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Models of Financing and Organization of Health Care System-International Experience

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Abstract: The paper analyzes the features of financing and health care system in the world. The issues of scientific research are investigated using methods of comparison, generalization, empirical analysis. The problems of the mechanism of financing the health care system in Uzbekistan, the ways of their elimination and the author's suggestions for improvement of the sphere are stated. The analysis of international experience drew the following conclusions: no country has a transparent model, no model is perfectly formed, and only one source of funds provides more than 70% of government spending on budget and insurance models. The most factors in ensuring sustainability such as access to free health care, efficient use of resources, and access to health care, the availability of employment mean that no state can meet all health care needs at the expense of public funds without personal insurance or additional payments. After analyzing the existing models of healthcare financing and organization applied by the leading countries, proposals were made for further phased improvement of healthcare financing in the Republic of Uzbekistan.

Keywords: Health care system, Financing models, Health care reform, Medical services, Mandatory and voluntary health insurance.

1. Introduction

Choosing the most appropriate model of the health care system in any country is essential for efficient use of material resources, improvement of quality, and accessibility of health care (Wendt, 2019). Many studies around the world have focused on the creation and optimization of health care financing models around the world (Reibling et al, 2019). Leading countries strive to expand access to free health care, rationalize their sources, and allocate resources to improve health care management and prevent cost duplication (Schneider and Popic, 2018). Although none of the contemporary models of the world health system can claim universal applicability, it is necessary to analyze the parameters of these models. That said, assessing their strengths and weaknesses, of the existing conceptualizations summarizing the experience in certain countries, and reformation of the existing mechanism of financing and management of the health care system plays an important role in optimization for in the Republic of Uzbekistan. These play an important role in optimization. The Republic of Uzbekistan operates a unified health care system that includes a combination of public, private, and other health systems. Sources of financing the state health care system include: state budget funds; medical insurance funds; funds of special funds for health protection of citizens; funds received from health care facilities for the provision of medical care and paid services in excess of the state-guaranteed volume; voluntary and charitable contributions of enterprises, institutions, organizations, public associations and individuals to health care facilities; bank loans; other sources not prohibited by the legislation. (Law of the Republic of Uzbekistan "On the protection of citizens' health" No. 265-I 29.09.1996). Notwithstanding recent health care interventions, several challenges remain. In particular, as a result of the lack of conditions for the introduction of the compulsory health insurance system, health financing is mainly funded from the budget. There are some barriers for the co-operation of private and public health care institutions that are dynamically developing in the health care system. Inadequate implementation of information and communication technologies in the health care system, which does not allow the efficient use of additional financial resources and immaturity and others are main concerns. In this regard, there is an urgent need for the development of a "new model" of health financing through the successful implementation of the concept of health system development in the Republic of Uzbekistan for 2019-2025. (Decree of the President of the Republic of Uzbekistan) By the Decree of the President of

the Republic of Uzbekistan dated December 7, 2018 PD-5590 "On comprehensive measures to radically improve the healthcare system of the Republic of Uzbekistan," the concept of system development for 2019-2025 was approved. This normative document uses health care financing, the provision of state-guaranteed free medical care, the introduction of a per-patient payment system for clinical services and new mechanisms for per capita financing, as well as global experience. Extensive emphasis is placed on the phased introduction of compulsory health insurance. ("The Concept of Healthcare System Development of the Republic of Uzbekistan in 2019-2025") In this research paper, we want to study the models of financing the world health care system and make suggestions for optimal model directions, taking into account the economic potential of our country.

2. Literature Review

Thomson S., Osborn R., Squires D., Jun M. have analyzed the international appearance and models of health care in the case of several foreign countries and have demonstrated their advantages and disadvantages. (Thomson et al, 2014). Some concrete aspects of the practice of financing the social sphere in Uzbekistan, including the health care system that have been investigated in work of N.Kh.Jumaev, T.S.Malikov, O.O.Olimjonov, N.Kh.Haydarov, A.B.Juraev, U.A.Burhanov, O.R.Rayimberdieva, G.A.Kosimova, A.U.Sultonova, U.D.Rajabov, M.R.Turtaev, D.A.Rakhmonov. N.Majidov and U.Raykhanov pay special attention to social insurance in the social sphere. (Majidov, et al, 2016). The scholars mentioned above have consistently studied the ways of financing and managing the health care system. However, there is a lack of holistic approach aiming at improving the health sector. Byrkjeflot H. and Neby S. concludes that the idea of a decentralised model for hospital systems has had limited validity, constrained to the years 1970 - 2000. Historical trajectories and recent developments both indicate that these three systems are more different than commonly assumed, and that recently they seem to be moving in separate directions. The explanation for the developments is found in incremental dynamics, creating institutional change that to a large extent depends on national contexts. (Byrkjeflot and Neby, 2008)

3. Methodology

This study aims to reveal the traits and distinctiveness of the existing models of financing and world health care system. Scientific research questions are investigated using comparative and empirical analysis. The author highlights problems of the mechanism of financing the health care system in our country, and the implications of the study provide some suggestions for improvement of the sphere and elimination of the main issues.

