KEY ASPECTS OF ANALYSIS ON THE IMPACT OF RECENT DEVELOPMENTS IN HEALTH SERVICES IN THE WESTERN REGION OF ROMANIA

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The paper aims to establish the principal correlations and positions of the tertiary sector in the Romanian economy, for realistic assessment of the actions, decisions and developments in this field.
The research starts from the statistical analysis regarding the current condition and the importance of services, calculating dynamics and relevant percentages. It is also detailed the situation of health services in the western region. Its being inventoried some of the latest developments and of most impact, within them.
The effects of government policies are viewed from the angle of influence on economic activity, being performed a SWOT analysis adequate to the current situation. Attention is paid both to the direct impact, in the field, and the indirect one, in the economic life ensemble and society as a whole, short and long term.
The research results highlight the economic situation of Romania and the way in which economic activity is in close contact with the health system.

Keywords: Tertiary sector, medical services, health reform, economic development, sustainable development

JEL Codes: I18, R11

1. Introduction

Current economic theory recognizes the leading role that services play in economic and social progress. Their heterogeneity makes that, different services not to contribute equally to the economic growth, nor the magnitude and manner of involvement and action.
Central role in long-term evolution of the entire society, including the economic growth is detained by the knowledge intensive services (activities where the share is the intelligence factor, focused on high specialized qualification).
This paper examines some specific and general issues regarding the services in the Romanian economy, with particularization on the health services in Western Region, in the context of new health reforms.

2. Current state analysis of the tertiary sector in Romania

At the macroeconomic level, indicators are used to express both the size and the share of the attracted resources in this sector and the amount and the contribution of the effects produced by the activities of services to the general economic and social situation.
Based on analysis of dimensions and services sector interdependencies in the Romanian economy and society, it can track the current state of developments in this sector and effective strategies may be formulated for its future development.
Regarding the place of our services in the country's economy, a frame of employment can be extracted from the available statistical data, as shown in Table no. 1.

Table no. 1. Total employed persons in tertiary sector by type of activities (thousand persons)

Activities		1996	2000	2004	2008
I. Total employed persons		9379.0	10771.6	9410.4	9365.9
II. Total employed persons in tertiary sector (1)**, which:**		2837.4	3149.0	3419.1	3670.9
1	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	771.7	887.8	953.0	1166.1
2	Hotels and restaurants	115.6	120.4	142.0	136.3
3	Transport, storage and communication	547.1	476.7	456.6	498.8
4	Financial intermediation	71.3	87.4	86.8	98.0
5	Real estate, renting and business activities	257.5	194.2	327.6	345.4
6	Public administration and defense; compulsory social security	125.1	405.1	411.2	396.9
7	Education	441.3	387.2	406.1	389.0
8	Health and social work	337.2	324.0	362.2	387.4
9	Other community, social and personal service activities	170.6	266.2	273.6	253.0

Source: Eurostat, accessed April 22, 2011,
http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/data/database

From Table no.1 we see that employment in the tertiary sector has increased during the analyzed period with 833,500 jobs. Within this, the number of people working in health and social assistance increased from 1996 to 2008 with 50,200 persons, the increase representing only 6.02% of the total growth above.

Table no. 2. Dynamics of employed persons in tertiary sector by type of activities

Activities	1996	2000	2004	2008
Total employed persons (**thousand persons**)	9379.0	10771.6	9410.4	9365.9
Total employed persons in tertiary sector (**thousand persons**)	2837.4	3149.0	3419.1	3670.9
Health and social work (thousand persons)	337.2	324.0	362.2	387.4
Dynamics of employed persons in tertiary sector (%) (1996 = 100)	100	110.98	120.50	129.37
Dynamics of employed persons in social work (%) (1996 = 100)	100	96.09	107.41	114.89
The share of employed persons from tertiary sector in total employed persons (%)	30.25	29.23	36.3	39.19
The share of employed persons from Health and social work in total employed persons (%)	11.9	10.3	10.6	10.55

