

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation submitted for the scientific title of Doctor of
Philosophy in Economics

**DEVELOPMENT OF THE MECHANISM OF STATE
REGULATION OF PRIVATE HEALTH INSTITUTIONS IN
AZERBAIJAN**

Speciality: 5311.01 – “Organization and management of
enterprises”

Field of science: Economics

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INTRODUCTION

Relevance of research topic and degree of elaboration.

The issue and problems of effective organization of the health system are considered as one of the strategic directions of the state. With the increase of global influences, especially global crises, huge resources and efforts are needed to ensure that the health system is functional and adequate. Existing state regulatory mechanisms need to be significantly improved. In particular, increasing the efficiency of private health sector institutions in the country is an important issue. To improve the efficiency of the health system as a whole, and private health institutions in particular, models of financing and providing the material and technical base of commercial organizations in the field of health are of particular importance. It is important to expand the infrastructure of health institutions, provide the population with the necessary medical services, optimize the formation and use of financing sources and funds, improve the mechanisms of management of private health institutions.

The activity of private health institutions is being strengthened and the global trend towards increasing their role in providing better quality alternative medical care is deepening. Furthermore, public-private partnerships have become more common in the last decade due to global influences, increasing threats to public health and the rise in the number of serious diseases. This makes it necessary to take consistent measures to improve the performance of private health institutions. Basic mechanisms for the regulation and development of private health institutions, expansion of the network of competitive health institutions, hospitals and clinics are important conditions. Measures should be taken to optimize financing for those enterprises, mobilize resources, strengthen the role of the state in solving global health problems, improve the main mechanisms of the state management system in the health sector and increase the transparency and efficiency of the activities of medical institutions and improve the quality of the provided medical services.

With measures in place to make important decisions quickly and financial resources freely available, private health institutions are able to focus their activities more flexibly on improving the quality of medical services, expanding and increasing competitiveness. The focus should be on effective and timely preventive measures to prevent serious diseases, reduce infectious diseases and minimize premature deaths.

In recent years, Azerbaijan has been taking effective measures in the field of health system and continuously developing its state policy in this direction. However, many problems remain in this area. Unfortunately, despite the large amount of funds spent by the state on the development of the medical system, it has not yet been possible to adapt the country's health system to the requirements of modern global challenges. The allocation of resources from the state budget is increasing every year, and in this regard it is necessary to ensure the maximum efficient use of these funds in order to increase the competitiveness of the country's health system. There are also problems in the fight against a group of serious diseases (infectious and oncological diseases), which require deepening of scientific research activities in the field of health, renewal of treatment processes, development and implementation of more innovative forms and methods of medical assistance and provision of medical services. Of course, all this requires raising the level of the country's health system and the efficient work of private medical institutions. The implementation of effective and consistent measures to solve a number of serious problems in the organization and development of the private health sector, to eliminate shortcomings, to increase its efficiency, to expand the structure and availability of quality health services are considered as important measures.

With an in-depth study of all these factors, as well as the international experience in the organization of the health system, including the activities of private health institutions and the development of the pharmaceutical industry, it is necessary to fundamentally study the theoretical and methodological issues related to the organization and improvement of the existing

mechanisms of private medical institutions in Azerbaijan. Moreover, measures should be taken to effectively use the health insurance system and the family medicine institute, adapt the mechanism of organizing the services of private health institutions in the regions of the country to the requirements of the time, strengthen the state regulation of staffing and optimally determine the main directions of the state regulation of the activities of private health institutions. In general, all these problems and factors indicate the relevance of the topic of the dissertation.

In the scientific works of domestic and foreign scientists the theoretical and methodological foundations of the health system and important mechanisms of state regulation in this field are given. Azerbaijani scientists and researchers Sh.M.Muradov, T.N.Aliyev, Z.F.Mammadov, R.S.Asgarova, A.B.Guliyeva, M.N.Mammadov, S.K.Mammadov, R.S.Mammadov, M.R.Jalalov and others have scientific works on this issue. Conceptual approaches, theoretical-methodological aspects of the development of the health system and the problems of ensuring the efficiency of state regulation of the activities of private health institutions were highlighted in the scientific works of a group of foreign scientists and researchers such as A.S. Chetin, H. Saghlam, S. Savash, O. Karakhan, O. Saka, N.G. Hasannejat, A.L. Ayvazov, A.A. Akanov, M.A. Kamaliyev, V.A. Alekseyev, K.N. Arabchikov, A.Sh. Akhmeduyev, Yu.V. Voronin, L.A. Gabuyeva, N.F. Pavlova, P.A. Gerasimov, A.V. Deryabin, E.A. Dyachuk, A.R. Ilyasova, N.V. Krivenko, S.V. Kulagina, T.S. Mishakin, V.N. Muravyova, L.L. Maksimenko, S.V. Polyanskaya, Y.S. Provotorova, A.A. Strelnikov, S.A. Stolyarov, A.A. Supi. Inikov, E.Y. Sirtsova, A. V. Chigareva, B. A. Tkhorikov, J. Gruber, S. Thomson, R. Osborn, S. E. Ramsbot, M. Tenner. In addition, there is a need for more in-depth research on strengthening the effectiveness of the mechanisms of state regulation of the activities of private medical institutions and their role in raising the quality level of these institutions. The main focus of the study will be to identify the most appropriate mechanisms of state regulation in the country's private health sector.

Object and Subject of the Research. **Object** of the research is the healthcare system, as well as private medical enterprises and organizations in the Republic of Azerbaijan. **Subject** of the research comprises the managerial relations that arise in the process of developing mechanisms for state regulation of the activities of private healthcare enterprises in the Republic of Azerbaijan.

Research goals and objectives. The primary objective of this research is to examine the specific features of the formation of mechanisms for state regulation of private healthcare enterprises in Azerbaijan, and, taking into account the experience of both nearby and distant foreign countries, to develop scientifically grounded methodological and practical recommendations for their improvement.

