Modernization of the Russian healthcare: harmonization of models, control systems and program-oriented development mechanism

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Matters of modernization of the Russian healthcare system are discussed with an emphasis on formation of the fundamental management decisions, related to selection of a national healthcare model and the system for managing functioning of healthcare and program-oriented mechanism for the industry development.

Keywords: the concept of health development, modernization of public health, healthcare model of health management system, target-oriented mechanism of functioning of healthcare, health system performance, innovation in healthcare, training of health workers.

In the third millennium, during the age of global changes in the world community, the healthcare issues come out to the forefront more and more sharply. This brings attention not only of the parties of specialists involved in the industry, but also of the special parties – healthcare consumers. And there is a persistent and ongoing search for effective and rational decisions, right ways and correct guidelines to develop national healthcare systems.

The key healthcare tasks on a world community scale were stated more clearly by the World Health Organization (WHO) and set forth in the new European policy for health (Health 2020) [16]. Furthermore, the emphasis was on defining the main global strategic objectives that reflected the need for a new health policy, advances in efficiency and access to healthcare, changes in social and demographic situations associated with ageing of population and a recent burning problem of migration. The WHO also offers to forecast further development of healthcare and correct its trends, as well as highlights the necessity to define and analyze problematics of the healthcare industry, organize effective management and HR policy.

The Russian healthcare is in line with these trends. However, as it was noted in [1,2] during transformation of the Russian healthcare system under the systemic crisis conditions in the global world many industry-specific issues are left unresolved, among other things, due to incompleteness of the institutional transformations.

By laws of the analyzed industry a diagnosis should be established prior to starting the treatment. In other words, before course of changes and ways of modernization are determined, the following must be understood: where are we now? What were the mistakes made and what succeeded? What are the threats to maintaining the current positions and further development? What opportunities can modernization bring when the current management methods are employed?

According to the research done by the Institute of contemporary development [11,13] the status of the public health and healthcare system in Russia as its most important element can today be described as critical. Public health indicators do not improve as fast as it was anticipated. The issues of availability and quality of medical care become more and more intense. The troubled state of the sector develops into a serious social issue. The analysis conducted by the World Health Organization showed that Russia is significantly behind the industrialized countries in terms of funding, but even more – in final figures on the healthcare system performance. These include:

- public health indicators that are directly influenced by the industry;

- rationality in the healthcare structure and the system's efficiency to respond adequately to the public demands – ensure current medical care standards, acceptable elective care periods, etc.;

- equity in allocation of funds (level of social welfare for the poorest population segment).

On the integral estimate basis the Russian healthcare is the 130^{th}, trailing substantially behind the majority of East European and some Latin American countries with similar level of economic development. At that on the per capita expenses basis Russia is in the 75^{th} place.

The following can be related to the main aspects that cause problems in the Russian healthcare:

1. Complete absence of a systematic and focused effort to establish a comprehensive healthcare model that fully reflects social and economic development aspects in Russia at the present stage.

2. Even a proper determination of the Russian healthcare management bodies is absent from the applicable legislation (hence a fairly vague management system in the industry).

3. No clearly defined mechanism for implementation of purpose-oriented healthcare programs with obvious and effective vertical and horizontal paths of managerial actions.

4. A pronounced stop-and-go policy in changing government expenditure on healthcare.

5. In practical activities there is an underestimation of human capital assets as a factor of economic stabilization in the country.

6. Poor efficiency of modernization being implemented in healthcare (relatively stable and slightly variable death and birth rates, as against the declared measures).

7. Underestimation of the healthcare economic function as an industry that not only consumes resources but also generates added value.

8. Underestimation of the social potential within the context of goals of the reforms being implemented.

9. Weak interrelation of the social and healthcare sectors, including from a perspective of management.

10. No clear and well-defined correction to the national policy in healthcare in light of anti-recessionary measures, etc.

It should be noted that a significant contribution to understanding and decision-making for issues in the Russian healthcare was done with the Russian healthcare development concept until 2020 in a number of versions, built up by the Russian government in light of the WHO recommendations. The first basic version was issued in 2008 and contained 4 parts [12].

The first part includes the analysis of demographic situation, public health, healthcare system resources and efficiency, and states the goals of the Concept.

The second part defines the approach to healthcare development and, as envisioned by the designers, completely depends on the administration activities. It outlined several guidelines:

– improvement of the state guarantee program;

– increase in efficiency of the healthcare management;

– improvement of the healthcare personnel management system and establishment of continuous education for healthcare providers;

– creation of a national medicines policy and conditions for development of the Russian medical and pharmaceutical industries;

– continuation and expansion of long-term departmental programs on areas of priority in healthcare;

– development of medical science and innovations in healthcare.

The third part is related to healthcare, and includes description of activities aimed at environment protection, sanitary and epidemiological safety, healthcare education, boosting public motivation and responsibility to preserve and promote health, prevention of occupational diseases and many others. The Ministry of Health and Social Development of the Russian Federation holds such activities both independently and as a sponsor and coordinator of interdepartmental programs.

