Economics, Stanisław Staszic University of Applied Sciences in Piła, Poland

 ORCID ID: 0000-0001-7847-2743

email: Jan.Polcyn@puss.pila.pl

Oleg Shtogrin,

Sumy State University, Ukraine

Correspondence author: z.oleksich@uabs.sumdu.edu.ua

ADAPTATION OF THE BEST EUROPEAN PRACTICES IN ADMINISTERING LOCAL HEALTH CARE INSTITUTIONS

Abstract. *This study aimed to justify the mechanisms for improving the administration system of local health care facilities based on the best European experience. This study determined the state of health care facilities in Ukraine based on assessing the quality of medical services, rational resources usage, personnel management, and technical and technological improvement. Systematization of scientific sources and approaches to solving investigated issues showed methodological underdevelopment and methodological lack of administration systems of Ukrainian health care facilities at the local level, considering the specifics of medical services. Thus, healthcare institutions need to adapt, develop, and implement the best international practices in administrative technologies. For gaining the research goal, the study was carried out in the following logical sequence: 1) analyzing the current models of health care development processes in the world; 2) determining the features of administration system of the health care institutions; 3) developing recommendations for improving the administration system of local health care facilities in Ukraine. The methodological tool of this research is the systematization of information based on the content analysis of official websites. The research object is the administration system of health care facilities in Ukraine. In the study, the authors present several approaches to organize state administration of health care at the national and regional levels. The authors determined the effective tools for administering health care institutions. The study substantiated the strategic format of developing health care facilities in modern conditions by providing high-quality services, rational resources usage, personnel management, and technical and technological improvement.*

Keywords: administration of health care institutions, European experience in administrating health care institutions, health care institution, health care models, management features.

Introduction. The necessity of improving the management of health care development processes in Ukraine has resulted in the growing scientific interest of domestic researchers to substantiate its effective forms and methods. Moreover, analysis of modern foreign experience could facilitate in solving this problem. The findings allow assessing the applied approaches to the organization of public health management at the national and regional levels, selecting productive tools suitable for use in the health care facilities management in Ukraine.

Methodological underdevelopment and methodological neediness of health care management in Ukraine, considering the specifics of healthcare services delivery, challenge health care institutions to adapt, develop, and comprehensively implement management technologies that have proven themselves well in foreign countries.

Cite as: Oleksich, Zh., Polcyn, J., & Shtogrin, O. (2021). Adaptation of the Best European Practices in Administering Local Health Care Institutions. *Health Economics and Management Review*, 2, 15-22. <http://doi.org/10.21272/hem.2021.2-02>



The modernization of the existing financial system of the medical sector is considered to be a radical step. Therefore, it provides gradual changes. Besides, graduality is especially important for ensuring proper social protection and retraining medical staff under radical reorganization. Moreover, it ensures building information systems, the effective consolidation of resources for investment in the development of promising health care facilities in newly formed hospital districts; establishing new functions of communities and local self-government in the health insurance system; providing effective social communication and clarification to the broad public the essence, mechanisms, and expected results of the transformation.

Literature Review. It stands to note that many studies on the administration of health care facilities have been conducted in recent years (Dmitruk, 2018; Logvinenko, 2016). In turn, several studies were devoted to state regulation in the health care system (Kozhemyachenko and Malkina, 2020; Yamnenko, 2018). In the studies (Stefanishina, 2019; Shupa, 2018; Yurynets, 2018), the scientists determined the guiding principles of health care organization, tasks, and main directions for implementation. The findings indicated that it is essential to analyze the best international experience in healthcare administration for more effective reforming.

The issues of competitive relationships between value-based and outcome-oriented health care facilities are presented in the papers (Melnik, 2018; Smirnov, 2016). At the same time, the obtained results showed that the researchers focused on the macro- and meso-levels while indirectly considering the primary economic links.

Klymenko and Grabovsky (2014), Nazarko (2019), Teletov et al. (2019) applied a systematic approach to investigate the administration of health care facilities. However, the authors mainly focused on state control over healthcare institutions' management to optimize public health policy. At the same time, there is a gap in investigating the problems of economic management of health care facilities at the micro-level. Therefore, it indicates the necessity for future research in this area.