4. Result and discussion

The following are some of the characteristics of global health system financing and organization (Toth, 2016). Under modern conditions, health care financing models are divided into three types.1. Budget (state). 2. Insurance (social insurance). 3. Private (private or market). The characteristic feature for the first model, known as the Semashko-Beveridge budget model, it is typical that the state role is of great significance. The source of financing is drawn from tax revenues and free medical care. The second model, known as the Bismarck model, is often described as a regulated health insurance system. This model is based on the principles of a mixed and sophisticated economy integrating the health care market with an advanced of government regulation and socially-guaranteed benefits. The third model of the health care system is a private model, where health services are provided based on private insurance and payments from citizens' funds. There is no unified state health insurance system. Let us analyze the experiences of the three leading countries, namely Germany, Great Britain, and the United States, which most vividly illustrate the above models. Health care financing in **Germany** is a classic example of a social insurance model. Sources are as follows: social health insurance is 60%, private health insurance is 10%, the state budget totals to 15%, and citizens' funds are 15%. About 90% of the population falls under the social insurance programs, 10% are covered by private health insurance programs, while 3% of people who are insured with social health insurance have voluntary insurance policies. Public expenditures on health care make up 7.8% of GDP, and total expenditures - 11.7% of GDP. Social cover amounts to 75% of health care costs. (Bloomberg Visual Data) Health care costs are as follows: first of all, they are accumulated in the state social insurance fund, and then transferred to the accounts of private non-profit insurance organizations authorized for controlling the payment of health care facilities. According to the laws of the country, only those with an income of more than 50,000 euros per year can benefit from private health insurance. All other citizens are subject to mandatory social insurance. Since 1996, there is an option freely choose health insurance plans, as well as change the health insurance fund upon expiry of the 18-month contract. The country is characterized by a highly decentralized health management system and a division of powers between the federal government and government land. The medical services market is

well developed, state health insurance plays a leading role, and private insurance is complementary. Physicians and private non-profit medical treatment facilities provide medical care.

The United Kingdom is an example of a health care financing model. The state budget covers approximately 85% of health care costs, and the remaining 15% is covered by private health insurance. The funds are accumulated in the state budget, which in turn manages and provides financing services to health care facilities. Health care management is a form of a centralized system. Government spending amount to 7.7% of GDP and 9.4% of the total. All segments of the population are provided with free health care, with no additional fees for health care. For the working people, the £ 7.85 is supplemented strictly, for one prescription will also be used. Public health facilities provide most medical services, and family practice physicians provide primary care. Social and health care for the population is provided by the UK National Health Service (NHS) and local authorities. There are 10 Strategic Health Authorities (SHAs) in the UK, which overseeing, coordinating, and supporting the activities of the National Health Service (NHS) in the provinces. Strategic health facilities (SHAs) also to cooperate with local authorities, education, charity, and community organizations. The state deals with the accreditation of doctors and health care institutions, and the regulation of medical practices. There are currently 152 primary health care organizations (Primary Care Trust, PCTs) in the UK, which control 80% of the National Health Service (NHS) budget. Also, there are 167 hospital trusts and 129 savings trusts in the UK, providing inpatient treatment in UK hospitals. (Thomson S. et al., 2014)

In the United States, private health care financing model prevails; meaning there is virtually no national health care system covering the costs for the population. The United States is the only industrialized country, where state guarantees apply only to a limited number of citizens, and access to healthcare is widespread (Buffel et al., 2017). The source of funding comes from private insurance, which covers more than 50% of all health services. Others include programs for the elderly and low-income citizens, as well as citizens' funds. Private insurance companies administer funding for medical and preventive care facilities and practicing physicians. The state manages resource allocation for citizens falling under the protection. Health care system management is decentralized. Health care expenditures account for 9.1% of GDP and 17.2% of total spending. Access to health care for the patient is limited by the patient's ability to access them. Programs for the elderly and low-income families do not cover all those in need and do not provide the necessary medical services and technologies. In total, about 50 million citizens do not have any health insurance. Development and implementation of health policy are carried out by the Health Department (HHS). In this domain, their role is minimal, given the low state involvement. Their main tasks in providing medical care and social programs include: supporting the development of medical knowledge, controlling, reporting, and monitoring the state of health, welfare, and social protection. Hospital facilities are divided into private nonprofits (70% of total beds), private commerce (15% of all beds) and public institutions (approximately 15% of all). The state regulates the activity of insurance companies, the volume of medical services provided based on the state programs. Under the individual insurance plans, the medical facilities are regulated by the insurance companies. Quality control is carried out by accredited medical institutions and licensed by physicians authorized by qualified medical associations and associations. (Thomson S. et al., 2014) Key indicators of the health financing models of the three leading countries we have considered are shown in Table 1.