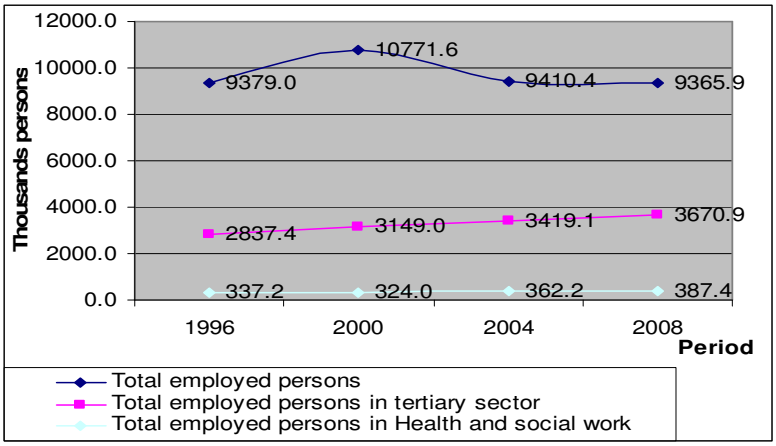
Source: Table no. 1

Analyzing the dynamics of persons employed in the tertiary sector (Table no. 2 - Dynamic calculated with a fixed base, the base year being 1996), it is noted that in 2000 there was an increase with 10.9% of the number of persons employed, in 2004 their number increased by 20.5% and in 2008 the increase was of 29.3%, compared with base year 1996.

Dynamics of persons employed in health and social care, calculated also with a fixed base, indicate a decrease of 4% in 2000, an increase of 7.4% in 2004 compared with the base year and in 2008 the increase was 14.8%.

The percentage of persons employed in the tertiary sector in total employment in Romania was 30.25% in 1996, and in 2008 it increased to 39.19%. In contrast, the percentage of employed persons in health and social care compared to the total persons employed in the service sector dropped from 11.9%, as being recorded in 1996, to 10.5% in 2008.

Dynamics of the number of employed persons in health and social care and the tertiary sector in total can be seen in Figure No.1.



Source: Table no.1

Figure no. 1. Dynamics of employed persons in tertiary sector

In what regards value data of services sector size and the gross domestic product at the national level (last years) as well as the contribution of services to the GDP creation, see Table no. 3.

Table no. 3. GDP and Services in Romania (dates from 2009)

GDP (mil lei – current prices)	**PIB** (mil lei – constant prices)	**Services** (mil lei – current prices)	**Services** (mil lei – constant prices)
491273	342176.35	246306.2	166069.67

Source: „ Statistical Breviary: Romania in Figures”, http://www.insse.ro/cms/files/publicatii/Romania%20in%20cifre%202010.pdf; accessed April 16, 2011
And INS, https://statistici.insse.ro/ipc/; accessed April 17, 2011

Compared with the developed countries where the share of services in GDP creation is 60-70%, in Romania, as shown in Table no. 4, the percentage of services in GDP does not exceed 50%.

3. Medical services analysis in the western region in the context of new health reform

Medical services are part of the services dedicated to the population and are meant to maintain the health and vitality of the population, with direct effects on the living standards of individuals, but also in the functioning and development of the economic mechanism. (Jivan and Fruja, 2006: 96).

In Romania, in the last 20 years, the medical system has gone through various reforms. The new health reform was initiated in 2010 through the decentralization of hospitals, namely the public health units were transferred to the local administration. For the period 2011-2012, it was formulated the national strategy of streamlining the hospitals and health system.

The strategy stipulates measures to reorganize the Romanian health system for a sustainable financing, for remodeling the demand of health services and a strategy directed towards the human resources that states that it is wished to stop doctors leaving abroad. The problem that arises, concerns the realism of such decisions, in the conditions when they are strongly contested by civil society, by many professionals and service providers in the field and in the context in which it is avoided the debate in the Legislature (the adoption of reforming laws is based on the principle of government accountability in parliament).

The most drastic reform proposed through the Ministry of Health strategy was the one that began the cancellation and fusion of hospitals. This paper makes some specific references to the manner

in which this decision affected the quality of medical services in Western Development Region (Arad, Caras-Severin, Hunedoara and Timiş).
Western development region's population, on July 1st 2009 was about 1,921,700 inhabitants, representing 8.95% of the Romanian population. This region is considered to be a growing region, with above average national economic performance, often in second place after Bucharest-Ilfov.

