

HEALTHCARE REFORMS AND INTRA-EU HEALTH LABOUR MIGRATION. THE CASE OF ROMANIA

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Abstract: The Romanian healthcare system has undergone a series of reforms after 1989 aimed at transforming the system into an efficient, competitive one. Despite these measures, the Romanian healthcare system still faces considerable challenges including underfinancing and, more recently, high migration rates among health professionals. The number of Romanian health professionals choosing to work in a foreign country (mostly within the EU, due to the single labour market and the lack of labour migration barriers, at least from a juridical perspective) has increased steadily over the last few years. This affects the system negatively on different levels. Firstly, it severely reduces the number of highly trained professionals, thus both creating shortages of specialists and decreasing the overall quality of the medical act due to a lower average qualification of medical personnel. Secondly, since a major part of medical education is provided free of charge, it means that the Romanian system loses the funds invested in training for these professionals. The article takes on this challenge and aims to critically discuss the effect healthcare reforms in the last two decades have had on the efficiency of the Romanian healthcare system with particular emphasis on their connection to the increased migration trends of health professionals. The analysis is conducted based on official documents, policy papers, reports and media articles on the healthcare system as well as building on general statistics regarding demographics, wages and migration trends in Romania. Results show that low wages, legislative instability and the lack of opportunities for professional development influence health professionals' decision to migrate which then puts increased pressure on a system dealing with workforce shortages. The paper's value lies in the fact that it presents a critical analysis over a span of 25 years with the aim to discuss the relation between healthcare reforms and health professionals migration, two aspects of considerable importance for further Romanian healthcare reformation projects.

Keywords: health system, reform, labour market.

Introduction

The Romanian healthcare system has undergone a series of reforms after the fall of the communist regime in 1989. The changes were mostly aimed at transforming the system so that it could provide proper healthcare to the Romanian citizens. Yet, 25 years after, the system still faces a number of challenges mainly dealing with its structure and functioning [1]. Doubts exist with regard to resource allocation, funding and the system management, but also regarding its ability to cater for the insured [2] [3]. Some of the main problems that the system is facing include the lack of medicines, extended waiting lists for some medical treatments or the lack of national prevention programs [4] [5] [6]. At the same time, the modernisation of the Romanian healthcare system cannot be denied. The past few years have brought the electronic prescription and soon the electronic patient medical chart and health card [2]. What is worth noting is that all these occur in a context of increased demand for medical services [1] and the considerable development of private healthcare facilities, a worthy competitor of public healthcare. Nonetheless, wages in the Romanian medical system remain at an extremely low level when compared to those from other European Union (EU) Member States [7]. This leads to many young medical professionals choosing to leave the country for better opportunities abroad [8] [9].

Under these circumstances, the article's main objective is to critically discuss the effect healthcare reforms in the last two decades have had on the efficiency of the Romanian healthcare system to with particular emphasis on their connection to the increased migration trends of health professionals.

The paper's added value lies in the fact that it presents a critical analysis over a span of 25 years with the aim to discuss the relation between healthcare reforms and health professionals migration, two aspects that are not only of considerable importance for further Romanian healthcare reformation projects, but also provide with clues on the functioning of the EU single labour market in the field of healthcare.

The analysis is conducted based on official documents, policy papers, reports and media articles on the healthcare system as well as building on general statistics regarding demographics, wages and migration trends in Romania. The article is mainly addressed to scholars and policy makers interested in the fields of healthcare marketing and labour migration.

The Romanian Healthcare Services Market

The Romanian healthcare services market is divided between public and private providers, with healthcare services being mostly developed in the urban areas.

In terms of medical facilities, the public network comprises 77% of the total number of hospitals, 53.7% of the total number of independent family physician facilities, 59.8% of the total number of medical laboratories, while the private network comprises 96.1% of clinics, 89% of the independent medical specialty practices, 84.9% of the independent dentistry practices and 94.7% of pharmacies [10].

As argued above, the healthcare network in Romania (public and private) is mainly developed in urban areas where it comprises: 91.8% of the total number of hospitals, 58.3% of the family physician practices, 97.4% of independent medical specialty practices and 95.8% of medical laboratories [10].

With regard to the healthcare services demand, the total number of patients admitted to a hospital (public or private) in 2012 has been of 4.505.688 persons, out of which 4.372.793 admitted to a public hospital and 132.895 admitted to one of the 109 private hospitals [10]. The average hospital stay was of 7.5 days for the public hospitals and 4.8 days for the private ones [10]. What is interesting to note is that while between 2011 and 2012 the number of people admitted to a public hospital decreased by 3.6%, the number of those choosing to be admitted to a private unit increased by 15% [10]. The increased number of patients opting for treatment in a private hospital could be connected to the rapid development of the private healthcare market in Romania. Whereas in the 1990s the expansion of the private practices was slow, the past ten years have witnessed a considerable increase in the number of private medical facilities. The private healthcare market in Romania was estimated in 2012 to 500 mil. Euro [11] [12], with private healthcare being considered one of the most dynamic markets in the Romanian economy [12]. This adds to the pressure on the public healthcare system as it now faces increased competition in terms of facilities, equipment, quality of care and staff retention. The main reasons Romanians choose to seek treatment in a private clinic include the professionalism and politeness of the staff, the quality of the equipment used as well as the difficulties and the poor condition of public healthcare facilities [13] [14].