In this context, the following tasks were set according to the structure of the dissertation:

- research of the theoretical and methodological basis of regulation of the private healthcare system;
- study of the peculiarities of the organization of the activities of private enterprises in the country's health system;
- Generalization of international experience regarding mechanisms of state regulation and the development of private medical enterprises, as well as identification of opportunities for their application in the Republic;
- analysis of the activities of private healthcare enterprises and the level of their innovativeness;
- determination of the role of the pharmaceutical industry in the development of private healthcare enterprises in Azerbaijan;
- assessment of the health insurance system and its role in the activities of private healthcare enterprises in the country;
- development of methodological and practical recommendations for improving the mechanisms of state regulation of the family medicine system, organization of services in the regions, as well as human resource provision in private healthcare enterprises in Azerbaijan

Research methods. The methodological basis of the research is the scientific works of domestic and foreign authors on the main problems of improving the mechanism of state regulation of the activities of private medical institutions. Dialectical and systematic approaches were used in conducting the research, and scientific methods such as structural-functional analysis and synthesis, scientific abstraction, comparison, generalization, evaluation and estimation methods were used.

The main clauses defended. According to the main results characterizing the scientific innovation, the scientific provisions in the dissertation are as follows:

- State regulation of enterprises in the private health sector in modern conditions is considered an objective necessity;
- In-depth study and implementation of more effective national and global models is important for strengthening the country's health system;
- More modern and productive mechanisms and elements are needed to improve the existing system of state regulation of the country's healthcare in general and the private health sector in particular;
- It is necessary to intensify the implementation and expansion of the health insurance system, strengthen state support for the development of the network of private health institutions in the regions and introduce new mechanisms of staff training;
- It remains relevant to accelerate effective measures for the introduction of the family medicine institute in the country and to ensure the active participation of private health institutions in these processes;
- Alternative sources of financing and investment activities in the health sector are needed and the private health sector should be encouraged in these processes;
- Effective measures and targeted government programs are needed to accelerate the innovative development of private health institutions in the short and long term.

The scientific novelty of research. The main scientific novelty of the research is the development and substantiation of

modern scientific and practical ideas for improving the mechanisms of state regulation of the activities of private medical institutions in the conditions of global crises and impacts.

Other important scientific innovations consist of:

- the theoretical and optimal methodological approaches to the mechanism of state regulation of private sector enterprises are substantiated;

- A classification of existing and most widespread healthcare systems has been developed in accordance with international experience under conditions of global crises;

- A block diagram of the key elements and components of the theoretical and methodological foundations of state regulation in the private healthcare system has been developed;

- The main elements and factors characterizing the importance of the pharmaceutical sector in the development of private healthcare enterprises in Azerbaijan have been identified;

- The main functions and advantages of the family medicine system in the development of private healthcare enterprises in Azerbaijan have been identified;

- The importance of diversifying funding sources has been substantiated, along with the proposal to establish a Regional Development Fund for Private Healthcare Services for this purpose;

- The feasibility of developing and implementing the "State Program for Ensuring the Innovative Development of Private Healthcare Enterprises in the Republic of Azerbaijan (2025–2030)" has been substantiated.

The theoretical and practical significance of the research.

The main provisions and conclusions of the dissertation may be of interest to scientists, health professionals, government bodies and structures that have to ensure the improvement of the mechanism of state regulation of the activities of private health sector subjects. In addition, the materials of the dissertation will be effective in the preparation of textbooks, in particular “Management in Health”, “Health Economics”, “Economics and Management in Health”, “Fundamentals of Health Economics”.

Approval and implementation. The applicant's 10 scientific works (7 articles and 3 theses, including 2 articles and 2 thesis abroad) on the subject of the dissertation have been published. The results of the research were published in the articles entitled “Modern aspects of the development of private health institutions in Azerbaijan” (“Scientific Works” journal, Baku, 2018), “Problems of improving the mechanism of state regulation of the activities of private medical institutions in the health system in Azerbaijan” (“Technology and science”, USA, Philadelphia, 2018), “Features of the development of private health institutions in Azerbaijan in the conditions of market relations” (“Financial Economics” journal, Moscow, 2019) and “The importance of using the health insurance institute in intensifying the development of the private health sector” (“Audit” journal, Baku, 2019) and the theses entitled “Issues of financing healthcare in Azerbaijan and regional aspects of the private medical sector” (Proceedings of the 46th International Scientific Conference on “Actual Problems of Science”, Russia, Moscow, 2018) and “Actual problems of the development of private health institutions in Azerbaijan in modern conditions” (Proceedings of the Republican Scientific Conference on “Directions of development of the non-oil sector of Azerbaijan”, SSU, 2019). Important aspects of international experience in state regulation of the private healthcare system (IX International Scientific and Practical Conference "Modern Problems of Civilization and Sustainable Development in the Information Society" Moscow 2022).

The name of the organization where the dissertation work was performed. The dissertation work was carried out at the Institute of Economics of the Ministry of Science and Education of the Republic of Azerbaijan.

The total volume of the dissertation. The total volume of the dissertation is (271,722) characters, including the title page and table of contents (2,118 characters), introduction (16,074 characters), chapter I (67,230 characters), chapter II (58,966 characters), chapter III (71,356 characters), conclusion (10,688 characters), list of references (27,683 characters), and appendices

(15,763 characters). The volume of the dissertation, excluding figures, tables, graphs, the list of references, and appendices, amounts to 222,648 characters.

Structure of the dissertation

Introduction

CHAPTER I. Theoretical and methodological basis of the organization and management of the private health sector

1.1. Theoretical and methodological basis of state regulation of private health institutions.

1.2. Features of the organization of the activities of private enterprises in the health system

1.3. World experience in the formation and development of the mechanism of state regulation of private health institutions.

CHAPTER II. Analysis and evaluation of private health institutions in Azerbaijan

2.1. Analysis of the activities of private health institutions in the country and level of innovative development.

2.2. The role of the pharmaceutical industry in the development of private health institutions in Azerbaijan.

2.3. Evaluation of the health insurance system in the functioning of private health institutions in the country.

CHAPTER III. Main directions of improvement of state regulation mechanisms of private health institutions in Azerbaijan in modern conditions.

3.1. State regulation of staffing of institutions in the health system.

3.2. Improving the organization mechanism of private health services in the regions.

3.3. Important aspects of the implementation of the family medicine system in the development of private health institutions.

