



FOREIGN APPROACHES TO HEALTHCARE SYSTEM FINANCING

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Abstract

This article analyzes the mechanisms for evaluating treatment effectiveness, outcome-based financing, diagnosis-related group (DRG) payment systems, and centralized fund distribution experiences in Sweden, Germany, Austria, and South Korea. It discusses their significance and the phased implementation of Uzbekistan's state medical insurance model.

Keywords: Healthcare financing, outcome-based financing, DRG, medical insurance, centralized fund

Introduction

Foreign countries are implementing various reforms and mechanisms to ensure efficiency in healthcare financing and equity in service delivery. Specifically, measures like evaluating treated patients' subsequent health outcomes, allocating funds based on results, and enhancing medical institutions' financial autonomy contribute to improving the quality and coverage of health services. This article examines the mechanisms for assessing treatment effectiveness in the health systems of Sweden, Germany, Austria, and South Korea, the role of outcome-based financing and diagnosis-related group (DRG) payment systems in determining payment procedures, and the significance of fund allocation through a single system for improving equitable access to medical services.



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Experience in implementing treatment effectiveness evaluation mechanisms for treated patients. In Sweden, although healthcare institutions and their financing are primarily the responsibility of regional municipalities, there is rigorous central-level monitoring and analysis of medical service quality. More than 100 national quality registries operate in the Kingdom, recording patient diagnoses, applied treatments, and outcome indicators for various diseases and interventions¹. Funded by the state and regions, these registries are evaluated annually by a special commission². Based on the collected data, an annual 'Open Comparisons' (Öppna jämförelser) report is compiled, ranking regions and summarizing key indicators of major hospitals³. The 2015 Open Comparisons included 350 indicators comparing regions on prevention, patient satisfaction, waiting times for treatments and surgical operations, and treatment outcomes for certain diseases⁴. Such a comprehensive dataset aids sector specialists in decision-making and fund allocation, thereby improving healthcare quality and equity.

In Germany, a system for evaluating the quality and effectiveness of medical care for patients has also been established. The Institute for Quality and Transparency in Healthcare (IQTiG) measures and reports treatment quality in all inpatient hospitals⁵. Approximately 290 process and outcome indicators have been defined across 30 treatment areas, on the basis of which data are collected and published⁶. Portals such as the 'Weisse Liste' (White List) allow patients to choose hospitals based on their outcomes⁷. Additionally, in Germany, an independent assessment mechanism has been established to evaluate the

¹ International Health Care System Profiles Sweden. Anna H. Glenngård, Lund University School of Economics and Management. <https://www.commonwealthfund.org/international-health-policy-center/countries/sweden>

² International Health Care System Profiles Sweden. Anna H. Glenngård, Lund University School of Economics and Management. <https://www.commonwealthfund.org/international-health-policy-center/countries/sweden>

³ International Health Care System Profiles Sweden. Anna H. Glenngård, Lund University School of Economics and Management. <https://www.commonwealthfund.org/international-health-policy-center/countries/sweden>

⁴ International Health Care System Profiles Sweden. Anna H. Glenngård, Lund University School of Economics and Management. <https://www.commonwealthfund.org/international-health-policy-center/countries/sweden>

⁵ Miriam Blümel and Reinhard Busse. Department of Health Care Management, Technische Universität Berlin. <https://www.commonwealthfund.org/international-health-policy-center/countries/germany>

⁶ Miriam Blümel and Reinhard Busse. Department of Health Care Management, Technische Universität Berlin. <https://www.commonwealthfund.org/international-health-policy-center/countries/germany>

⁷ Miriam Blümel and Reinhard Busse. Department of Health Care Management, Technische Universität Berlin. <https://www.commonwealthfund.org/international-health-policy-center/countries/germany>



effectiveness and economic benefit of every new drug or treatment method before payment. The Institute for Quality and Efficiency in Health Care (IQWiG) evaluates the economic effectiveness of new pharmaceuticals⁸.

In the Austrian healthcare system, national indicators for evaluating treatment effectiveness in hospitals have been introduced. In 2013, in the context of health reforms, the 'Austrian Inpatient Quality Indicators' (A-IQI) system was developed⁹. The A-IQI system assesses each hospital's treatment outcomes using a traffic light method¹⁰. If a hospital's indicators fall below the average, independent experts are involved to evaluate and develop recommendations¹¹. Although reforms have been implemented in Austria to improve treatment quality and data transparency, some challenges remain in full-scale implementation¹².

In South Korea, following the reforms implemented in 2000 under the National Health Insurance, a practice of evaluating and publishing medical institutions' performance based on quality indicators was introduced¹³. According to calculations, 36% of the national insurance fund's expenditures are determined by specified quality indicators¹⁴. The introduction of such a mechanism incentivizes medical institutions to improve service quality. Publishing the results creates a healthy competitive environment among institutions.

