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**INVESTMENTS IN HEALTHCARE IN RUSSIA AS
REVOLUTIONARY TRANSFORMATION FACTOR IN THE
INDUSTRY**

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Abstract

The author analyzes the investment and innovation activities in the field of healthcare in Russia, modern tendencies of investment in medical organizations, prospects and problems of development of this branch. The key aspects of this article are: the implementation of large infrastructure projects, consistent implementation of the policy of import substitution, technological development accompanied by the modernization of production facilities, the emergence of competitors from other industries in the innovation field, demand for alternative medical services, and renewal of fixed assets. The author defined new growth points of the Russian healthcare sector in modern conditions and expected effects of innovations in the medicine. The investments growth in Russian healthcare stimulates its development: the quality of medical services increases, the range of innovative solutions expands, targeted programs for the treatment of various diseases are launched, and the management of this sphere improves. An important driver for the economic development of healthcare is the digitalization of the industry. New innovative solutions, macroeconomic trends contribute to the development of partnerships in healthcare, create opportunities for new business models, form the ecosystem. The most effective interaction forms between different participants of the investment process in the healthcare sector are clusters and public-private partnerships. A brief analysis of problems and factors limiting the growth of the investment activity in the private medicine is also given.

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1. Introduction

Since the profit of commercial medical organizations depends on the quality of medical treatment, and the competitiveness of state and municipal institutions depends on the volume of attracting additional funds, the dynamic development of the healthcare system is largely determined by the growth of investment of material, information and management resources in this branch.

The competition growth between private and public medical institutions, low provision of medical organizations with the equipment that meets modern standards of diagnosis and treatment, the delayed demand of the population for quality medical services, the improvement of diagnosis and treatment methods, and the reduction of state subsidies – all these factors increase the need of medical institutions for investments, make it necessary for medical institutions to introduce innovative products, services and technologies. These tools allow medical organizations to reduce costs, optimize their resources, improve the quality and speed of medical services, and to be competitive. The relevance of this research direction is determined by the fact that, in modern conditions, the development of the healthcare sector is impossible without a critical analysis of the gained experience of investment activities of medical organizations, the activation of their innovative activities, as well as the fact that Russian citizens expect the state to concentrate more its forces primarily in the healthcare sphere.

2. Problem Statement

Investment and innovation activities in the Russian healthcare sector bring both new opportunities and challenges with it. It is important that investment benefits and the introduction of innovative products, services and technologies in the healthcare sector become greater than possible risks. The analysis of the main trends and prospects of investments in the medicine in the context of the new industrial revolution allows us to consider different approaches to solving this problem.

3. Research Questions

The research methodology consists of several stages. At the first stage, the task was to identify specific features of investing in the healthcare sector and analyze trends and prospects for the development and implementation of investments and innovations in this area. At the second stage, the author solved the task of identifying the main drivers of innovations in the healthcare sector. At the third stage, the author described some problems and factors limiting the growth of the investment activity in the private medicine and proposed measures to overcome them. At the fourth stage, the analysis of forecasts of the development of the healthcare sphere was carried out.

4. Purpose of the Study

The aim of this research is to find promising market niches for investments in the medicine, identify drivers for the investment and innovative growth of the industry and determine new opportunities and threats in the work of medical institutions under the influence of innovative technologies.

5. Research Methods

The theoretical basis of the research consists of works of Russian and foreign scientists in the field of analysis of investment projects and management of investments and innovations in the healthcare sector. The research methodology is based on general scientific methods. The information and empirical basis of the study was formed by Russian legal documents regulating investment and innovation activities in the healthcare sector, data from Rosstat, leading research centers of Russia, press releases of medical institutions.

6. Findings

The total volume of Russian investments in the healthcare has been growing since 2016, outpacing the growth of the market as a whole in terms of the annual growth of private investments. The state is still the main investor in the Russian healthcare (the volume of investments from own funds of medical institutions varies from 6.8% to 12%, from private funds from 10.3% to 18.8%). The interest of private investors in medicine grows every year. This is due to the fact that investors have their advantages in the industry: a growing market of paid medical services, a sufficiently developed system of support measures for private investors; availability of qualified labor force and programs of professional training and retraining; growth of demand for high-tech medical care, etc. (Evdokimov & Suraeva, 2019).

