

**AZERBAIJAN REPUBLIC**

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**DIRECTIONS TO INCREASE THE ROLE OF THE  
HEALTH INSURANCE SYSTEM IN  
STRENGTHENING THE SOCIAL PROTECTION OF  
THE POPULATION**

Specialty: 5308.01-“General economy”

Field of science: Economics

Applicant: **Samir Masud oglu Mahmudov**

**ABSTRACT**

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The dissertation work was carried out in the department of "Socio-economic problems of living standards" of the Institute of Economics of ANAS.

Scientific leader: dr. of phil. in  
economics, ass. prof.  
**Rasmiyya Sabir gizi Abdullayeva**

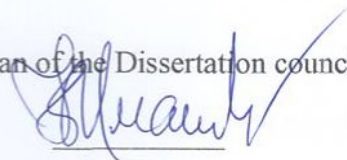
Official opponents: professor  
**Mahabbat Ashir oglu Mammadov**

professor  
**Ramiz Kamal oglu İsgenderov**

dr. of phil. in economics,  
associate professor  
**Parviz Samad oğlu Hasanov**

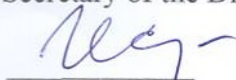
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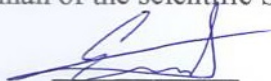
dr. in economics, prof.  
**Nazim Muzaffar oglu Imanov**

Scientific Secretary of the Dissertation council:

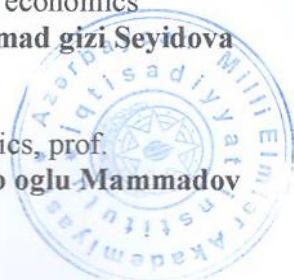


dr. of phil. in economics  
**Sevda Mammad gizi Seyidova**

Chairman of the scientific Seminar:



dr. in economics, prof.  
**Elshad Yagub oglu Mammadov**



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## GENERAL CHARACTERISTICS OF WORK

**Relevance and development degree of the topic.** The ultimate goal of economic development is to strengthen the social protection of the population. One of the main components of social protection is the protection of public health. Article 25 of the Declaration of Human Rights also emphasizes the protection of the health of every human being. As stated in the Statutes of the World Health Organization (WHO), everyone has the right to the highest standards of health, regardless of race, religion, political opinion, socio-economic status. The Constitution of the Republic of Azerbaijan also enshrines issues such as the right of everyone to health protection and medical care. *"The government takes the necessary measures for the development of all types of health care, operating on the basis of different types of property, ensures sanitary-epidemiological well-being, creates opportunities for various types of health insurance"*[<sup>1</sup>].

World experience shows that health insurance plays an important role in protecting the health of the population. Thus, in countries with a high level of health insurance (especially compulsory), the health of the population is more reliably protected, there are opportunities to expand the scope of treatment and prevention. Unfortunately, the compulsory health insurance system has not yet been fully formed in our country. Formation of compulsory health insurance in our country, which plays an important role in strengthening the social protection of the population and successfully operates in the world, measuring the level of government intervention in this system, determining the relationship between public health expenditures and health indicators, improving voluntary health insurance, studying international best practices research is necessary. From the point of view of the above mentioned, the dissertation work on "Directions for increasing the role of the health insurance system in

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<sup>1</sup> <http://www.e-qanun.az/framework/897>

strengthening the social protection of the population" is of special relevance.

The object of the research is the health insurance system of the Republic of Azerbaijan, its subject is the study of economic processes related to the formation and improvement of the health insurance system in strengthening the social protection of the population.

Both Azerbaijani and foreign researchers have paid special attention to the problems of increasing the role of health insurance in strengthening the social protection of the population.

**Researches on social protection** have been conducted by Sh.M.Muradov [103], N.Muzaffarli (Imanov) [104], A.A.Aliyev [53, 59, 60], T.A.Guliyev [91], A.T.Naghiyev [106, 107, 108], S.Mehbaliyev [97], R.Isgandarov [97], A.Q.Alirzayev [53, 54, 55, 56], A.S.Quliyev [58], T.H.Huseynov [71], J.B.Quliyev [87, 88, 89], R.S.Ashrafova [64, 65], A.N.Muradov [103], N.A.Qasimov [53], A.F.Abbasov [1] in Azerbaijan, and by foreign scientists like L.I.Abalkin [138, 139], N.M.Rimashevskaya [187, 192], T.I.Zaslavskaya [164], A.A.Koshayev [172], T.A.Krichuk [172], S.Y.Ukrayinech [172], M.I.Mallayeva [177], V.V.Adamchuk [144], O.V.Romashov [144], M.Y.Sorokina [144], Q. Karelova [166], A.N.Averin [142], V.D.Roik [188], Y.M.Komarov [169, 170], E.Qontmaxer [157] and others.