Conclusion.

List of references.

Appendices.

THE MAIN CONTENT OF THE RESEARCH

The introduction presents the relevance and the degree of scientific elaboration of the topic, the subject and object of the study, its goals and objectives, the scientific statements submitted for defense, the scientific novelty, the theoretical and practical significance of the research, as well as the approbation of the main provisions of the dissertation.

Chapter One, titled **“Theoretical and Methodological Foundations of the Organization and Management of the Private Healthcare Sector”**, examines the theoretical and methodological foundations, as well as international experience in the formation and development of mechanisms for state regulation, and the specific features of the organization and functioning of private enterprises within the healthcare system. State regulation of the healthcare system, including its private sector, has always held strategic importance. In this context, various forms, methods, and mechanisms of state regulation have been considered, and measures have been taken to improve its effectiveness.

Health is not only a social category but also an economic one, which requires a strategic approach from the state and necessitates the careful development and implementation of appropriate mechanisms and tools for regulating the healthcare system and all issues related to the health of the population. State regulation of the private healthcare system in many countries around the world is implemented through two main approaches: 1) the administrative method, which involves licensing, establishing prohibitions and restrictions; and 2) the economic method, which is primarily carried out through budgetary and financial mechanisms, including the development and implementation of targeted state programs for the development of the healthcare system and the expansion of private sector entities within it. Figure 1 presents the classification of existing and most widespread healthcare systems in the world.

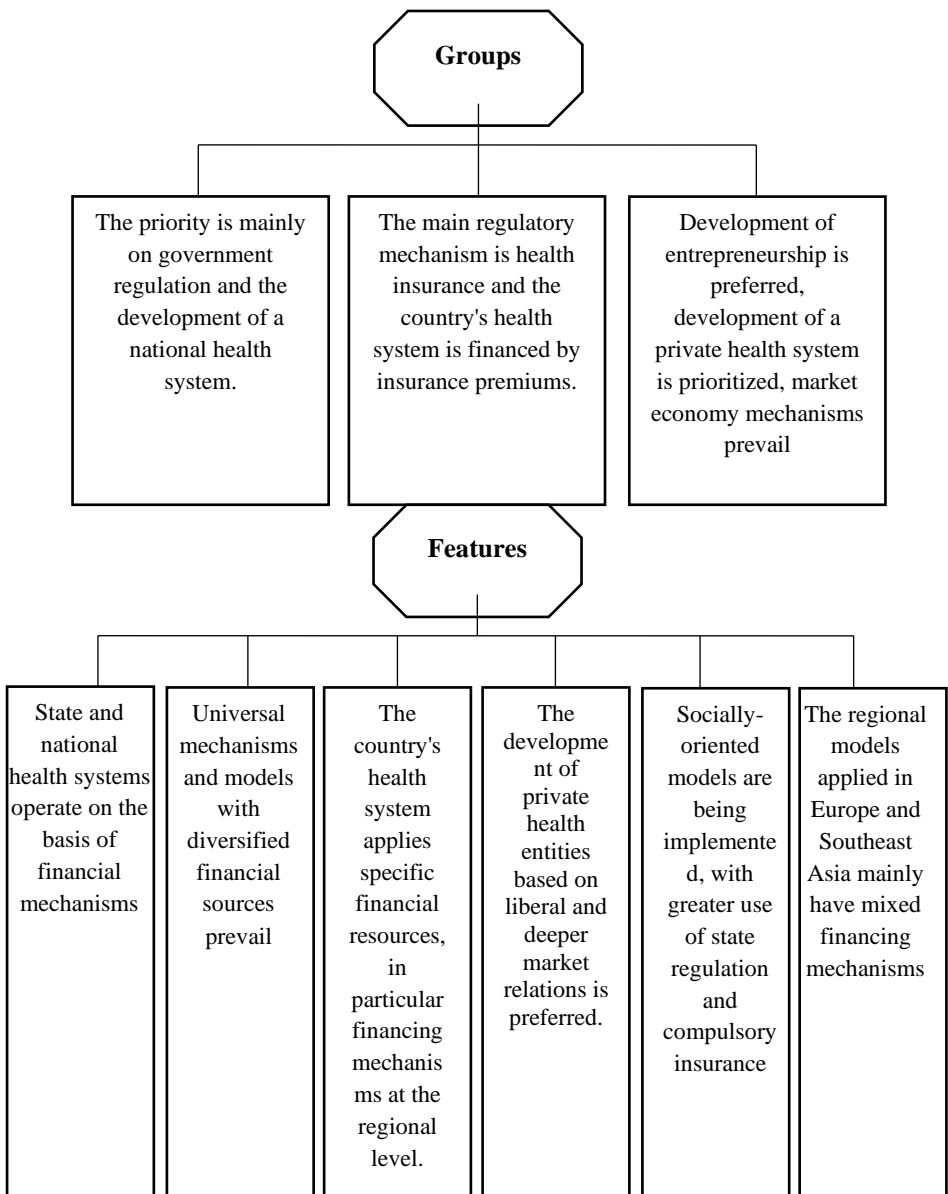


Figure 1. An approximate classification of the most common and characteristic models of health in the world health system,

Compiled: by the author based on research materials.

As shown in the figure 1, based on the functionality and widespread adoption across the world, three key groups of healthcare systems are identified. Among them, preference is given to the state and national system of state regulation; the system based on mechanisms of health insurance and healthcare financing through insurance contributions; and the system where the priority is the development of private enterprise, meaning competition predominates among private businesses, hospitals, clinics, and so on.

It is crucial to ensure the effectiveness of the healthcare system, as well as to improve the quality of medical organizations' operations, which will subsequently play a key role in the socio-economic system of the country. N.V. Krivenko emphasizes that: “The state healthcare system operates efficiently when there are sufficient resources in the country, minimal administrative costs, better opportunities for state control over the activities of medical organizations”¹

A significant number of national models have already been developed, and healthcare system models have been adapted with various aspects and features. During the research process, we studied and summarized the experience of several developed and developing countries in forming the mechanism for state regulation of the healthcare system's activities, and substantiated the feasibility of using aspects of these experiences within the context of the examined social sphere of Azerbaijan.