The fourth part includes recommendations on improvements of legislative and regulatory framework for healthcare; recommendations on development of the following bills on:

healthcare, state guarantees to deliver medical care, compulsory health insurance, compulsory medical malpractice insurance, medical products; amendments to the bills No. 94-FZ, 95-FZ, 131-FZ, Russian Tax Code, law on the federal budget for three-year period.

According to the policy of the Russian President the main results of the Concept implementation are an increase of life expectancy to 75 years and decrease of crude death rate by 1.5 times by 2020. Based on this several programs of industry development were created (oncologic, vascular, post-car accident medical care, perinatal), which are effectively implemented to this day. Also, a more deliberate attention was brought to the problems of primary segment in medical care and prevention, as well as promotion of healthy lifestyle.

It should be noted that the analytic basis of the Concept emphasized overriding issues in the Russian healthcare management system, such as: absence of cost-effective management mechanisms incidental to free market economy; ineffective planning and lack of standards, ineffective control and monitoring.

The following recommendations stated in the Concept can be viewed as more significant:

1. Centralization of management and financial functions on the level of the Ministry of Health and Social Development of the Russian Federation.

2. Development of strategic plans in every territorial entity with indicators for quarterly monitoring.

3. Changeover to single-source financing (Federal Compulsory Medical Insurance Fund).

4. Increase in taxes.

5. Integration of market mechanisms in the Russian healthcare.

The Russian state program of healthcare development, created in 2014, complemented the Concept version, indicating to demonopolization of the industry and focusing on such key objectives as technical innovations, improvements of medical treatment and medical care efficiency analysis, expansion of human capacity and IT support.

Having noted apparent significance and importance of the suggested conceptual solutions, it should also be stressed that unless the issues in the first three fundamental positions are solved for diagnosis on the Russian healthcare status, which, as was mentioned before, include the model, management system and results-based development mechanism, all attempts to modernize the industry will be inefficient or simply brought to naught.

In other words, if today there is a more or less clear understanding of WHAT should be done, the matter of HOW it should be done still does not have a convictive answer.

Due to specified circumstances, there are many questions, and currently they exceed the number of available answers. It is easy just to list them, those that have been heard by everyone:

- ✓ What is the main objective – provide good treatment or maybe make it accessible with some decrease in quality?
- ✓ Reduce the industry consumption of budgetary resources and then act accordingly?
- ✓ Create conditions so that the industry sustains itself, as, for example, it is in Germany?
- ✓ Make a breakthrough in care technologies?
- ✓ Be similar to one of the international neighbors (or to a number of neighbors, like a kind of "sky-blue pink" similarity…)?
- ✓ Raise wages for doctors and medical personnel or orient them to earnings mainly from providing paid services?... and the list goes on and on.

This list of questions (many of which are mutually exclusive, as is obvious) can continue endlessly and, unfortunately, to no effect. Moreover, this will keep happening until there is a change from generating spontaneous and one-time initiatives (even if they are long overdue and in-demand today) to an understanding of fundamental strategic positions. These positions, which are basic for modernization of the Russian healthcare, should bring clarity and definition for target objectives, priority tasks and other activities, justified with regard to global and national economic transformations and consistently growing demographic trends.

Indeed, it is necessary to decide on a Russian healthcare system model in the first place, since only on its basis an efficient management system can be established for the industry and a system of effective target programs can be formed. Such an approach could produce fundamental preconditions for major improvements in the Russian healthcare performance in preferred activity areas and ensure full extensive implementation of qualitative and quantitative indicators and correlations included in the model.

In fact, without a clear understanding of a selected and implemented healthcare model it is practically (it is most definitely practical, not theoretical) impossible to establish and stabilize an "operating mode" of the mechanism that will provide and ensure public health, quality of life and use of human assets. It is also impossible to understand how large a budget consumer the industry is and what its contribution to raising the Russian GDP. And even though the future multi-variance cannot be negated, only with relying on the chosen healthcare model (and selecting a path is an unavoidable task) it is possible to harmonize the hardest target objectives under changeable conditions with the aim to increase average life expectancy of a Russian citizen to 75 years, ensuring active ageing and preserving human assets. In addition, they would also be aimed at "not ageing" of the demographics, with the state spending the minimum of the budget for this

purpose, and eventually Russia would implement a system of self-regulating professional activity for the healthcare providers [8].[1]

With that, selecting a prospective model can be serve as a "cornerstone" for the foundation of a reliable "healthcare building".

If it "begins at the beginning", then undoubtedly the selection of a contemporary Russian healthcare model should begin at a starting point – the healthcare model created in the USSR, the so-called "Semashko model".