Regarding the **health system**, A. Pekerti [209], G. Wuong [209], R. Stryker [210], L. Lucie [205], P.A.Lewis [204], J. Holley [202], E. Nolte [202 ], and Azerbaijani scientists R.S.Abdullayeva [4], M.G.Gulaliyev [67], H.Guliyev [67] conducted several researches.

Azerbaijani researchers like B.A.Khankishiyev [72, 73], N.N.Khudiyeu [74], A.Q.Agayev [7], P.N.Abdullayev [73], L.Aliyeva [63], G.Ibadoglu [75, 76 ], A.M.Kerimov [83], foreign scientists like V.G.Pavlyuchenko [181], T.Kupaev [176], Y.A.Spletukhov [193], E.F.Dyujikov [193], J.Clark [50] and others widely covered the field of **insurance (including medical insurance)** in their works. Most of the mentioned Azerbaijani

scientists have conducted valuable researches on this matter. However, in general, no research has been done on increasing the role of health insurance in strengthening the social protection of the population, measuring the level of government intervention in this area.

It should be noted that in recent years a comprehensive study of changes in social protection, health indicators, the current state of health insurance, improvement of the financing mechanism of the health system, state regulation of the health insurance system, other issues related to the development of the health insurance system is required. All these determine the importance of the chosen research topic, its goals and objectives.

**Objectives and tasks of the research.** The purpose of the dissertation is to identify areas for increasing the role of the health insurance system in strengthening the social protection of the population in Azerbaijan and to develop scientifically sound proposals for its improvement. The following tasks are intended to be solved in order to achieve the set goal of the dissertation:

- the study of the role of health insurance in strengthening the social protection of the population;
- analysis and assessment of the current state of health insurance;
- Analysis and assessment of indicators characterizing the health of the population;
- assessment of the relationship between social protection and health insurance and health;
- Improvement of the mechanism of financing the health system;
- the study of the ways of organization and formation of health insurance in a number of developed countries and analysis of opportunities for formation of compulsory medical insurance in our country, taking into account the world experience;
- Measurement of the level of government intervention in the health insurance system;
- Improvement of the mechanism of state regulation of the health insurance system;

- determination of directions of development of medical insurance;

**Research methods.** The methods of logical generalization, survey, comparative and systematic analysis, analytical-statistical analysis, mathematical measurements (correlation, regression) were used in the dissertation.

**Key provisions.**

- In recent years, the financing of the health care system in Azerbaijan has not been effective;

- In countries where the government intervention in health care system is high, the health of the population is better. There is a direct dependence between social protection and health insurance and health;

- The health insurance system of our country, including the legislative framework for the operation of this system is not perfect. There is no mechanism to protect transparency in the spending of compulsory health insurance funds;

- Government intervention in the health care system must be increased in our country;

**Scientific novelty of the research.** For the first time in the world, a methodology for measuring the level of government intervention in the social health insurance system in 30 countries has been developed ("Measurement of government intervention in the health insurance system", ANAS News, Economics Series 2018 (July-August)). The more it interferes with the system, the better the health of the population. For the first time, there is a strong correlation between social protection and health insurance and health ("Measuring the level of liberal-dirigism of the health system: a comparative analysis", International Scientific Conference called "Economic Growth and Social Welfare" dedicated to the 60th anniversary of the Institute of Economics of ANAS, 2018).

**Theoretical and practical significance of the research.** Theoretical results obtained from research work can be used in the teaching of subjects such as: economics of the social sphere, economics and management of health care, labor economics, social

protection. The research can be used to strengthen social protection and solve problems related to the application of compulsory health insurance, to develop programs and concepts related to social protection and health insurance, as well as to make decisions on optimizing government intervention in this area.

**Approbation and its application.** The results of the research work were directly used in the implementation of the project called "Compulsory medical insurance: advantages and prospects" (July 12 Contract No. 4/14 / 154-793 / 19 dated 2019) by the State Agency for Compulsory Medical Insurance (letter No. 05-01-280 / 18 dated September 14, 2018) and the Public Union "Economists of Turkic-speaking countries".

In addition, speeches were made at conferences in Azerbaijan and Russia regarding the results obtained. These include *"The role of compulsory health insurance in the development of the health system in Azerbaijan"* (Azerbaijan-2015), *"The role of health in strengthening social protection"* (Azerbaijan-2017), *"Measuring the level of liberal-dirigism in the health system: cross-country analysis"* (Azerbaijan-2018) , *"Assessment of the relationship between social welfare and health in Azerbaijan"* (Azerbaijan-2018), *"Influence of informal employment on pension security"* (Russia-2019), *"Directions for increasing the efficiency of public health expenditures"* (Azerbaijan-2019), *"State regulation of the compulsory health insurance system in Azerbaijan"* (Russia 2020).

19 scientific works were published with the total volume of 9.0 pages. on the topic of the dissertation work. The 3 of article and thesis were published abroad, including 1 in a journal included in the international summary and indexing database.

