

# Stories from the field

## Ukraine: championing universal health coverage through health financing reform

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In the city of Kostiantynivka in the Donetsk region of Eastern Ukraine, the primary health care (PHC) centre is experiencing a big change. Its funding has doubled as a result of a new government financing model.

The salary of a physician has tripled, and nurses have experienced huge leaps in salary. Importantly, the changes in the system aim to improve access to services for patients. The same is happening in other successful PHC centres across the Ukraine. In the past year, the majority of PHC facilities have moved to this new financing model. Primary health care is available both in large cities and in the smallest villages. Before this, nearly half of all Ukrainians could not afford to seek health care. Now there is progress towards better access to primary health care services, which are free of charge to all.

So what is the new financing model and why is it so effective?



Primary healthcare center in Chervonohrad, Lviv region. Photo: NHSU

## Starting with primary health care

The transformation of the health and financing system began to unfold gradually with a focus on primary health care and ongoing support from national and international partners including WHO, World Bank, USAID UNDP, and UNICEF.

The Government of Ukraine introduced the mechanism of per capita payments in order to contract primary health care providers with the principle that the “money follows the patient”. This is a well-known approach internationally, but a new step for Ukraine. For each patient who enrolls with a physician, the state guarantees a clearly defined list of primary healthcare services that will be provided free of charge.

Rather than simply changing how the funds are distributed, it was very important for the government to create and secure the new institutions crucial for introducing UHC; namely the National Health Service of Ukraine (NHSU), which was established on 1 April 2018. The NHSU transfers money to the health facilities on a per-capita basis. The budget of the PHC centre is calculated based on the number of enrolled patients, regardless of the number of visits or services used by the patient, and the patient does not need to make any further payments. This makes primary healthcare accessible to all citizens and reinforces the commitment of the Government of Ukraine to provide financial protection and deliver integrated people-centred services to each and every Ukrainian.

“ It was critical to give patients a free choice of provider, to ensure competition among public and private providers, and to introduce eHealth instruments and transparency at each consecutive stage of the reform. These changes established a new social contract, which is the most important shift in the system. Under new rules a primary care physician has tripled his income not because of salary premium from the government, but due to his or her hard work and support from the patients. This meritocracy is what really matters in the new transformed system.”

Pavlo Kovtonyk,  
Deputy Ministry of Health of Ukraine

To date, nearly 26 million Ukrainian citizens (two-thirds of the population) have already chosen their physician and the National Health Service has paid more than UAH 6 billion (more than USD 222 million) to health facilities under these contracts.

The vast majority of primary health care facilities now receive more funds than under the old financing model, which was based on grants from central to local budgets. The government budget for PHC services has increased significantly, demonstrating serious commitment to UHC and PHC.



Primary healthcare center in Klishkivtsi village, Chernivtsi region

## Background to the health reforms

In 2015, the Government of Ukraine initiated massive reform of its entire health system, to move towards universal health coverage (UHC) and improve the health outcomes of the population. The Ministry of Health of Ukraine first focused on health financing reform and improving information systems.

In October 2017, the Parliament of Ukraine adopted a law on ‘Government Financial Guarantees of Healthcare Services’. The law was developed and finalized with technical support from WHO. It created a new framework for health financing which aims to reduce high out-of-pocket expenses for people who seek medical care.

According to the Health Index, in 2018, a quarter of Ukrainians did not receive medical services due to lack of personal funds and nearly a half said it was difficult or impossible for them to find the means for treatment. For 17% of respondents, the high cost of treatment was a financial barrier to seeking outpatient care.

The National Health Service of Ukraine was established to support the practical implementation of the new law. The NHSU is a purchaser of health services from public (and eventually private providers) based on the State Guaranteed Benefit Package currently under development. This is a complete break with the past as now the state no longer automatically funds medical institutions, but pays for specific health services based on contracts between the NHSU and providers.

Melitta Jakab, senior health economist at the WHO Regional Office for Europe said, "Ukraine is a new champion of UHC in the WHO European Region demonstrating steadfast political commitment, evidence-informed reform design, innovation, impressive speed of implementation and inspiring attention to communication. The establishment of a single payer NHSU - as an autonomous purchasing agency - funded from general taxes is an innovative approach in Eastern Europe to provide state mandated coverage. It recognizes the outdated nature of payroll taxes and its negative impact on the labor markets and economic growth. The new explicit benefit package and new contractual approaches with health care providers will create transparency in resource allocation and balance efficiency with equity considerations. Benefits are already beginning to emerge. I am optimistic if Ukraine continues on this path for the coming years, health system performance will dramatically improve and tangible benefit for the population and health workers will be visible."



Oleg Petrenko, Head of National Health Service of Ukraine  
Photo: NHSU

## What does success look like?

"We have set clear transparent rules for all primary health care facilities. And we have wonderful examples of how facilities and their employees took advantage of the new opportunities. The primary care center in the town of Illintsi, Vinnytsia region, was one of the first to conclude a contract with NHS and move on to a new financing model. Under the new mechanism, it receives twice as much money as in previous years. As a result, the salary of a physician has increased almost threefold.

"Everyone has already understood that money won't come to a facility other than with patients who choose their physician. It is necessary to create proper conditions for physicians and patients. In the Baltic Primary Care Center in Odesa Oblast, a single contact center was established to make all appointments, and now the queues remained in the past.

"In Zhytomyr, an independent review system was set which allowed each patient to comment the services and ask questions using the QR code. Renovated buildings, open reception areas, areas for parents with children, accessibility for low-mobility groups of people - the best demonstration of the real changes in health care facilities."

Oleg Petrenko, Head of National Health Service of Ukraine



Primary healthcare center in Chervonohrad, Lviv region. Photo: NHSU

As a result of the health finance system transformation at primary healthcare level, there are changes in the prestige of primary care physicians. Now PHC providers receive an acceptable legal income from the state, enjoy appropriate conditions for work and have opportunities for continuous professional development.

According to Oleg Petrenko, people are starting to trust their physicians and follow their recommendations. The statistics back this up. The latest Health Index survey showed that 76% of people are satisfied with their physician. Mr Petrenko believes that in the long run greater trust in physicians will result in the prevention of non-infectious diseases, improved immunization coverage, and people adopting healthier lifestyles.

Dr Jarno Habicht, WHO Representative to Ukraine, said, "WHO and development partners welcome the efforts of the Ukrainian Government in transforming the health system, including health financing. The changes - including revision of health financing regulation, creation of National Health Service, and proceeding with strengthening primary care and access to affordable medicines - are in the right direction to move towards universal health coverage. Constant efforts are needed from all stakeholders to improve the population's health. In parallel, we need also to have a broader approach to health and wellbeing, address the determinants of health and value the central role of health in the development agenda. WHO has been proud to support health system reforms so far and we are ready to continue to do so in the future."

## Future plans

Now that the first phase of the transformation of PHC financing has been practically completed, and most facilities are working under new rules, what next?

In 2018, WHO conducted an assessment of the "Affordable Medicines" reimbursement programme - which currently provides free medicines to many Ukrainians with chronic conditions - and made policy recommendations. The government has extended the programme into 2019 and allocated state budget, allowing patients to maintain treatment without experiencing financial hardship.

In 2019, changes to the health system will continue at the level of outpatient care and hospital care. In 2020, the new financing law will apply to all levels and types of medical care. The Medical Guarantee Program - a state-guaranteed healthcare package - will start functioning as another step towards bringing Ukraine closer to universal health coverage. All things considered, this is a very optimistic time for people's health in Ukraine.