The key and outstanding features of the model, according to [15], include full-scale population coverage with medical care at an adequately acceptable level. The model has features of a multi-level one, with a clearly differentiated structure of service suppliers. Each level corresponded with severity of illness (district, central district, municipal, regional and federal hospitals), that were integrated in a patient assignment system for specialty care purposes. And, what's more important, the structure had a well-defined health management system, that was transparent and easy to monitor. A primary care physician (district doctor) took the central position in the model. From contemporary management point of view it is also a manager, or, to be more precise, a system coordinator. Today there are attempts to place this function on family doctors, however there is no adequate institution of family doctors in Russia for whatever reason. It should also be noted that the UK still has a similar model for healthcare and medical care coverage of the population. The model allowed for integration of activities by other healthcare providers and was very effective from an economic standpoint: it did not require large expenses, health and sanitary services were available for everybody and were free.

Igor Sheiman connects abandonment of the model in Russia with an appearance of new treatment technologies and a long-standing need to increase their availability [15]. In addition to this, the conditions present in the model led to growth of shadow capital turnover in the medical

[1] The concept (model) describing integration of the system of self-regulating professional activity for the healthcare providers in Russia was prepared by the Ministry of Healthcare of the Russian Federation together with the non-profit organization "Natsyonal'naya Meditsynskaya Palata" (National Medical Association) to create legal, methodologic, financial and organizational conditions for establishing and developing the system of self-regulating professional activity for the medical faculty (healthcare providers) as one of the mechanisms to implement national policy and control healthcare activities. The concept was developed in accordance with the Order of the President of the Russian Federation No. Pr-2721 dated November 19, 2013 "Of addressing the issue of changeover from a national to national and public model of managing the professional medical activities and applicable legislation of the Russian Federation". Author's note.

industry, but the quality of services did not improve, mortality was at a high level and birthrate exhibited a downward trend. A necessity for changes gathered to a head.

It should be regretfully stated that introduction of reforms in the national healthcare happened "without models and theories" and, as it became clear later, without "excessive mental strain". The fundamental aspects were rejected quickly and drastically, failing (and, most likely, without any desire) to get familiarized with model and system building. And, as a consequence, recovery of the medical industry up to this day is slow, unstable and inconsistent. Naturally, this resulted in a chain of complications associated with disparate programs and activities, whose objectives resembled slogans and many reforming recommendations reminded of a well-known saying "Go somewhere, I don't know where, and get something, I don't know what".

The situation became even more complicated due to a quite significant shortage of funding and inefficient allocation of resources that was present in 2000 at the outset of reforms. It turned out that approximately 30% of visits to hospitals were unnecessary, and, in 80-90% of the cases, primary care was enough. The purpose of the primary segment was lost. As a sidenote, current concepts of industry development stipulate a return to a primary outpatient stage, increase the role of primary care physician and higher importance of primary pre-hospital preventive treatment of a number of diseases, which is undoubtedly more cost-efficient, especially under the conditions of economic downfall. Nowadays in the business management, it is called a "pathology of pendulum solutions". First something is rejected and replaced with its direct opposite (similar to the pendulum principle, from one end point to another), then it is reverted to what was rejected. This happens only because the managers responsible for such pendulum solutions are unable to understand why "it was like this" and cannot explain (even to themselves) "why it should have been done differently". And these pendulum solutions tend to be repeated endlessly (as well as professional industry "myths" cultivated by incompetent executives, like for instance "we don't need management, we just need more money" and many others [3]), unless respective managers try and think.

So what really happened during spontaneous reforming of the Russian healthcare? As some scientists and experts indicate, various high-level government officials and administrators "looking exultantly at the civilized West" and motivated by a desire to "live a better life" (just like a motto) initiated reforms without assessment of their feasibility and of a real social and economic climate ("model of reality" [5]). To this day the industry still resembles a person that tries to "fit into another's dress", which is of a wrong size and fashion [1,2,15].

Probably it would have been practical not to rush lightly into an expensive market model of healthcare, but to apply the fundamental principles of healthcare organization, introduced by Nikolay Semashko, and, having updated them to the contemporary status of macro- and micro-

environment and corporate culture, establish its own national healthcare model: innovative, one-of-a-kind and efficient in the ever-changing conditions. A primary care physician with respective expertise could function as a focal point in the upward management. Indeed this person (and not a government official) should and must manage health of a patient. Today its role has been pushed to the background, and this, actually, leads to an uncontrollable flow of patients on all medical care stages in conditions of practically unmanaged awareness of diseases, their treatment and free access to all types of pharmaceutical drugs (except for types of restrictive and limited access). In such circumstances, abundance of unjustified hospital admissions and extra patient days serve as economic failure indicators. Quality and promptness of medical care decrease, and the industry suffers considerable economic expenses.

But, as is known, "history knows no 'if'" – quite a long time was practically wasted, the Semashko model in ruins for good, and the problem still exists – regardless this is the time to make a decision. For that, primarily it is worth to analyze international practices of establishing and applying models of healthcare organization in conjunction with social and economic environment at the time of implementation.

