The Evolution of the Private Medical Services Market in Romania

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Abstract **In Romania, the medical services market has registered significant mutations. The amounts of money allocated to the medical services have risen from one year to another, but their quality is still far from expectations.**

Part of the activities from the public field has been externalized. On the other side, the private medical services have registered a remarkable growth.

Key words: **services, externalization, privatization, free loan**.

I. THE DEVELOPMENT OF THE PRIVATE MEDICAL SYSTEM

The beginnings of the private medicine in the post-December 1989 Romania can be found in the period 1993- 1994, when the first private laboratories and cabinete stomatologice have occured. Besides, in 1993, a lot oif practitioners were already associated to the Dentists Association who have already had private cabins which were functioning well at the time. The development of the surgeries has led to the development of the radiology and dental technique centers. In parallel, the gynecology cabinets have developed rapidly, and, then, in the period 1994-1995, those of family planning.

In 1996, a second leap of the health market has taken place, both the network of private surgeries, and the pharmaceutical industry and medical apparatus have developed. The years 1995 and 1996 have represented the moment when the first private clinics have occurred in Romania. Their evolution has been natural. They have spread as chains of clinics for which the subscriptions for medical services have served as a financing source for the development of medical services.

The last step for building a real private system is to open a private hospital with doctors hired exclusively by it. But we can talk about the development of the private medical segment only after 1998.

Among the other medical sectors, stomatology has experienced the fastest privatization process. So, the stomatologists have been the first who have started the activity, the majority with second-hand equipments. If in the years 2000- 2001, Romania was still a good market for second-hand equipments, nowadays things have significantly changed due to the banking policies, which have come with dedicated products and more and more attractive offers.

Now, the big difficulty resides in the fact that the prices of the buildings have increased very much in comparison with the years when the privatization has started, the high-technology has become more and more diversified and still inaccessible at a large scale, and the human resources in the field have become limited. In the close future, a significant rise of prices in the private stomatology sector is expected. The reasons regard the crisis of human resources in the field – based on the fact that a lot of specialists go to the West – the increase of the minimum wage on economy, the alignment to the European standards and the foreign capital infusion.

Among the private medical services which have developed the most, there are the sophisticated procedures of diagnosis, the diverse esthetic implantology, laser therapy and psychotherapy. Romanians' orientation towards private medical services is also due to the fact that there is a centralized system of communication, the clients feel respected, they see that quality materials and apparatus are used and also because they are received in a friendly environment; the private medical services which Romanians use are: the stomatological ones, those of para-clinical investigations, pediatric, gynecology etc. Romanians allocate for health, on average, about 20% from the net annual revenue, including the expenses foe medicines.

There are three categories of services which develop in parallel. They refer to services of ambulatory on a subscription bases, with integrated and more and more complex services for an increasing number of employers; the services of labour medicine, where their compulsory character has led to an important development; the specialized and intensively technological services, such as hospitals, maternities, diagnosis centers and plastic surgery clinics.

II. A PATIENT PROFILE

Those who address themselves to the private clinics of big dimensions in order to benefit from superior quality investigations are, generally, employees with ages ranging between 25 and 55 years, who possess revenues of over 400 - 500 euros, but who do not have in the wage package medical services. Generally, they are persons with an average and above average education and big revenues, who have become discontent or no longer trust other types of services, so that they address themselves to the private suppliers of medical services. With regard to

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Romanians’ orientation towards private or public medical services, several factors must be taken into account, such as: the geographical ones, the revenues and the age. An estimation could be 80/20 in favour of the medical services from the public health system. It is important to remember that the private medical services are concentrated mainly on the big urban centers. Taking into account the branch of medical services, the percentage of those who address themselves to particular clinics is higher on ambulatory, while on the segment of hospital-specific services, the percentage of the patients who go to private hospitals is probably under 1%; Romanians who use private medical services are demanding, calculated, active persons, they are looking for physical and psychological comfort and estimate the percentage of people from Bucharest who prefer private medicine to 15-20%. The profile of the Romanians, who use private medical services, is, mainly, employees of the multinational companies or of Romanian companies which are concerned with keeping and motivating the stuff.

But there are also an important number of patients who make sacrifices at other expenses in order to give the necessary attention to the health.

III. THE ADVANTAGES AND DISADVANTAGES OF THE PRIVATE CLINICS

Among the advantages that the private clinics and hospitals offer to the patients, there are: the quality of services, the correct behaviour of the medical stuff towards patients, as well as the lower prices, on the grounds of the intensification of the competition in the field.

The disadvantages could occur because the private system does not cover all the segments, in the sense that certain operations can be performed only in state medical units from Romania, although the private hospitals segment has started to develop itself and there are already more suppliers of such services on the Romanian market, it is very likely that a patient still does not find, within a private hospital, experienced medical stuff, as in the state hospitals case. So, the patient uses the private system mainly for medical services that can be supplied in ambulatory, preferring to go to a university hospital for more complex operations.

Another disadvantage of the private hospitals could be the price of services, which is still prohibitive for many categories of persons. A private center offers an easier access to a famous professionist, in conditions of increased comfort, safety, discretion, punctuality, attention and responsibility, affability, as well as a more correct management of means and funds.

Among the disadvantages, we could also mention the state’ s relative monopoly on the blood, the most narrow spectrum of available specialists at a certain moment, as well as the possible lack of experience of the medical stuff, frequently hired from the beginning in the private field.

