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PRIVATE MEDICAL SERVICES AS AN OBJECT OF STATE REGULATION

Abstract. The article considers the issue of private medical institutions as an object of state regulation. It is proved that the health care system is the main component of the general system of social protection of states. It has been determined that, according to the World Health Organization, there are currently only three main models of health care in the world: public, insurance and private models of medicine. The meaning of the concept of “medical care”, which should be considered the activities of health care institutions and the activities of natural persons — entrepreneurs who have the appropriate registration and license in accordance with the procedure established by law, which relates to health care, whose activities may not necessarily be limited to medical care. It is noted that the medical service can also be considered as the activity of the person providing these services, aimed at achieving such a result or useful property, which will be able to meet the needs of the person to restore and/or maintain his health, directly in the process of implementing appropriate activities of a person — a service provider, which has no material expression (material form) and cannot be guaranteed by the service provider. It was found that the market of medical services is grow-
ing due to the expansion of the number of health care facilities of various forms of ownership, their existence and rapid development does not allow to assess the scale of services provided and their funding in general, as both public and private institutions have a shadow economic segment. It has been proven that the development of private medical institutions helps to reduce the pressure on the state health care system, as it can take over the part of the citizens that is able to pay for all necessary services. It is noted that private health care facilities have a certain specificity of legal regulation of medical services, the effectiveness of which has legal significance.

**Keywords:** health care, private medicine market, public health, state regulation of medical institutions, private medical institutions.

**ПРИВАТНІ МЕДИЧНІ ПОСЛУГИ ЯК ОБ’ЄКТ ДЕРЖАВНОГО РЕГУЛЮВАННЯ**

**Анотація.** Розглянуто питання приватних медичних закладів як об’єкта державного регулювання. Доведено, що система охорони здоров’я виступає головною складовою загальної системи соціального захисту держав. Визначено, що з даними Всесвітньої організації охорони здоров’я, на сьогоднішній день, у світі виділяють лише три основні моделі охорони здоров’я: державну, страхову та приватну модель медицини. Роз’яснено зміст поняття “медичне обслуговування”, під яким варто розглядати діяльність закладів охорони здоров’я та діяльність фізичних осіб — підприємців, які мають відповідну реєстрацію та одержали ліцензію відповідно до установленого законом порядку, який стосується сфери охорони здоров’я, діяльність яких не обов’язково може обмежуватись медичною допомогою. Зазначено, що медичну послугу також можна розглядати як діяльність особи, яка надає ці послуги, що спрямована на досягнення такого результату чи корисної властивості, завдяки якому будь-яким завданням потреби особи у відновленні та/або підтриманні її здоров’я, безпосередньо в процесі реалізації доцільної діяльності особи — надавача послуг, який не має упредметненого вираження (матеріальної форми) і не може бути гарантований надавачом послуг. Виявлено, що ринок медичних послуг зростає завдяки розширенню кількості закладів охорони здоров’я різних форм власності, їх існування та стрімкий розвиток не дає змоги оцінити масштаб наданих послуг та їх фінансування в цілому, адже як в державних, так і приватних закладах притаманний тіньовий економічний сегмент. Доведено, що розвиток приватних медичних закладів сприймає зменшення тиску на державну систему охорони здоров’я, оскільки може перейняти ту частину громадян, яка спроможна оплатити всі необхідні послуги. Зауважено, що приватним закладам охорони здоров’я притаманна певна специфіка правового регулювання наданих медичних послуг, результ ativність якої має юридичне значення.