Table no. 4.Health units, 31 July 2007

Region / County	Hospitals	Polyclinics	Dispensary	Sanatoriums T.B.C.	Medical Offices
Western Development Region	47	4	31	2	89
Arad	12	-	2	-	35
Caraş-Severin	8	2	6	-	-
Hunedoara	11	1	18	2	1
Timiş	16	1	5	-	53

Source: Romanian Statistical Yearbook 2008, NIS, 2009

As shown in Table no. 4, in Western Development Region, on July 31, 2007, 47 hospitals activated that carried out ill treatment related activities. Starting with April 2011, according to an order given by the Ministry of Health, as part of "crisis measures" of the Romanian government, several hospitals have been abolished and readjusted (converted into alms houses).
The measure is questionable in terms of related operating costs, because the alms houses will have to be sustained by public funds). Thus, in West region, 11 hospitals were abolished and 10 hospitals were merged with larger hospitals in the region. Of 47 existing hospital on July 31, 2007, from this year, only 26 hospitals will be operating in the context of lacking personnel in hospital units and no hiring can be made because of restrictions imposed by the government.
Along with the abolition of hospitals its been declared (as motivation / logic support) the monitoring of the system's functionality, with the aim to apply an appropriate treatment to the patients and solve financial problems by attracting new funds to health system, according to Ministry of Health.
But the transition to the hospital closures and fusions was done without creating specialized ambulatory units in place of the abolished and with no investment made in road infrastructure by the Ministry of Transport. For example, in Caraş-Severin county, especially in winter, are encountered problems on the road, and the transport of patients to the hospital from Resiţa is now carried out under the risks of delays caused by these roads.
It is foreshadowed, therefore, the practical impossibility of achieving the appropriate specialized medical services for the population in areas that will remain without hospitals because of the lack of the required centers for ambulatory medical services, of reduced number of medical establishments in general (abolition of the hospitals) and of the given infrastructure .
Critical comments made above with reference to the affected individuals should be extended over economic units in the area (where is working the population registered in the medical units abolished), with hard to predict impact in the domain of labor factor productivity in the long term.
Really positive main effects that could become apparent are that, by abolishing some hospitals will be made some short-term cost reductions (in near future), and through this project it could be covered the deficit of social centers that the Western Region has, this social sector will take over abandoned buildings.
The possibility of reducing costs regards especially those designed to provide management services by merging three or four hospitals. Their leadership will be provided by a manager or

specialized management firms (for couple hospitals at the same time), with effects in costs and in the leadership act (management, administration).
But these potential savings will have to be first validated in relation with the actual achievable functionality under the new conditions. Because the diversity and the increase of complexity can create management problems, which often counteract the positive effects. In addition, if we can be optimistic about professional management, not the same can be said about the "cost" changes, existing - by now - certain losses that can not be avoided or counteracted.
We take into account that the abolition deflected on certain hospitals where, in recent years were made significant investments and expenses; under new conditions, they will be practically lost (wasted utility, will be decommissioned, placed in conservation , abandoned, being performed in purposes from what those units are now diverted). Also, in conceptual and organizational point of view, many were small hospitals of local interest. It makes sense that, the abolition of all this means reduced capacity for the provision of medical services.
Specifically, hospitals abolished from the Western Region had made in the past years, investments in renovation and endowment with the appropriate equipment (from local communities). For example, in Buziaş (balnear resort from Timiş county), many tourists spend their holidays and in the local hospital where there is a double line on-call as well as specialists that provide quality medical assistance both to tourists and inhabitants. Instead of the abolished hospital currently does not operate even a balnear clinic.
The funds intended to a hospital will now be used by all hospitals belonging to one fusion, which constitutes a threat to the competitive spirit and hence of the quality and professional performance in the long term: Each hospital has allocated certain amounts of money for its functioning and the distribution is at different levels, depending on the number of patients treated and cured; certain hospitals may thus provide more financial resources than others. But under new organizational formula, these funds will be practically used by all hospitals participating to the fusion.