Healthcare System Reforms

The healthcare system today is the result of a series of reforms conducted after the fall of the communist regime in 1989. These were generally aimed at changing and improving a system that until 1989 had faced under-financing which resulted in a rather poor health status

of the country's citizens. The reforms also took place in the context of a decrease in the country's population determined by emigration, a low birth rate and a high mortality rate [15].

The reforms implemented over the past 25 years transformed the Shemashenko type system of the communist regime to a Bismarck type one [16]. The main features of the Shemashenko system were government financing, central planning and management and state monopoly over health services. No private care was available. As healthcare was considered unproductive, it remained largely under-financed [16]. For example, between 1985 and 1989 only 2.2% of the GDP were allotted to healthcare, compared to an Eastern European average of 5.4% [16]. Unfortunately, the system continued to remain under-financed after the fall of the communist regime as it was not a priority for a country in transition. However, the percent of the GDP allotted increased from 2.8% in 1998 to 4% in 2000 [16].

The main healthcare reform changes concerned the health insurance system, the role of the healthcare institutions and the healthcare providers, quality of care and the effects of the healthcare reforms on users [16] [17]. As such, the Romanian healthcare system has been reorganized on a Bismarck insurance model following Law no. 145/1997. This meant, that the previously centralized, tax based system was replaced by a “decentralized and pluralistic health insurance system” [15] regulated by the National Health Insurance Fund [2] [15]. By 1998 a mandatory health insurance system based on the principle of solidarity was implemented. The National Health Insurance Fund through 42 County Insurance Funds were in charge of the premium collection and reimbursement for medical care [2][15][17]. The financing of the healthcare system was now covered by the individual as a quota based on their income. The employee and the employer, both contributed 7% of the gross salary for the health insurance social fund [16]. Today, in order to relieve some of the fiscal burden on employers, the total contribution amounts to 10.7% (5.5% on the part of the employee and 5.2% on the part of the employer) [18]. Mandatory health insurance covers the entire population although some categories are exempt from paying the social health insurance contributions. These categories are: the unemployed, people doing military services or in penitentiaries, people on sickness or maternal leave, people entitled to social security benefits, children under 18, young people between 18 and 26 if enrolled in any form of education, coinsured persons and veterans and those that had been politically prosecuted [15]. The high number of categories exempt from social healthcare contributions means that, at the end of the day, only 5.5 million Romanians contribute to a healthcare system catering for 21,3 million inhabitants [19].

In 1999, Law 146 was passed dealing with hospital financing, procedures for contracting with the District Insurance Agencies, payment of staff, accreditation and management. It was agreed that hospitals should be led by a council board and an operational management staff. They would also be allowed significant autonomy in terms of decision-making and freedom to use the allotted budget [20].

In 2000, the Ministry of Health and Family initiated a new health policy including the following features [16]: universal accessibility to healthcare, solidarity in the funding of health services, incentives for effectiveness, efficiency and adequacy of healthcare delivery to healthcare needs and the autonomy of health professionals with the goals to improve the health status of the Romanian population, improve the efficiency in the use of resources, change the patient-physician relationship and increase the level of satisfaction of both the population and the healthcare providers.

Law no. 145/2002 takes the organization of the medical system further by introducing the social health insurance system which implied [17]: the mandatory inclusion of the population in a unitary social protection system, free choice of the physician, the medical facility and the National Health Insurance Fund (there are three national health insurance funds in Romania: The National Health Insurance Fund, The Health Insurance Fund for

Justice and the Military and the Health Insurance Fund of the Transporters), the existence of a healthcare service coverage pack, the financing of the system through contributions and the state budget, financial equilibrium, decentralization, equity and accessibility of the medical treatments Law 145/2002).

In 2010/2011 a series of discussions regarding a new health system reform started. These included the total privatization of the County Health Insurance Funds while maintaining the National Health Insurance Fund and the privatization of the hospitals requiring it [21]. The option for privatization was based on two assumptions [21]: first, that a private management could to some extent resolve the problem of the low wages of doctors as they would no longer find themselves under the regulations of the unitary payment law, would decrease the number of thefts and increase quality and secondly, that it would represent a source of financing for the system as the private entities taking over the County Health Insurance Funds could offer supplementary and complementary health insurances. However, one must note that healthcare is a public service so that its privatization involves in the minds of many the turning of a public good, accessed freely in a commercial commodity. Also, one should consider the particular characteristics of the healthcare market which does not allow it to function as a free market [5][6][21]: competition asymmetries, limited knowledge of patients with regard to their health status which creates the need of a specialist evaluation, difficulties in the evaluation of the clinical effectiveness of the treatment, competition for quality, not for prices, the unequal income distribution, the existence of greater medical needs among those with lower income. The ideas put forward in 2010/2011 therefore faced considerable opposition and were rejected [21].

