



## Improving Health Insurance in Results-Oriented Budgeting

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### **Abstract**

This article envisages the expansion of opportunities to identify vacant financial resources available in the medium term as a result of the continuous improvement of medium-term budget planning.

**Keywords:** *Criteria for Evaluating the Effectiveness of Medium-Term Budgeting, Results-Oriented Budgeting of Health Facilities, Financing, Budget Funds, Financing of Health Care Institutions*

### **Introduction**

As a result of the constant improvement of the planning of medium-term budget, the possibility of determining empty financial resources available in the middle period expands. The possibility of allocating budgets and mechanisms of budget organizations in the budget and the introduction of their budget powers and the planning of specific measures will be expanding and in accordance with the budget. The main focus is on increasing the efficiency of the use of budget funds. Therefore, it is necessary to take appropriate measures to expand the efficiency and impact assessment of the use of allocated budgeting. Currently, the necessary mechanisms are identified to introduce the “Software Budgeting”, the advantages and disadvantages of this system are being studied and methods for determining the cost of financing current and new events will be developed. In particular, the current budget classification is changed, and it is planned to make a classification of public spending on programs.

With the adoption of the Presidential Decree No. PP-4086 of December 26, 2018 “On the forecast of key macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2019 and budget targets for 2020-2021”, the transition to results-oriented budgeting in the country[1].

World experience shows that when using methods such as results-oriented budgeting, results-oriented budgeting, it is important to form the results criteria for obtaining budget funds. The urgency of the issue is reflected in the presence of the following difficulties in financing health care in our country [2]:

Non-standardization of the quality of medical services in the transition to results-oriented budgeting;

The lack of a clear result or effect on the provision of budget funds, which corresponds to each of its units;

The activity criterion of average life expectancy determines the relevance of the underdevelopment. Today, the development of the social sphere has become an important link in the stability of the world. In particular, in many countries, social spending is a significant part of budget spending. However, a number of measures are being taken to introduce new methods of financing the social sphere, including medical institutions in the country. In particular, stabilization of public health indicators, prolongation of life expectancy and development of standards for final results have become topical issues. In this regard, President of the Republic of Uzbekistan Sh.M. Mirziyoyev said, "... in order to strengthen the gene pool of our people, it is necessary to improve the quality and expand the scope of medical services. Our main goal is not only to treat the disease, but also to prevent it. It is necessary to expand public-private partnership in the process of providing medical and social assistance. The scope of medical services provided by the state should be defined, and a clear boundary should be established between paid and free treatment" [3].

The main goal of the research is to develop scientific proposals and practical recommendations aimed at improving the financing of health facilities through results-oriented budgeting. In order to achieve the goal set in the study, the following tasks were identified:

- To study the theoretical basis of financing of health care institutions and to identify its specific features;
- Study of best international practices in the financing of health care and the development of scientific recommendations for their application in the practice of the republic;
- Assess the current state of financing of health care facilities in Uzbekistan and identify indicators;
- Development of scientific proposals and practical recommendations aimed at identifying and solving problems in the practice of financing health care institutions.

There is no single methodology, procedure, procedure, or tool that has RESULT-BASED BUDGETING features that are important to any country. Nevertheless, it is possible to note a few elements that allow to differentiate RESULT-BASED BUDGETING from others. In order to form the state budget on the basis of the requirements of RESULT-BASED BUDGETING, the expenditures of territorial and administrative bodies, all its departments should be directed to the implementation of the tasks assigned to them by the state. Programs are developed for each type of activity. A description of the program goals and objectives and the resources needed to achieve them, as well as the implementation of the program

productivity indicators and procedures for measuring these indicators should include. IN RESULT-BASED BUDGETING, budget requests are made in terms of goals and programs. Also, the system of control over budget execution will change in the RESULT-BASED BUDGETING system. Control over the targeted use of funds will be abolished in practice. It should be replaced by control over the adequacy of the results achieved. The system of financing health facilities was selected as the object of the study. The subject of research is the improvement of the mechanisms of financial relations that arise in the process of financing the health sector. Scientific theoretical and practical significance of the research results.

### ***Literature Review***

This study provides a theoretical basis for the assessment of the effectiveness of funding in health care, the theoretical and practical study of the experience of advanced countries in this area and its application in the country. It also examines the current state of work in the country to increase the financial independence of health facilities and assess the effectiveness of their funding, and draws appropriate conclusions on the existing problems and shortcomings in this area. The developed proposals

and recommendations can be used in the development of appropriate measures to improve the efficiency of health facilities. The topical issues of optimal financing of the social sphere have been studied in detail by foreign scholars and the priorities of the financial sustainability of the health sector of result-oriented budgeting have been substantiated. For example, economists M.P.Afanasev, O.Alexander, A.Laffer, S.L.Brew, J.M. Keynes, K. R.McConnell, P.A.Samuelson, A.Smith, W.D.Nordhaus studied in a number of works such as.