**Name of the organization where the dissertation work is performed.** Institute of Economics of the Azerbaijan National Academy of Sciences

**The volume of the structural units and work of the dissertation.** Chapter I of the dissertation consists of 89,600

characters, Chapter II of 38,000 characters, Chapter III of 60,508 characters, the dissertation consists of 217846 characters in total.

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## MAIN SCIENTIFIC PROVISIONS PROVIDED FOR DEFENSE

**In recent years, health care system financing in Azerbaijan has been inefficient.**

Protection of the health of the population plays an important role in the socio-economic policy of each country. The protection of public health depends on the financing of the health care system. In recent years, health expenditures in our country, including public health expenditures, have increased (Table 1).

**Table 1. Expenditures on health care from the state budget (in million manat)**

Years	2010	2011	2012	2013	2014	2015	2018
Health care expenditures	429,2	493,4	609,4	618,9	665,3	708,2	709,9
Share in budget expenditures, %	3,7	3,2	3,5	3,2	3,6	4,0	3,1
Specific weight in GDP, %	1,0	1,0	1,1	1,1	1,1	1,3	0,9

*Source: The table is compiled by the author on the basis of [http://www.stat.gov.az/source/health\\_care/](http://www.stat.gov.az/source/health_care/).*

As can be seen from the table, the funds allocated from the budget to the health sector in 2018 increased by about 1.6 times compared to year 2010. However, allocations for health care from the state budget cannot be considered satisfactory. Thus, the ratio of health expenditures to both state budget expenditures and GDP is low. In 2018, the share of public health expenditures in the budget in Azerbaijan was 3.1%, and the ratio to GDP was 0.9%. According to the World Bank (WB), the lowest ratio of public health expenditures

to GDP (1%) among European and Central Asian countries is in our country [2].

One of the issues to consider while researching health care costs is its financial sources. According to the WHO classification, health financing should be as follows:

State - 60%;

Medical insurance - 30%;

Population - 10%;

Health care financing in our country differs significantly from the WHO classification. Thus, in 2018, about 83.7% of health expenditures in our country were official and unofficial payments of the population, 1.3% were health insurance payments, and 15.0% were allocations from the state budget (Table 2).

**Table 2. Sources of health financing based on WHO classification, 2018**

Sources	2014		2018		Difference	
	mln. manat	%	mln. manat	%	mln. manat	%
State Budget	665,3	21	709,9	15	44,6	6,7
Cash payments	2455,3	77,5	3961,2	83,7	1505,9	61
Medical insurance	48,1	1,5	59,5	1,3	11,4	23,7
Total	3168,7	100	4731	100	1562	

**Source:** [http://apps.who.int/nha/database/country\\_profile/Index/en](http://apps.who.int/nha/database/country_profile/Index/en)

As can be seen from the table, in 2018, health care financing in Azerbaijan was formed mainly through personal payments. The role of the state and health insurance is weak here. Personal expenses on

<sup>2</sup><https://openknowledge.worldbank.org/bitstream/handle/10986/23105/Azerbaijan00S00country0diagnostic0.pdf?sequence=1&isAllowed=y>

health care in our country has increased significantly compared to the last 4 years. Compared to 2014, the amount of money spent on health care in 2018 in our country is 1562 million manat increased. About 96.4% of this amount (1506 million manat) is formed due to increased personal payments. However, the share of the state in health care expenditures during the current period has decreased by 6%. Despite the increase in total health care expenditures by 1562 mln manat, the increase in government expenditures on health care is 45 million manats. This factor has led to an increase in personal expenses on health care. On the other hand, the main reason for referring to the statistics of 2014 is the devaluation that took place twice in Azerbaijan on February 21 and December 21, 2015. As can be seen from the statistics, after the devaluation, the volume of personal expenses in our country increased by 61% compared to the previous year. In Azerbaijan,  $\frac{3}{4}$  of personal expenses are spent on medicines [3]. After the devaluation, the sharp rise in the price of medicines imported to our country has led to an increase in personal expenses.