**Ключові слова:** охорона здоров’я, ринок приватної медицини, здоров’я населення, державне регулювання медичних закладів, приватні медичні заклади.
АННОТАЦИЯ. Рассмотрены вопросы частных медицинских учреждений как объекта государственного регулирования. Доказано, что система здравоохранения выступает главной составляющей общей системы социальной защиты государств. Определено, что по данным Всемирной организации здравоохранения, на сегодняшний день, в мире выделяют только три основные модели здравоохранения: государственную, страховую и частную модель медицины. Разъяснено содержание понятия “медицинское обслуживание”, под которым следует рассматривать деятельность учреждений здравоохранения и деятельность физических лиц — предпринимателей, которые имеют соответствующую регистрацию и получили лицензию в соответствии с установленным законом порядке в сфере здравоохранения, деятельность которых не обязательно должна ограничиваться медицинской помощью. Отмечено, что медицинскую услугу можно рассматривать как деятельность лица, оказывающего эти услуги, направленная на достижение какого-либо результата или полезного свойства, благодаря которому будут способны удовлетворить потребности личности в восстановлении и/или поддержании его здоровья, непосредственно в процессе реализации целесообразной деятельности человека — поставщика услуг, который не имеет овеществленного выражения (материальной формы) и не может быть гарантирован поставщиками услуг. Было выявлено, что рынок медицинских услуг растет благодаря расширению количества учреждений здравоохранения различной форм собственности, их существование и стремительное развитие не позволяет оценить масштабы предоставляемых услуг и их финансирования в целом, ведь как государственным, так и частным учреждениям присущ теневой экономический сегмент. Доказано, что развитие частных медицинских учреждений способствует уменьшению давления на государственную систему здравоохранения, поскольку может перенять часть граждан, которая способна оплатить все необходимые услуги. Замечено, что частным учреждениям здравоохранения присущ определенная специфика правового регулирования предоставленных медицинских услуг, результативность которого имеет юридическое значение.

Ключевые слова: здравоохранение, рынок частной медицины, здоровье населения, государственное регулирование медицинских учреждений, частные медицинские учреждения.

FORMULATION OF THE PROBLEM. Modern economic conditions require the development of services that focus on the development of the human capital. For this reason, private medical services provided by the healthcare system of Ukraine are becoming an important catalyst for the modern development of efficiency and stability of the production society. Analyzing the current situation with regard to medical care in different countries of the world, it is a
convincing fact that health is the most precious thing a person has. According to the classification of medical institutions offered by the World Health Organization, there are currently only three main models of healthcare in the world. These include: public, insurance and private models of medicine. Given the factors of economic development, none of these models is found in ‘pure’ form, however, the predominance of one is obligatory.

That is why today the healthcare system is the main component of the general system of social protection of the states. The modern system is characterized by a post-Soviet extensive network of the medical institutions, which is filled with a touch of modernity where the private sector of medical services is beginning to occupy a significant place in the healthcare system of Ukraine. This area is characterized by the qualities of specific production where the product — the medical services, that belong to the general system of the economic relations. The rapid development of the private medical facilities is due to the solvency of the population, where the patient pays the cost of their treatment, taking into account only their own initiative.

**Analysis of recent researches.**
In domestic and foreign science there is a significant amount of research on public administration of the healthcare facilities, problems in this area and opportunities for its reform in the context of the European integration of Ukraine. Scientific works of I. S. Bila, D. S. Bondarenko, O. M. Vinnyk, S. M. Vovk, S. A. Kvitka, M. Z. Masyk, L. V. Serhiyenko, S. V. Simak, V. A. Ustyumenko, O. P. Fomenko, and others are devoted to this issue. However, the lack of publication on the topic of private medical facilities as an object of the state regulation led to the writing of this article.

**The purpose of the article** is to substantiate the importance of the private medical services as an object of the state regulation.

**Presentation of the main material.**
Despite rapid changes in the public funding, the transition of the hospitals to communal ownership, most hospitals remain dependent on budget funding, which affects the overall condition of the hospital equipment and low material and technical equipment. It is for this reason that private healthcare facilities have developed rapidly, which have helped to change the views on the activities of the medical staff and allowed to consider medical services on a par with other types of services that are sold to meet the needs of the end users. Thus, private medical services provided by private healthcare facilities are gaining popularity. The rapid popularity of the private medicine is due to the initiative of the potential consumers of services that focus on practicing private doctors.

A characteristic feature of the private healthcare facilities is constant observance of the patients’ rights, respectful and humane attitude to their needs with observance of the basic psychophysiological phenomenon — a professional view of the patients, which allows to establish a relationship between the patient and the doctor, taking into account his/her anamnesis and the maximum exclusion of the errors in the treatment. Simultaneous development of the private healthcare facili-
ties contributes to the formation and development of the concept of ‘medical service’.