Methodology and research methods. This study involved several general scientific methods as follows: 1) the method of theoretical comparison to compare specific characteristics of existing health care models; 2) the method of generalization and grouping to determine the key characteristics of health care administration in Europe; 3) analysis and systematization to adapt the European experience in administering health care institutions to Ukraine at the local level.

Results. The national health care system of Ukraine needs significant structural transformations, changes in the governance paradigm, and administrative staff of health care institutions. In turn, the mentioned above indicates the need to implement technologies and tools of modern management in health management.

Indeed, the world has accumulated significant experience in building and optimizing financing models and administering health care institutions. Thus, to increase healthcare efficiency and eliminate duplication of costs, the leading countries consistently seek to provide more population with free health care, streamline funding sources and funds distribution methods, and manage the health care system.

Even though none of the existing healthcare models could pretend to be universal, these models' parameter evaluation, assessing their strengths and weaknesses, and generalizing the particular countries' experience are essential for reforming and optimizing the existing Ukrainian healthcare model (Melnik, 2018).

Under current conditions, all models of health care administration of development processes in Ukraine could be divided into three types as follows: 1) budget (state); 2) insurance (social insurances); 3) private (non-state, or market) (Figure 1).

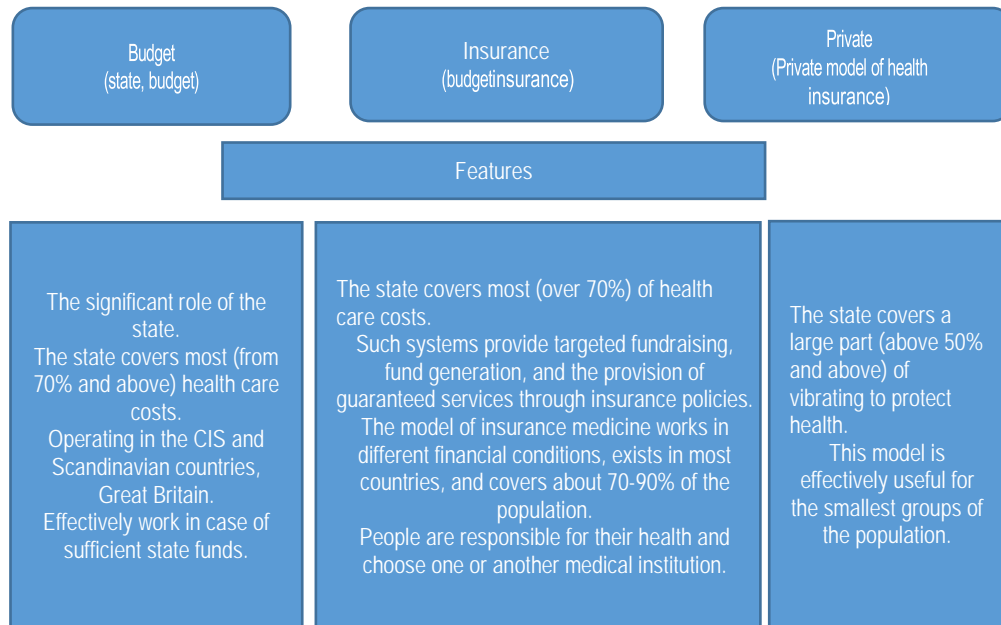


Figure 1. Comparison analysis of different models in health care insurance

Sources: systemized by the authors based on (Melnik, 2018).

An analysis of foreign experience allowed concluding as follows:

- the countries don't have the particular administration and models for funding health care facilities in pure form;
- model isn't universal;
- there is only one dominant source of funding in any model;
- the state provides more than 70% of all costs in the budget and insurance models;
- covering the population with free medical services is the most critical factor in the health systems sustainability;
- there is no costs duplication;
- effective resource use;
- medical services availability.