Experts of the World Health Organization (S. Hakansson, B. Majnoni D'Intignano, G.H. Mooney, J.L. Roberts, G.L. Stoddart, K.S. Johansen, H. Zollner) suggested the classification, which distinguish three primary types of healthcare systems [11]:

1. State (national) healthcare system, or the Beveridge system[2]. Its characteristics are government funding and centralized management. Services are provided free as part of the state guarantees, and financed from the taxation base. The government carries out monitoring and allocation. There are commercial services, but they are secondary. The State fully controls the market (Great Britain, Ireland, Denmark, Portugal, Italy, Greece and Spain).

2. Healthcare system based on universal health insurance, or the Bismarck system[3]. According to current interpretation, it is a social insurance model with multiple-channel financing. Essentially, it can be depicted as a hybrid model, combining features of market and state ones. It includes Compulsory Health Insurance with allocating and monitoring functions. Insurance companies act as the market agents. The system is characterized with the most reliability, so it

[2] The national healthcare system (Beveridge system) was named after Lord Beveridge, who in 1942 conceived conceptual paradigm, laying the foundation for the budgetary model: "The prosperous pay for the poor, the healthy – for the ailing". Author's note.

[3] Initially the Bismarck model was based on financial participation of the businesspeople playing a significant role, with mandatory contributions to the insurance funds set forth in the law. Author's note.

can be implemented during periods of transition economy and crisis (West Germany, France, Netherlands, Austria, Belgium, Holland, Switzerland, Canada and Japan).

However, the social medical insurance system has its own disadvantages. These include incomplete population coverage with compulsory health insurance programs; high cost of medical services, ineffective measures of price regulation; insufficient long-term strategic planning on a national scale; high administration expenses, attributable primarily to information-intensive discounting.

3. Non-state, market or private healthcare system – fee-for-service medicine, self-regulating system that employs voluntary private medical insurance. It is implemented in the USA. Since there are categories of patients, whose treatment is paid for by the state, it is the most expensive model.

Strictly speaking, analysis of the healthcare system economic characteristics needs to be applied to select a healthcare model:

- ownership relations;
- financing methods (resource acquisition);
- incentive mechanisms for healthcare providers (producers) and population (consumers);
- control methods for volume and quality of medical care.

At that, as the model analysis shown, a pivotal indicator for each model is a functional role of the state.

However, as practice shows, for a final decision on the effective healthcare model various rather diverse factors need to be accounted for, so in different circles and auditoriums there are ongoing debates on which model is the most effective one: market, state or social insurance?

The selection problem is also accentuated by the fact that formally none of the indicated models is implemented as is in any country. Only dominant features can be stated that help to efficiently work out a methodological approach to determine a more appropriate national healthcare model. Essentially every model implemented in any country represents a method of adaptation to micro- and macro-environment conditions.

The significance of the mentioned classification is that it reflects evolutionary development of healthcare systems in the world, where one model successively replaces another because of the ever-changing macro-environment. There are examples in the international community that exhibit a certain repeating pattern in approaches to national healthcare systems. For instance, China demonstrates more and more clearly a budding tendency to revert from private medicine to the state one.

Viewing each of the models in connection with the Russian healthcare, it is necessary to elaborate on their advantages and disadvantages.

According to [6] under conditions of decline in production and rise in unemployment, which lead to a degraded quality of life, a need for medical services increase. So healthcare centers, first of all, require consistent funding, something that ailing economy cannot ensure. Consequently, the state model in this situation is of low efficiency. That is why in due time reforms were necessary in Russia. Only a sufficiently developed and stable economy can support the state medicine. For example, the USA spend 16% of GDP on healthcare (in absolute quantities it exceeds the Russian GDP), but the system is highly cost-intensive, and marginally behind the less developed countries in terms of effectiveness indicators [11,13].

Besides, the state healthcare system in Russia had one serious shortcoming – generally, it did not provide selection of a doctor and a medical center to a patient. Due to lack of competition as a development incentive, the state healthcare system is characterized by weak integration of new methods for diagnostics, treatment and prevention of diseases; insufficient conditions for creativity and adaptation of generic models to local conditions and requirements; diversion of extensive financial resources on maintaining facilities, which are poorly equipped, devoid of highly qualified personnel and unable to provide medical care at reasonable capacity. All these shortcomings were present in the state healthcare system, and their influence was more or more noticeable. So based on the abovementioned reversion to a purely state healthcare model in Russia is unpromising.

Indeed, efficiency of a state healthcare model in Russia at this stage of social and economic development can rightfully be called in question. The main factors that support such a point of view are:

1. To ensure government financing taxes for citizens need to be increased, which is never a popular solution.

2. There are no effective and comprehensive systems implemented to monitor efficiency of expenditures in the industry.

3. No civilized competition both on domestic medical service market and on international market in the era of globalization.

4. Complex harmonization of the existing domestic medical practice and the WHO requirements.

5. Impossible to determine uniform rates for medical services and maintain them.

6. High dependence of healthcare funding on energy prices and other associated expenses, which leads to almost uncontrolled price review in correspondence with the former ones.

