

## Medical Services - A Significant Component of the Economic Activity

Mihalache Patricia

Rotariu Ilie

„Lucian Blaga” University of Sibiu, Faculty of Economic Sciences

[patricia.mihalache@ulbsibiu.ro](mailto:patricia.mihalache@ulbsibiu.ro)

[ilie.rotariu@ulbsibiu.ro](mailto:ilie.rotariu@ulbsibiu.ro)

### Abstract

*Medical services and their quality represent an important aspect for each individual, for the whole society, and the health of the population is a motor of the economy in the productive sphere. The main conditions that a high-quality health system must meet are: general coverage, response to needs, equity, efficiency, state responsibility towards public health. The present study is a comparison of marketing health services in Romania and worldwide.*

*The current consumer of health services is more educated and more concerned with health needs than in the past. The marketing of these services has begun to be viewed from a new perspective, more aggressive and more marketing-oriented and business oriented. The most important methods of promoting medical services refer to advertising in mass media, the Internet, social networks, professional advertising vs. institutional advertising. Private healthcare services are very well promoted in comparison with the health services in the public health system.*

**Key words:** medical services, quality, marketing

**J.E.L. classification:** D4

### 1. Introduction

Medical services and their quality are an important aspect for every individual, for the whole society, and the population's health is an engine of the economy in the productive sphere.

The meaning of service refers to the use word, so it can be said that the price of the good is in direct relation to the utility present for the consumer.

At present, services are an integral part of modern economies, serving communities, economic units, institutions and individuals, while also making a decisive contribution to the creation of gross domestic product, employment and, implicitly, the growth and development of economies (Ratiu M. P., 2006, p.49).

### 2. Medical services - peculiarities in Romania and worldwide

Health services, unlike other services, are demanded by a very large number of people, and health care means very high costs. In all countries, there is a national health policy that sets out how access to and use of health care is made. The mechanism includes the collection of resources for the payment of medical care (health insurance), allocation of resources and payment of production factors. In Romania, the main source of financing for health service providers is the financing from health insurance houses (Rațiu M. P., 2009, p. 273).

The health care of the population is closely linked to the degree of cultural development and the multitude of existing health services. Only with a very good state of health, man can effectively participate in the production process.

Regarding public health services to ensure the health of the population, the level of their quality can be expressed by the proportion of expenditures allocated to health from the state budget or the local budgets; the number of physicians per 100,000 inhabitants; the number of hospital beds per 1000 inhabitants. The state of health of the members of a human community contributes directly to

the evolution of the society as a whole, yet it is determined by the level of economic and social development, as well as by the diversity and quality of health services .

Romania, as a member of the EU, must ensure equal opportunities for citizens, guaranteeing non-discriminatory access to basic medical care as their fundamental right. At present, 3.4% of GDP is allocated to health in Romania, while in the rest of the EU countries it is allocated up to 4% and 14% of GDP. Unlike other Western countries, roumanians pay from their pocket for medicines and medical analyzes. 30% of the money in the system, while in Germany these payments represent 4%. In order to lower costs in the health services sector, prophylactic attitudes are mandatory, and the system should focus on treating disease early. From this point of view, Romania occupies an unfavorable position, at least half of the money collected in the insurance budget goes to hospitals (Ratiu M. P., 2009, pp. 274-275).

The core medical package should be redefined so as to cover the social component, but also requires the development of complementary private insurance schemes that will complement the core service package. Also, the medical services tariffs for each type of medical service must be regulated .

The way it is organized today, the Romanian health system has taken over something from several Western models: from the British, the way of organizing primary care was taken over; from the Germans the principle of equity was taken over and the organization of hospitals through the DRG system (payment of doctors according to the cases solved) according to the australian model (Minca D., et.al, 2004, p. 198).

The main conditions that a high-quality health system must meet are: general coverage, response to needs, equity, efficiency, efficiency, state responsibility towards public health. It all depends on the relationship between the socio-economic conditions of the respective country and the ever-increasing expectations of the patients .

Particular elements of the health system refer to:

- Patient-directed services, as the primary purpose of the service,
- Increasing the quality of health services offered,
- Involvement of internal human resources (doctors, employees) and external (Ministry of Health, patients) in achieving the objectives proposed by the unit.