It stands to mention that the administration of health care facilities in developed European countries caused the organizational changes that affected:

- degree of independence of health care institutions;
- the degree of health care institutions' tendency to operate market mechanisms;
- status of health care institutions as applicants for the balance;
- accountability structures and social functions of health care institutions (Nazarko, 2019).

The extent of decision-making powers about various service delivery aspects is determined by the extent of decision-making powers' independence. It should be noted that decision-making power relates to six elements as follows: labor contribution, capital investment, other investments, the level and scope of services, pricing, management processes.

In most European countries, the governments transferred the responsibility of employing doctors.

Health care facilities directly enter into contracts with employees. Therefore, decision-making powers regarding recruitment, dismissal, and remuneration were transferred to healthcare facilities' heads.

Moreover, in most European countries, the right to decide on assets belongs to the owners, who are the central government or the local executive. However, large health care facilities have the right to make decisions on physical assets and capital investments. Thus, health care facilities have incentives to increase their performance capacity (Karpyshyn and Komunyska, 2008).

It stands to mention that most European health care institutions got independence in recruitment and managing capital and other investments, including medicines and equipment. Most countries implemented laws on government rates that regulate hospital supply processes and ensure their transparency.

The European experience analysis showed that health care institutions are free to determine the level and scope of their services within their budgets. In turn, some countries (Croatia, Estonia, Georgia, Hungary, Lithuania, and Romania) provided the health care facilities with little autonomy on external payments in terms of hospitals and country. The payer doesn't set prices, the Ministry of Health, or a committee appointed to consider stakeholders' interests (especially doctors). In Estonia, regional health funds pay hospitals for the bed network and services based on a price list developed by a committee working under the Ministry of Health. Although hospitals are theoretically allowed to provide services at a price that is 25% lower than stated in the price list, this situation is rare.

In Hungary, the relative importance of diagnostic groups is assessed by a specially convened institute by the Ministry of Health. However, a committee of doctors appointed by the Ministry of Health should make the final decision. In this case, the basis for making decisions is agreements between representatives of different medical specialties. In Georgia, prices for services included in the state package of benefits and allowances are set by the Medical Standards Committee of the Ministry of Health and approved by parliament. In Poland, the Czech Republic, and Georgia, payment rates are set based on negotiations between payers and health care institutions. Notably, health care institutions could influence pricing (Grabowski and Klimenko, 2014).

Therefore, in most European countries, heads of health care facilities and departments have considerable authority. Numerous new courses and professional training programs are built to improve management activities within health care facilities.

The European experience showed that the hospital owners and municipalities have the incentives, tools, and opportunities to require health facilities to report their financial performance and the quality of their services.

Notably, it is important to accompany the changes in the health care financing system with additional tools improving public health and health care quality.

Analysis of the European experience in health care administration and management practice showed that the existing organizational and economic mechanism for managing the health care system and its structural components are insufficiently adapted to real market conditions. The mentioned above determines to some extent the low efficiency of health care management. However, the attempts in reforming financial resources infusion have proved ineffective since outdated management technologies. Therefore, there was a need to implement modern European management technologies in the activities of medical organizations. It is assumed that innovative technologies for diseases diagnosis and treatment would overcome the strategic challenges in Ukrainian health care development.

Concerning the above mentioned, Ukraine has launched a model of state solidarity health insurance. It was designed to consider the best modern healthcare practices and the world experience, particularly Central and Eastern Europe, to reform healthcare systems.

In 2016, the Government of Ukraine launched the transformation process of the health care system for the gradual growth of the health care system efficiency. Moreover, the health care reformation assumes the maximum modernization of health care, improving the quality of medical services and expanding

access to them. This strategy also provides the changes in health care financing as one of the main tasks of the reform.

Having developed and approved the strategy by the Cabinet of Ministers of Ukraine, the Verkhovna Rada introduced legislation on health care financing (Law of Ukraine «On State Financial Guarantees of Medical Care»). In turn, the National Health Service of Ukraine (NHSU) has been established and proceeded with strategic procurement of medical services under a state-guaranteed package.

