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Putin Touts Public-Private Partnership to Revive Health Care

By Delphine d'Amora

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President Vladimir Putin touted public-private partnership, as a means for revitalizing the threadbare public health care system at a meeting with top ministers Tuesday.

The sector clearly demands investment, but simply raising the rates that individuals and companies pay into the state's obligatory medical insurance fund is not an option: "That is quite a risky, complex affair, which will increase the burden on business and citizens," Putin said, Interfax reported.

Using government funds alone is also "ineffective, expensive and at times simply money going nowhere," the president said.

Putin called on the assembled ministers, including Finance Minister Anton Siluanov and Health Minister Veronika Skvortsova, to develop a range of models for PPP initiatives that could create "attractive conditions" for private business, with a special focus on financing

comprehensive renovation and construction of new medical facilities.

Currently, the insurance fund only covers the costs of maintenance for existing facilities.

Expanding cooperation with private businesses is one of the state's chief priorities in health care, said Sergei Shishkin, professor at the Higher School of Economics' Institute for Health Economics.

Two key strategies are being employed: first, drawing existing private institutions into the provision of public health care, and second, increasing private investment in the creation of new facilities, Shishkin said.

More than 10 percent of the institutions that provide free public medical care are already privately run, but until recently they received minimal state support — only about 1 percent of the government's total spending on public health care, Shishkin said.

However, recent amendments have given private and state-run facilities equal conditions for receiving state funding, which could draw more private institutions into the sector.

The scenarios for private investment vary, but in general involve the government providing certain resources — such as land or a building — while private investors finance construction of the new facility, which is later obliged to provide a certain amount of public health care.

Last year, 40 of the country's 83 administrative districts kicked off PPP projects, and 58 have planned such ventures for 2014, Health Minister Skvortsova told television channel RBC-TV last week.

In addition to cooperation with the private sector, Putin called for continued structural reforms to eliminate ineffectual spending in health care.

The government has already adopted several strategies on this front, including redirecting funding toward primary and preventative care, Shishkin said.

Last year, the Health Ministry began offering free medical check-ups to all citizens over the age of 21. The system has already served more than 34 million people and plans to increase its capacity to 60 million citizens a year in the next two years, Skvortsova said.

With the money saved through improved efficiency, the healthcare system will be able to "ensure continued salary increases for medical workers and, most importantly, to increase the quality of medical services," Putin said.

Progress was made in both these directions in 2013, he added.

Doctors' pay increased to 39,500 rubles ($1,160) a month — 36 percent more than the estimated average Russian salary of 29,000 rubles — while the pay of mid-level and junior personnel increased by 78 percent and 48 percent, respectively.

2013 also saw the completion of a series of initiatives for modernizing health care in the regions which have "renovated in a substantial way the material and technical basis of hospitals and clinics," Putin said.

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