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Competition and Regulation in the Healthcare Sector – Note by Ukraine

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1. Introduction

1. This written contribution outlines key developments in Ukraine's healthcare sector, including the transition to a new model of healthcare provision and the gradual emergence of competition among providers of different ownership types. It examines the impact of regulatory changes on the functioning of healthcare markets, as well as the role of public institutions – particularly the Antimonopoly Committee of Ukraine (hereinafter – the AMCU) – in ensuring a level playing field for all market participants.

2. The contribution also highlights specific challenges that have arisen during the reform process and places particular emphasis on measures aimed at removing barriers to competition and enhancing the efficiency and performance of the healthcare system.

2. Policy and Regulatory Changes

3. In 2015, Ukraine launched a comprehensive healthcare reform aimed at transforming the system to improve public health outcomes and ensure financial protection against excessive healthcare costs for patients. An additional driver of reform was the decentralization of governance and the strengthening of the role of territorial communities.

4. At the outset of the reform, medical services within the scope of state guarantees were predominantly provided by state, municipal, and departmental healthcare institutions under contracts with budget administrators, namely the health departments of local state administrations. Private clinics operated outside the public system, offering a wide range of fee-based services financed directly by patients. This created a structural imbalance between healthcare needs, demand for services, and available public resources.

5. The main directions of the reform included:

- modernization and integration of the healthcare delivery system;
- introduction of new provider payment mechanisms aimed at increasing efficiency;
- improvement of the quality of healthcare services.

6. The reform framework was established by the *Concept for Reforming the Healthcare Financing System*, approved by Resolution No. 1013-p of the Cabinet of Ministers of Ukraine on 30 November 2016. The Concept identified key systemic challenges and defined the approaches, instruments, and objectives of the reform.

7. A cornerstone of the reform was the adoption of the Law of Ukraine *"On State Financial Guarantees of Medical Service for the Population"* (2017), which:

- introduced a state-guaranteed package of medical services – the Medical Guarantees Program;
- established the National Health Service of Ukraine as the single strategic purchaser of healthcare services under the Program.

8. Ukraine adopted a tax-funded, single-purchaser model similar to those used in several Commonwealth countries, whereby funds are pooled through general taxation and

allocated by the NHSU through contracts with healthcare providers in the interest of patients.

9. The reform envisages the gradual expansion of the Medical Guarantees Program to cover all types of medical care, alongside a transition from input-based (budgetary) financing to output- and outcome-based payment mechanisms, thereby improving the alignment of services with patients' needs.

10. The reform has been implemented in stages:

- **2018** – primary healthcare reform, including the introduction of the family doctor system and patient declarations with family doctors, therapists, and pediatricians;
- **2020** – reform of specialized care, with hospitals contracting with the NHSU and receiving payment for services actually provided (case-based financing);
- **2023** – development of a capable healthcare network, including the establishment of hospital districts and the classification of facilities into super-clusters, clusters, and general hospitals to optimize service delivery.

11. The **"Affordable Medicines" reimbursement program** was introduced, enabling patients to obtain essential medicines – particularly for cardiovascular and endocrine diseases, including insulin – either free of charge or with a limited co-payment. The list of covered medicines and conditions is expanded annually.

12. The NHSU continuously expands the scope and range of healthcare service packages contracted with providers, ensuring increasing participation of healthcare institutions of all ownership types in the publicly funded system.

3. Impact of Competition and Regulation

13. The Antimonopoly Committee of Ukraine has consistently advocated for the development of competition in the healthcare sector and has contributed to the design of regulatory frameworks aimed at ensuring a level playing field among healthcare providers of all ownership types.

14. In particular, the AMCU has conducted expert assessments of draft regulatory acts to verify their compliance with competition law and to evaluate their potential impact on market dynamics. The AMCU has also emphasized the importance of a clear and consistent definition of the term "medical service", as it constitutes the basis for payment mechanisms within the healthcare system.

15. Legislative changes have enabled healthcare providers of various ownership forms to participate in the system of state financial guarantees for medical services.

16. The practical implementation of these changes was supported by key institutional reforms, including the introduction of hospital autonomy, mandatory signing of declarations with family doctors/therapists/pediatricians, and digitization of the health system

17. A central element of the reform was granting managerial and financial autonomy to municipal healthcare institutions. This was achieved through their transformation from budgetary institutions into undertakings – municipal non-profit enterprises (hereinafter – MNPEs) – in accordance with the Law of Ukraine *"On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of Legislation on the Activities of Healthcare Institutions."* This transformation process, initiated by decisions of local councils, typically required up to three months.

