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### **THE NON-GOVERNMENTAL PUBLIC HEALTH SECTOR AS AN OBJECT OF PUBLIC ADMINISTRATION**

During the years of Ukraine's independence, the healthcare system has not changed significantly. Until recently, the country had a fragmented network of medical institutions established in the Soviet Union years ago. This system did not cover the real customer needs and did not comply with international standards. Semashko system provided funding for medical institutions' existence, instead of funding for provided services. The lack of independence of budget medical institutions in decision-making, outdated infrastructure, low wages, and financing of the industry by a residual principle has caused a crisis in the healthcare industry. The article examines the primary world models of healthcare system organization, summarizes the approaches to the public administration of the domestic system and its financing in the healthcare reform context – outlines the main benefits and risks at the present stage. It proves the necessity and expediency of the non-state healthcare sector's development and clarifies the main mechanisms of state influence on its functioning; reveals a comprehensive approach to the public administration of this sector, which represents a set of management mechanisms: political, administrative, financial and economic, organizational, motivational, etc.

**Keywords:** healthcare, health reform, non-state healthcare sector, public health governance mechanisms.

**Formulation of the problem.** Public health management approaches were developed during the socialist period of the country's development, but now they are no longer effective in relation to the modern challenges of society, as they are characterized by fragmentation and inconsistency. As a result, the healthcare sector, like other ones of the Ukrainian economy, is stagnant, mainly due to internal and external destructive factors. The most logical reaction of public administration bodies to the existing challenges is to carry out medical reform aimed primarily at improving the quality of available medical services. The objective need for the development of the private medical sector consists of a number of reasons and benefits that will contribute to the improvement and development of the entire domestic public healthcare system, namely: providing free choice for patients; improving the quality of assistance and services; implementation of new medical technologies into real practice; raising the professional level of medical staff; development of clear financial relations in the system and creation of medical institutions of various forms of ownership in the areas required by the market; reduction of healthcare expenditures along with the growth of budget revenues in the form of taxes, etc.

**Analysis of recent research and publications.** Theoretical studies of the essence of healthcare state regulation were conducted by M. Bilynska, O. Bogomolets, L. Buravlyov, Y. Berezhna, O. Vashev, T. Kaminska, D. Karamishev, O. Korvetsky, O. Melnychenko, N. Mezentseva, Z. Nadyuk, J. Radysh, N. Fedak, and other scientists.

Despite many domestic and foreign publications about various components of public health, there is currently a lack of systematic research on the development of

non-governmental medical institutions and improving approaches to managing their activities. This fact actualizes this study and determines the purpose of the article.

**The purpose** of the article is to study the approaches to public management of the non-government public health sector in Ukraine under healthcare reform.

**Presenting main material.** The state's leading strategic task in the field of public health at the present stage is reforming the system to realize the constitutional rights of citizens of Ukraine – to receive affordable and quality medical services and care for all categories of the population.

To achieve this goal, it is first necessary to determine the future model of the public health system in Ukraine and, accordingly, the system of financing the industry. World health practice has developed several models of the healthcare system, the most common of which are the "market model," the Bismarck system (state-regulated market relations), the Beveridge model, and the Semashko model. According to these models, industry financing systems have been formed and implemented (Fig. 1).

It is worth noting that the reform of national healthcare systems is currently taking place in many countries worldwide. Although countries have different healthcare models, each has good reasons to improve and sometimes drastically change its approach to organization.