Some aspects of the practice of financing the social sphere in Uzbekistan, including health care, A.V.Vakhabov, N.H.Jumaev, A.N.Li, T.S.Malikov, O.O. Olimjanov, N.H.Haydarov, A.B.Juraev, U.A.Burkhanov, O.R.Rayimberdieva, G.A.Qosimova, A.O.Sultanova, O.D.Rajabov, M.R.Turtaev, I.A.Azizova analyzed in the scientific works of D.A Rakhmonov.

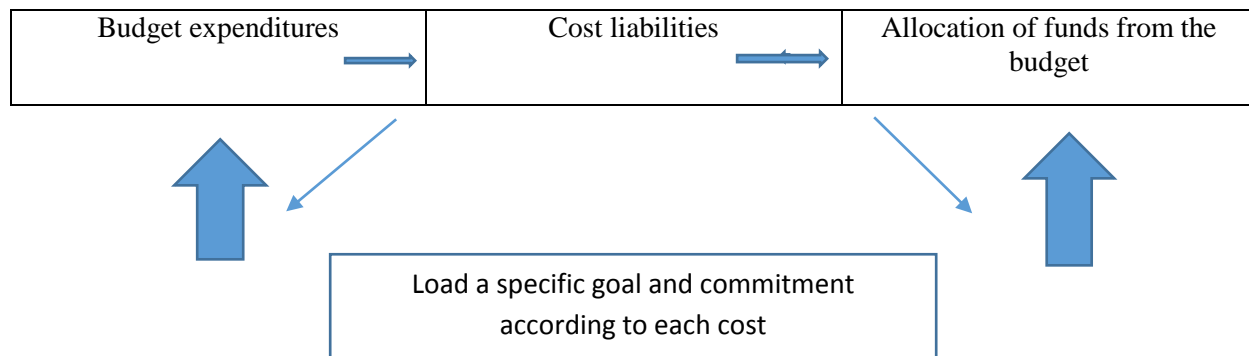
### ***Analysis and Results***

Today, in improving the results-oriented budgeting mechanisms in the country, the aspects necessary for the introduction of “Program Budgeting” are identified, the advantages and disadvantages of this system are studied, and the development of methods for determining the cost of financing current and new activities is one of the key issues. With the adoption of the Decree of the President of the Republic of Uzbekistan dated December 26, 2018 No PP-4086 “On the forecast of key macroeconomic indicators and parameters of the state budget of the Republic of Uzbekistan for 2019 and budget targets for 2020-2021”. Therefore, it is necessary to take appropriate measures to expand the indicators for assessing the effectiveness and efficiency of the use of allocated budget funds. In the implementation of these tasks, it is important to introduce and increase the efficiency of financing health care in our country today.

While defining its own path of development in ensuring macroeconomic stability, each country seeks to ensure the smooth (balanced) development of the state's territorial (regional), institutions and organizations, as well as the implementation of strategic goals of the state. One of the main criteria for achieving these goals is to ensure a continuous increase in their financial efficiency by managing the results of activities and using them as a basis for harmonization. In this regard, the management of results, first of all, the general basis of the implementation of the tasks is the management of public financial resources, which are the main directions of the state budget. It is known that at the current stage of development in our country, special emphasis is placed on the use of modern tools and advanced methods of planning public budget expenditures, which in turn will ensure the targeted and result-oriented functioning of the state budget in the future. The budget system is a complex mechanism, formed on the basis of a whole set of specific features, socio-economic, legal and other aspects of a particular country. State regulation plays an important role in the formation and development of the socio-economic structure of society at every stage of historical development. One of the tools and supports that allow the state to perform its functions, as well as to implement its economic and social policies, is the state budget. At the current stage of economic development, based on the analysis of the country's financial system and its indicators of sustainable development, the state budget, extra-budgetary funds, enterprise and household finance are recognized as the main criteria for achieving high results. Of course, the budget system of each country is planned and implemented based on the socio-economic, political, demographic and various goals of the state. One of the important aspects of financial policy in this regard will be the development and organization of the draft state budget, the development of a mechanism for the implementation of the plan on the basis of a clear address of financial resources. The complex and one-year draft budget for planning and implementation is a key factor in determining the socio-economic development of the country.