18. MNPEs operate as public-law legal entities with the following key characteristics:

- they are established by territorial communities through decisions of local councils as successors to municipal healthcare institutions;
- they conduct non-profit economic activities aimed at achieving social outcomes rather than generating profit;
- their primary purpose is to provide medical care in accordance with legal requirements;
- they manage municipal property under the right of operational control;
- they provide services on the basis of a medical practice license and within the scope authorized by the licensing authority.

19. In 2021, the AMCU conducted a study examining the impact of state-owned and municipal enterprises on competition in product markets, including regional healthcare services markets, for the period starting from 1 January 2018. The analysis covered the number of providers by ownership type, the number of contracts and patient declarations, and the volume of public funding allocated.

20. The study concluded that the establishment of municipal non-profit enterprises in primary healthcare was an integral part of sectoral reform, involving the reorganization of pre-existing municipal institutions. Given their social function and the reform context, the introduction of additional coordination mechanisms with the AMCU in the process of transformation was considered unnecessary.

21. In 2018, a total of 1,808 contracts were concluded between the National Health Service of Ukraine and primary healthcare providers, of which:

- 1,519 (84%) were with MNPEs;
- 138 (7.6%) with individual entrepreneurs;
- 151 (8.4%) with private healthcare institutions.
- As of early 2019, 23.5 million patient declarations had been signed, distributed as follows:
- 99.4% with MNPEs (23.4 million);
- 0.3% with individual entrepreneurs (64,000);
- 0.3% with private providers (70,000).

22. By 2024, the total number of declarations had increased to 31.37 million, with the following distribution:

- 87.6% with MNPEs (27.48 million);
- 6.1% with individual entrepreneurs (1.9 million);
- 6.3% with private providers (1.99 million);
- 0.03% with state institutions (8,900).

23. Over the five-year period, the number of declarations concluded with private providers (including both private institutions and individual entrepreneurs) increased from approximately 130,000 to 4 million. This trend reflects the gradual development of a competitive environment in the provision of services under the Medical Guarantees Program.

4. Competition Protection

24. One of the key issues identified by the Antimonopoly Committee of Ukraine in the primary healthcare services market – within the framework of the Medical Guarantees Program – was the absence of a clear legal mechanism governing interaction and cooperation among market participants.

25. Under the regulatory framework in force at the time, in particular the Instructions on the Procedure for Issuing Documents Certifying Temporary Incapacity for Work (Order No. 455 of the Ministry of Health of Ukraine as of 13 November 2001), a physician acting as an individual entrepreneur could issue a sick leave certificate for up to five calendar days, with a possible extension to ten days depending on the patient's condition. Any further extension required the involvement of a department head and subsequently a Medical Advisory Commission established within a healthcare institution.

26. As a result, physicians–individual entrepreneurs were not able to independently extend sick leave certificates beyond ten days. In practice, this required them to enter into cooperation agreements with healthcare institutions possessing the necessary organizational structure to establish a Medical Advisory Commission. Additionally, this requirement could reduce the proportion of individual physician practitioners among the overall number of undertakings providing healthcare services.

27. Although the legislation formally allowed physicians–individual entrepreneurs to operate in the market, these constraints limited their ability to act independently and created structural dependence on larger healthcare providers and administrative bodies.

28. The AMCU's study revealed significant regional disparities in such cooperation practices. For example, in the Ivano-Frankivsk region, all private healthcare institutions (9 out of 9) and the majority of physicians–individual entrepreneurs (17 out of 21), as well as in the Rivne region (11 out of 21), had concluded cooperation agreements. In contrast, in a number of other regions – including Vinnytsia, Dnipropetrovsk, Zhytomyr, Zaporizhzhia, Kyiv, Kirovohrad, Lviv, Ternopil, Khmelnytskyi, Chernihiv, and Chernivtsi – such agreements were absent.

29. In this context, the Eastern Regional Office of the AMCU initiated enforcement proceedings concerning the actions of a municipal healthcare provider that refused to conclude a cooperation agreement with a physician–individual entrepreneur. Such conduct was assessed as anti-competitive actions by the administrative and economic management and control body, in violation of national competition law.

30. The absence of a clear regulatory framework governing cooperation between physicians–individual entrepreneurs and municipal healthcare institutions – particularly with regard to the extension of sick leave certificates – created conditions for distortions of competition and conferred unilateral advantages on municipal providers.

31. This issue has since been effectively resolved through the introduction of electronic sick leave certificates within the Electronic Health Care System (eHealth). Sick leave certificates are now issued electronically by the treating physician for a specified period and are automatically closed; where necessary, a new certificate is issued for extension purposes. This has eliminated the need for institutional intermediation and reduced barriers to independent practice.