It should be noted that the main goal of any healthcare system model, and, in general, of the state and society, is the effectiveness of ensuring the accessibility and improvement of the quality of medical care and services provided to the population, as well as the operation of private medical

¹ Кривенко, Н.В. Теоретико-методологические подходы к управлению изменениями в организациях здравоохранения как открытых социально-экономических системах: / дисс. д-ра экон. наук. / Екатеринбург, 2016. – с.79.

enterprises in meeting consumer needs. The economic model of healthcare characterizes the general frameworks of the medical system in a country and most fully reflects the mechanisms, principles, and approaches applied to enhance the level of medical care. The adoption of effective and quality measures aimed at improving the functioning of the healthcare system and state regulation in this area, based on accumulated experience, contributes to a significant reduction in diseases in the country and improvements in public health, as well as to the increase in life expectancy and quality of life.

The specific features of the socio-information mechanism in the healthcare system are that it includes broader information than the set of standard economic indicators traditionally used to assess the performance of healthcare institutions. Furthermore, this mechanism allows for the identification, analysis, and use of the most important indicator of the healthcare system's functioning—overall population satisfaction. As is well known, in the public healthcare sector, the main tasks are to provide the population with public healthcare services based on accessibility, i.e., funded by the state budget and provided through public medical institutions. As for the private healthcare sector, its primary goal and priorities are focused on meeting the needs of the financially capable portion of the population, reducing the burden on the public sector while simultaneously achieving breakeven and regulatory profitability for private medical enterprises under market conditions.

To improve the efficiency of private medical institutions, it is necessary to objectively assess the performance of the enterprise in terms of the quality and accessibility of medical services, as well as the organization of patient care technologies. The state must actively use its regulatory functions to reduce the development of monopolies in healthcare service markets, create a freer competitive environment in this sector, and improve the quality and transparency of prices for the services provided. The state has the tools to regulate tariffs for medical services and medicines (drugs), which play an important role in the

accessibility of these services. The state should take a comprehensive approach to the formation and development of healthcare system models and the concepts for the development of private medical enterprises.

It should be noted that in different countries around the world, especially in highly developed ones, the mechanisms of state regulation and the development of private healthcare enterprises significantly differ. For example, in the United States, the successful and productive reform of the healthcare system has been placed at the highest strategic level, and there is a prevailing opinion that the country's healthcare system, based on voluntary health insurance for the majority of the population and the use of market mechanisms in financing and managing healthcare, is less effective than those in Western European countries.²

Israel's experience in improving the mechanisms of state regulation and the development of private healthcare enterprises is considered one of the best in the world, supported by a number of compelling arguments and factors that confirm the effectiveness of private medical enterprises in the country. In Israel, there is a 'health basket' system, which includes outpatient treatment and diagnostics, hospitalization and provision of medications, child vaccination, hospitalization of severe chronic patients, as well as the prevention of dangerous diseases, among others. "Private medical enterprises in Israel operate in a healthy competitive environment and are characterized by investment attractiveness. Both public and private healthcare institutions have the right to treat foreign patients, who, in turn, decide where to receive their treatment. As a result, private healthcare enterprises in Israel, aiming for prestigious positions in rankings, closely monitor the quality of the medical services they provide, which are regularly inspected by state authorities³.

²Улумбекова, Г.Э. Реформа здравоохранения США: уроки для России // Социальные аспекты здоровья населения. – 2012. №5, – с.12.

³ Алексеев, В.А. Здравоохранение Израиля // Медицинские новости. – 2011. № 4, – с.72-76.

Effective state governance of the healthcare sector is possible in the context of developed market relations, provided that all participants fulfill their responsibilities in offering the population accessible and high-quality medical services. ⁴.

In Azerbaijan, alongside state-owned enterprises, there is a wide network of private medical enterprises, and the government is undertaking targeted efforts to intensify the development of private entrepreneurship in the country's healthcare system. ⁵. A conceptual approach to the development of the private healthcare system in Azerbaijan has been established; however, there are also challenges. Professor T.N. Aliyev and A.B. Guliyeva note that there is an urgent need in Azerbaijan to implement a market-based model for financing and developing the healthcare system, as well as expanding the network of competitive private medical clinics, hospitals, and wellness centers. To achieve this, it is necessary to develop and implement comprehensive programs aimed at improving the quality of medical care and services. ⁶. Considering the experience of foreign countries and the aspects outlined, we have developed a block diagram of the key elements and components of the theoretical and methodological foundations of state regulation in the private healthcare system (Fig. 2)

⁴ Швец, Ю.Ю. Зарубежный опыт обеспечения качества медицинских услуг // ТДР, – 2016. № 6, – с. 53.

⁵Мамедова, Р.С. Совершенствование деятельности медицинских учреждений в условиях медицинского страхования: /авт-т дисс. д-ра филос. по мед. / – Баку. – 2012. – с.13.

⁶Əliyev, T.N., Quliyeva A.B. Səhiyyə sferasında sahibkarlıq: təşkili və idarəedilməsi. Monoqrafiya. – Bakı: Elm və təhsil, – 2011. – с.127.

