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Public, Private Baby Business Booming

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The Perinatal Medical Center, which offers child delivery, gynecology and other services, was opened in 2006.

The hallways of privately owned Perinatal Medical Center in south Moscow are brightly colored and filled with cheerful pieces of artwork. Expecting women sit on couches, while others stand by the walls, all waiting for their checkups.

The waiting times, though not long, are nonetheless surprising. Women here are paying more than six times what they might pay at a state facility to give birth at this hospital.

Pregnant women in Moscow and other cities are beginning to act more like consumers than patients as maternity services become increasingly commercialized. Private medical providers see Russia as a prime market for opening their facilities, with several companies already in the game and new projects in the pipeline.

"The time has come to develop private health care in Russia," said Elena Mladova, general director of MD Medical Group, which operates the Perinatal Medical Center. "It is the time

to move away from these small, fragmented dentist offices on the first floors of houses and move toward [private] medicine that is on a different level."

But some Russian women are not convinced that private health care will give them better results. The state medical system, despite its sometimes-crumbling facilities and gruff staff, remains a trusted institution, which competes with the private facilities for customers.

"The fact that you paid for delivery doesn't guarantee that the services will be of better quality," said Svetlana. She has given birth to two babies in state hospitals and, like other mothers interviewed for this article, declined to have her last name published for privacy reasons.

Maternity services are a lucrative sector for private health care in Russia given the country's demographics and economic situation. The birth rate is on the rise, and there is a growing middle class that is willing to pay for medical services.

The market for private medical providers grew 19.8 percent in 2011 to reach 48 billion rubles ($1.5 billion), according to a study by Frost & Sullivan. And there is still room to grow: Per capita spending on medical services in Russia is seven times lower than in European countries and almost 12 times lower than in the United States.

MD Medical Group's Perinatal Medical Center offers a variety of services for women, such as child delivery, gynecology, reproductive technologies and pediatrics. The company also operates a chain of Mother and Child clinics in Moscow and the regions, including franchised centers in Kiev and Irkutsk.

The Perinatal Medical Center welcomed its first clients in 2006. A contract for baby delivery starts at 160,000 rubles ($5,134) and can top 600,000 rubles for patients who want luxury accommodations and VIP treatment.

Other companies that specialize in paid medical services include Medsi, Medicina and the European Medical Center, but none of them have their own maternity facilities. Many are based in Moscow, but several have branches in the regions.

Meanwhile, state maternity hospitals have become commercialized, with many officially selling upgraded birth packages to provide an alternative to the uncertainty of relying purely on unpredictable state-health-insurance-funded perinatal care.

The federal government has also shown increasing support for private health care by launching a number of initiatives aimed to stimulate the sector.

The government encourages Russians to use private medical services by making these services tax-deductible up to 120,000 rubles per year. The government also introduced a law in 2011 that eliminated profit taxes on private health facilities until 2020, and it is contemplating allowing private medical centers to be suppliers to the mandatory health insurance program by 2015.

Price of a Baby

The women in line at the Perinatal Medical Center can be considered lucky. The center is filled

to 90 percent of capacity, and these expectant mothers have managed to get in.

"The number of people who are willing to pay is much greater than the amount of services we can offer because the prenatal center is filled," Mladova said.

MD Medical Group is counting on its newly constructed center in the Moscow suburb of Lapino to satisfy demand.

Construction of the Lapino Center, which is not far from Rublyovskoe Shosse and cost $150 million, began in November 2010, and the facility is expected to open in November 2012. It will have a maternity ward as well as surgery, trauma, rehabilitation and ambulance units.

The MD Medical Group also has a perinatal center under development in Ufa.

The Moscow branch of the American Medical Centers chain offers perinatal monitoring, which includes diagnostics, consultations and attention from a doctor for 150,000 rubles. But for delivery, the provider refers patients to state maternity hospitals it works with, said Ksenia Golubina, the AMC deputy commercial director.

For a fee, AMC can also help arrange for births abroad. It partners with maternity wards in Miami, Los Angeles and New York and offers women the option of giving birth there as part of a package that includes an ultrasound, consultations and help preparing the necessary visa documents. The package costs about $18,900.

Though the company declined to say how many Russians have taken advantage of this offering, Olga Chudonoskaya, manager of AMC's international relations department, said that the service has been available for two years and that every day brings a new customer.

Segmentation

Although private medical providers like MD Medical Group are expanding, their prices are too high for some women.