Nowadays, the total number of venture capital funds investing in biotechnology and pharmaceuticals is increasing. In 2018, the capital inflow into medicine amounted to 1069.3 million rubles, and in 2019-2020, Russia is expected to increase investments in the medicine by about 9-10%.

An important area of investment in the industry is digital technology, which is of infrastructural importance in the protection of public health. Digital medicine is a promising high-tech market that attracts billions of investments annually (Korobkova, 2019). The volume of the digital medicine market in Russia will reach 90 billion rubles by 2023 and will make 2.8% of the total healthcare market of the country. According to the experts, the introduction of remote telemedicine technologies will reduce the level of hospitalization and its costs by 40%.

As part of a new business model, a whole ecosystem is created around patients, which includes doctors, pharmaceutical companies and startups. Clusters are one of the most effective forms of the interaction between different participants of the healthcare sector, allowing accelerating its technological development (Tikhomirov, 2019). Investments in the medicine currently have some limitations, which are associated with such factors as: the growth of risks in the conditions of the economic uncertainty; imperfection of the state regulation; low effective demand; high competition from the public medicine; incomplete transition to compulsory health insurance (CHI) and inefficiently operating of the CHI system; eclecticism of budget and insurance financing systems; lack of investment resources and their inefficient use; low efficiency of R&D, shortage of qualified personnel necessary for a technological breakthrough, lack of funding; lack of flexible coordination in financing; inefficient allocation of funds by the state in the healthcare system, etc. According to the scientists of the Russian Academy of Sciences (RAS), depreciation of the equipment in Russian clinics because of underfunding is 78%, which makes it necessary to build new facilities and overhaul existing ones.

In recent years, the highest level of spending (3.8% of GDP) on healthcare in Russia was in 2017, which is below the minimum standards (5.5-6% of GDP) of the world health organization (WHO), as well as significantly less than it is in G-7 countries. At the same time, it should be taken into account that most of the costs for the healthcare sector are provided by the funds of the compulsory health insurance system (FCHI). According to the experts, the inefficiency of the current CHI system remains the main problem of the Russian medicinea (Valieva, 2019). The mechanism of financial provision of healthcare needs the transformation and creation of new forms of financing.

It is known that a well-formed investment strategy for the development of the industry can increase its investment attractiveness, attract new investments on favorable terms (Volnukhin, 2019). The development strategy of the healthcare industry is set by the national project "Healthcare". It formulates goals and objectives of the development of the medicine in Russia, conditions for the effective interaction of medical organizations and people with the state. The program contains directions for the use of technological and technical achievements in the medical organizations until 2024, as well as the amount of funding for these purposes (34.91 billion rubles.). It should be noted that the implementation of the national project "Healthcare" does not solve all the above mentioned problems of this in

What development scenarios are expected for the Russian healthcare? According to the experts from HSE (High School of Economics, Moscow, Russia), there are four possible scenarios for the development of the national healthcare until 2025: "inertial", "rigid reforms", "only resources without reforms", "reforms plus resources". The national project "Healthcare" is closer to the option "resources without reforms". Therefore, participants in the public healthcare system will lack incentives to increase its effectiveness. Healthcare will continue to be a social burden on the economy.

7. Conclusion

Investment in the healthcare industry is a catalyst for transforming healthcare into a leader of economic growth of the country. Demographic trends and the growing demand for quality medical services, the development of innovative technologies make the health sector one of the key areas for investments. The digitalization of the healthcare creates prospects for serious infrastructural changes in the industry, increases the export potential of the medicine. The correct goals setting and a well-thought-out strategy for the development of the healthcare sector are the key to the successful implementation of innovation and investment activities in this industry.

The innovative development of the Russian healthcare will help medical organizations to increase their competitiveness and investment attractiveness in the world market, increase the investment activity for foreign investors. New investment solutions will enable to reduce costs in the industry, increase its profitability, optimize its costs and programs, taking into account current trends in the development of the healthcare sector.

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