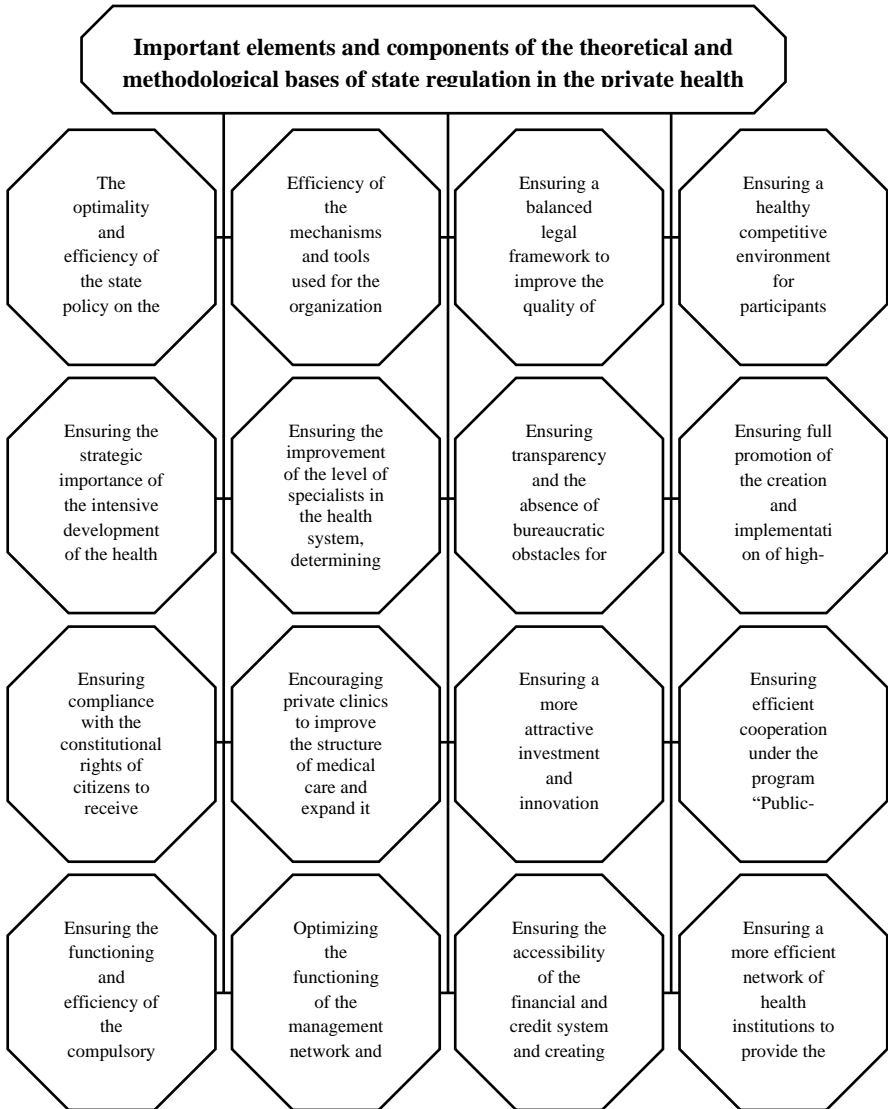


Figure 2. Block diagram of important elements and components of the theoretical-methodological bases of state regulation in the private health system

Compiled: by the author based on research materials.

As shown in the figure 2, the key principles and elements of the theoretical and methodological foundations of state regulation in the private healthcare system highlight the optimality and effectiveness of the state policy for organizing and developing the healthcare system.

Chapter Two, titled "**Analysis and Evaluation of the Activities of Private Healthcare Enterprises in Azerbaijan,**" presents an analysis of the activities of private healthcare enterprises in the country and their level of innovative development. The role of the pharmaceutical industry in the development of private healthcare enterprises in Azerbaijan is examined, and the healthcare insurance system in the operation of private healthcare enterprises in the country is evaluated.

Over the past 20 years, Azerbaijan has taken extensive measures to improve the existing mechanisms of the healthcare system, especially by developing the private sector through the expansion of networks of enterprises, modern clinics, and so on. Furthermore, the investment and innovation environment for the development of entrepreneurship and business in the healthcare sector is improving in the country.⁷ It is worth noting that on December 30, 1999, the Law of the Republic of Azerbaijan "On Private Medical Activities" was adopted.⁸

⁷Quliyeva, B.A. Sosial xidmətlər sferasında sahibkarlıq fəaliyyətinin təşkili və idarəedilməsinin təkmilləşdirilməsi istiqamətləri (səhiyyənin təmsalında): / iqtisad üzrə fəlsəfə doktoru dis. avtoreferatı./ – Bakı, 2010. – s.13.

⁸Закон Азербайджанской Республики «О частной медицинской деятельности»// Баку, 30 декабря 1999 года, № 789-ПГ.

Table 1

**Number of Operating, Newly Established, and Liquidated
Business Entities Providing Medical and Social Services to the
Population of Azerbaijan**

	Number of Operating Enterprises			Number of Newly Established Enterprises			Number of Closed Enterprises		
	2016	2020	2023	2016	2020	2023	2016	2020	2023
Years	2016	2020	2023	2016	2020	2023	2016	2020	2023
Total Number	686	3793	5282	275	740	694	172	101	177
Includig:									
State Ownership	172	52	58	1	16	31	-	-	11
Private Ownershi	514	3741	5224	274	724	663	172	101	166
Includig:									
Special Ownership	492	3699	5143	270	700	640	171	100	166
Foreign Ownership	17	35	63	2	20	19	-	1	-
Joint Ownership	5	7	18	2	4	4	1	-	-

Source: The table was compiled by the author based on materials from the State Statistical Committee. <http://www.stat.gov.az>"

As seen in Table 1, the number of operating business entities providing medical and social services to the population of Azerbaijan increased between 2016 and 2023, primarily due to the establishment of new private medical enterprises.

Table 2 presents a range of indicators related to the provision of medical services in the administrative regions of Azerbaijan under the mandatory health insurance system for the years 2021–2023.

Table 2

Indicators of Medical Services in the Administrative Territories of Azerbaijan under the Mandatory Health Insurance System, thousand persons

	Indicators	2021	2022	2023
01	Population Size	10130	10156	10127
02	Number of Doctors	16,5	17,2	16,7
03	Number of Doctor Consultations	21695	27667	34883
04	Number of Surgical Operations	127,5	169,2	191,6
05	Number of Hospital Beds	20,7	20,6	18,6
06	Bed Utilization Index (%)	35	32	31
07	Number of Dialysis Machines (units)	685	729	707
08	Number of Hemodialysis Procedures	439,5	453,8	497,0

Source: The tables were compiled by the author based on source materials-- *İcbari Tibbi Sığorta üzrə Dövlət Agentliyinin 2023-cü il üzrə fəaliyyətinə dair HESABAT*, <https://its.gov.az/pdf-view/1/10/icbari-tibbi-sigorta-uzre-dovlet-agentliyinin-2023-cu-il-uzre-fealiyyetine-dair-hesabat-797383.pdf>

A brief analysis of Table 2 shows that the number of medical services provided in 2023 demonstrated growth compared to 2021. A particularly notable increase was observed in the number of surgical operations, which rose from 127.5 thousand to 191.6 thousand patients. Moreover, we believe that it is necessary to intensify all alternative opportunities for expanding the infrastructure and material-technical base of the country's healthcare system in the near future. Especially considering that in

recent years, the network of private medical enterprises has expanded, their competitiveness has increased, and their innovative development has accelerated. It should be noted that the processes of innovative development in private healthcare enterprises in Azerbaijan are at an initial stage. Research has shown that there is practically no statistical base on the innovative activities of private entities within the healthcare system.