Starting 2013, a number of discussions have been conducted regarding a new reformation of the system. The new reform project [22] [23] would imply the introduction of a minimum healthcare service pack, which would include free of charge healthcare services for both those paying health insurance contributions and the non-insured. The new healthcare law would also ensure that medical treatment in Romania is provided through three main pillars: the minimum healthcare service pack, the national programs and supplementary private insurance [22].

Problems of the Romanian Healthcare System

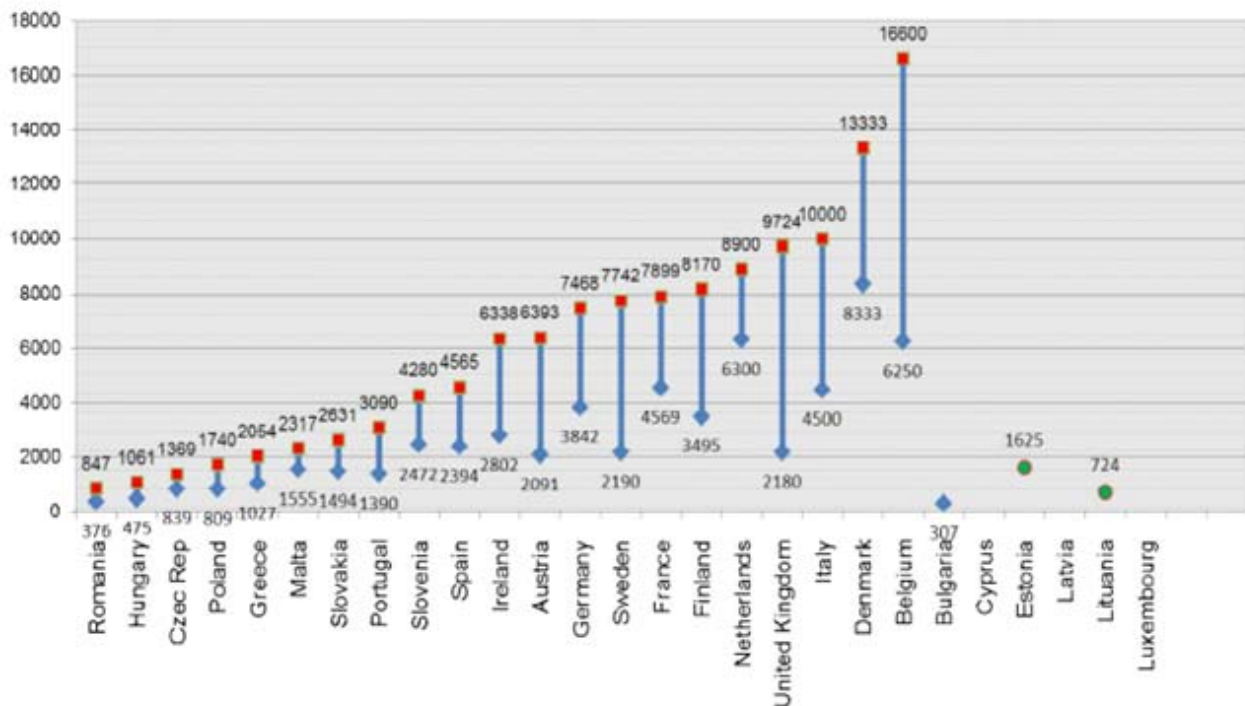
According to OECD, out of the European Union countries, Romania allots the lowest percent of its GDP to healthcare [24]. This leads to a considerable discrepancy between healthcare spending and the healthcare needs of its population, thus putting pressure in the healthcare system. Furthermore, the Romanian GDP/capita in power purchasing parity in 2013 was only 50% of the European Union average, the second lowest in the EU28 countries [25], although costs with food and utilities are similar. This translates into problems regarding the quality of the services provided and the accessibility of these services [21] doubled by a higher development of the health infrastructure in urban areas, than in the rural ones. The underfinancing also contributes to the maintenance of corruption within hospitals in the form of informal payments. In 2005, the volume of these payments was estimated at 300 mil. Lei [21]. Other problems faced by the national healthcare system include the lack of proper equipment, the lack of medicines, or the low wages of the medical staff [21] [26] [27]. Furthermore, as a consequence of all the factors mentioned above, the Romanians' life expectancy is six years shorter than the EU average [15], while infant and maternal mortality rates are among the highest in the European region [15]. According to the Euro Health Consumer Index, Romania ranked 32 out of 34 countries analyzed with respect to its healthcare system in 2012 [28].