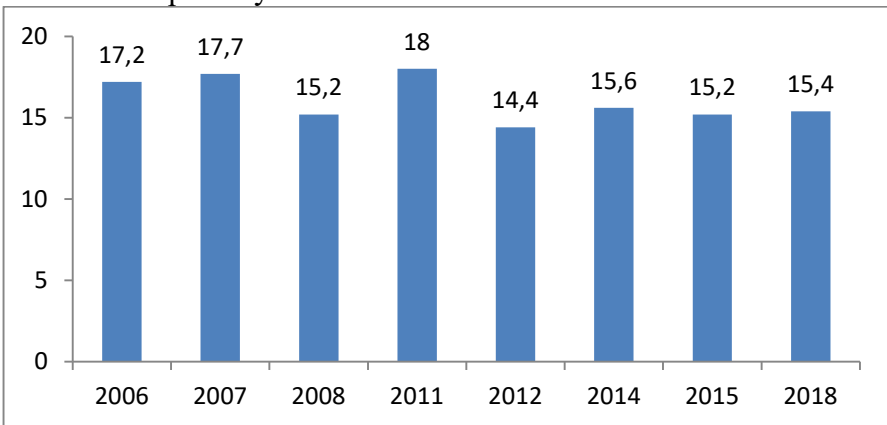
According to WHO statistics, in 2018, personal payments for health care in the region were 15.6% in Western Europe, 23% in Eastern Europe and 56.6% in the CIS region. In our country, this figure is about 5.3 times higher than in Western Europe, 3.6 times higher than in Eastern Europe, and 1.5 times higher than in the CIS countries. According to WHO statistics, in 2016, Azerbaijan lags behind only Armenia in the CIS in terms of the share of personal health expenditures in total health expenditures. This figure was 35.6% in Kazakhstan, 40.5% in Russia and 55.6% in Georgia [4]. In general, the average share of personal payments in health care services is approximately 50-55% in CIS region.

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<sup>3</sup>[http://siteresources.worldbank.org/AZERBAIJANEXTN/Resources/ALCAR\\_Azerbaijani.pdf](http://siteresources.worldbank.org/AZERBAIJANEXTN/Resources/ALCAR_Azerbaijani.pdf). Azərbaycanca Yaşayış Səviyyəsinin Qiymətləndirilməsinə dair hesabat. Dünya Bankının sənədi, 2010

<sup>4</sup> Yənə orada

One of the issues of health financing is related to the funds allocated for primary health care.



**Diagram 1. The share of funds allocated for primary health care in public health expenditures (%)**

*Source:* The graphic was compiled by the author on the basis of [http://www.stat.gov.az/source/health\\_care/](http://www.stat.gov.az/source/health_care/).

As can be seen from Diagram 1, the share of funds allocated from the state budget for primary health care in 2018 decreased compared to 2006. However, countries with effective health policies spend more on primary health care. This leads to the timely detection of diseases, preventive measures and more reliable protection of public health. As is known, if the disease worsens, its treatment requires more funds.

**In countries where the government interferes heavily in the health care system, population health indicators are much better.**

Comparing the health indicators of different countries, it is possible to see the connection between government intervention in this area and health indicators. State intervention is primarily through financing. The following table shows the health indicators of the member countries of the Organization for Economic Cooperation and Development (OECD), including our country (Table 3).

**Table 3. Health indicators of OECD countries and the Republic of Azerbaijan**

Row	Countries	State health expenditure, %	Personal payment, %	Voluntary health insurance and other, %	Per capita health expenditure, \$	Life expectancy at birth	Maternal mortality per 100,000 people	Infant mortality per 1,000 people
	1	2	3	4	5	6	7	8
1	Azerbaijan	21	77,5	1,5	420	75	14,4	9,5
2	Australia	66	19,72	14,28	5827	82	6	3
3	Austria	76	15,6	8,4	5427	81	4	3
4	Belgium	76	19,68	4,32	5093	80	7	4
5	Canada	70	15	15	5718	81	7	5
6	Chile	47	31,8	21,2	1204	80	23	7
7	Czech Republic	83	15,98	1,02	1367	78	4	3
8	Denmark	85	13,05	1,95	6270	80	7	3
9	Estonia	78	18,7	3,3	1072	76	9	3
10	Finland	75	18,75	6,25	4449	81	3	2
11	Fance	78	7,26	14,74	4864	82	9	4
12	Germany	77	12,88	10,12	5006	81	6	3
13	Greece	70	26,1	3,9	2146	81	3	4
14	Hungary	64	27,36	8,64	1056	75	16	5
15	Iceland	80	18,6	1,4	4126	83	4	2
16	Ireland	68	16,64	15,36	4233	81	8	3
17	Israel	59	26,24	14,76	2601	82	5	3
18	Italy	78	18,04	3,96	3155	82	4	3
19	Japan	82	14,4	3,6	3966	83	6	2
20	South Korea	53	37,13	9,87	1880	81	12	3

**The part of the Table 3**

	1	2	3	4	5	6	7	8
21	Luxemburg	84	10,56	5,44	7980	72	10	2
22	Mexico	52	44,16	3,84	664	77	41	13
23	The Netherlands	80	8,4	11,6	6145	81	7	3
24	New Zealand	83	10,71	6,29	4063	81	12	5
25	Norway	86	13,44	0,56	9715	81	5	2
26	Poland	70	22,5	7,5	895	77	3	5
27	Portugal	65	26,25	8,75	2037	80	10	3
28	Slovakia	70	22,2	7,8	1454	76	6	6
29	Slovenia	72	12,04	15,96	2085	80	9	2
30	Spain	70	23,1	6,9	2581	82	5	4
31	Sweden	82	15,84	2,16	5680	82	4	2
32	Switzerland	66	25,84	8,16	9276	83	5	4
33	Turkey	77	15,18	7,82	608	75	18	17
34	UK	84	8,96	7,04	3598	81	9	4
35	USA	47	11,66	41,34	9146	79	14	6
36	Average indicator	72,1	19	8,9	3982	80	8,9	4,2

