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FINANCIAL ASPECTS OF PROVIDING HEALTH CARE

Protection of life and health is one of the principles enshrined in the Constitution of Ukraine. This aspect confirms the importance of this sphere, as it is aimed at preserving the biological stability of individuals' lives, and, accordingly, the stability of society. At the same time, the health care system has a broad and complex manifestation, as it regulates a huge number of issues: training and development of medical professionals, development of fixed assets, creation of the latest treatment methods, provision of medical care to everyone who needs it, etc. In this regard, the issue of financing all these areas, which can be allocated within the system, is becoming more relevant. However, the limitation of financial resources does not allow financing at the maximum level of its needs, and therefore highlighting the most important while maintaining parity between directions is extremely important.

In general, the healthcare system is a set of enterprises, institutions, organizations, and bodies whose activities are aimed at administering and directly providing healthcare services to the population. Each state is free to choose how to implement its policy, including in the healthcare sector. Therefore, there is a wide variety of healthcare system organizations in the world. At the same time, the historical retrospective and evolution of the system as a whole were aimed at balanced financing of the sector in the context of limited budgetary resources.

Ukraine's healthcare system is characterized by a mixed system, which is a symbiosis of the Semashko model and the market model. This is due to the fact that our country inherited the «Soviet legacy» in the form of an outdated healthcare system that lags behind European countries and is problematic in terms of financing (as it is financed from the budget in the face of budget deficits). However, the current transformation policy of the healthcare system has borrowed some aspects of insurance medicine by creating a state insurer, the National Health Service of Ukraine. At the same time, the Ukrainian healthcare system continues to evolve, and therefore is on a constant path of development in search of its own model.

Keywords: budget expenditures, health care, state budget, local budgets, SWOT analysis.

ФІНАНСОВІ АСПЕКТИ ЗАБЕЗПЕЧЕННЯ СФЕРИ ОХОРОНИ ЗДОРОВ'Я

У статті проведено аналіз наявних проблем, визначено напрямки вдосконалення та перспективи розвитку процесу фінансування видатків місцевих бюджетів на охорону здоров'я.

Ключові слова: видатки бюджету, охорона здоров'я, державний бюджет, місцеві бюджети, SWOT-аналіз.

Statement of the problem in a general form and its connection with important scientific and practical tasks. This topic is actualized in connection with the implementation of two large-scale reforms in Ukraine over the past five years: the decentralization reform and the medical reform. Each of them had a huge impact on the researched topic. The decentralization reform provided local public authorities with a wide range of powers and new sources of funding. Such powers were also granted to local authorities in relation to health care. As for the medical reform, it created a qualitatively new, more transparent relationship between the patient and the health care institution, and most importantly, it established clear rules for financing such institutions.

Analysis of the latest studies, in which the solution to the problem was initiated. The study of the conceptual foundations of financing health care expenditures and the problems of this topic was carried out by such scholars as Duke A.A. (2018), Malynyak B. (2021), Ovsyannikov E.S. (2017), Smiyanov V.A. (2020) and others.

Objectives of the article: The main task of the article is to conduct an analysis of the existing problems, identify directions for improvement and development prospects of the process of financing the expenditures of local budgets for health care.

A healthy population of the region is definitely an able-bodied population that can work more and, accordingly, pay taxes. An increase in tax deductions will lead to an increase in the revenue part of the budget and, accordingly, to an increase in expenditures, in particular on the health care system. Therefore, such an approach can be considered as a strategic influence on the long-term perspective.

Presentation of the main material of the study with a full justification of the obtained scientific results. In 2022, the

Verkhovna Rada of Ukraine frequently amended the approved budget to create "flexible" conditions for financing defense spending. At the same time, the healthcare budget was generally left without major changes in nominal terms. And this is not surprising, since the primary challenge Ukraine faces in 2022-2024 is national security and defense in the context of daily hostilities. At the same time, the health care system indirectly affects the sustainability of the defense sector, as it provides primary, secondary and tertiary health care. And experience has shown that human resources are the most important in the process of war, as they are difficult to replenish. Therefore, the proper functioning of the healthcare system, high qualification of medical personnel and the correctness, speed and timeliness of medical care are the key to preserving the lives and health of communities and soldiers in particular.

The participation of the state budget in the implementation of the program of state guarantees of medical care of the population remains at a fairly high level, providing at the same time the main part of the expenses of medical institutions. Thus, in 2023, the state budget provides 142748233.7 thousand UAH, in 2022 - 157298220.1 thousand UAH, in 2021 – 128744210.1 thousand UAH.