It should be noted that over the past years, the implementation of mandatory health insurance has been carried out systematically, and the experience gained from pilot projects in Mingachevir, Yevlakh, and the Agdash region has been successfully utilized. In 2023, the State Agency for Mandatory Health Insurance signed contracts with 44 private medical enterprises, thus increasing the total number of such enterprises to 154. In 2023, 300.1 thousand referrals for medical services to private healthcare enterprises were issued. The total expenses for healthcare enterprises under the mandatory health insurance system in 2023 amounted to 1,813.9 million manat.⁹ Furthermore, in Azerbaijan, the interaction between private healthcare sector entities and participants of the mandatory insurance system has been intensified to ensure the deepening of the development of this system and the expansion of medical services to the population of the country. Private healthcare enterprises have a good level of innovation-oriented infrastructure, and each of them collaborates with several insurance companies that are involved in the formation and development of the medical insurance system in the country.

The analysis showed that from 2008 to 2023, the number of hospitals increased by more than 2.3 times, the number of private enterprises in the healthcare system grew by 6.54 times, reaching 1,400 units by the beginning of 2023 (Table 3).

⁹İcbari Tibbi Sığorta üzrə Dövlət Agentliyinin 2023-cü il üzrə fəaliyyətinə dair HESABAT. <https://its.gov.az/pdf-view/1/10/icbari-tibbi-sigorta-uzre-dovlet-agentliyinin-2023-cu-il-uzre-fealiyyetine-dair-hesabat-797383.pdf> - c. 8-9

Table 3

Dynamics of the number of private health institutions in Azerbaijan in 2008, 2018 and 2023 (at the beginning of the year)

Indicators:	2008	2018	2023	Growth rate (times)
Stationary services				
Number of hospitals	34	69	79	2,3
Ambulatory-polyclinic services				
The number of ambulatory-polyclinic institutions	113	573	1259	11,4
Medical services in sanatorium-resort facilities				
Number of facilities	5	18	23	4,6
Medical prophylaxis (disinfection)				
Number of disinfection stations	6	21	24	4,0
Ophthalmic services				
Number of ophthalmological clinics	3	12	15	5,0
Number of private institutions in the health system	214	693	1400	6,54

Source: Table was compiled by the author on the basis of materials published on the websites of private clinics, health institutions and information from the Ministry of Health.

The geographical distribution of private healthcare enterprises, hospitals, clinics, and wellness centers is of considerable interest. It can definitely be noted that the distribution of private healthcare entities in Azerbaijan is disproportionate to the population size and potential of the country's regions (Table 4).

Table 4
Key Healthcare Indicators in the Republic of Azerbaijan by
Economic Regions, as of the Beginning of 2023

Economic Regions	Number of Doctors (persons)	Per 10,000 Population	Number of Mid-Level Medical Personnel (persons)	Per 10,000 Population	Number of Hospitals	Number of Hospital Beds	Per 10,000 Population	Number of Outpatient and Polyclinic Facilities Providing Medical Services to the Population
Total for the country, including:	32787	32,4	53789	53,1	345	37967	37,5	1653
Baku	21984	94,1	23212	99,3	162	19710	84,4	311
Nakhchivan Autonomous Republic	736	15,8	2249	48,3	27	1686	36,2	112
Absheron-Khizi	1805	20,7	2895	33,1	24	1742	19,9	62
Mountainous Shirvan	328	10,3	938	29,5	5	685	21,6	62
Ganja-Dashkasan	1373	23,0	3318	55,7	19	2758	46,3	83
Karabakh	791	10,7	2750	37,3	14	1888	25,6	165
Gazakh-Tovuz	931	13,8	3026	44,9	10	919	13,6	146
Guba-Khachmaz	717	13,2	1983	36,5	11	1066	19,6	100
Lankaran-Astara	831	8,9	2790	30,0	12	1331	14,3	174
Central Aran	1030	14,4	3061	42,7	12	1395	19,5	91
Mil-Mughan	435	8,4	1472	28,3	6	726	14,0	97
Sheki-Zagatala	968	15,5	3412	54,7	9	1381	22,1	91
Eastern Zangezur	174	5,8	577	19,2	25	1476	49,1	80
Shirvan-Salyan	684	13,9	2106	42,9	9	1204	24,5	79

Source: Compiled by the author based on materials from the State Statistical Committee <http://www.stat.gov.az>

The analysis of the data in this table shows that the number of doctors, medical personnel, hospitals, and hospital beds is unevenly distributed across the economic regions of the country, indicating significant disparities in this regard. Based on the results of the research, we have developed a block diagram of conceptual approaches and directions for state regulation of private healthcare enterprises in Azerbaijan in the near future. (Figure 4)