7. Unstable government financing under conditions of constant budget revisions.

8. High level of corruption both in healthcare and directly related industries.

Moreover, the abovementioned problems are not only present in some areas, but some have not been recognized yet.

According to the presented arguments during crisis and transition period, the social insurance model can be the most effective one. The system based on social insurance is one of the more advanced healthcare models, combining good points of both state and private healthcare. Such systems started to appear in the late 19th – early 20th century in different countries, and currently it is in a majority of civilized countries, including Russia. The social insurance system as is can be considered a temporary measure, with subsequent transition to a hybrid (or diversified) model with addition of a state (with stable social and economic situation in the country) or market one (with high economic development, respective increase in welfare of the citizens, and allocation of at least 6% of GDP to healthcare). It should also be stressed that the hybrid (or diversified) model would require highly professional approach to administration, and there are high risks of hurling the industry into uncontrolled chaos. The same can happen in the market model, if market mechanisms are activated uncontrollably due to specifics of their self-regulation.

During a transitional period or crisis the commercial medicine industry is also unviable and highly cost-intensive. It is in direct relation with private healthcare that aimed at satisfying the requirements of high quality and expensive medical services for the wealthy. For such system the main source of funds is personal savings and companies' income (revenue) with virtually free (unregulated) pricing of medical services. Relying mostly on non-state, commercial, insurance, medical and other organizations that accumulate healthcare funds, private healthcare provides services with wide selection of healthcare centers, doctors; wide range of medical facilities of various service quality and costs that ensure satisfaction of individual requirements, no queuing, special attention to medical care quality, consumer protection, high income of doctors and other medical personnel.

Despite such apparent advantages of private healthcare, it does not function in its pure form in any country, and that is due to its negative sides. Those include high cost of medical services, and therefore unavailability of medical care to a large demographic. Moreover, private medicine pays little attention to home visiting services and preventive measures, "suffers" from overdiagnosis (extensive, sometimes excessive examinations), prefers treating "easy" diseases, and so forth. With that, government control and monitoring of care quality are difficult, and the employed medical technologies in some cases can be unsafe for patient health.

Because of the abovementioned circumstances private healthcare, which is based on voluntary (proprietary) medical insurance and unmediated payment for medical care by consumers (fee-for-service medicine), apparently cannot serve as an organizational and financial basis for a

national healthcare system, in light of recent social and economic developments. This would leave the most disadvantaged social groups (rather large) without medical care, and the state is required to back these groups (and there are insufficient funds for that).

Nevertheless, as it is stated in [1,2], per apparent signs at this stage Russia rapidly transitions from rudimentary remnants of the state model, and incomplete and partially implemented social insurance model, to a commercial one, without an understanding of the risks it involves from the point of healthcare analysis as a system. Moreover, as it is rightly said in [13], "…intended as optional, paid services often replace types and volumes of care, which is formally guaranteed to the public for free. With severe shortage of funds it is easy for health professionals to justify such a practice". In fact, under the conditions of budgeted financing in state and municipal healthcare centers, budget funds are frequently regarded as their payment for the "general existence" and the fact that patients can seek treatment there. But their actual activity and economic interests quickly shift to the paid services area.

What is more significant, today, as it is concluded above, the Russian economy and social environment are far from being ready for market relations in the medical industry, and attempts to reduce state expenditures on healthcare will bring the opposite situation – increase in expenses and necessitation to take additional and unpopular measures (tax increase and expansion of retirement age).

With analysis of the healthcare experience in various countries, it should be acknowledged once again that every experience is valuable and unique. And it can only serve as a theoretical and methodological basis for a decision on a system of Russian healthcare.

There are good reasons to consider a likelihood of Russia going its own way to modernize the healthcare system – a kind of a fourth model, a Russian one. Such a model, to some extent, is currently in a formative stage (unfortunately, not in a best way, by trial and error), based on sudden changes to market reforms and fluent reversion to characteristics of the state system of healthcare control.

It would seem that multi-factorness and territorial multi-variance might become formal features of this new, hybrid healthcare model. During reorganization of separate healthcare areas, careful attention should be paid to regional asymmetry, which developed under the conditions of regional division and, all too often, almost complete absence of efficient local government. Thus, the healthcare model needs to have a conceptual component aimed at harmonization and gradual elimination of existing regional asymmetry (it should be noted that well-defined and positive results were already obtained in this area, related to active organization of various modern regional healthcare centers). Moreover, some positive aspects of new properties that formed during transi-

tion, such as decentralization, demonopolization, democratization of the industry [6], can be viewed as attributes of such model.

The hybrid system can act as a base platform for such a model, with its basis on social insurance, which serves as a supplement to the state healthcare with "focused" integration of fee-for-service (private) medicine (focusing on a certain demographic). Essentially, this refers to a kind of a modified analogue to the so-called insurance regulatory systems that are controlled to a varying degree by the state.

