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Putin Touts Added Cash to Upgrade Health Care

By Anatoly Medetsky

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The annual value of the domestic market for medical equipment, where foreign brands dominate, will soar by 50 percent over the next two years amid an injection of government cash, Prime Minister Vladimir Putin said Wednesday.

The figure will swell from the current 200 billion rubles ($7 billion) per year to 300 billion rubles by the end of 2012 as the government begins to spend its revenues from a higher medical insurance tax, part of the much-criticized payroll levy, to upgrade the national health care system, Putin said.

"It's about half of the current annual market for medical equipment," Putin said of the spending at a first national conference of health care specialists.

It appeared that spending would not taper off, despite government plans to reduce the payroll tax next year.

The government collects the difference between the previous and current medical insurance portion of the payroll tax in a special fund — expected to reach 460 billion rubles over this year and next — that will pay for equipment, renovations and higher salaries in the industry.

Putin emphasized spending at the conference, just two days after he spoke about recent increases in government's pension payouts on a conference call with regional Pension Fund officials — an indication of what campaigning points the government could choose for whoever of the ruling tandem ends up running for president in the March elections.

Putin reiterated Wednesday that he and President Dmitry Medvedev hadn't yet decided which of them would seek another term in the Kremlin.

Putin said salaries of doctors and nurses at clinics and hospitals would gain at least 30 percent during these two years thanks to the fund. Construction companies will also benefit because the upgrade effort calls for renovating 40 percent of medical institutions, or 8,000 of them, Putin said.

In an attempt to underscore the urgency of stronger support for the sector, Putin said more than 60 percent of X-ray equipment and half of ultrasonic scanners in government's clinics and hospitals are operating past their service life.

"It's obvious ... that it is, of course, impossible to hold back — or pause — with transformations in health care, claiming the crisis and temporary economic problems," he said.

Spending of the health care fund began as the Health and Social Development Ministry approved bids by 54 regional governments — the ultimate administrators of the plan — to spend chunks of the money.

The federal government already transferred 8 billion rubles from the fund, Health and Social Development Minister Tatyana Golikova said at the conference. Bids from the remaining 29 regions have yet to gain approval, she said.

The fund, which would otherwise be part of the Federal Compulsory Insurance Fund, will come in addition to regular federal spending on health care — an amount that, according to Putin, will reach a total of 789 billion rubles over this year and next.

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