The clarification of the essence and definition of ‘medical service’ has been considered in the works of many researchers and legislators. Some legislative documents have clarified the meaning of the concept of ‘medical service’, which considers the activities of the healthcare facilities and the activities of natural persons — entrepreneurs who have the appropriate registration and license in accordance with the procedure established by the law relating to healthcare whose activities may not necessarily be limited to medical care.

Some researchers consider medical services in the context of specific activities of the medical staff to implement specific measures of prevention, diagnosis, treatment, administrative, management and other actions aimed at maintaining, strengthening, improving, restoring the individual and public health [1].

Other researchers consider medical services as a type of relationship related to the provision of qualified medical care, which is regulated by the agreement for the provision of relevant medical services. Thus, we can assume that medical service is one of the components of the private medical care, which is not identical to medical care, because medical care, in its content, is much broader.

Some groups of scientists believe that medical service is a medical care of a certain type and scope. Such a service is provided by a private medical facility of a certain type, to a patient, in compliance with certain legal forms.

Other scientists believe that medical service is a kind of service used in the field of public relations, in which the citizens (to meet their own needs) receive special specialized medical activities according to the organization or specialist to whom they applied.

Medical service can also be considered as the activity of a person (who provides these services), aimed at achieving such a result or useful property, which will be able to meet the needs of the person to restore and (or) maintain his/her health, directly in the process of appropriate activities of the person — service provider, which has no material expression (material form) and can not be guaranteed by the service provider [2].

It should be emphasized that medical services are a necessary element for the final consumption in a civilized society, because they ensure the preservation of basic human values — his health. At the same time, the services of the private healthcare facilities are not ordinary goods, the production and consumption of which can be determined by the ratio of solvency of supply and demand of the population, but the social benefit to be provided to a person in any case, regardless of his/ her material or social status [3].

Based on the above, it is important to get acquainted with the classification of medical services (see Table), that are produced by the healthcare facilities of Ukraine in the process of implementing their main activities.

Based on the classification features, we observe that medical services have a number of classification features, each of which complicates the process of obtaining them by the end user. As a
result of the complicated process of obtaining services, in modern conditions the private healthcare facilities are developing, which are actively expanding the list of paid services and creating the most flexible work schedule, which allows you to get all the necessary services by visiting only one specialist.

Based on the analysis, it was found that the market for medical services is growing due to the expansion of the number of healthcare facilities of various forms of ownership. The existence and rapid development of the private healthcare facilities does not allow us to assess the scale of services provided and their funding in general, as both public and private facilities have a shadow economic segment.

The development of the private healthcare facilities helps to reduce the pressure on the public healthcare system, as it can absorb the part of the citizens that is able to pay for all the necessary services. In addition, the expansion of the private medical facilities creates a competitive environment in the market of medical services to improve the efficiency of the industry as a whole and affects the quality of treatment and prevention services.

The development of the private healthcare facilities is an important condition for the implementation of the mechanism for strengthening the innovation potential of the entire healthcare system of the country. The system includes a set of scientific and technical, technological, infrastructural, financial, legal, socio-cultural and other opportunities that contribute to the perception and implementation of innovations.

Given the classification features of the medical services, it is clear that the healthcare system is a complex system that combines public, municipal and private structures, but requires state supervision of all components in order to increase the efficiency and accessibility of the services provided. In this

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### Classification features of services of the healthcare facilities

| By types of medical practice: | • consultations;  
• diagnostics;  
• medical business |
|-------------------------------|-------------------|
| By the place of service:      | • hospital;  
• clinic;  
• ambulance and emergency care;  
• sanatoriums, preventive facilities, etc. |
| By complexity:                | • simple services;  
• complex services |
| By execution time:            | • short-term;  
• long-term |
| By the number of participants engaged in the provision of services: | • single;  
• group |
| By the nature of economic relations: | • services of public institutions;  
• services of communal institutions;  
• services of private sector institutions |

*Source: [4–6].*
case, the main customer of the medical services, regardless of their form of ownership, is the state, which contributes to improving the quality of life and supports the national security.