Table No. 5. Summary of SWOT analysis through abolition and merging of hospitals

STRENGHTS	**WEAKNESSES**
- cost reductions; - instead of abolished hospitals will operate retirement homes, orphanages (West Region has a deficiency of such centers).	- staff reductions (regardless of the activity type); - loss of certain investment (converting them into useless); - loss of local interest services related to the abolished medical units
OPPORTUNITIES	**THREATS**
- possible modernizing changes in the hospital management.	- lack of specialized health care insurance, due to increased distances, for patients, up to medical units and in deficient of road infrastructure in some areas; - for fusion, the funds destined to a hospital will be used by all hospitals that are part of the fusion; - possible management problems, quality being compromised.

Source: made by author

4. Conclusions

In conclusion to the shown above, it follows that funds savings are possible especially by reducing the number of salaries paid for management positions by the hospital), but which are also small in relation with the existing financial problems, and related destructive effects are so large, profound and extensive, including long-term that can not be justified.

The shown numbers demonstrate the strong entry of Romania in crisis, including services (economic sector had recorded the strongest increases in the economy after 1989). Maintaining services under 50% of GDP, with often falling trends proves not only the crisis but also the precariousness of the Romanian economy.

The Optical of the declared reforming measures is, in fact, a crisis one, but anachronistic through adequate perception of industry, applied on a domain which is not industry and where are some defining features that make measures inapplicable, of "labor productivity growth" available in industry (Gadrey, 1996). Ignoring these characteristics is paid dearly, unfortunately not by those who choose wrong (in our country, at least), but by the beneficiaries of the measures imposed by government and service providers in domain.

Romania must rely on its main assets: *(i)* educational level (still) high, which is an important opportunity to development of intensive services in knowledge (information services, research, health) and *(ii)* low cost of labor that, generally speaking, is a key attraction for foreign investors, both in services and in other economic sectors.

Unfortunately for the Romanian medical system - as well as other services - this factor (chip labor, low salaries that are paid to Romanians) is what determines the migration of qualification carriers and labor towards richer economies, in conditions of major progress in field in rich countries (Walker 2010).

Doctors leaving the country falls in the phenomenology known as "theft of gray matter" or "brain drain"(Christian Dustmann, Itzhak Fadlon and Yoram Weiss) and it is happening in terms of a lack of national policies and has all the economic, social effects, general, for the nation, especially we can not put any question that there is no need of the doctors that decide to leave the country, quite the contrary. Such negative phenomena are being encouraged by government measures such as those discussed in the paper (which is visible through actual developments in the recent months).

Before starting the health reform related to the hospitals abolishing, professional analysis were required (under conditions of knowledge of specific - including managerial - of the domain), in consultation with specialists, for finding (other) solutions to reduce costs, it was required including the detailed analysis of the economic situation and performance of hospitals proposed for dissolution. Thus, it was crucial to analyze the situation of hospitalized patients, of those discharged (treated case = case resolved), of the performance of medical staff in the Western Region and from other regions of the country (a non-political relevant economic analysis).

Such consultations and documented training would have provided a consensus, solutions quality and their applicability, as opposed to the measures taken against the will of those included in the process. Adhesion value (which is completely ignored in most measures of the current government) is one that can be found including in productivity and in cost reduction (in the case analyzed, unfortunately, it will be found in a negative sense, as the lack of adhesion).

Acknowledgements

„This work was partially supported by the strategic grant POSDRU/CPP107/DMI1.5/S/78421, Project ID 78421 (2010), co-financed by the European Social Fund – Investing in People, within the Sectoral Operational Programme Human Resources Development 2007 – 2013."

Note

(1) Total tertiary sector activities were calculated as the sum of employed persons from related activities: "Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods", "Hotels and restaurants", "Transport, storage and communication", "Financial intermediation", "Real estate, renting and business activities", "Public administration and defense; compulsory social security", "Education", "Health and social work" and "Other community, social and personal service activities".

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