The new financing mechanisms being introduced in the healthcare systems of the above countries show that the main focus in assessing medical service quality and efficiency is being directed to treatment outcomes and quality indicators.

⁸ Miriam Blümel and Reinhard Busse. Department of Health Care Management, Technische Universität Berlin. <https://www.commonwealthfund.org/international-health-policy-center/countries/germany>

⁹ <https://www.uninetz.at/en/contributions/qualit%C3%A4tsmessung-im-%C3%B6sterreichischen-gesundheitswesen>

¹⁰ <https://www.uninetz.at/en/contributions/qualit%C3%A4tsmessung-im-%C3%B6sterreichischen-gesundheitswesen>

¹¹ <https://www.uninetz.at/en/contributions/qualit%C3%A4tsmessung-im-%C3%B6sterreichischen-gesundheitswesen>

¹² <https://www.uninetz.at/en/contributions/qualit%C3%A4tsmessung-im-%C3%B6sterreichischen-gesundheitswesen>

¹³ Kim, S. M., Jang, W. M., Ahn, H. A., Park, H. J., & Ahn, H. S. (2012). Korean National Health Insurance value incentive program: achievements and future directions. *Journal of preventive medicine and public health* = *Yebang Uihakhoe chi*, 45(3), 148–155. <https://doi.org/10.3961/jpmph.2012.45.3.148>

¹⁴ Kim, S. M., Jang, W. M., Ahn, H. A., Park, H. J., & Ahn, H. S. (2012). Korean National Health Insurance value incentive program: achievements and future directions. *Journal of preventive medicine and public health* = *Yebang Uihakhoe chi*, 45(3), 148–155. <https://doi.org/10.3961/jpmph.2012.45.3.148>



Based on the above analyses, modern approaches used in countries such as Germany, Austria, South Korea, and Sweden in healthcare financing ensure quality, efficiency, and equity. For Uzbekistan to improve its healthcare system based on international experience, it is important to introduce a national results assessment system, diagnosis-based groups, and outcome-based financing mechanisms step by step. At the same time, granting financial autonomy to medical institutions through a centralized single fund financing system provides transparency, efficiency, and equitable service to the population. This, in the long term, will improve the overall health level of the population and contribute to sustainable development of the healthcare sector.

In Uzbekistan's healthcare system, a new State Medical Insurance model is being introduced in a phased manner. This system was first piloted in Sirdarya region. This experiment is a completely new approach to financing medical institutions in Uzbekistan, whereby the budget funds allocated to the healthcare system are directly channeled through the State Medical Insurance Fund. As a continuation of these reforms, it is envisaged to introduce a financing mechanism for city and district medical associations through the Fund, creating the possibility of redistribution among them, which will stimulate competition among institutions and improve service quality. Below, the essence of this project, its practical significance, expected outcomes, and similar experiences in foreign countries are considered.

Under the project, the management of the funds allocated from the state budget to medical institutions will change. Funds for financing district and city medical institutions will be transferred from the state budget to the Fund. The Fund will centralize the funds in one place and, based on population size, medical needs, and performance indicators, redistribute them among regions and medical institutions through redistribution mechanisms. Thus, each medical institution enters into a contract directly with the Fund and receives the necessary funds for its activities.

In other words, the Fund acts as a single purchaser and works as a strategic procurement institution to ensure free provision of medical services to the population. Such changes in the financing system make it possible to introduce



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outcome-based financing mechanisms in healthcare. To receive sufficient funds from the Fund, each medical institution strives to improve its performance.

The introduction of new financing mechanisms in practice leads to a number of important positive changes for patients, medical institutions, and staff. Such a system contributes to free and quality medical assistance for patients, improving the quality and accessibility of medical services, and reducing unofficial payments.

For medical institutions and staff, the new financing system is linked to performance results, providing financing based on service volume and number of treated cases, which creates a healthy competitive environment and increases service and institutional efficiency. In addition, medical staff receive fair compensation for their work, with additional financial resources and rewards for high achievers, and gradual increases in base salaries. Furthermore, institutions gain financial autonomy and the ability to freely manage their resources and introduce modern corporate practices.

Centralized fund allocation creates the opportunity to provide medical services equitably and fairly to all segments of the population, including socially vulnerable groups. For the government, such a system ensures effective direction of funds, financial stability, and transparency, thereby reducing misuse and the risk of corruption. At the same time, citizens develop a sense of responsibility for their health, adhering to preventive measures, and creating a general responsibility for public health between the state and the population.

Conclusion

In conclusion, the introduction of a single-operator financing system for medical institutions is an important step in ensuring targeted spending, equitable distribution of services, and financial transparency. The positive results of pilot projects in Sirdarya region serve as a basis for phased expansion of this system across the country. Consistent implementation of these reforms will improve population health, ensure fair compensation for medical staff, and contribute to building a healthy and prosperous society.



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