In the private medicine, a different approach of the doctor-patient relationship is essential from the psychological point of view. The patient is, first of all, regarded as a client. In the public health system, the psychological needs are not taken into account, because of the lack of personnel, the lack of motivation in exerting the professional functions or to the lack of an appropriate endowment, even in the case when the medical component is impeccable. And this is the very aspect which changes radically in the private environment supply. In this case, the client is treated differently. The ambiance from the private surgeries or clinics is meant to create a welcoming, warm and pleasant space, able to ensure not only the physical comfort, but also the psychological one. The patient’s time is taken into account, the appointments system functions effectively and there are personnel with the tasks of receiving the patients and scheduling the consultations, so that the person who demands the consultation is treated with consideration and importance. The need of security and protection is also ensured in the case of the private medical services by the fact that endowments or investments are impressive with regard to the medical equipments and instruments, and the aspects linked to the hygiene are approached very carefully. In addition, the medical stuff is motivated to give to each patient the appropriate importance.

The private medical services have become the first option especially as a result of this different approach. They have gained the confidence of those who want to receive a quality care and treatment.

IV. HUMAN RESOURCES IN THE PRIVATE CLINICS

From the human resources perspective, the personnel selection in the private clinics is made on the basis of an evaluation test, meant to test the theoretical notions and practical skills, followed by an interview.

The evaluation of the medical stuff is done periodically. Generally, the wages are negotiable and vary in function of the activity, of the gathered experience, as well as the education degree.

The wage package contains the transport reimbursement, mobile telephones for those who have field work, professional training in the country and abroad, the participation to specialty symposiums, congresses, fairs, the studies financing, and bonuses at holidays, free access to the medical services and private pensions.

The accent is put on the professional training and career development; most of the medical stuff chooses the private sector, due to the possibility of continuous professional formation and a much easier access to managerial positions. The complex wage package also plays an important role.

One of the biggest challenges of a business in the private medicine field is to attract very good specialists, able to adapt themselves and to work in the private health systems, to give the clients the feeling of safety, of trust in the supplied medical services, and, also, the consistency in supplying quality medical services.

State medicine still presents a series of advantages to function on the market. Among these advantages, we could mention the national health insurance system, the hospitals and specialists basis, the compensations system, the budgets of the Ministry of Health which are used for high-tech equipments in emergency and surgery sections, tradition and, also, the fact that in many localities the public health system still represents the only solutions for Romanians.

V. INVESTMENTS

The private medical services supply in Romania has reached a maximum level when the private hospitals have been inaugurated. When they are ill, Romanians are willing to pay important amounts of money, in order to enjoy the attentive care of doctors, irrespective of the social category they are part of. There are also numerous cases when rich Romanians have chosen private clinics from abroad, in order to benefit from more or less complicated surgery interventions.

Romanians' increasing propensity for the private medical services, perceived as being of superior quality, has encouraged the big players' investments in private clinics and hospitals. The creation in the last years of numerous private hospitals proves that investments in this field start to become more and more profitable, as a result of the increase in the standard of living and of Romanians' purchasing power. But the private medical services market is still difficult to evaluate, especially because of two reasons: on one hand, because of the lack of transparency specific to the field, and, on the other hand, to the multitude of small actors, represented by small private surgeries and laboratories. They form an important segment of the market, and their activity is not evaluated or measured. But, as a trend, specialists think that, in the future, the development of the private health services sector will be the result of Romania's accession to the European Union, but, also, to the intensification of the competition through the entrance of new entrepreneurs on the market.

VI. THE MARKET'S EVOLUTION IN THE MEDIUM-RUN AND LONG-RUN

At first sight, seen from the exterior, one could believe that the private medical services market has started to calm down. On the contrary, all the big players in the field say that only Bucharest, alone, could still absorb a lot of investments. For instance, as far as the private hospitals or the niche medical services suppliers are concerned, we are still far from the level existing in the developed states. The private medical services market increases inclusively in the developed economies. Countries with a growth rate of the GDP of 2%-3% have registered increases of the medical expenses of 10% or more. In Romania, which has an emergent economy, this market has registered an extremely rapid and sustainable growth. The total value of the market is, in the present, of about 200 million euros and will reach the value of minimum 800 million euros, figure that will be reached in a time period of about four years. So, in the most conservative foresight, the market will increase four times in four years.

The companies are very optimistic, and the investments that have already been made or announced are high.

With respect to the development strategies, we could notice that some are focused on the Bucharest market and the contracts with corporative clients – the retail for the physical persons not being a priority, yet, and others prefer to cover in an increasing rhythm the rest of the country, addressing themselves to a larger range of potential clients.

The volume of the market is presently of 250000 subscribers (without the labour medicine), with an increase of 17%-20% per year.

It is estimated that a few players will survive, those who are organized in an integrated system of medical services, in which everything is included, from emergency to specialties, analyses, investigations, territorial covering. Now, there are more and more policlinics which occur, because they have found out that in such activities big profits have been achieved. But, unfortunately, that period in which high profits were achieved seems to have passed and, now, the profit rates are decreasing and investments are increasing.

Besides the integrated institutions, it seems that the specialized clinics will have very big chances of success and will be specialized, for instance, in plastic surgery, urology or orthopedics.

Two aspects are sure with respect to the Romanian private medical services market future evolution: there is still place for development, and the potential offered by the other cities than Bucharest must not be negliglected. The market is estimated at about 200 mil euro in 2008, with an annual growth of 20%.

VII. CONCLUSIONS

In the analysis of the private medical services development, there are two dimensions: the horizontal development, for covering a geographical area/population as wide as possible, and the vertical development, for covering a complete range of medical services, from consultations to complex operations. For now, the companies in the field either expand rapidly in the field, the main targets being the big cities, either are focused on the Bucharest market, or offer integrated services. A certitude is the fact that the market is in expansion, because there is a lot of space for development.

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