The payment for each medical service is determined by the degree of its social importance and accessibility for the end consumer, taking into account the division of the population by income level. Also, the effectiveness and efficiency of the paid services of the private healthcare facilities is due to labour potential. The inconsistency of training with the needs and the inability to solve the problems of structural adjustment of the public institutions contributes to the outflow of qualified personnel to the private institutions, where their knowledge, skills and abilities are valued higher. As a result, private healthcare facilities promote the development and improvement of their staff, which increases the prestige of the facilities where they work.

Based on the above material, we can say that the main purpose of the private institutions is to provide quality medical services, which is supported by the requirements relating to: high-quality performance of the medical staff; implementation of careful measures for prevention, diagnosis, treatment in accordance with the needs of the customer; administrative and economic, managerial and other actions whose main activity is aimed at preserving, strengthening, improving, restoring the individual and public health.

Thus, it is clear that the activities of the private medical facilities are related to the provision of services, it should be noted that most researchers are inclined to believe that medical services, like other services, have only special properties (features).

In accordance with the above, the main properties of paid medical services include the following:
- the service is intangible and therefore cannot be saved;
- the service cannot be separated from the source of service provision;
- the service cannot have a constant quality (because the quality depends on the qualifications of the doctors, the type of medical facility, etc.);
- the service does not have a clear product form and consumer properties.

The following list of specific properties of the paid medical services affects the formation of the quality of medical services and can be determined by at least four of the following criteria:
- material and technical base of the medical facility;
- qualification of the medical staff;
- rationalization and economical use of healthcare resources;
- patients’ satisfaction.

Thus, the analyzed information shows that paid medical services require more qualified staff from the facility and are provided on a paid basis in order to increase their efficiency and payback.

In the course of research it is necessary to consider the specificity of the paid medical services of the scientist Chekhun who suggests to allocate some specific features of the medical service:
- medical service is an activity or set of actions, the implementation of which is not inherent in all persons. By offering such a service, the executor is required by the law to have higher qualification requirements. This is the
basis for the issuance of a license to conduct business. Thus, ‘medical service’ is a professional activity or a set of professional actions.

- any activity related to the provision of paid medical services is carried out to achieve a certain goal. The patient is a customer of the services. Applying to a medical facility, aims to eliminate certain psychophysiological negative manifestations of his/her body. In this case, medical activity is based on ‘the objective need of people to preserve and reproduce their physical existence’.

- based on the general classification, the medical service has no material result. It can only be combined with the creation of a material component. However, this component does not represent an independent material value, but is included as a component in the method of treatment.

- in most cases the outcome of the medical service cannot be guaranteed by the performer. Such cases can be explained by two factors: firstly, the medical service is not a unilateral action of the executor, as well as counteractions by the patient; and secondly, it is necessary to take into account the individual characteristics of each human body. However, the specifics of the legal regulation of the medical services is due to the fact that achieving a real result has a certain legal significance. An indication of the objective possibility of achieving the result should be included in the concept of medical service, which has practical significance in resolving the issue of proper or improper performance of their duties by the executor.

A medical service, as an object of the civil rights, has a certain cost, so its provision is accompanied by an equivalent obligation to pay for it. The payment includes the costs of the executor for its provision and his remuneration [7].

The modern conditions of development of any healthcare facility are full of constant competition. Private institutions are in a highly competitive environment, where those medical facilities that outsource all existing non-core assets and management processes to outsourced companies or outsourcing companies are able to succeed. Today, outsourcing is a very promising area for private healthcare facilities, as part of the work of the healthcare facilities requires a large amount of working time, which is not related to the basis of their activities, but is spent on administrative, managing and marketing and of other nature. Analyzing the statistics, it was found that private healthcare facilities covered about 20% of the total market for all medical services. For comparison, the number of private facilities and the volume of the medical services provided to the private sector in 2012 was only 1% of the total healthcare market in Ukraine. In 2016, they took about 10%. As of 2019, private healthcare facilities accounted for about 20% of the market for services provided by medical facilities.