Medical Staff Migration

In spite of the various reforms conducted over the past 25 years, a number of problems remain, affecting the well-functioning of the healthcare system. One of the most important such issue is the migration of the medical staff. They are generally young, highly skilled medical professionals, confronted with low wages, at times poor working conditions, the lack of proper equipment and other medical resources as well as the lack of funding available for excellence programs [16]. Many of the medical professionals have thus chosen to leave the country in search of better opportunities. This affects the system negatively on at least two different levels. Firstly, it severely reduces the number of highly trained professionals, thus both creating shortages of specialists and decreasing the overall quality of the medical act due to a lower average qualification of the medical personnel. Secondly, since a major part of medical education is provided free of charge, it means that the Romanian system loses the funds invested in training for these professionals.

In terms of wages, according to [7], in 2011 the minimum salary earned by Romania's doctors was of only 376 Euros, the second smallest after Bulgaria, while the maximum wage reached a modest 847 Euros. These are considerably smaller figures those registered for other European Union countries.

Graph 1: Minimum and maximum medical staff wages in the European Union countries



Source: Reginato, E., Grosso, R. (2011) European Hospital Doctors' Salaries, *European Federation of Salaried Doctors*, available at: http://www.liganet.hu/news/6205/F11-071_EN_European_Hospital_Doctors_Salaries.pdf, accessed 3 May 2014

For example, as Graph 1 [7] shows, the discrepancies between the medical salaries in Romania and those in other countries is enormous (for example, Denmark's doctors are paid between 8.333 and 13.333 Euros/month, while doctors in Belgium can earn a salary as high as 16.600 Euros). Even when corrected by taking into consideration the different countries' Purchasing Power Parity, gaps still remain considerably high [7].

Under these circumstances, many young doctors, at the beginning of their careers, choose to work abroad. If, in 2011 there were 21.400 doctors in Romania, in November 2013, their number decreased to 14.400 doctors [9]. The number of doctors leaving the country between 2007 and 2013 was of 14.000 [8]. As medical education in Romania is free of charge, this means that the Romanian Government has lost 3.5 billion euros in educational costs [8] for the schooling of the 14.000 doctors now using their skills and knowledge in a different country. Most doctors choose to go to countries such as Belgium, Germany, The United Kingdom, France, while their specialties generally comprise: family medicine, surgery and intensive care [29]. For example, 2.140 Romanian doctors are working in the United Kingdom [9]. Studies also suggest that, out of the medical staff currently working in Romania, 54% of Romanian doctors are willing to leave the country, 80% of them opting for European Union countries [29].

As a consequence of the medical staff migration, Romania faces a series of shortages for different specialties. For example, for a total population of 21,3 million inhabitants, Romania only has 48 specialists in radiotherapy, 54 specialists in geriatrics, 624 in intensive care although the need is for 1.800 and 70 cardiothoracic specialists [9]. Other consequences of the migration of the medical staff are even lower access to medical services, especially in the rural areas as well as increased inequalities because of the deficit of doctors for certain specialties [29]. This problem was also highlighted by Dr. Jao de Desu, the President of the Hospital Doctors European Association who declared that „the prestige of the healthcare system should grow higher even in those countries where the GDP/capita is not considerable, otherwise the risk exists and is considerable that those countries will remain without doctors”. In figures, Romania ranks lowest in the European Union in terms of doctors/1000 inhabitants with only 1.9/2.1 doctors for every 1000 inhabitants as compared to the EU average of 3.6-5.6 doctors per 1000 inhabitants [8].

Limitations

While the paper is only based on secondary data analysis we believe the wide array of sources (government regulations, national official documents, journal articles, statistical reports, data provided by international organizations and media articles) offer a concluding image on the state of the Romanian healthcare system, as well as of the many challenges that it faces. Further research will attempt to identify the perceptions of the medical staff with regard to the challenges faced in Romania as well as trying to elicit possible solutions for these issues.

Conclusion

Results show that low wages, legislative instability and the lack of opportunities for professional development influence health professionals' decision to migrate which then puts increased pressure on a system dealing with workforce shortages. If we corroborate all the data presented above with the complete lifting of labor market restrictions for the EU countries and the EU recognition of medical diplomas issued by Romanian universities, it is highly possible that the number of Romanian medical professionals choosing to work in a foreign country will not decrease, but on the contrary, could increase in the years to come. In order to prevent an even greater shortage of medical professionals, the government together with the relevant stakeholders (public and private healthcare facilities, the National Health Insurance Funds and the community as a whole) should work together to identify solutions and strategies for the retention of the medical professionals.

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