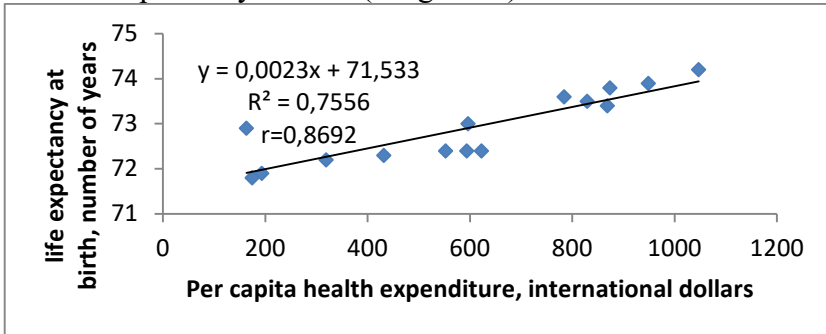
*Source: compiled by the author on the basis of The World Bank, 2015 and [www.state.gov.az](http://www.state.gov.az).*

As can be seen from the table, our country in 2014 lags behind the average of OECD countries in all respects. It should be noted that the health indicators are based on the indicators provided by the ConEC. Relevant indicators of the World Bank for Azerbaijan show the life expectancy at birth - 70.9, infant mortality - 27.9 per 1,000 live births, maternal mortality - 25 per 100,000 live births.

In the corresponding year, public health expenditures in Azerbaijan accounted for 21% of total health expenditures, which is about 3.4 times lower than the average. Personal payments account for 77.5% of the total funding of the health care system in our country, which is a high figure. This figure is about 4 times higher

than the average. Cash payments in health care increase poverty and have a serious negative impact on the health of the population.

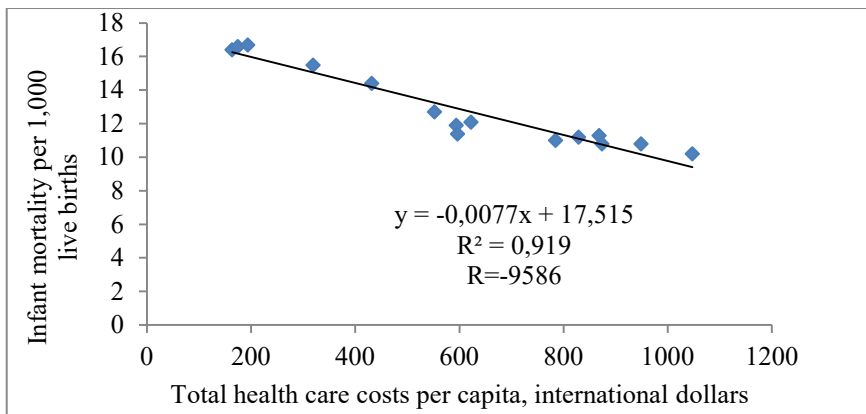
Studies show that, in general, there is a close link between health expenditures and health indicators. The chart below shows the relationship between per capita health expenditures in Azerbaijan and life expectancy at birth (Diagram 2).



**Diagram 2. Correlation between per capita health expenditures in Azerbaijan and life expectancy at birth (2000-2015)**

*Source: The World Bank, 2015*

As can be seen from the graph, there is a high correlation ( $R = 0.8692$ ) between per capita health expenditures and life expectancy at birth. That is, as spending on health increases, so does the life expectancy at birth, which characterizes the health system. In addition, there is a negative correlation ( $R = -0.9586$ ) between per capita health expenditures and infant mortality per 1,000 live births. This shows that the increase in health expenditures has reduced the number of infant deaths (Diagram 3).



**Diagram 3. Correlation between per capita health expenditures and infant mortality per 1,000 live births in Azerbaijan (200-2015)**

Source: *The World Bank, 2015* and [www.state.gov.az](http://www.state.gov.az)

The share of voluntary health insurance in health care financing in Azerbaijan is 1.5%. Maternal mortality per 100,000 live births in Azerbaijan is 1.6 times higher than the average (2.8 times according to international indicators), infant mortality is 2.3 times (6.6 times according to international indicators), life expectancy at birth is 5 years (9 years according to international indicators) is low.

As can be seen from Table 3, the smaller the role of the government in health care financing, the lower the health indicators. For example, countries such as Azerbaijan, Chile, South Korea, Mexico and the United States have lower-than-average rates.