A modern approach to the administration of certain processes is to use a different range of tools to study them. SWOT analysis has been one of the most common in recent years. This tool is extremely effective in planning various kinds of plans and reforms, and therefore is aimed at forming holistic strategies. So let's look at the main characteristics of SWOT analysis through the prism of the research topic.

Strengths:

- proactive leadership of local governments and healthcare institutions;
- availability of platforms for interaction between the government and healthcare institutions;
- introduction of innovative methods of financial management in the healthcare system;
- decentralization reform and local elections, which provide for a wide range of sources of funding for local budgets;
- increased activity of investors in the region.

Weaknesses:

- insufficient level of funding in accordance with the needs of the health care sector;

- insufficient level of financing of innovative energy efficiency projects;
- insufficient level of use of modern methods of administration and financial management;
- predominant wear and tear of basic means and communications in health care institutions;
- permanent changes in budget legislation;
- high level of corruption;
- presence of «shadow» movements of funds in the health care system;
- lack of a systematic approach to the development of the health care system;
- low level of use of insurance medicine by citizens.

Threats:

- long-term existence of martial law;
- maintaining a high level of population migration from Ukraine;
- non-return of citizens who have already left abroad;
- high level of inflation and decline in economic development;
- energy terror by the Russian Federation;
- incomplete reform of the health care system;
- failure to ensure 100% of the level of financing of health care system expenditures.

Opportunities:

- the policy of «zero tolerance for corruption» in the process of effective spending of funds by health care institutions;
- a general increase in the income of local budgets at the expense of the «military personal income tax» can ensure financing of the health care system at the highest level;
- the existence of a large number of foreign donor and volunteer organizations in the region, directed to support the medical field in wartime conditions;
- deeper use of the benefits of healthcare reform;
- the tendency to improve the interaction of the private and public sectors, which promotes the exchange of experience;
- increase and expansion of possible areas for attracting innovations.

Recently, when studying specific phenomena by SWOT analysis, emphasis is placed on its variety, namely strategic SWOT

analysis. So, strategic SWOT is considered in the following dimension:

- is the first stage in strategic planning;
- on its basis, the strategy is developed;
- outlines the strategic problems of the research object, which makes it possible to determine strategic solutions.

Having established above the characteristics of each component of the SWOT analysis for the expenditure of local budgets on health care, it is possible to proceed to its final stage, namely the definition of the SWOT matrix. It is the delineation of the matrix within the framework of strategic analysis that will allow us to draw the correct conclusions within the framework of the research topic.

Table 1

SWOT-analysis. Strengths and opportunities

Strengths		Opportunities
proactive leadership of local governments and healthcare institutions	Supported by	the policy of «zero tolerance for corruption» in the process of effective spending of funds by health care institutions
availability of platforms for interaction between the government and healthcare institutions		a general increase in the income of local budgets at the expense of the «military personal income tax» can ensure financing of the health care system at the highest level
introduction of innovative methods of financial management in the healthcare system		
decentralization reform and local elections, which provide for a wide range of sources of funding for local budgets		the existence of a large number of foreign donor and volunteer organizations in the region, directed to support the medical field in wartime conditions
increased activity of investors in the region		deeper use of the benefits of healthcare reform
		the tendency to improve the interaction of the private and public sectors, which promotes the exchange of experience
		increase and expansion of possible areas for attracting innovations

The analysis shows that opportunities support the strengths of the phenomenon under study. Thus, they serve as a catalyst for bringing advantages to a qualitatively new level. This level means that it is possible to formulate medium- and long-term development strategies aimed at improving existing strengths.

Table 2

SWOT analysis. Weaknesses and opportunities

Weaknesses		Opportunities
insufficient level of funding in accordance with the needs of the health care sector		the policy of «zero tolerance for corruption» in the process of effective spending of funds by health care institutions
insufficient level of financing of innovative energy efficiency projects		a general increase in the income of local budgets at the expense of the «military personal income tax» can ensure financing of the health care system at the highest level
insufficient level of use of modern methods of administration and financial management		
predominant wear and tear of basic means and communications in health care institutions		the existence of a large number of foreign donor and volunteer organizations in the region, directed to support the medical field in wartime conditions
permanent changes in budget legislation		deeper use of the benefits of healthcare reform
high level of corruption		the tendency to improve the interaction of the private and public sectors, which promotes the exchange of experience
presence of «shadow» movements of funds in the health care system		
lack of a systematic approach to the development of the health care system		
low level of use of insurance medicine by citizens		increase and expansion of possible areas for attracting innovations

From the comparison made above, we can distinguish that opportunities reduce weaknesses. At the same time, the achievement of the result is possible only in case of implementation of such possibilities. The implementation of opportunities is aimed at the formation of qualitatively new characteristics of the object under study, and therefore they can level the already existing weaknesses.