Svetlana said that she knows couples who paid as little as 25,000 rubles to give birth and that 160,000 rubles is too much to pay.

"There are a lot of people in Moscow for whom it is easy to throw away half a million. These hospitals probably exist for them," Svetlana said.

She is willing to pay up to 30,000 rubles if this payment guarantees that she will get constant and professional medical attention, Svetlana said.

Mladova defended MD Medical Group's fees, saying that it targets the middle class.

"The demand is always growing, while the offers on the market are limited," Mladova said. "We filled up completely within two years of opening. Maybe if there were more centers like this one, the price would be lower."

But an even bigger obstacle private hospitals have to overcome is the perception that paid services are not necessarily better than the ones offered at state facilities.

"I am sure that if a doctor is good, even if you don't pay him, he will be just as good in delivering the baby, and vice versa," Svetlana said. "If the person is not professional, no matter how much money you give him, it won't help."

State Goes Commercial

Whether giving birth in a private hospital or a state one, Russian women can rarely escape having to pay for the treatment.

Most maternity wards now offer officially paid services, and the prices are often not much lower than what the women would pay to give birth in a private center.

"Now almost everyone offers paid services," Golubina said. "The difference is not so much in the level of medical treatment as much as the quality of the service."

Additional paid services could include bigger hospital rooms, laxer visitation rules and the possibility to arrange in advance which doctor will deliver the baby.

Contracts for delivering babies average about 60,000 rubles, although some state hospitals charge more.

Foreigners don't have a choice, for the most part. They can give birth at private facilities or under a paid contract at a state maternity hospital if their passport is translated into Russian, but using free state-provided services would involve a significant bureaucratic hassle, an administrator at Maternity Hospital No. 4 said.

The state-run Center of Family Planning and Reproduction on Sevastopolsky Prospekt offers delivery contracts for 125,000 rubles. This package includes a one-person room and the right to have a family member present during delivery — which was long forbidden in the Soviet system — if the birth is natural.

A state maternity hospital in Lubertsy, just outside Moscow, charges 120,000 rubles for monitoring a pregnancy, delivery and a room with private shower. For an extra 30,000 rubles the patient can upgrade to a two-room suite.

Unlike the fully private facilities, state hospitals that charge for some of their services still don't put much emphasis on providing good customer service.

Polina, who is about 30 years old, paid to give birth at a state hospital but said she still had to endure the rudeness of the staff. The women's emotional needs are sometimes ignored, she said. One of the women in the same room with her was crying, but nobody came to help her.

However, despite such service, Polina said she still trusts the state facilities more.

"There is still trust in our medicine," Polina said. "We are girls from the Soviet period. [The coarseness] is normal for our generation, but for the women from the younger generation who were born with computer mice in their hands, they need everything to be quick, clean and pretty."

Even if the women don't get a contract in advance of the delivery date, the state maternity

hospitals are legally required to treat them.

While she was in labor, Svetlana said she saw young women come in who didn't have contracts. The hospital still took them in and even gave one of the women free anesthetic to numb her pain.

Svetlana gave birth to her first child without a contract. The doctor was selected randomly, but he was good, she said. The second time she was pregnant, her friends warned her that if she didn't get a contract, nobody at the hospital would pay her any attention.

"There were many voices, and I probably fell for them," Svetlana said about why she chose to pay for a contract before giving birth to her second child.

State facilities are reluctant to market their paid services. When contacted, staff at state hospitals avoided discussing how a pregnant woman without a contract would be received.

Doctors from Maternity Hospital No. 4 monitor pregnancies for a starting price of 64,000 rubles. The birth costs an additional 83,000 rubles, or 103,000 rubles if the client requests a specific doctor. By law, women without contracts have the right to be treated at the hospital, but there are no guarantees.

"If there are spaces, you will be taken in, but there are usually no spaces," the hospital's worker said over the phone. She added that in theses situations women are typically sent to other hospitals.

The commercialization of maternity hospitals is one of the reasons some Russian women are deciding to give birth at home.

Anna has delivered two children at home and is expecting her third by the end of the year. She picked this method because she wanted close attention from her doctor and control of the birthing process, something she said might not have been possible in a state or a private hospital.

"The most important thing for me was that the doctor who knew me during the pregnancy and knew all my tests delivered the baby," Anna said. "In the system, everything is broken up. One person does the tests. The other delivers."

For Svetlana, the final decision comes down to the quality of the medical service.

"For money they smile at you and give you a separate room," she said. "Everything else is the same."

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