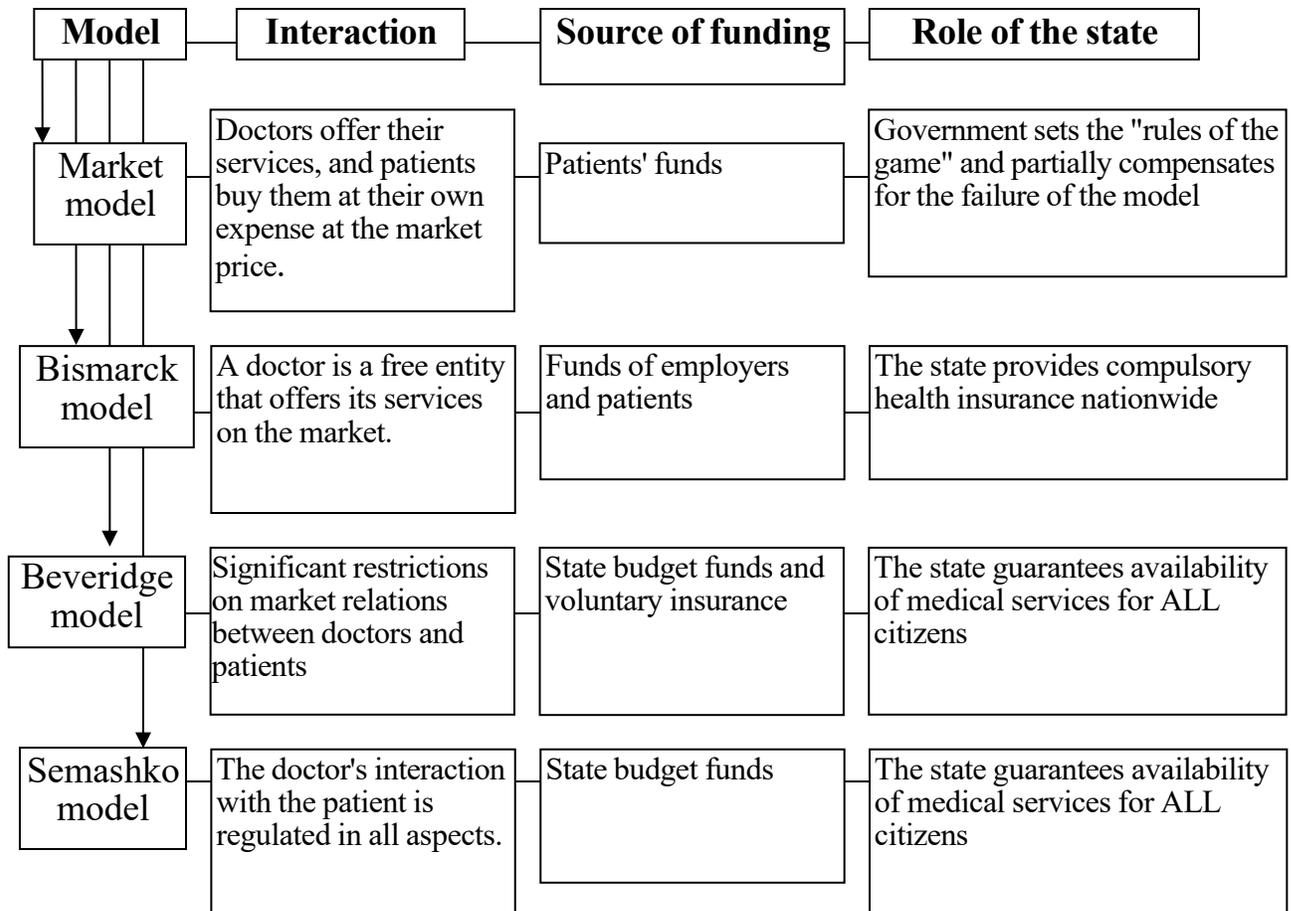


Fig. 1. Models of organization of the public health system

The Ukrainian healthcare system, which functioned according to the Semashko model (with some differences such as the existence of non-state medical institutions), gradually acquires the features of the Beveridge system. Thus, today, there are fundamental changes in approaches to the industry's public administration and its financing. The state no longer finances medical institutions for all expenditure items but has completely refocused on purchasing and financing medical services for citizens, which medical enterprises, regardless of owner, provided for them. The maintenance of medical beds, premises, and staff of medical workers is transferred to territorial communities. Thus, the state budget finances state-owned medical institutions and public authorities that manage the industry and health care services provided to citizens by medical facilities of various ownership forms. By analogy,

according to the schematic representation of the world healthcare models, the Ukrainian model can be represented as follows (Fig. 2).

