

THE IMPORTANCE OF MANAGEMENT AND MODALITIES OF FINANCING IN HEALTHCARE

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Original scientific work

***Abstract:** The management of the healthcare facilities is a complex process. The successful management means integration of the knowledge in economics and business and also from medicine, from modern trends and developments in medical science and proper management of the material and human resources. There is more than ever a need for branding a healthcare institution in the market, applying the principles of market recognition, finding new ways of financing. These new modalities open up the opportunities for investing in further education, procurement of medical equipment, achieving the medical excellence that would attract new clients from the country and abroad. There is a need for branding and finding new ways of financing the secondary and tertiary level healthcare facilities.*

***Keywords:** healthcare institutions, medical management, financing, branding, excellence*

1. Introduction

Trends adequate management of health care institutions with branding and consequent market competitiveness are indicators of modern and successful management of this important social segment.

Rapid development of medical science with new achievements that need to be introduced into everyday work implies continuous scientific - technological training and an established effective education system. Modern management trends require accompanying technical equipment and successful human resource management. Due to the specifics of the health care system, there is a doubt in terms of the competencies of managers, i.e. giving priority to education in the field of economics and management, or in the field of medicine. Considering the need to understand the specifics of the health system itself, the work of health institutions and preserving health as a general social good, the most optimal way of management is to combine two criteria so that management is efficient and based on knowledge of current issues.

Economics and recognition of market needs are aimed at providing financial resources and directions for the most efficient further development, while medical knowledge and education are related to harmonizing the quality and level of services with world trends, because the dynamics of medical science is accelerating. The manager of the health institution should successfully integrate both aspects with ensuring the successful implementation of quality in daily work.

No institution can function without a manager.

Managers can be defined in three subgroups according to their responsibilities:

a) **Strategic** - a small group of managers who manage the entire organization, define goals, provide resources and

represent the organization itself

b) **Medium** - a relatively large group of managers responsible for the implementation of strategic management policies and plans.

c) **Operational** - managers who coordinate and control the activities of executors who produce products and services (1)

2. Managerial skills

Successful Health system management must primarily focus on two essential aspects, the first is the promotion and improvement of health services, and the second is investment in health staff, which with its education and competence becomes invaluable intellectual capital competitive in the services market.

Successful management in each segment, which also refers to the health system, it becomes a kind of imperative with the importance of coordinating all components of the health system. Proper decision-making and management results in market recognition. Correct decisions, as well as potentially wrong ones, lead to a series of consequences.

Health management includes general and specific aspects:

a) General aspects of health management include managers of health institutions with the specifics of their work, management functions, planning and leadershipu health facilities, function controls in health facilities

b) Specific aspects health management include human resource management in health institutions, management infrastructure and equipment, quality and health safety

protection, medicines and medical devices, training of staff of health institutions, implementation of projects in institutions (2)

Health management is a process related to the management of health institutions, supervision of health systems, public health, hospitals, the entire network of hospitals or other medical institutions. It is the duty of professionals to ensure uninterrupted work in departments, to employ qualified staff, to have an efficient information distribution system, to achieve specific goals and to use resources efficiently within many responsibilities. There are general health care managers and those who manage specialized health care institutions (3)

3. Financing models and providing economic survival institutions by expansion market offers

Observing from the point of view of private health institutions, the method of financing refers to direct payment of health services by clients, who can either directly pay for the service or use different health insurance policies, although part of the services can be realized through contracts with health insurance funds.

Funding function The health care system has a decisive influence on the form of organization of the health care system and the level of service

There are several different health insurance systems in the world today in terms of how to pay for health insurance. Characteristics taken into account when defining general models of health insurance financing (Jovičić K. et al., 2014):

a) a way of mobilizing financial resources that enables the functioning of the system

health insurance (payment contributions, taxes, etc.)

b) method of payment for health services (per insured person, method of financing hospitals)

c) health care implementation control system.

In practice, it is very difficult to find so-called "pure" models of health insurance financing. The affiliation to the financing model in question is determined on the basis of the predominant characteristics of the individual. According to the World Health Organization, there are the following types of health insurance models (4);

a) Bismarck model (1883) which is called "classic" (compulsory) health insurance or the so-called. "social health insurance "

b) Beveridge model (1948), known in the literature as the model "budget health insurance "or" national health services (services) "

c) Semashkov model (1920) or the model of "state-run health care." The model is represented in EU countries

Health insurance is based on compulsory (social) insurance, which is financed from contributions to salaries at the expense of employees and employers and from taxes. This model works on the basic principles of solidarity and equality of access to health services. It provides a package of basic health services for the entire population. There is also voluntary health insurance as a supplement to compulsory health insurance in various forms and scope, which varies from country to country. Basic forms of voluntary health insurance in EU countries (Radičić, Raičević; 2011):

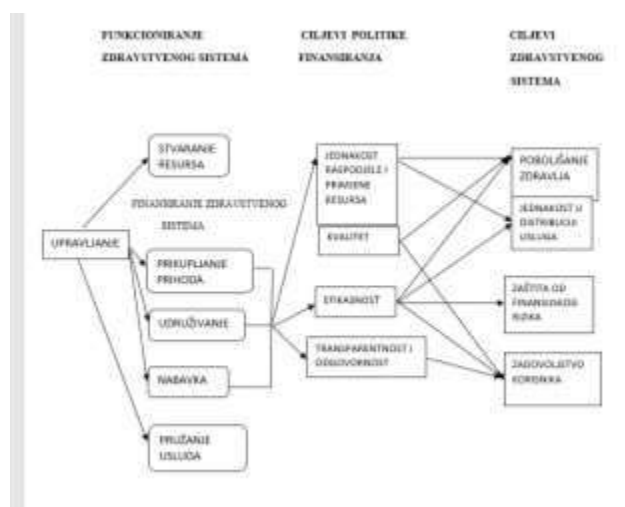
a) Substitutive (replaced alternatively),

b) Complementary (additional),

c) Supplementary (additional) (5)