It should be noted that among the OECD countries, the United States is at the forefront of per capita health expenditure (2.3 times higher), but the low role of the state in health financing affects its health indicators. It is no coincidence that in the current year, the United States is below the average for all components in this list of health indicators. This is due to the fact that the United States has voluntary health insurance, which plays a key role in health care financing, which is inaccessible to the poor and needy. That is why



15% of the population in the United States does not have health insurance and they are far from health care.

Studies show that it is necessary to have at least 60% of the state's burden on health financing. It is no coincidence that in countries where the burden on the state is less than 60%, at least one health indicator is below average. In addition, the Czech Republic, which lags 6.7 times behind the United States in terms of per capita health care expenditures, and Estonia, which lags behind 8.5 times, have higher health rates than the United States. It should be noted that in each of these countries, the state's share in health financing is more than 60%.

According to our research, for the optimal financing of health care in our country, the burden of the state should be 60%. In our country, voluntary health insurance plays a role of about 1% in health financing. It can be concluded that the burden of personal expenses on health care should be 39%. This amount is about 1466.5 mln. manat.

Increasing the burden of the government in health care costs plays an important role in improving health indicators. The state should choose the model of compulsory health insurance in such a way that it has a larger share in the financing of health care. Only then can health services be accessible to all. Thus, it is possible to achieve improvement of health indicators in the country.

**The health insurance system formed in our country is not perfect.** Compulsory health insurance in our country has been operating first in Mingachevir and Yevlakh as pilot districts since 2017. Later, Agdash was added to the list of pilot regions. Thus, until January 2020, compulsory health insurance operated in 1 city and 2 districts of Azerbaijan. From 2020, it was planned to introduce a compulsory health insurance system throughout the country in stages (4 stages). It was planned to introduce compulsory health insurance first in the north (20 districts in total), then in the west (17 districts in total), in the south (14 districts in total), and finally in Baku and

Sumgayit, as well as in the Absheron region. Compulsory health insurance services were to be provided to 23.82% of the population in the first stage, 24.60% in the second stage, 19.53% in the third stage, and 32.05% in the fourth stage [5]. However, due to the spread of the COVID-19 pandemic, the introduction of compulsory health insurance has been delayed and the formation process, which will be completed in 2020, has been extended until 2021.

Compulsory health insurance package includes 2550 services - ambulance, outpatient and inpatient examinations and treatments, tests, operations, etc. However, these services did not include the supply of medicines during outpatient examinations. The package of services includes only the provision of medicines during the stay of the insured in the hospital. It should be noted that in countries such as Japan, the Netherlands, Canada, the entire population, 85% in Israel, and certain groups in the UK are exempt from paying for medicines. In addition, when analyzing the health policies of the world's leading countries, it is clear that each country is trying to reduce costs when buying medicine. Because the purchase of medicine leads to an increase in personal payments for health care, which is a factor that leads to a decline in health in the country, increasing poverty. In our opinion, after the establishment of this system, it is necessary to include the supply of medicines in the service package during outpatient examinations, or to reduce or eliminate VAT on the purchase of medicines, as in the world practice. It is clear that a zero VAT on the purchase of medicine will reduce the amount spent on medication in personal payments by 18%. This, in turn, will lead to a reduction in medicine costs in Azerbaijan by 534.7 million. manat making the expenditures 2436.2 mln. Manat in total. This step will also reduce the loss-making rate of health

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<sup>5</sup> State Agency for Compulsory Medical Insurance: [www.its.gov.az](http://www.its.gov.az)

insurance and the financial costs of compulsory health insurance in the future.

When applying compulsory health insurance, those engaged in the economy must pay up to 2% of the calculated salary fund. It is not known according to which socio-economic indicator this was defined. The amount of burden on the employed population in Azerbaijan, taking into account personal expenses (2990.8-1466.5) amounts to 1524.3 million. manat. In this case, in order to finance compulsory health insurance the burden on the employed population in Azerbaijan is about 317.1 manat per year and up to 27 manat per month. At present, the per capita health expenditure in our country is 476 manat. This figure is 159 manat more. According to the ConEC, in 2018, the average monthly salary in our country amounted to 544.6 manat. It can be concluded that optimal health financing can be implemented in Azerbaijan by paying up to 5% of salary.

If the state finances health care with compulsory health insurance, personal payments in health care will be reduced by 2.1 times. This will both improve health and reduce poverty. It should be noted that the state can finance both the salaries of health workers and health services from the income from compulsory health insurance (1524.3 million manat). At present, VAT revenues (534.7 million manat) for the purchase of medicines account for about 75% of government health expenditures. By applying the model of compulsory health insurance, the income of our country for the relevant period is about 46.6 million manat more than the funds allocated by the state for health.