The high-priority issues of the model under discussion that require careful thought and in-depth development are [1-13,17-1]:

1. Clear definition of what is considered a product in healthcare, with segregated regard of medical services as private, public and quasipublic benefits. This can and should be taken as a basis to define the role of the state in health system and to assess prices on the market of medical services and remuneration for people in the industry.

2. A more complete (comprehensive) definition of possible (within the model) diversity of forms of ownership and business for healthcare centers and individuals rendering services to the public, as well as control methods for price forming for medical services, various forms and methods of payment.

3. Elimination of existing "vagueness" in guarantees for free medical care that contributes to propagation and ubiquitousness of substantial irresponsibility for allocated budget funds.

4. Refining and further consolidation of financing decentralization, based on independent specialized organization (funds, insurance companies), with establishing methods of control for medical care quality and volume of expenses on medical services, carried out by financing organizations.

5. Identification of primary sources of funds for integrated (combining of several parts) health insurance system, with recognition of roles and "degree of involvement" for public funds, mandatory insurance payments paid both by employers and employees.

6. Introduction of radical changes to organizational, economic, as well as legal activities in Russian healthcare. Moreover, it should be stressed that one of priorities is to ensure legal protection of patients receiving medical care (with clear definition of legal boundaries for medical personnel).

While solving the abovementioned issues the following positive aspects, formed in the context of the Russian healthcare model, can be taken into account: high population coverage of medical insurance, guarantees for free medical care; free choice of medical insurance funds (insurance companies) for the public, employers; task sharing for financing and rendering medical services, provision of state-guaranteed high-quality medical care, arrangement of conditions for

effective development of paid medical services, supported by private clinics and healthcare facilities with high degree of competitiveness.

Going back to a more general purpose of all these changes in the industry – increase in the overall effectiveness of healthcare – it should be assumed that medical, social and economic efficiency are not constant and in direct relation to management efficiency.

History knows many examples when reforms in various economic activities failed to achieve a quantum leap in an industry [5,4]. And quite often the reason was inefficient management system that was not in synch with a new model of industrial functioning and process of changes. It is something that can be observed today in the Russian healthcare system.

It is rather challenging to get a clear understanding of the Russian healthcare management system from the legislative documents. Even the structure of the industry management itself is not well-defined.

Today the primary legislative sources for understanding of the Russian healthcare management system are the following:

- Constitution of the Russian Federation, which indicates free medical care for the Russian citizens (Article 41);

- Federal Law on the Fundamentals of Public Health Protection in the Russian Federation (No. 323-FZ dated 21 November 2011), which introduces general terms and definition of health, interrelation of the state, healthcare entities and facilities, organization of management system and monitoring;

- Federal Law No. 418-FZ dated 1 December 2014 "On alterations to the Federal law on Compulsory Medical Insurance in the Russian Federation and Certain Legislative Acts of the Russian Federation" (as amended).

However, the actual situation in healthcare organization is based on functioning and development of state, municipal and private health systems.

The state healthcare management system is comprised of [17]:

1) federal agencies and their local authorities;

2) executive agencies in the constituent entities of the Russian Federation, health authorities of other federal agencies (excluding certain individually named federal authorities);

3) organizations within jurisdiction of federal and executive agencies in the constituent entities of the Russian Federation, such as healthcare organizations; pharmaceutical organizations; public health organizations on monitoring of consumer protection and human welfare; forensic expert institutions; other organizations and their separate subdivisions that operate in health.

The municipal system of medical administration includes:

1) local government authorities for municipal and urban districts that exercise power in health;

2) medical and pharmaceutical organizations within jurisdiction of local government authorities.

Private healthcare system consists of medical, pharmaceutical and other organizations, established by legal entities and individuals.

Analysis of management practices in the Russian healthcare leads to a conclusion that methods and instruments employed to control the described above complex structure are still loosely defined. Also not stressed that it is important to model a system and its development trends, and dependence on fulfillment of the strategic tasks that healthcare faces within an existing model. In many instances it is related to skewness and systemic constraints it inherited that are common to monopolistic market: completely subsidized infrastructure of healthcare facilities, unitary type of organization with pyramidal business and management system (now destroyed) and generic characteristics typical for the system with a tendency for unity, uniqueness and complex bureaucracy [17].

As it is well known from the theory of modern management to improve and modernize a proper and effective management system control functions are of particular importance. These classic management functions are planning, organization, motivation, coordination and control. It is assumed these functions have close direct and inverse relations, as well as implementation mechanisms on all levels, and they are "tuned as a single musical instrument, which is not designed to create dissonance". Formally, the functions are implemented on all levels, however, in real market environment a clearly defined interaction structure is largely lost, as controls are handed over from a federal to regional level. With that, as the state strives to maintain its leading and controlling roles within the existing model, the situation is complicated with the following factors:

1. Currently the Ministry of Health has, in fact, seemingly excessive functions and authorities, which resulted from a merger of the Ministry of Health and Ministry of Labor and Social Development. Consequently, the structure became awkward and slow, and difficult to control – the industry manageability dropped.