Even though the declining economy and unstable macro-fiscal environment, the general current changes in the financing of the Ukrainian health care system correspond to the best international practices of improving access, quality, and efficiency of medical services. The health care budget deficit is quite significant today. Ensuring the overall stability of the health care budget and its growth are considered to be the critical factor for further health care reforming. Therefore, it is essential to provide political support for medical change and adherence in transforming the medical system to transform the healthcare facility network further and ensure full access to healthcare services.

The findings allowed determine more changes under healthcare transformation as follows:

- the reformation of primary health care, which contains a list of defined services for patients and the possibility of free choice of family doctor;
- there is a gradual autonomy of health care facilities;
- created a single e-health system;
- launched a progressive reimbursement program of medicaments «Affordable Medicines» (provides using the electronic prescriptions).

It stands to note that the health care reform covers the institutions such as the National Health Service of Ukraine, the Public Health Center, SOE «Electronic Health», the State Expert Center, SOE «Medical Procurement of Ukraine». The further development of the institutions mentioned above would contribute to the dynamic transformation of the health care system in Ukraine. The local authorities as owners of health care facilities are essential in further harmonizing decentralized roles and national health policy priorities.

The State Budget of Ukraine is a primary funding source for the renewed health care system. Thus, the health care institutions are financially supported by the national taxes. It stands to mention that individual treatment payments are not bound to individual contributions.

Budget funds for medical financing are distributed through a new, modern mechanism of strategic procurement of medical services. There is a transition from the funding of the budget items of state health care institutions to the result payments (i.e., for treated cases, services provided, or the number of signed declarations with a family doctor). The health care institutions become autonomous non-profit providers of medical services. Thus, the principle of «money follows the patient» was introduced.

As the modernization of financing the health sector is a radical step, the changes should be carried out gradually.

It stands to mention that the efficiency enhancement of health care facilities to the population is especially actual in the current Ukrainian health care system. Therefore, it is essential to find solutions to several tasks such as industry resource provision and rational resources utilization, developing alternative funding sources, management informatization, providing health care services, and promoting high-tech medical technologies.

Moreover, solving these complex problems requires new forms, methods, and models to manage all health care system components and economic processes, including the creation of management models based on European experience.

In medical activities, management focuses on the production, distribution, circulation, consumption of medical goods and services, participants in these processes (staff and organizations engaged in health care activities), and patients who are consumers of these services.

The open data on the National Health Service of Ukraine website provides good opportunities for local authorities and structural units on health care to analyze statistical data for health care development planning in the region, district, city, village, or amalgamated territorial community.

For example, strategic planning requires determining the number of necessary doctors and junior nurses in certain areas or institutions, identify their specialization.

Besides, that allows solving tactical problems. For example, the district administration may encourage a specialist to move from one institution to another to provide an equal number of declarations per doctor. Notably, local authorities could operate with comprehensive data on the contracting between health care facilities and the National Health Service.

It stands to mention that a significant task within the local administration is improving health care institution management. Therefore, each health care organization accumulates the following corporate knowledge:

- norms, rules, methods, and style of making managerial decisions;
- goals and specialization of the health care institution,
- possibility of the development in a target direction;
- current medical and technological processes, principles of their organization, and methods of operation;
- indicators and criteria for assessing the quality of health care;
- needs for different medical specialists;
- data on the cost of medical, diagnostic, and service services in this institution;
- protocols and standards of the medical and diagnostic process.

The management methods largely determine the formation and application of corporate knowledge in the health care facility. In turn, the modern innovative methods of health care facilities administration, used in most European countries, rest on the principle of the common use of knowledge in cooperative management. Therefore, it involves the info-analytic systems that combine medical, technological, and economic information streams. Besides, it uses a single accounting and analytical unit (completed patient treatment, diagnosis-related group, etc.).