In recent days, especially in the context of the global pandemic, various proportions of imbalances in the global financial system have had a significant impact on real sectors of the economy. Today, in order to improve the efficiency of work on the development and implementation of the draft

budget of developed and developing countries, there is a need to introduce a results-oriented budgeting system from the planned budget process. The annual increase in state budget expenditures makes it an urgent problem to evaluate them in terms of the efficiency of the national economy. At the same time, it is not expedient to limit the assessment of the final result of the national economy only to the fact that the incomes belonging to it have grown in addition. At the same time, the level of social development of the society and the extent to which social problems have been solved should not be overlooked. Of course, the final result of the national economy depends on the total amount of budget expenditures, their structure, the correct, economical and efficient use of budget funds. Therefore, in the current situation, special attention should be paid to the scientifically based planning of budget expenditures, the whole system of financial control over the use of budget allocations. Of course, any system of reforms linked to the state budget must be based on careful, well-thought-out and precise calculations. At the heart of these state budget reforms is the planning of the draft budget as the most important, if necessary, decisive force for the fate of the whole country (especially for developing countries). The most important factor in directing the budget to the main object of planning is the cost of it. Therefore, the costs incurred can also be relied upon in exchange for strengthening (or encumbering) certain obligations.



**Fig. 1 Budget expenditure planning model\***

\* Author's development

Today, in the world practice, many countries are developing and implementing a budget system for the medium term. At this point, a natural question arises, what determines the need to introduce results-oriented budgeting, or what are the shortcomings of the current practice of budgeting (cost planning)?

The current methodology of state budget planning has a number of shortcomings that limit the possibility of effective use of budget funds, including:

- The current budget planning is very difficult to determine the results of services (works, goods) financed from the budget. In the current system, only the actual costs incurred and the savings saved are taken as a result. This approach does not allow to determine the effectiveness of budget funding. It only allows you to compare the planned and actual amount of funding, ensuring the targeted use of funds.
- The planning of the current budget is limited to one year, which in practice limits the ability of budget policy to focus on achieving priorities and goals of socio-economic development that go beyond the current year. As a result, national and regional programs for the medium and long term are often not linked to budget opportunities. This has led to repeated revisions of deadlines and changes to program activities.
- The current budget has limited opportunities to integrate with long-term investment programs (capital investments). Projects implemented under the investment program (creation of new

facilities, equipping existing facilities with equipment) will require costs for their current maintenance. However, the commissioning of new facilities is not linked to the budget forecast, ie it does not take into account the current repair costs of these facilities. As a result, during the fiscal year, decisions will be made to find additional funds for the maintenance of these facilities (including through the redistribution of funds allocated in accordance with the plan. The problem of inconsistency between government spending and adopted (implemented) programs shows that budget planning is mainly focused on solving current tasks. At the same time, the socio-economic results to be achieved with the planned budget expenditures in the short, medium and long term are not fully taken into account. Due to shortcomings in the legislation, imperfect legal norms and mechanisms governing the relationship between the budget and various programs, as well as the lack of specific guidelines for assessing the effectiveness of the use of budget funds, there is often a shift between efficiency and targeted use of budget funds.

In recent years, the participation and influence of the state in the economy of many countries has been growing. That is why the issue of public assessment of the consequences of such an impact and understanding of its content has forced many countries to change their attitude to one of the most important elements of government - the principles and mechanisms of the public financial system. In addition, the growing negative impact on the economies of many countries is based on the principles of transparency, sustainability and efficiency of budget revenues and expenditure planning in order to achieve a comprehensive assessment of the potential of fiscal policy, efficient use of social resources and results-oriented in the future. requires the development of reliable methods and the solution of the tasks of their use. These goals will be achieved through a step-by-step transition to cost-effective complex planning within strict budget constraints. This method is widely used in foreign literature on budget reform, and in the literature published in the country is described as medium-term budget planning or results-oriented budgeting. Medium and long-term budgeting practices are widely used in world practice. Thus, as its advantages over one-year planning have been proven to increase the effectiveness of fiscal policy, it is necessary to move to a medium-term budgeting practice in the country.

Annex 1 to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 506 of August 24, 2020 "On approval of the Strategy for Improving the Public Financial Management System of the Republic of Uzbekistan for 2020-2024" also stipulates the following key objectives.

Pursuing a strategic medium-term fiscal policy aimed at ensuring long-term financial stability of the state;

Strengthening fiscal control and increasing the responsibility and accountability of all participants in the budget process through the introduction of a "top-down" approach to budgeting, which provides for macroeconomic constraints and tasks;

Gradual transition to a system of program approval and performance appraisal of budget funds allocated for budget allocators;

Assessment of fiscal risks and introduction of modern macrop forecasting modules;

Improving the transparency and openness of the budget process, including the process of submitting a report on the implementation of the state budget to Parliament and increasing transparency;

Reform of inter-budgetary relations, increase the independence and accountability of local governments and the introduction of a transparent mechanism for their allocation on the basis of the rules of inter-budget transfers[4].

Strengthening the main strategic focus of fiscal policy development should be accompanied by strengthening measures to introduce medium-term budget planning in the budget legislation.

In the framework of the above tasks, we consider it appropriate to focus on the development of methodological and regulatory framework for medium-term budget planning, the development of fiscal regulations (long-term fiscal indicators) to ensure the stability of public finances.

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