2. As a result of the unnecessarily complex management structure of healthcare the process involves abundance of government authorities and municipal government, leading to discrepancy in ways of achieving goals and difficulty in effective management decision-making

3. Russian law for healthcare requires serious revisions, and legal framework is very weak and does not provide any specific guidelines for effective management mechanisms.

4. As mentioned above, the situation is more complicated due to regional asymmetry. This is the objective reason that prevents abiding to a single management standard for all regions.

5. Complex financial structure in the industry (with transition from the state to insurance model, now slowly gaining features of the commercial one), which includes a steady need for diversification of funding sources, but without clear outlines for a suitable legal framework and regulation of financial flows in order to improve efficiency in the industry performance.

6. Appearance of new participants on the "health market" – insurance companies that cannot effectively compete in the existing model and have limited influence on medical care quality control.

7. Appearance of private healthcare facilities, which still cannot check seamlessly in to the retiring state healthcare model that yet "holds hard". The market requires competition, but under the restraining role of social factors, that influence healthcare, the management system must account for means to create controllable competitive landscape.

These are not all qualities of the current healthcare system in Russia. Today there is an understanding taking shape within the industry that managing such complex and multi-faceted structure demands a differentiated approach and establishing an adequate flexible structure (or making significant changes to the existing one), which is based on qualified personnel that know how to create and apply instruments for implementation of healthcare objectives and reduction of losses in potential and active life of the population.

Currently the most in-demand trends for improving the Russian healthcare management system include:

1. Drastic reforming of the industry management system to harmonize it with the healthcare system being created (or, at least, with its prototype).

2. Refining of instruments, which reflect the circumstances of social and economic development of the country and certain regions from the perspective of social orientation and social equity in healthcare.

3. Renewal of structural, organizational and methodological, and motivational mechanisms that advance level of research and development support of, and adaptation degree of world experience in the healthcare system.

4. Development of managerial instruments (including on the level of legal and regulatory support) that ensure effective (and oftentimes life-determining) passing of decisions and projects in the process of vertical and horizontal movements within the healthcare management system. Special attention should be paid to the following:

- implementation of a trend of shifting management functions from a federal to regional level. Without appropriate managerial, legal and regulatory support this leads to discrepancies in elaboration of effective management decisions in the regions (moreover, it may cause – and often does – setbacks in program implementation for the regions due to uncertainty in legality of certain management actions or can result in unjustified management developments in the regions that complicate the management process).

- support (not elimination) of competency-based functions of health authorities on a municipal level (as on the municipal level competency-based characteristics are primary and pivotal, and their limitation on this level causes irreparable damage to medical care quality).

5. Improvement in management of financial flows in the industry with active integration of economic management methods, based not on a "patchwork" redistribution of allocated resources but on achieving goals with legitimate and practically justified costs minimization and efficient use of available funds[4]. In such case, most of the focus should be on the following aspects:

- regulations of understanding of financial sources and funding mechanisms in healthcare. Special attention should be focused on eliminating conditions when funding sources are more or less defined only on a state budget level, whereas items reviewed on a regional level are characterized by quite vague recommendations. This is more dangerous due to maladjustment in regions in terms of development and funding opportunities.

- accumulation of effective financial assets, methods and instruments in the allocating structure of the Federal Compulsory Medical Insurance Fund (FOMS) as part of management of financial flows;

- establishing methods of financial coordination with other government departments and authorities. Spontaneous involvement in financial decisions of other government departments and authorities on weakly evident grounds and coordination within existing immediate conditions bring dissonance into rational use of available financial resources;

- establishing criteria and viable funding mechanism for healthcare centers depending on performance quality, and eliminating the "give everyone a good dressing-down" practice regardless of operating results;

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[4] Of a certain interest is, for example, healthcare system in France, with regard to a well-adjusted mechanism of differential finance system. Insurance premiums are fundamental to the system, which is ranked first according to the WHO ratings, and is characterized as a "maximum approximation to a standard for all existing systems" (http://www.inliberty.ru/library/49-sravnitelnyy-analiz-sistem-zdravoohraneniya-v-raznyh-stranah). Author's note.

- increase in competence of finance management in healthcare (through to establishing a financial department of a new type in the Ministry of Health that would determine and maintain a financial minimum of resourcing the strategic development of the industry under the existing healthcare model) and so forth.

Certainly, lack of clear guidelines for creating a Russia healthcare model and feeble work on improving management system in the industry not only have a negative impact on the program-oriented mechanism of the healthcare system, but frequently distort and even disown all activities upon achieving primary goals, which eventually transform into a list of mandated measures, fragmentary and without interrelation.