32. More broadly, the eHealth system has become a core infrastructure of the healthcare sector, enabling electronic prescriptions, referrals, medical records, and contracting processes, while ensuring data protection and the availability of anonymized statistical information. The activities of the National Health Service of Ukraine are also highly

digitized, from contract submission to payment for services under the Medical Guarantees Program.

AMCU Launches Market Study of Medical Information Systems in Ukraine

33. The Antimonopoly Committee of Ukraine (AMCU) has launched a market study of medical information systems (MIS) integrated with the electronic healthcare system (eHealth) for the period 2023–2025.

34. The study was initiated in light of the rapid development of digital healthcare services within the healthcare reform process, as well as complaints received from citizens regarding the functioning of certain MIS platforms. In particular, the AMCU received submissions concerning the activities of certain medical information systems and possible signs of violations of competition law.

35. Ukraine's electronic healthcare system (eHealth) is a state electronic system consisting of a central database and medical information systems through which patients, healthcare professionals, and healthcare providers access digital healthcare services. MIS platforms enable, inter alia, online appointment booking, registration of declarations with primary care physicians, access to electronic prescriptions and medical records, and interaction between healthcare providers and the National Health Service of Ukraine.

36. As of the end of 2025, 27 MIS platforms were connected to the eHealth system. According to publicly available information, the most widely used systems include Helsi and Health24.

37. Within the framework of the market study, the AMCU intends to assess:

- the state of competition in the MIS market;
- market access conditions for participants;
- potential barriers to entry;
- the impact of digital platforms on patients' access to healthcare services; and
- the presence or absence of indications of competition law infringements.

Another significant competition concern identified by the AMCU prior to the reform was the restricted access of private pharmacies to medicines reimbursement programs.

38. During the pilot phase, local authorities – acting as budget administrators – often concluded reimbursement contracts predominantly with municipally owned pharmacies, thereby granting them a competitive advantage and also affecting the share of private pharmacies.

39. The AMCU addressed these practices through enforcement actions and advocacy measures, including the issuance of recommendations to eliminate discriminatory conduct by local authorities.

40. At present, these risks have been largely mitigated. The administration of the reimbursement program has been centralized within the National Health Service of Ukraine, and participation is open to all pharmacies that are connected to the eHealth system and have concluded the relevant contracts with the National Health Service of Ukraine.

In 2025 – 2026, the AMCU continued its competition advocacy role by reviewing draft regulatory acts with potential anti-competitive effects.

41. In particular, it provided comments on a draft resolution of the Cabinet of Ministers of Ukraine that proposed limiting the on the product range of pharmacies located within public healthcare institutions to the three lowest-priced medicines per international nonproprietary name. The AMCU raised concerns regarding the restrictive nature of this measure; its comments were partially taken into account. However, as the regulation is scheduled to enter into force in March 2026, its impact on competition remains to be assessed.

42. Within the scope of its powers, the AMCU provided comments on a draft order of the Ministry of Health of Ukraine that envisaged granting privileges or other advantages to certain undertakings or groups of undertakings – specifically, healthcare institutions such as university clinics and hospitals, clinics or medical-diagnostic units of medical research institutions, as well as clinical bases of educational institutions in the healthcare sector. The proposed measures would have placed these entities in a privileged position compared to their competitors.

43. Following numerous appeals from undertakings, industry associations, and patient organizations, the Ministry of Health announced that it would not submit the aforementioned draft order for state registration to the Ministry of Justice of Ukraine.

5. Conclusions

44. The healthcare reform in Ukraine has led to a fundamental transformation of the system of financing and service provision, while creating the necessary preconditions for the development of competition among providers of different ownership forms. The introduction of the Medical Guarantees Program and the establishment of the National Health Service of Ukraine as a single strategic purchaser have contributed to more transparent, standardized, and efficiency-oriented mechanisms for financing healthcare services.

45. Empirical data indicate the increasing role of private providers in the delivery of healthcare services, reflecting the gradual strengthening of competitive dynamics within the system. At the same time, the reform process revealed a number of structural and regulatory barriers to competition, many of which have been progressively addressed through targeted legal changes and the digitalization of healthcare processes.

46. The Antimonopoly Committee of Ukraine continues to play a central role in safeguarding competition in the healthcare sector, including through enforcement actions and competition advocacy. Ensuring the sustainable development of the healthcare system will require ongoing monitoring and careful assessment of the competitive impact of regulatory decisions, as well as continued efforts to promote competitive neutrality and equal conditions for all market participants.