

## lesson 1

### **The system of health protection of citizens. Commodity distribution system of the pharmaceutical market. Pharmaceutical care.**

**Management and Economics of Pharmacy** is an academic discipline that combines knowledge in the fields of management, economics, sociology, marketing, logistics, and psychology.

#### **Name of sections of the discipline:**

- Section I. Theoretical foundations of health care and pharmacy. Organization of work of the pharmaceutical market **commodity-distribution system** (studied in the 3d year, 5th semester)

- Section II. Accounting and analysis of economical and financial activity of pharmaceutical organization (studied in the 3rd year, in the 6th term)

- Section III. Basics of Economics of Pharmacy Organization (studied in the 4th year in the 7th term)

Section IV. Theory and Practice of Pharmaceutical Management. **Informational** support of pharmaceutical business (studied in the 4th year in the 8th semester)

#### **Students take the exam in the 4th year in the 8th semester.**

**The object** of the discipline is the sphere of circulation of medicines, medical devices and parapharmaceutical products, as well as the mechanisms of interaction in the pharmaceutical market.

In the pharmaceutical market the main place is given to pharmacies. Pharmacies **is a** part of the system of health protection of citizens. Citizens' health care is regulated by the Federal Law № 323-FZ "On the bases of health care in the Russian Federation" from 21.11.2011. This law regulates the relations of citizens, public authorities and administration bodies, economic entities, subjects of state, municipal and private systems in the field of health protection of citizens.

Health protection of citizens is a system of organizing and carrying out activities in order to protect the health of each individual and the population as a whole. Activities are aimed at improving the health of the population and the period of their active life.

#### **The basic principles of health protection are:**

- 1) observance of the rights of citizens in the sphere of health protection and provision of state guarantees related to these rights;
- 2) priority of interests of the patient in the provision of medical care;
- 3) **the** priority of protecting the health of children;
- 4) social protection of citizens in case of loss of health;
- 5) responsibility of the state for ensuring the rights of citizens in the sphere of health protection;
- 6) accessibility and quality of medical care;
- 7) inadmissibility of refusal in rendering medical assistance;
- 8) **the** priority of prevention in the sphere of health protection;
- 9) observance of medical secrecy.

## **Sources of financing** the health care system in Russia:

1. budget funds;
2. funds from state and public organizations;
3. personal means of citizens;
4. charitable contributions.

In the world practice there are different economic models of health care systems. It is conditioned by the level of development of economy, education, culture, historical development of the state. All existing systems can be referred to one of the three **basic economic models**.

- **The first model** is characterized by the provision of medical care mainly on a fee-for-service basis, at the expense of the consumer of medical services.
- **The second model** is characterized by a significant or exclusive role of the state.
- **The third model** is defined as a social insurance, or a system of regulated health insurance.

One part of the health care system is pharmaceutical care.

**Pharmaceutical assistance** is an activity to provide the population and each individual with all the goods of pharmacy assortment, providing scientific and consulting services to medical personnel and individual citizens on the choice of the most effective and safe medicines and other goods of pharmacy assortment, the order of their purchase, methods of use and storage.

### **Pharmaceutical assistance consists of various subsystems:**

1. Control of pharmaceutical activities.
2. State registration and quality control of assortment of pharmacy goods.
3. Creation of pharmacy assortment goods.
4. Industrial production of medicines and pharmacy manufacturing according to individual prescriptions.
5. Bringing goods from manufacturer to consumer.
6. Information and **consulting**.
7. Protection of consumer rights of pharmacy organizations.

**Pharmaceutical market** is a set of economic relations connected with exchange operations in relation to drugs. **Pharmaceutical market** means the totality of drugs consumed, i.e. the volume of their sales to end users.

**The pharmaceutical market is more heavily regulated by the state than other markets.** This manifests itself in the following ways:

1. by controlling the research of drugs in humans and animals;
2. through the registration of medicines by the state and quality control of medicines;
3. through licensing of pharmaceutical activities;
4. through special rules for prescribing and dispensing of medicines;
5. through restrictions on advertising of medicines.

**Logistics** (from the Greek word - the art of reasoning, calculate) - the science of managing the movement of material and **informational** flows in space and time from the manufacturer to the end consumer with minimal cost. A distinction is made between macro-logistics and micro-logistics.

**Macrologistics** solves issues associated with the analysis of the market of suppliers and consumers, the development of general concepts of the placement of warehouses. **Micrologistics** examines local issues of storage and movement of goods within an organization.

The totality of organizations or individuals who provide the physical movement of goods and transfer of ownership of the goods from producer to consumer is called **product distribution channels**.

**The number of intermediaries involved in the movement of goods determines the level of the product distribution channel.**

There are two main types of **product distribution channels**: direct and indirect.

**Direct channels** is the movement of goods from producer to consumer without intermediaries. **In indirect distribution channels**, the movement of goods from producer to consumer is carried out through an intermediary. Depending on the number of intermediaries, there are one-level and multilevel channels. **One-level** channels include one intermediary. **Multi-level** channels may include different number of intermediaries. In pharmaceutical markets, these are the following intermediaries: manufacturer pharmacy → warehouse → pharmacy → buyer.

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#### **Interview questions:**

1. What is the management and economics of pharmacy?
2. What is the object of study of the discipline?
3. What is health protection of citizens ?
4. State the basic principles of health protection.
5. What are the economic models of health care systems in world practice?
6. What is pharmaceutical assistance?
7. What subsystems does pharmaceutical assistance consist of?
8. What is the pharmaceutical market?
9. In what ways does the state regulate the pharmaceutical market?
10. What is logistics?
11. What does macrologistics study?
12. What does micrologistics study?
13. What is the product distribution channels?
14. What are direct channels?
15. What are indirect channels?