The State Program of the Russian Federation "Health Development", which identifies a vector of industry development up to 2020, includes over 10 subprograms. The Ministry of Public Health of the Russian Federation is responsible for the Program implementation, with the Federal Medical and Biological Agency and Federal Compulsory Medical Insurance Fund as associates. The Program envisions participation of 7 Ministries, 5 federal services and 7 federal agencies. There are objectives and tasks of the Program, target indicators, implementation stages, volume of budgetary and extra-budgetary allocations, and expected results set forth.

Status and level of development of the program-oriented mechanism can be assessed even with shallow analysis of the subprograms in the column "Program-oriented instruments", where quite often "None" and "Not applicable" marks appear (for example, in the Subprogram "Development of Emergency, including Specialized, Medical Services, Primary Care and Emergency Specialized Care" – Program details [14]). The activities on implementation of the Subprogram "Improvements to Delivery of Specialized Medical Care" also include phrases like "restructuring", "development of mechanisms", "management of implementation", "further development", "integration of principles", "establishing the system", "increase in efficiency" and so forth.

It is assumed that instruments for implementation of special purpose subprograms should be realized on a regional level, accounting for the specifics of each region, and the guidelines in the Program are only an initial basis for development of regional programs by the entities of the Russian Federation (with the participation of the Ministry of Public Health). However, the development programs should include detailed plan of action for executive authorities in the regions, which considers regional specifics in location of healthcare facilities, road network, as well as aspects of incidence and morbidity rates.

So, what is happening in sober fact? On the regional level the implementation instruments are indicated and identified, but by nature and definition rarely differ from generalized phrasing of the Ministry of Public Health. This is highly unproductive, as it was often mentioned

in the analysis of the Health Development Program that it contained generic information. The Ministry of Public Health offers high-level targets and objectives, but also specific terms and target indicators… without mechanisms for the program implementation. Moreover, there are statements of strict monitoring over implementation of the federal special purpose program ("we will not say how to do it, but will monitor it rigorously, whatever it is…"). And all this happens against the weakening of actual leading and governing roles of the state (the percentage of federal funding in the budget of the Health Development Program can serve as an example, which 9.4%. The rest is farmed out to the entities of the Russian Federation and the Federal Compulsory Medical Insurance Fund).

It would seem that in this situation a program-oriented approach proves to be cumbersome and difficult to regulate under the conditions of transition economy and existing healthcare model, and, eventually, changes its conceptual content and loses its value.

In line with the prior approach to building a Russian healthcare model and management system it is necessary to drastically alter approach to establishing a program-oriented mechanism and its functioning. Under the circumstances, it is appropriate to emphasize the first strategic aspects.

The first aspect is related to, as it is correctly referred in [9], the fact that in any management system two categories of specialists are highlighted – those who provide solutions and those who implement them. Each group of specialists has their own distinct styles of thinking. The developer, including the scientists, possesses predominantly analytical and logical direction in thinking. Those implementing solutions, including the administrators, have a style that can be described as intuitive and synthetic. As a result, there is a certain discrepancy in theory and practice on a thinking level. For effective system operation under the program-oriented approach, continuous and stable contacts between two groups are of utmost importance. In other words, there should be feedback, which not only includes monitoring, but also concerted efforts of federal and regional government departments on all levels and increase in degree of mutual understanding and cooperation of developers of the program-oriented projects and management of all hierarchies.

The second important aspect within the context of the matter concerned is related to immediate and drastic change in competence levels for healthcare management training, and, first of all, on the regional level (since, as it was mentioned before, more and more management decisions of fundamental nature in the Russian healthcare are delegated to the regional level). Indeed, today more jurisdictions on development and, what is more important, implementation of the program-oriented approach (and therefore responsibility for the result) are transferred to the regional level. Imminently this requires not to improve management training in the regions, but

more likely to alter it significantly. And, in light of the current health policy, it can already be viewed as one of the most important factors of economic stability in the industry.

The matter of management training in the Russian health system is not entirely new and has been discussed for some time. It is becoming more relevant due to transition to the commercial health model and dynamic change of social and economic environment status during a downturn (constituting a "volatile mix" of dangerous tendencies and problems). Without any claims of fundamental review of the question in this article, in brief the following should be mentioned: under conditions of transition to another health model and rapid widespread integration of fee-for-service (private) medicine, principles and methods of the modern management need to be actively integrated in the industry. Most notably, focus should be on methods and functional components of the project management, with active involvement of centers, departments and services into business practices on all levels of the process approach to the health system.

Overall, as part of discussion of the mentioned issues and their probable solutions, this article attempts to make a strong contribution into saving the industry from continuing old reforms and creating new ridiculous ones, and rash integration of not always justified drastic measures (like "epidemic" reduction of medical personnel and others), as well as too shallow an approach to provide and implement management decisions on the federal, regional and municipal levels; underestimation (or overestimation) of potential for effective use of healthcare functioning in forms and methods different from the state. Also it is hoped that the suggested propositions could contribute to decision making on increase in availability and quality of medical care to the population, as well as protect doctors and medical personnel from unjustified and spurious changes in conditions and criteria of their practices.

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