The mechanism of legal regulation of the health insurance system in Western countries is improved. In those countries, patients have the right to demand from insurers and doctors for low-quality or incomplete services, as well as compensation for non-pecuniary damage. This leads insurers and doctors to take a more responsible approach to their profession and the work they do. There is a need to improve the legislative framework of the health insurance system in our country. Moreover, the Laws of the Republic of Azerbaijan “On

Patients' Rights” and “On Medical Liability” should be adopted. The application of the above mentioned will not only play a guarantee role in risk compensation, protection of the rights of the patient and indirect insurance companies, but also have a positive impact on the development of voluntary health insurance in general. The legislative framework in the field of health care in Azerbaijan must be harmonized with compulsory insurance acts. One of the best ways to compensate patients is to pay compensation to the patient without any investigation or causation (as this process takes a lot of time and money). It is necessary to apply this mechanism.

One of the main issues in the application of compulsory medical insurance is the establishment of the Compulsory Medical Insurance Fund. Unfortunately, although the country plans to introduce compulsory health insurance in the country from 2021, the fund has not been formed. In our opinion, the creation of such a fund is necessary in the current situation. Because during the implementation of the compulsory health insurance mechanism, there is a need for an institution that collects both public funds and compulsory health insurance premiums. We consider it expedient to establish a Supervisory Board consisting of representatives of the State Agency for Compulsory Medical Insurance and relevant ministries - the Ministry of Health, the Ministry of Finance, the Ministry of Labor and Social Protection to ensure transparency in the use of funds collected in the Compulsory Medical Insurance Fund.

**The level of government intervention in the health care system must be increased in our country.**

Research shows that the more the government interferes in the health care system, the better the health of the population. One of the methods of intervention is the introduction of health insurance. To date, no research has been conducted to measure the level of state intervention in the health insurance system. For the first time, the

measurement of state intervention in the health insurance system was carried out by us.

The Health Insurance System Conductivity Index (HISCI) proposed in this study, measures the extent to which the government interferes in the operation of the health insurance system in accordance with the methodology of the Economic Left (Right) Index published annually by the Institute of Economics of ANAS (EL(R) I, 2015). HISCI varies from 0-1: "0" indicates "absolute right" of the health insurance system (no state interference in the health insurance system), "1" indicates "absolute left" (complete state regulation of the health insurance system).

The level of health insurance coverage by the state is indexed by the formula  $(V_i - V_{min}) / (V_{max} - V_{min})$ . Among the countries included in the ranking, the highest level of coverage of the population with compulsory health insurance is 100%, the lowest is 0. Therefore, instead of  $V_{max}$  and  $V_{min}$ , 100 and 0 were taken, respectively. The statistical source is the database of the Organization for Economic Cooperation and Development for 2015 (OECD, 2016). Initially, HISCI was calculated for 30 countries.

The following is a comparison of the HISCI and EL (R) I, calculated on the basis of the indicator of the level of coverage of the population with compulsory health insurance.

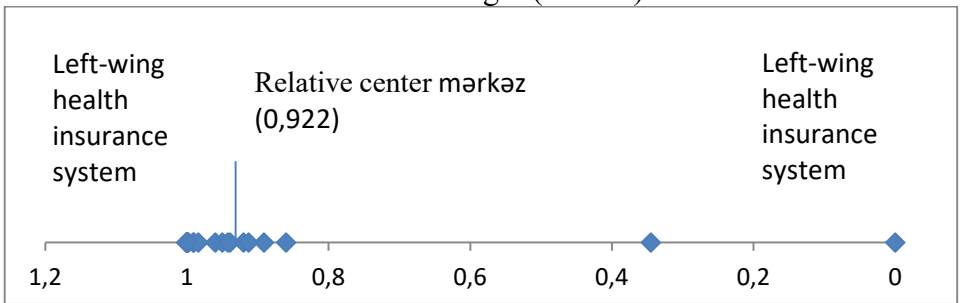
Our country, which is right-wing according to EL(R)I, is also on the far right according to HISCI. The reason for this is the incomplete formation of compulsory health insurance in our country. Given that health insurance is one of the main means of strengthening the social protection of the population, we believe that it is necessary to accelerate the full formation of this system (Table 4).

**Table 4. Health Insurance System Conducting Index and EL(R)I (2015)**

	Countries	HISCI	EL(R)I
1	USA	0,345	0,245
2	Germany	0,891	0,324
3	Australia	1,000	0,300
4	Austria	0,999	0,256
<b>5</b>	<b>Azerbaijan</b>	<b>0,00</b>	<b>0,273</b>
6	Belgium	0,990	-
7	Great Britain	1,000	0,227
8	Czech Republic	1,000	0,255
9	Estonia	0,939	0,288
10	Finland	1,000	0,285
11	France	0,999	0,416
12	Spain	0,991	0,344
13	Sweden	1,000	0,272
14	Switzerland	1,000	0,188
15	Italy	1,000	0,319
16	Canada	1,000	0,238
17	Korea	1,000	-
18	Lithuania	0,920	0,255
19	Luxemburg	0,960	0,270
20	Hungary	0,950	0,298
21	The Netherlands	0,998	0,317
22	Norway	1,000	0,265
23	Poland	0,913	0,346
24	Russia	0,999	0,354
25	Slovakia	0,942	0,344
26	Slovenia	1,000	0,345
27	Turkey	0,984	0,326
28	Japan	1,000	0,298
29	New Zealand	1,000	0,244
30	Greece	0,860	0,362

Source: OECD, 2016 and EL(R)I, 2015

The most right-wing country after Azerbaijan is the United States (0.345). The United States is also a right-wing country according to EL(R)I. The countries with the largest number of conductors according to HИСCI are Australia, Great Britain, Finland, Switzerland and Italy. The relative center index of the image (0.922) is greater than the geometric center index (0.600). This means that in the countries under study, the compulsory health insurance system is more inclined to the left than to the right (Picture).