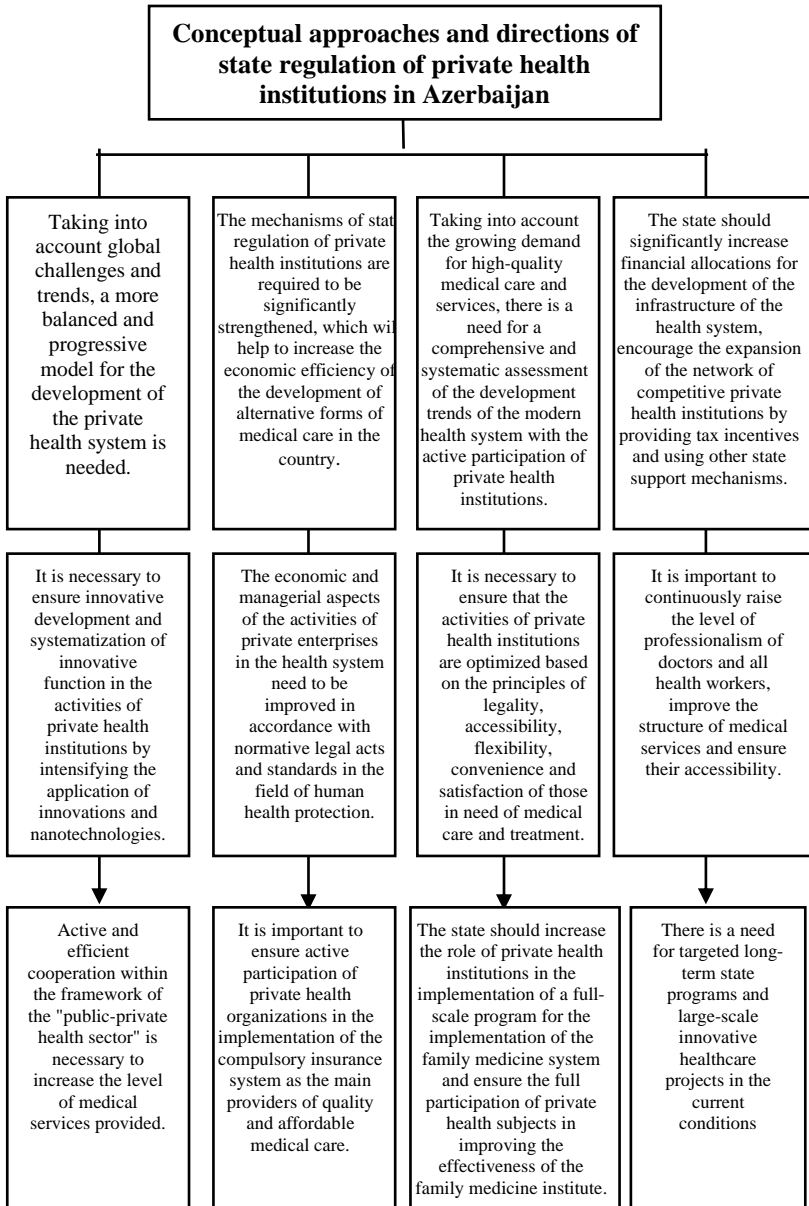


Figure 3. Block diagram of conceptual approaches and directions of state regulation of private health institutions in Azerbaijan. Source: compiled by the author based on research materials

Moreover, in light of new global challenges and despite the achievements in the development of the healthcare system and the improved performance of private medical enterprises in Azerbaijan, numerous issues still need to be addressed. These issues hinder the establishment of medical enterprises based on advanced technologies and modern equipment. The level of training of doctors and specialists working in private medical enterprises is of particular importance. Moreover, the infrastructure and material-technical base of medical institutions must meet international standards and modern requirements. To achieve this, a constant and intensive inflow of investments into the healthcare sector is essential to enhance the efficiency of private medical enterprises. Alongside this, the main challenges to intensifying the development of the healthcare system—particularly regarding the effectiveness of private medical enterprises—are primarily of an economic and legal nature. All of this necessitates the implementation of more effective measures to accelerate the development of private medical enterprises in the country.

The third chapter, titled **"Main Directions for Improving the Mechanisms of State Regulation of Private Healthcare Enterprises in Azerbaijan under Current Conditions"**, examines the state regulation of human resource provision for healthcare enterprises, the improvement of mechanisms for organizing private healthcare services in the regions, important aspects of applying the family medicine system in the development of private healthcare enterprises, as well as other priority areas of state regulation of private healthcare enterprises in the country under present conditions. In general, within the framework of developing and implementing state policy in the healthcare system of Azerbaijan, the intensification of the development of all medical enterprises and the improvement of their human resources potential are planned. With the introduction of mandatory health insurance, there are more opportunities to attract financial flows into the healthcare sector. This factor can be a key element in ensuring motivation and

stimulating the productive training of doctors and medical personnel of various specializations to provide high-quality medical services. Opportunities arise for the systematic organization of specialized training sessions, seminars, retraining, and internships for doctors in the best foreign clinics, hospitals, and medical institutions. Increasing salaries strengthens the financial position of doctors and, in general, medical personnel, which positively impacts the development of professional abilities and skills in various areas of medical service delivery.

It should be emphasized that staffing of the private sector of the healthcare system and medical institutions requires adherence to a number of principles and criteria:

1. Professional level and practical experience become decisive in improving the quality of medical services and enhancing the effectiveness of business activities in the healthcare sector.

2. Increasing salaries, implementing a system of differentiation, and other motivation systems for doctors in clinics and hospitals are of significant importance, as these approaches enhance the social status of doctors, contribute to the continuous growth of knowledge and professional skills, the adoption of the latest methods and treatment techniques, and the ability to work with advanced innovative and information technologies.

3. Mutual internships for doctors and medical staff, exchange of experiences and innovations in the field of medicine between private sector healthcare entities in the country and leading similar enterprises from various countries.

4. Implementation of specific targeted programs for retraining, residency, research programs on various medical issues, inviting leading foreign specialists, conducting special training, seminars, and public surgeries.

5. It is considered necessary to improve changes in the structure of medical personnel training in the leading medical universities of the country.

6. At all levels of management, it is essential to implement an adequate personnel policy aimed at enhancing the professional level of doctors and medical staff, and eliminating the shortage of healthcare workers.

7. One of the main priority tasks in the development of the private healthcare sector is to enhance the consultative and personnel potential in order to more effectively organize the quality and expand the range of medical services.