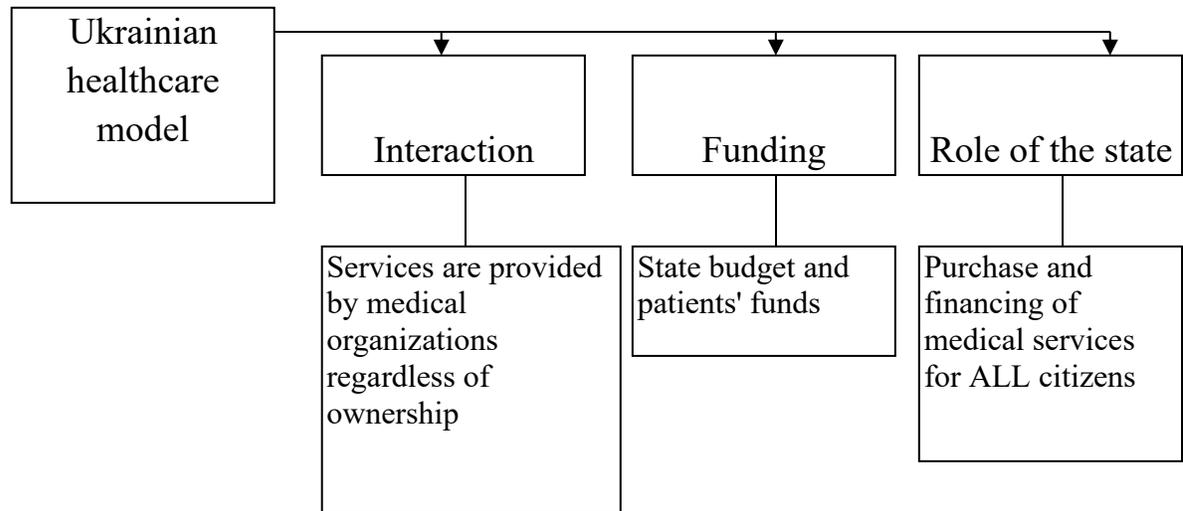


Fig.2. Ukrainian healthcare model

This approach, pointed out by many scientists and practitioners in the industry, allows to significantly reduce budget funding costs, optimize the management, and give citizens the right opportunity to choose the institution and professionals by themselves. Simultaneously, almost all medical institutions of state and communal property are financially and morally unprepared for functioning in the new conditions, imperfections of regulatory and legal support, and lack of chief physicians' training as managers significantly slows down the reform of the industry. Given the approaches to financing the industry today, public health should be considered to interact with its two sectors: public and private. Its public sector should include state-owned medical facilities and public authorities managing the industry (line ministry and structural units within local administrations), while non-state - all other healthcare elements as a system by the law.

The generalization of the current legislation and foreign experience gives grounds to determine the elements of this system, which should be attributed to the non-governmental sector of public health:

- private institutions of various organizational and legal forms
- communal (communal non-profit enterprises and institutions)
- entrepreneurs, received a license for medical practice and services
- charitable structures that provide medical care

In general, the structure of the private and public health sector is presented in Fig. 3.