The pace of change is rapid, but not high enough, because the medical services of the private institutions, as well as all other institutions have specific features that inhibit their growth. Some of the main features are:

- medical service is a set of actions that can be performed by persons who have the appropriate education and
constantly confirm their qualifications. By offering these types of services, the executor is required by law to have higher qualification requirements. Given that the development of the private healthcare facilities creates the main competition for the public institutions — this is the basis for slowing down the process of issuing a license to carry out the relevant activities of the business entity;

• the activities of the private institutions are created for a specific purpose. The patient, who acts as a customer, turning to a private doctor, aims to eliminate the negative manifestations of his/her own health;

• the medical service is not material. Such services are combined with the creation of a certain material component that does not carry material value, but only is part of the type and method of the treatment;

• the efficiency and effectiveness of the service cannot be fully guaranteed by the executor, because: medical service is an activity that requires feedback from the performer and cannot depend only on the doctor; as well as it is necessary to take into account the characteristics of each human body individually.

Thus, taking into account the peculiarities, we can say that the private sector of healthcare facilities in Ukraine, compared with other countries, is not sufficiently saturated, because countries with developed private medicine contains a share of private medical services at least 50–60 % of the total medical services.

In addition to the above material, it should be noted that the private healthcare facilities have a certain specificity of legal regulation of medical services, the effectiveness of which has legal significance. That is, there is an objective possibility to achieve the result of private healthcare facilities, because:

• the paid medical service, being the object of the civil rights, has a certain value, establishing which the private institutions are endowed with the relevant responsibilities;

• the private healthcare facilities, providing their list of services identify the service with the product, which has a number of features: does not exist before receipt; labour-intensive without a clear definition of the cost until the end of execution; not material; difficult to calculate; personified; depends on the intellectual abilities of the service provider; the quality of the service is variable even when performed by the same doctor; the service is subjective and depends on the characteristics of the consumer, etc.

Thus, it should be noted that the private healthcare system acts as a set of healthcare facilities engaged in private medical activities, during which an individual approach is applied to each customer with a detailed study of his/her anamnesis. In this case, private medical activities are activities that are necessary for the provision of private medical care by private healthcare providers. Private medical organizations are commercial organizations whose property is in private and other than state forms of ownership and are used by the owner at its discretion to provide the most effective services.

The development of the private sector in the medical field has led to the emergence of multidisciplinary medical institutions, professional organiza-
tions that protect the interests of the private medical facilities, improving the welfare and medical culture of the population, increasing morbidity [8, p. 17].

Today, the number of private medical facilities is about 50 thousand, which includes private medical practice, which accounts for almost 10% of the total market of medical services. To a greater extent, private medicine is developed in those medical specializations where the public medical institutions are the weakest. The weakest branches of the public medicine include: instrumental and laboratory research, diagnostic services, reproductive medicine. The existence of such weak links in public medicine is due to unwillingness to spend money on equipment upgrades and the purchase of new ones, as well as a significant number of corruption schemes inherent in all stages of budget allocation, instead, private healthcare facilities, aware of the importance and necessity of these problem sectors, use them for their own development. Thus, the main driving force for the rapid development of the number of private medical facilities in 2016–2018 was the financing of the paid medical services, which were divided between: individuals — about 80%, legal entities — 12%, and insurance companies — 6%. Given this feature, the increase in the number of private medical services could be more dynamic.

Given the fact that no nationwide program of support, development and improvement of the private medical services has been developed throughout the existence of the private medical sector, there has been such a need in recent years. This is due to the rapid increase in the total number of facilities. However, today, in Ukraine, private medical facilities continue to play a secondary role in shaping the overall public healthcare system in the new market relations. The lack of a clear program of support and further development is a confirmation.

The qualifications of most doctors are the same for all forms of healthcare facilities, as all medical staff working in the private sector also work in the public sector (due to the low pay of the former), but the significant difference is concentrated in the technical support.

**Conclusions.** Thus, private healthcare facilities are characterized by a positive trend in the development and growth of the number of medical practitioners, raising their qualifications while reducing their number in the public sector. Another indication of the slowdown in the increase in the number of private medical facilities is the lack of a national register of enterprises, institutions and facilities of the private sector in the industry, which would focus on those market segments that are least in demand. Without the register, there is no clear national system of the private medicine with the established principles of its functioning, development methodology, adequate regulatory framework, investment development programs, etc.

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