It is worth emphasizing that continuous improvement of administrative processes is crucial for local governments worldwide. Therefore, this study involved the experience review of the European countries (Germany, France, Great Britain, Hungary, Romania, Austria, Denmark, etc.) in managing the health care facilities. The findings indicated that to influence the quality of health care at the local level, Ukraine needs to steer the directions as follows:

- providing state guarantees for health care delivering by types of health care;
- developing an accessible network of health care facilities;
- continuously improving the quality of health care;
- implementing electronic health care systems;
- providing patients with medicines;
- developing an effective policy on the distribution of funds between different procurement areas;
- implementing strategic procurement of medical services and medication at the local level;
- optimizing the network and carry out further decentralization in health care at the local level;
- ensuring primary health care development;
- strengthening emergency medical care;
- ensuring equal access to the market for all health care providers conforming to the quality requirements;
- attracting foreign capital investment for the construction of new hospitals and provide facilities with innovative equipment and better IT solutions;

- optimizing health care facilities network to use of human and financial resources optimally and rationally;
- providing exact information necessary for all participants of the health care system at the local level.

Conclusions. Nowadays, the healthcare facilities administration should be understood as task-specific work on implementing the state health care program.

The results showed that the basis of the European administration is funding. In turn, the findings on international experience, WHO recommendations, analysis of the specifics of the health care system model in the world, indicated that one effective way to provide quality health care without financial stress for citizens in Ukraine is state-solidary funding of health care with unique state insurer and centralized procurement of medical services (National Health Service of Ukraine).

The obtained results showed that solidarity health insurance distributes the risk of disease and the treatment expense among many insured. Herewith, the state package of health care is compulsory-guaranteed and transparent. It provides a list of the medications; primary, secondary (specialized), tertiary (highly specialized), emergency, and palliative care; medical rehabilitation; medical care for children under 16, pregnant, and puerpera. It is essential to note that all citizens of Ukraine have the right to receive a state package of medical care. Herewith, the insurance covers all costs.

It was found that the main strategic areas of medical care are as follows: improving medical services quality; increasing the positive impact of the health care system on public health; introducing modern medical and technological documents developed from best practices; protecting the medical workers' interests in the event of occupational risk; improving the public health; implementing national and regional health programs; ensuring the rational use of financial, logistical and human resources; strengthening the hospital material and technical base.

On the other hand, the administration of health care facilities should ensure the following directions for the development: increasing the independence at the local level; enhancing the market mechanisms; providing the status of health care institutions as applicants for the balance; assuring accountability structures and social functions of health care facilities.

In turn, the proposed modernization of the current financial system in the health sector should be carried out at the local level gradually. It is believed that gradualness is a significant factor in ensuring proper social protection of the health system, retraining medical staff, and its reformation.

Author Contributions: conceptualization, Zh. O. and O. S.; methodology, Zh. O., J. P.; software validation, Zh. O. and O. S.; formal analysis, Zh. O., J. P.; investigation, O. S.; resources, Zh. O.; data curation, O. S.; writing original draft preparation, Zh. O.; writing review and editing, O. S.; visualization, Zh. O.; supervision, O. S.; project administration, Zh. O. and O. S.

Funding: This research did not receive any funding

References

- Grabovski, V. A., & Klimenko, P. M. (2014). System approach to management of health care institutions. *Bulletin of the National Academy of Public Administration under the President of Ukraine*, vol. 3, pp. 136-142. Retrieved from [\[Link\]](#)
- Dmitruk, O. V., & Svintsytska, O. M. (2018). Managing the adaptation of health care staff in the new business environment. Retrieved from [\[Link\]](#)
- EuroMD. (2017). Effective management of medical facilities. MIS capabilities. Retrieved from [\[Link\]](#)
- Karpishin, N., & Komunitskaya, M. (2008). Classic models of financial health care. *The world of finance*, 1. Retrieved from [\[Link\]](#)
- Kozhemyachenko, O. O., & Malkina, E. V. (2020). Problems of formation of the health insurance system in Ukraine. *Formation of Market Relations in Ukraine*, 5 (228), 104–111. Retrieved from [\[Link\]](#)
- Logvinenko, B. O. (2016). The concept of «e-Health» in public administration of health care in Ukraine. Retrieved from [\[Link\]](#)
- Melnik, L. A. (2018). The modern head of a medical institution in the conditions of reforming the health care industry. *Public Administration: Improvement and Development*, 11. Retrieved from [\[Link\]](#)