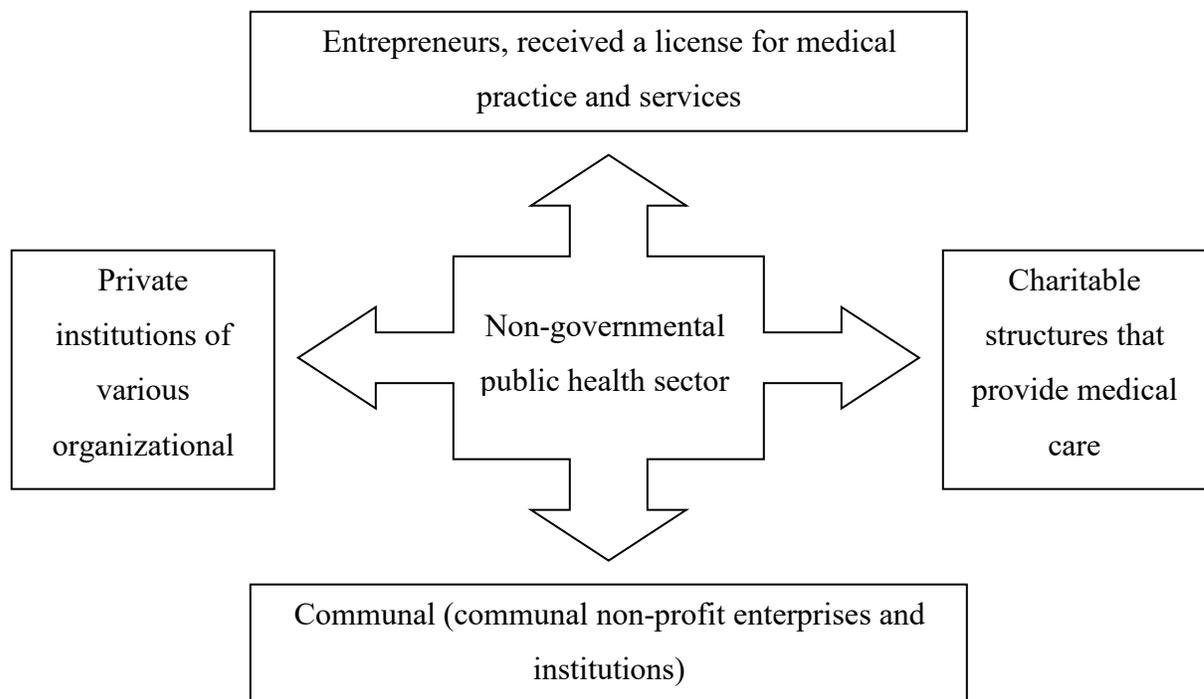


Fig. 3. The structure of the non-governmental public health sector.

Each of the presented types of economic activity has its features of development, advantages, and disadvantages. Simultaneously, all private sector actors form a particular segment that provides the right to receive quality medical care and

services based on the needs and capabilities of citizens. This article will detail the benefits and features of private institutions, which have the largest share in the non-governmental public health sector. This will make it possible to identify and improve the mechanisms of public management of the industry. Thus, the need for the development of private institutions in the non-governmental public health sector is due to a number of reasons and advantages. Among the main ones are:

- high level of material and technical support of medical institutions
- use of modern materials and advanced technologies
- providing quality assurance for all types of medical care and services
- availability of quality control of patients' treatment
- the best conditions for treatment and stay in both inpatient and outpatient treatment, customer-oriented service
- flexibility in treatment and supervision approaches
- a wide range of alternatives in the medical, instrumental, and pharmaceutical care of patients
- the possibility of purchasing materials and systems from foreign manufacturers (artificial joints, dental implants, etc.)
- providing services to the population that is unable to provide state and municipal healthcare facilities (collection of tests at home, courier delivery of research results, data transfer to digital media, ensuring the transfer of the patient to the institution and home, etc.)

Approaches to the organization and management of such institutions also have the following advantages:

- flexibility and efficiency in approving decisions

- initiative, individual responsibility
- the ability to attract highly qualified professionals through flexible approaches to wages, bonuses, working conditions, etc.
- the ability of the head of the institution (entrepreneur) to independently decide on the purchase of medical equipment and materials, medicines without additional approvals
- the possibility of free and prompt disposal of funds in accordance with the real need, etc.

It should also be noted that the functioning of the private and public health sector provides additional benefits to the state. This alternative can, firstly, significantly reduce public budget expenditures and increase investment in public health, and secondly, create market relations in the system and develop healthy competition among health care professionals and medical institutions for patients and their finances. Thus, the developed non-governmental sector will contribute to the improvement and development of the entire Ukrainian public health system, will provide:

- choice for patients
- improving the quality of assistance and services
- introduction of new medical technologies into real practice
- raising the professional level of medical staff
- development of civilized financial relations in the system and creation of medical institutions of various forms of ownership in the areas required by the market), etc.

Besides, the developed private sector of medical institutions makes it possible to reduce the burden on the public healthcare system, as it serves a part of the citizens

who can pay for treatment and services on their own. An example is the effectiveness of non-governmental institutions (laboratories) since the coronavirus pandemic in the Kharkov region. It should be noted that this situation is monitored in all regions of Ukraine without exception. The regional center's laboratory - 94,471 tests, laboratories of municipal medical facilities - 24,974 tests, private laboratories - 59,915 tests, which account 33.4% of all performed [106]. In general, it is presented in Figure 4.