The development of an effective health system is directly influenced by adopted care policies, dependent on their funding, cost-performance relationships and patient expectations (Popa F., et.al, 2007, pp. 54-63).

Private medical services, alternative to the public health system

Private medical services aim at paying full consultation, investigations, gaining considerable profits from the work of medical analysis laboratories and high-performance imaging paraclinic laboratories.

The basis for pricing in any market economy is based on demand and supply play. An important element in the setting of tariffs is the cost: in services with a specialized narrow monopoly position a satisfactory profit margin is obtained. The company's pricing policy is more focused on specific customer segments, with differentiated pricing. Diversification of tariffs for the same services by categories of customers aims at attracting categories that at the practiced tariff do not require consumption of the respective company. Each bidder has various possibilities to differentiate his services from those of competition by category.

The service market is usually imperfect, each service company having the specific brand and structure of the service, which allows it a relative power in pricing (Jivan A., 1998, pp. 121-122).

### **3. Marketing in the field of health services**

Promotional activities in the field of health services are influenced and diversified by the high level of available communication channels. In addition to traditional media, promotional tools include elements that ensure the tangibility of services, namely interpersonal contact with healthcare workers, physical elements of the distribution system, and consumers. Among these services, the main role is played by interpersonal communication, whether internal or external, mainly public relations activities, advertising has a diminished role compared to other areas of

applicability of service marketing, mainly due to the fact that it is considered unethical, being severely restricted by legal means .

Promoting is the most visible component of the marketing organization of health organizations. The application of marketing to these organizations materialized until the early 1990s, using only promotional techniques, from which the public relations and the organization of events were detached. Thus, most hospitals, as well as other organizations in the field, used public relations on a large scale, by circulating information on the work of the organization, announcing new developments, publishing internal publications (later client-oriented) and educational materials of the target audience. Also, many organizations (especially large ones and professional associations) have set up department for relations with the government, responsible for the consequences of legislative changes that could affect their work ( Evans W.D., 2006,p. 1207–1210).

In addition to these techniques, many organizations were somewhat involved in informal marketing activities when hospitals sponsored educational seminars or participated in different community events.

In the course of its development, the communication activity carried out by health organizations did not target the final consumer but the primary care physicians, who through the system of referrals and referrals contributed to the increase of the demand for their services (Balaure, V., 2002, p. 13-124).

It was only after the 1990s that organizations began to straighten their efforts directly and towards the final consumer. The consumer has become the center of these concerns, and marketing is seen as an integrated function of the work of health organizations. The consumer of the '90s is more educated and more concerned about health needs than in the past. During this period, marketing has begun to be viewed in a new perspective, as a consequence of the new generation of health system managers, who are more market oriented and business-oriented (Radulescu V., 2008,p. 71-75).

In addition, health communication and promotion is not only used in health at the level of organizations but is an important component of the Ministry of Health activity .

For example, under the Romanian legislation in force (Law 95/2006 on Health Reform), the Romanian Radio Broadcasting Company and the Romanian Television Society are obliged, within the program grids, to reserve free of charge the broadcasting space necessary for the promotion of the information campaigns, education and communication on public health issues. Although, even though health services are not always considered beneficial by healthcare professionals and other audiences, promotion actually makes the link between the organization's activities reflected in the product, price and distribution and its actual or potential consumers. Within these services, the promotion is distinguished by a series of elements determined by its links with the other components of the mix, as well as by a set of objectives, strategies and specific structures (Olteanu, V., 2003, p.59-62).

The means of communication can be grouped by taking into account the categories of receptors:

- internal communication, which addresses the actual customers and their employees, a component of interactive marketing;
- external communication, targeting both current and potential customers, a component of external marketing (Kotler, P., 2008, p.128-135).

Internal media means of communication are made up of material carriers, through which messages, information are provided to actual customers engaged in the process of service during the purchase and consumption of services. These include: advertising at the point of sale (posters, billboards, leaflets), information signs and user guide, ambience.

Internal interpersonal communication means are human carriers, which provide information and performs a number of other promotional elements during the service, including contact staff, other staff and customers.