The issues of improving the mechanism for organizing private healthcare services in the regions of the country are becoming increasingly relevant each year. We believe that there is a need to intensify the creation and development of a network of private medical enterprises and organizations in the regions to expand the range of private healthcare services, so that citizens residing in these regions can access affordable and high-quality medical services. It is essential, within the framework of the program, to develop and implement comprehensive measures to create a productive and effective mechanism for ensuring a large volume of high-quality private healthcare services. For this, first and foremost, the construction of infrastructure facilities is required, along with improvements in road and social infrastructure. Every citizen of the country, residing in the region and even in remote settlements, rural areas, including mountainous regions, has the right to access an expanded and high-quality range of medical services, and to have the opportunity to undergo restorative treatment, preventive procedures, and use the services of district doctors. In the context of increased government support and the improvement of state policies for regional development in Azerbaijan, one of the main tasks is to raise the living standards of people, ensure employment, reduce poverty, and develop regional infrastructure in education, healthcare, and other areas. Special attention is given to expanding the material and technical base of the healthcare system, including the active involvement of the private sector in this process.

It is necessary to address in a timely manner and on a long-

term basis the issue of adequate funding for regional medical projects and the creation of incentive mechanisms to increase the interest of private medical institutions in expanding the forms and types of medical services provided, as well as improving their quality. It is deemed advisable to actively involve relevant government branches and investment funds to stimulate the expansion of private enterprises in the regions of the country.

We believe that the creation of a more competitive network of private medical institutions, especially in the regions of the country in the near future, will form a more solid potential for reducing the corresponding disparities. Emergency medical assistance has strategic importance in terms of providing primary healthcare to prevent complications of various patient conditions. We believe that, in the near future, it is essential to establish and develop a network of competitive and high-tech private medical enterprises in the regions of the country.

In many models and implemented mechanisms of medical insurance, the scheme for providing medical care and services is considered not on a territorial basis, but based on the principle of defining the family doctor institution. This concept of organizing and developing medical care and services helps ensure the realization of the patient's right to choose a doctor and a health insurance organization. Therefore, one of the important directions in countering all kinds of diseases, including fatal epidemic viruses, is the institution of family medicine, which is particularly popular and widely used in economically developed countries. Within the framework of organizing and developing national healthcare system models and defining its structure, the issues and problems of family medicine development are becoming more in demand.

It should be emphasized that the institution of family medicine has a number of features and is considered a multifunctional medical specialty, ensuring the prevention and treatment of individuals, thereby contributing to the preservation of health among its patients.

The result

1. We believe that a thorough study and exploration of the core issues related to ensuring the effectiveness of state regulation mechanisms for private healthcare enterprises is essential, especially in the context of global transformations and new challenges.
2. In Azerbaijan, there is a need to expand and ensure the accessibility and quality of healthcare services; ensure alternative forms of medical care and services; optimize the development, planning, and forecasting of healthcare workforce training; ensure the effectiveness of mandatory health insurance implementation and the active participation of private healthcare sector entities in these processes; and ensure the effectiveness of the family medicine institution.
3. The government needs to expand the 'public-private sector' cooperation in healthcare and, thereby, create a more active environment for the intensification of private healthcare enterprises' development through interaction and integration with public medical institutions.
4. To expand the institutional framework, it is necessary to conduct a comprehensive analysis and evaluation of the activities of private healthcare enterprises and organizations – we consider the establishment of the Association of Regional Private Healthcare Enterprises of Azerbaijan to be a viable solution.
5. We have substantiated and proposed a preliminary structure for the 'Regional Fund for the Development of Private Healthcare Services,' which could contribute to the diversification of financing sources. The establishment of the regional fund for the development of private healthcare services could significantly enhance the financial stability of private healthcare sector entities, facilitate the implementation of large investment and innovation projects aimed at expanding the infrastructure of the

- regional healthcare system, and, as a result, substantially improve the quality and accessibility of healthcare services in the country's regions.
6. In the territories liberated from occupation, hospitals are being built with state funds. In our view, alongside this, it is necessary to prepare and implement a series of attractive investment and innovation projects aimed at creating private healthcare institutions, while actively utilizing the priority areas of public-private partnerships in the country.
 7. To significantly raise the level and quality and enhance the role of private enterprises in these processes, we believe it is advisable to develop and implement the "State Program for Ensuring the Innovative Development of Private Healthcare Enterprises in the Republic of Azerbaijan (2025-2030)", which should encompass the entire network of private healthcare enterprises."

THE MAIN CONTENT OF THE DISSERTATION HAS BEEN PUBLISHED IN THE FOLLOWING SCIENTIFIC STUDIES:

1. Рагимова Н.Р. Современные аспекты развития частных предприятий здравоохранения в Азербайджане// “Elmi əsərlər”, АМЕА İqtisadiyyat İnstitutu, Bakı. 2018, №3.– С. 28-35.
2. Рагимова Н.Р. Проблемы совершенствования механизма государственного регулирования деятельности частных учреждений здравоохранения в Азербайджане (Problems of improvement of the state regulation mechanism of activity of private institutions of health care in Azerbaijan)// USA, Philadelphia. Technology and science, Issue: 11 Volume: 67. Международный научный журнал ISJ Theoretical & Applied Science, Impact Factor JF: 1.500; Impact Factor SIS (Texas, USA): 0.912; Impact Factor ICV=6.630.

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 8. Рагимова Н.Р. Актуальные вопросы развития частных предприятий здравоохранения Азербайджана в современных условиях / “Azərbaycanın qeyri-neft sektorunun inkişaf perspektivləri” mövzusunda Respublika Elmi konfransının materialları. Dövlət Universiteti. Sumqayıt. 25-26 aprel 2019-cu il. – S. 278-280
 9. Рагимова Н.Р. Кадровое обеспечение и применение семейной медицины в контексте развития частного сектора здравоохранения Азербайджана// “Xəbərlər”, АМЕА İqtisadiyyat İnstitutu, Bakı. may, 2020. – S. 61-69.

10. Рагимова Н.Р. Важные аспекты международного опыта по государственному регулированию системы частного здравоохранения/ IX Международная Научно-Практическая Конференция «Современные проблемы цивилизации и устойчивого развития в информационном обществе». Москва 10 мая 2022 г., с. 216-223.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

The defense of the dissertation will be held on June 20, 2025, at 11.08 a.m. at the meeting of the Dissertation Council BED 1.10, operating under the Institute of Economics of the Ministry of Science and Education of the Republic of Azerbaijan.

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The dissertation is available for review at the library of the Institute of Economics of the Ministry of Science and Education of the Republic of Azerbaijan.

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