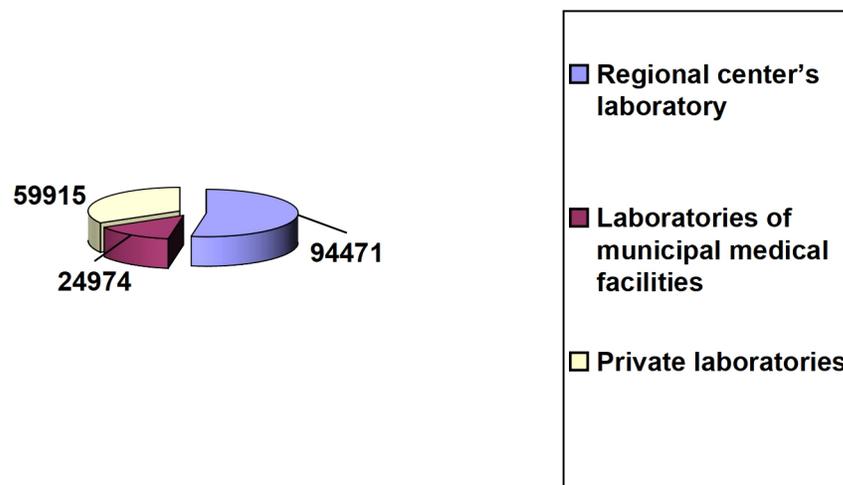


Fig. 4. The proportion of studies on SARS Cov 2 (diagnostic for COVID-19).

It should be noted that the term of the research by the laboratory center was 5-14 days during the autumn outbreak. The term of PCR analysis in private laboratories ranges from 8 to 72 hours from taking samples. Thus, citizens who came to Ukraine from abroad, withdraw from quarantine, or went abroad could use only private laboratories for tests. The cost of PCR tests in private laboratories in the Kharkov region is 1400 - 1980 UAH. Accordingly, citizens living in the Kharkov region paid about 104,851,250 UAH for PCR testing on COVID-19 from personal funds and enterprises' funds. This is a sum that the state budget did not spend to meet

region citizens' needs in laboratory diagnostics COVID-19. Private laboratories at their own expense and the expense of investors purchase equipment, reagents, consumables, protective equipment, disinfectants, and services for the disposal of used and potentially contaminated material, create new jobs, pay bonuses for work in high conditions and infectious risk. This increases GDP and creates an additional flow of funds to the state budget through the payment of taxes and fees from private laboratories, providing diagnosis of COVID-19. Despite all the above, currently, public institutions have many advantages over non-governmental ones. First, it concerns the permit system, advantages in licensing, accreditation, etc. Private institutions are also restricted in other professional activities - in the use of drugs, the issuance of sick leaves, the provision of "ambulance" services, etc. At the same time, the entire bureaucratic system of control and regulation aims to private institutions. Thus, it is fundamentally more difficult for private institutions to function and develop, as they do not have any benefits and additional revenues from various budgets (state or local), in contrast to state and municipal facilities. Given the specifics of services provided by private institutions, there is no need to prove the justification of government intervention and regulation of their activities. However, considering modern management reforms, it is necessary to study the issues of not purely state but public management in this area, where the subjects of such management are government agencies and representatives of the public and business sectors. The authors of the collective monograph "Panorama of Public Health of Ukraine" argue that the development of entrepreneurship in healthcare should be considered a positive phenomenon for the healthcare sector and the country. However, a necessary condition for such development is control over the pricing policy of medical services and compliance with state guarantees for the provision of medical care to groups who cannot pay for it [60]. We fully support the authors of the above monograph on changes in approaches to managing the non-public health sector.

The main functional elements of the public administration are necessary for the development of the whole sphere:

- legal regulation
- administrative regulation
- training of managers for the medical sphere
- state program
- indicative planning
- state power
- financial and budgetary regulation
- credit regulation
- state regulation of prices and tariffs
- social policy and social control of the population with the provision of services
- structural and investment policy and state regulation of investment activity in the sphere of services
- economic policy and regulation of environmental protection performance in the process of providing services
- adoption of competition and control over monopoly approvals etc.

The purpose of public administration in this context is, first, to create conditions for ensuring the effective functioning of both the private sector and the public health system as a whole (to take into account the interests of patients first, and then public and private institutions), and second, guaranteeing the constitutional rights of citizens to health care, medical assistance, and health insurance. The realization of this goal is achieved, in our opinion, through many mechanisms, which can be

divided into the following types: legal, institutional, organizational, economic, administrative, political, and others.

**Conclusion.** Reforming the Ukrainian healthcare system requires a change in the funding model itself and approaches to the management of the industry in general and its private sector. Summarizing the current achievements of scientists, we can say that, in general, comprehensive management in both public and private sectors has the same components in the form of specific mechanisms of influence by public authorities. Simultaneously, the essential difference lies in the methods, means, and tools used by the state. The comprehensive mechanism allows to adequately show the effectiveness of public management of the development of the public health private sector and creates additional opportunities to reconcile the interests of entities and objects of the medical services market. Its use will further contribute to consolidating citizens and medical institutions of various ownership forms to preserve public health.

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