- Nazarko, S. O. (2019). Effective management of the medical institution in the context of health care reform. *Efficient economy*. Retrieved from [\[Link\]](#)
- Smirnov, S. O. (2016). Mechanism of economic management of health care facilities. *Development Management*, 3, 78-83. Retrieved from [\[Link\]](#)
- Stefanyshyn, L. S. (2019). Theoretical and methodological bases of application of participative management of a health care facility. *State and Regions. Series: Economics and Entrepreneurship*, 3, 160-166. Retrieved from [\[Link\]](#)
- Teletov, A., Letunovska, N., & Melnyk, Yu. (2019). Four-vector efficiency of infrastructure in the system of providing regional socially significant needs taking into account the concept of marketing of changes. *Bioscience Biotechnology Research Communications*, 12(3), 637-645. [\[Google Scholar\]](#) [\[CrossRef\]](#)
- Shafransky, V. V., Slabky, G. O., & Kachala, L. O. (2016). Fundamentals of European policy and strategy for the XXI century: strategic leadership in the interests of health. *Economics and health law*, 2, 72-75. Retrieved from [\[Link\]](#)
- Shupa, L. Z. (2018). Implementation of Estonian medical insurance experience in Ukraine. *Economic Analysis*, 28(1), 168-171. Retrieved from [\[Link\]](#)
- Yurynets, Z. V. (2018). Areas of state regulation of innovative development of health care in Ukraine. *Investments: Practice and Experience*, 22, 116-121. Retrieved from [\[Link\]](#)
- Yamnenko, T. M. (2018). Medical reform: the realities of Ukraine and international experience. *Legal Bulletin. Air and space law*, 2, 116-120. Retrieved from [\[Link\]](#)

Жанна Оленсіч, Ph.D., Сумський державний Університет, Україна

Ян Полцин, д-р хабілітований, Університет прикладних наук імені Станіслава Сташича в Піпі (Польща)

Олег Шторгін, Сумський державний Університет, Україна

Адаптація європейського досвіду адміністрування закладів охорони здоров'я місцевого рівня

Основною метою цього дослідження є обґрунтування можливих механізмів удосконалення системи адміністрування в закладах охорони здоров'я місцевого рівня на основі європейського досвіду. У статті проаналізовано стратегію розвитку закладів охорони здоров'я на основі оцінювання якості послуг, раціонального використання ресурсів, управління персоналом та техніко-технологічного вдосконалення. Систематизація літературних джерел та підходів до вирішення досліджуваної проблематики засвідчила, що в Україні існує проблема методологічної нерозробленості та методичної незабезпеченості систем адміністрування закладів охорони здоров'я місцевого рівня за умови врахування специфіки медичних послуг. Таким чином, перед закладами охорони здоров'я постає завдання адаптувати, розробити та впровадити найкращі технології закордонних країн. Дослідження адміністрування процесів розвитку охорони здоров'я в Україні здійснено у наступній логічній послідовності: 1) опис наявних моделей адміністрування процесів розвитку охорони здоров'я в світі; 2) визначення особливостей адміністрування закладів охорони здоров'я в Україні; 3) розроблення пропозицій щодо їх вдосконалення. Методологічним інструментарієм дослідження є метод систематизації інформації на основі аналізу офіційних сайтів. Об'єктом дослідження є адміністрування закладів охорони здоров'я. У роботі представлено низку підходів до організації державного адміністрування охороною здоров'я на національному та обласному рівнях, а також визначено ефективні інструменти адміністрування закладів охорони здоров'я. У ході дослідження обґрунтовано стратегічний формат розвитку закладів охорони здоров'я в сучасних умовах за умови забезпечення високої якості медичних послуг, раціонального використання ресурсів, управління персоналом та техніко-технологічного вдосконалення.

Ключові слова: адміністрування закладів охорони здоров'я, європейський досвід адміністрування закладів охорони здоров'я, заклад охорони здоров'я, моделі охорони здоров'я, особливості управління.