**Picture. Health Insurance System Conductivity Index (30 countries, 2015)**

As health insurance is linked to the social protection of the population and requires more government intervention, it conditions countries to be on the left pole.

The transition to compulsory health insurance will not only ensure transparency in health care, but also strengthen the social protection of the population. The transition to health insurance will also intensify the process of competition between health facilities, which will ultimately lead to an increase in the quality of services.

**The main content of the research is reflected in the following published scientific works of the author:**

1. **"Unification of insurance terms"**, Terminology Commission of the National Academy of Sciences of the Republic of Azerbaijan. Terminology issues, Baku-2010, (pp. 118-122)

2. **"World model of health insurance"**, Institute of Economics of the National Academy of Sciences of the Republic of Azerbaijan. Scientific Works. Collection of articles, Baku-2012, (pp. 232-236)
3. **"Assessment of the current state of the health insurance system in Azerbaijan."** Economic News of the National Academy of Sciences of the Republic of Azerbaijan. Scientific Works. Collection of articles, Baku-2012, (pp.164-169)
4. **"Ways of optimal financing of the healthcare system in Azerbaijan"**, Cooperation scientific-theoretical journal, Collection of articles, Baku-2013., (Pp.119-127)
5. **"Legal bases of formation of health insurance system in Azerbaijan"**, Works of young scientists. Collection of articles, Baku-2014., (P.136-143)
6. **"The role of compulsory health insurance in strengthening the social protection of the population"**, Institute of Economics of ANAS. News of ANAS. Economy series, Baku-2015., (P.153-160)
7. **"The role of compulsory health insurance in the development of the health care system in Azerbaijan"**, Development of Regional Economic Policy and Cooperation. Materials of the International Scientific
8. **"Assessment of the current state of voluntary health insurance in Azerbaijan"**, Cooperation scientific-theoretical journal. Collection of articles, Baku-2016, (pp.136-141)ic-Practical Conference, Baku-2015, (pp. 628-631)
9. **"Formation of a system of compulsory health insurance in Azerbaijan"**, Economy and Entrepreneurship., 2016. Collection of articles, (p.46-51)
10. **"The role of health care in strengthening the social protection of the population"**, Ministry of Health of the Republic of Azerbaijan, Azerbaijan Medical University, Department of Social Sciences, corresponding member of ANAS, honored scientist, doctor of economic sciences, professor Agil Alirza oglu Aliyev Proceedings of the practical conference ", 2016., (pp.88-92)



11. **"The role of health care financing in improving the health of the population"**, International scientific-practical conference dedicated to the 70th anniversary of Akif Musayev, 2018., (pp. 365-371)
12. **"Measurement of government intervention in the health insurance system"**, Institute of Economics of ANAS. News of ANAS. Economy series. 2018., (pp.89-99)
13. Materials of the International scientific conference on **"Assessment of the relationship between social welfare and health in Azerbaijan"**, "Economic growth and social welfare" dedicated to the 60th anniversary of the Institute of Economics of ANAS. 2018., (pp. 661-667)
14. International scientific-practical conference "Economic Growth and Social Welfare" dedicated to the 60th anniversary of the Institute of Economics, **"Measuring the level of liberal-conduction of the health system: a comparative analysis of countries"**, Baku-2018, (pp.588-596)
15. **"State regulation of the compulsory health insurance system in Azerbaijan"**, "Scientific dialogue: Economics and management" Collection of scientific papers based on the materials of the XXIV International Scientific Conference, 2019., (pp. 8-15)
16. Republican Scientific Conference on **"Directions for improving the efficiency of state health expenditures"**, "Personality, society, state: approaches to mutual relations", 2019., (pp. 274-277)
17. **"Influence of informal employment on pension provision"**, "Actual problems of social and labor relations" dedicated to the 60th anniversary of the Institute of Socio-Economic Research, DPRC RAS, 2019., (pp.49-52)
18. **"The state regulation of the health care system: cross-country comparative analysis"** ESD Conference/Baku 2020/, (pp.57-65)
19. **"Compulsory medical insurance"**, booklet, Scientific editor: dos. Rasmiyya Abdullayeva, "European Publishing House", Baku 2020, 46 pages.





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