The development of threatening factors for the phenomenon under study also directly affects its weaknesses. They become more vulnerable to external factors, and therefore responding to existing threats is a priority in the long and medium term.

Table 3

SWOT analysis. Weaknesses and threats

Weaknesses	Strengths	threats
insufficient level of funding in accordance with the needs of the health care sector		long-term existence of martial law
insufficient level of financing of innovative energy efficiency projects		maintaining a high level of population migration from Ukraine
insufficient level of use of modern methods of administration and financial management		non-return of citizens who have already left abroad
predominant wear and tear of basic means and communications in health care institutions		high level of inflation and decline in economic development
permanent changes in budget legislation		energy terror by the Russian Federation
high level of corruption		incomplete reform of the health care system
presence of «shadow» movements of funds in the health care system		failure to ensure 100% of the level of financing of health care system expenditures
lack of a systematic approach to the development of the health care system		
low level of use of insurance medicine by citizens		

Threats potentially exist and strengths already exist. Therefore, the development of threats levels the presence of strong parties at the existing level. In this way, the threats weaken the strengths and make the investigated object more vulnerable.

Therefore, timely response to threats, as well as countering weaknesses are priorities in the development of the facility.

Conclusions. At the current stage, local budgets finance expenses for:

- payment of utility services and energy carriers;

- programs for the development and support of health care institutions and programs for the provision of medical services to the population beyond the scope of state guarantees;
- public health programs.

Table 4

SWOT analysis. Strengths and threats

Strengths	Weaken	threats
proactive leadership of local governments and healthcare institution		long-term existence of martial law
availability of platforms for interaction between the government and healthcare institutions		maintaining a high level of population migration from Ukraine
introduction of innovative methods of financial management in the healthcare system		non-return of citizens who have already left abroad
decentralization reform and local elections, which provide for a wide range of sources of funding for local budgets		high level of inflation and decline in economic development
increased activity of investors in the region		energy terror by the Russian Federation
		incomplete reform of the health care system
		failure to ensure 100% of the level of financing of health care system expenditures

Therefore, we propose to improve the expenditure side of the budget in the above areas.

Electricity and natural gas account for a significant portion of utilities and energy costs. Regarding natural gas, it is possible to replace this source with solid fuel in some healthcare facilities by replacing furnaces and boilers.

Secondly, the direction of energy efficiency of buildings, namely their insulation, is already developed, but not fully completed. To date, specialists have proven that home insulation can save up to 60% of heat. Thus, health care institutions can redirect up to 60% of

the funds spent on coolants in the heating season to more priority areas. For this, it is sufficient to attract funds for a long-term perspective. In addition to their own sources of funding, health care institutions can use:

- credit funds;
- grant funds from European partners;
- with the funds of patrons;
- with the funds of the State Energy Efficiency Fund, etc.

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Solar power plants allow us to cover our own electricity consumption during daylight hours. Of course, it is impossible to get rid of the total electricity generation, but in this calculation we will talk about savings.

This result can only be achieved through the cooperation of healthcare facilities, authorities, donor agencies, and businesses in the region.

One of the most widespread corporate values of the European Union is to provide employees with an adequate level of healthcare. This is provided through funded voluntary health insurance programs for employees at the expense of employers. The positive statistics of voluntary health insurance are evidenced by the data of the financial analyst of Financial.ua. Thus, this national analytical company states that "in 2018, insurance companies' collections from voluntary health insurance amounted to UAH 3.24 billion, in 2019 – UAH 4.27 billion, and in 2021 – UAH 6.2 billion. However, the war unleashed by the

Russian Federation has negatively affected this trend and pushed the voluntary health insurance market back to the level of 2020" (Corporate Health Insurance, 2024).

In this area, an important aspect is that each healthcare institution provides medical services within two main options

- within the framework of the medical guarantee program in approved areas and at approved prices;
- in accordance with the price list approved by a particular healthcare facility.

If a specific medical service is financed by voluntary health insurance, the state and local budgets do not spend money, and therefore savings are made. For example, according to the Procedure for Implementing the Program of State Guarantees of Medical Care for the Population in 2023, the National Health Service of Ukraine does not pay for medical services that are paid for by other sources not prohibited by law and not provided for in the contract.

The increase in the use and application of insurance medicine has two functions at once:

1. Increasing the revenue side.
2. A parallel change in the source of funding from municipal (state) to private.

Deepening the use of insurance medicine is possible only within the framework of public-private partnerships, attracting donors, investors, various grants, business awareness and building corporate values of enterprises.

In general, saving the expenditure side of local budgets on the healthcare system will help redirect spending to other areas, which will help the healthcare system develop at a qualitatively new level.

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