There is an established concept of financing the health system, which involves several aspects, and can be presented schematically (Picture 1)

It is very important systemic connection of all factors presented algorithmically



Picture 1. Basic functions of the health system (Source: www.apeiron-uni.eu ›Lycoboard client›)

The question arises, economically very justified, whether health state institutions of secondary and tertiary level of protection should provide financial resources from sources other than the health insurance fund as the primary mode of financing. Alternative ways of financing, such as placing health services on the market at economic prices to a clientele that is able to pay for those services, are imposed as a way of providing funds for further investment and development. When considering health facilities tertiary levels, such a way would mean offering services at full prices, with space rental and top quality health services.

The target group would be customers from the country and abroad who require a service without waiting, top quality, for which they have allocated funds.

The target group does not necessarily have

to be citizens of our country, but also of other countries, who would recognize the top service and quality, for which they would be willing to pay. These services should not conflict with regular services to citizens.

This one the concept changes the perspective of placing and consuming health services. Consequently, it changes the perception of the health system as one of the most important segments of society, and as a whole. With the adoption of the new concept, the level of standard service to citizens gained a new quality.

Primary role financial management, ie money management of health institutions, is to achieve the set financial goals in the health organization.

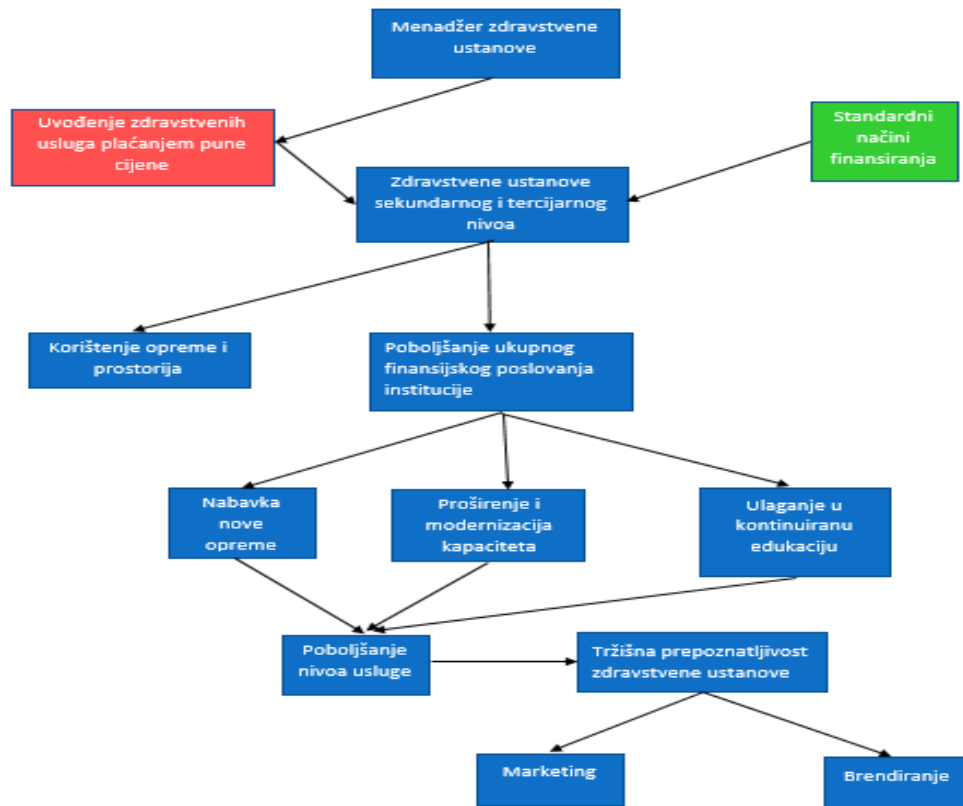
When health the institution has strong and organized financial plans, will be able to provide effective health care to patients.

Functions financial management are as follows:

- a) Evaluation and planning - evaluation of financial effectiveness and all financial processes in the health organization. This allows the health facility to plan for the future
- b) Long-term investment decisions - input from managers at all levels when it comes to large investments in business. Long-term investment decisions include analyzing implementation strategies and determining how the investment can potentially affect the financial future
- c) Financing- formation of a cost fund by the financial team
- d) Management working capital - a very important item, the financial team must manage working capital, with an evaluation of current assets less existing liabilities (7)

4. Modalities of application of alternative sources of financing health institutions

Functioning health system with alternative sources of funding can be presented algorithmically (Picture 2)



Picture 2. Algorithmic presentation of funding sources (source: author's work)

5. Conclusion

Health Institutions of all levels, especially those that provide specialist and subspecialist services, face the need to change their business for the better, using more modalities of available funding. By applying the principle of openness in terms of changing business according to the economic situation, the manager of the health institution received new financial resources for further investments in the purchase of equipment and continuous education with the aim of nurturing intellectual capital as the most important investment.

The application process Multiple modalities of financing do not jeopardize the provision of services to citizens financed by standard health insurance, but causally improve the quality of service, with a significant reduction or almost elimination of the need to refer patients abroad for services that cannot be obtained in our country. There is a need to simultaneously invest in equipment and personnel, and achieve market competitiveness that will be recognized as the ultimate quality.

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