The means of external media communication support classical media, their use in services, usually by the content of the message and the way of their transmission. These include: advertising, symbols, signposting, architecture, mail advertising.

Advertising has a lower focus on services compared to other means, and when used it is closely related to other means, and in particular: brand, symbols, contact person, customer, price (Evans W.D., 2006,p. 1207–1210).

In the health services, its role is even lower, being considered unethical and as such restricted. While in other areas promotion was generally accepted, such initiatives were discouraged or even prohibited in health. Restrictions did not involve public relations activities, educational activities or communication of the organization's activity, but media advertising. Even if restrictions are not so much, advertising in this area is still a controversial topic (Bernhardt J.M, 2006, p.2-4).

Among the forms of advertising, the most used health services are:

- institutional advertising, which aims to establish a positive attitude and attachment to the organization and its offer among the public;
- professional publicity, aimed at specialists in various fields, in this case physicians, by inserting advertisements in specialized publications (Radha A.,2011, p. 418-424).

In the United States, the importance of promoting the complex medical services of a hospital, whether public or private, involves the healthcare consumer in knowing the health procedures used in special headlines in nationally spread newspapers, on Twitter or on YouTube. Discussions are being held with specialists from various fields, videos are presented on the internet with various types of operations, as well as vital announcements in case of catastrophes, fires, floods to call the population in hospitals in case of force majeure. All studies have shown that the Internet is the most important vector for promoting health services regardless of the public or private health system. (<http://www.toprankblog.com/2010/01/social-media-healthcare-marketing/>)

#### 4. Conclusions

The development of an efficient healthcare system is directly influenced by adopted care policies, dependent on their funding, cost-performance relationships, marketing services and patient expectations.

#### 5. References

- Balaure, V. (coord.) (2002) - Marketing, Ed. Uranus, București, p. 13-124
- Bernhardt J.M., PhD, MPH, Director (2006)- Improving Health Through Health Marketing, Prev Chronic Dis; 3(3): A73, p.2-4
- Cetină, I., Brandabur, R., Constantinescu, M. (2005) - Marketingul serviciilor, Ed. Uranus, București.
- Evans W.D., vice president (2006)- How social marketing works in health care, *BMJ*. 20; 332(7551): 1207–1210. doi: 10.1136/bmj.332.7551.1207-a
- Florian P., Purcărea T., Rațiu M., Purcărea V.(2007)– Marketingul serviciilor de îngrijire a sănătății.Ed UMF Carol Davila, p. 15-63
- Jivan A.(1998) – Economia sectorului terțiar, Ed. Sedonia, Timișoara, pag. 121-122
- Kotler, P.(2008) - Managementul marketingului, Editura Teora, București, p.128-135
- Legea 95/2006 privind Reforma în domeniul sănătății
- Minca D., Marcu M.(2004) - Sănătate publică și management sanitar. Ed. Carol Davila, București , pag. 198
- Olteanu, V.(2003) - Marketingul serviciilor, Ed. Ecomar, București, p.59-62
- Popescu, I. C.(2003) - Comunicarea în marketing, Ed. a II-a, Editura Uranus, București
- Radha A.(2011)- Social marketing in healthcare, *Australas Med J*.; 4(8): 418–424.
- Rădulescu V.(2008) - Revista de Marketing Online – Vol.2, Nr. 1, p.71-75
- Radulescu V., Cetina I. (2011)-The impact of health care consumer education on marketing strategies of health services organization, Elsevier, *WCES*,p. 391-393
- Rațiu M. P.(2009) - Economia serviciilor. Provocări, oportunități, soluții, Ed. Univ. Carol Davila, București, pag. 274 - 275
- Thomas, R.(2005) - Marketing Health Services, Editura Health Administration Press, Chicago, SUA, p.67-78
- <http://www.toprankblog.com/2010/01/social-media-healthcare-marketing/>-5 Examples of Social Media in Healthcare Marketing
- Zegreanu I., Costin D.(2010)- Politicile sociale de sănătate în Uniunea Europeana, *Clujul Medical* , vol 83 supliment 1, p 35-49.