Table 1. Key Indicators of Health Financing Models in the Top Three Countries

No		Germany	Great Britain	USA
1	Health Financing – sources of distress	Compulsory health insurance - 60%, Occupational health insurance - 10%, state budget - 15%, personal funds - 15%	State budget - 85%, voluntary health insurance - 15%	Private insurance - 40%, personal funds - 20%, poor and elderly programs - 40%
2	Access to free medical care	90% of the population is covered by compulsory health insurance programs, 10% - voluntary health insurance programs 3% of insured persons have voluntary health insurance.	It is covered by free medical care	Patients are limited in their ability to pay, and programs for the elderly, and the poor are not available to all.

3	Coverage of health care system resources	73.1% of total health care is covered by public health, 7.8% of GDP and 11.7% of GDP.	82.4% is covered by all medical organizations; public expenditures make up 7.7% of GDP and 9.9% of the total.	49% is covered by all medical organizations; public make up 9.1% of GDP and 17.2% of the total.
4	Ways of distribution of funds	State> Private health insurance funds (nonprofit, self-governing organizations)	State> self-governing organizations	Private insurance companies through state programs for socially vulnerable citizens
5	Payment methods for medical services	Clearly defined payment rates in the hospital, outcome-based (ambulance)	Existing hospital payment rates, outcome-based payment (ambulance)	The hospital has well-defined payment rates and the global budget, the result-based payment (ambulance)

Source: http://www.commonwealthfund.org and by the author through data analysis.

The analysis shows that the amount of funding allocated to the health care system varies considerably in different countries (McPherson, 1989). However, life expectancy and other health indicators are not proportional to costs, indicating that there are other factors affecting the efficiency of cash flows and, secondly, life expectancy. [Bloomberg Visual Data] As an example, the data on life expectancy and health care costs of the three countries under review are presented in Table 2.

Table 2. Characteristics of Health Care Expenditures and Performance Indicators

Countries	Life expectancy (age)	Total health care costs as a percentage of GDP	Expenses per capita, $
Germany	80.9	11.0	4883
Great Britain	81.5	9.4	3647
USA	78.7	17.2	8855

Source: http://www.bloomberg.com

By analyzing health systems in different countries, the following conclusions can be drawn, presented in Table 3, from the advantages and disadvantages of health models.

Table 3. The pros and cons of models of financing and organization of various health care systems

	Advantages	Disadvantages
The budget model	The level of coverage of the population with free medical services is high. Low cost compared to other models. High efficiency in addressing strategic health problems. The higher the cost of public resources, the greater the sustainability of the health care system.	Health care financing is heavily dependent on economic conditions. The monopoly of public health care facilities and insufficient protection of consumers from low-cost medical services.
The model of social insurance	The level of coverage of the population with free medical services is high. The availability of financial resources is less dependent on the budget model. Strict separation of financing functions and health services delivery. The role of competing mechanisms in improving the quality of health services provided by private physicians and	The higher the share of health care expenditures in GDP than the budget model. A sequence of medical services due to the financing of health care services through a single source of health insurance.

	institutions of various forms of ownership than the budget model.	
Private model	Availability of queues for medical services. Attention to the quality of health care and consumer rights	Absence of a unified national health care system. The disintegration of health services and the priority of private medicine. The vast majority of the population has no access to health care services, and a significant part is not covered by health insurance., that leaves people rendering expensive medical services, even in cases of insufficient medical indicators.

Source: Compiled by the author.

5. Conclusion

Thus, the analysis of international practices allows us to draw the following conclusions: no country has a transparent model, no model is perfectly formed, just and only one source of funds provides more than 70% of government spending on budget and insurance models. The most factors in ensuring sustainability are access to free health care, efficient use of resources, and access to health care based on employment. All of the above means that no state can meet all health care needs at the expense of public funds without personal insurance or additional payments (Rosenbaum, 2011).

Following the analysis of the leading models of health care financing and organization of the leading countries in the scientific work, we would like to make recommendations for further improvement of health financing in the Republic of Uzbekistan. The step-by-step development should include:

1. The gradual transition to the social insurance model with the introduction of new funding mechanisms.
2. Coordination of regional budgetary security through the introduction of a single standard of per capita financing.
3. Ensuring the transition of government agencies and private entrepreneurs to a contractual system through state-guaranteed free medical care programs.
4. Formation of electronic payments for the accounting of expenses and the analytical database.
5. Establishment of the compulsory health insurance fund and step-by-step provision of medical insurance coverage.

Further improvement and development should be conducted regarding ongoing and planned measures, projects, and reforms based on best international practices, establishing the legal framework for voluntary and compulsory health insurance, and improving the health care system in Uzbekistan.

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