

HEALTH CARE IN RUSSIA

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Russian Health Care Industry

*By Healthcare Committee
American Chamber of Commerce*

The Russian government and U.S. healthcare and pharmaceutical companies have made significant progress in coordinating their efforts, through the Gore-Chernomyrdin Commission (GCC) and other joint forums, to create conditions that support the expansion and modernization of the healthcare industry in Russia. Such joint co-operation has resulted in the Memorandum of Understanding between the Food and Drug Administration and the Ministry of Health concerning the product registration of pharmaceuticals as well as a plan to develop a brochure providing key information concerning rules and regulations governing the registration and certification process for medical equipment and devices.

The GCC has also been supportive of several USAID-sponsored projects including three pharmaceutical manufacturing projects as well as many training and educational programs in the healthcare field. However, the level of achievement that would benefit both the Russian Federation and U.S. healthcare companies continues to be hampered by protectionism, lack of incentives for investment, illegal sales of patented pharmaceutical products in Russia, and an absence of clarity and transparency in efforts made to develop reimbursement procedures for pharmaceuticals and in rules and regulations governing the medical equipment and devices market. All this has resulted in confusion and frustration among U.S. companies. This position paper provides a review of these issues and some recommendations for addressing them.

Protectionism

The decline in pharmaceutical production in Russia is a great area of concern for the Russian government. Russian leadership views the dependence Russia currently has on imported pharmaceutical product as a threat to national security. Therefore, measures are being taken to protect those factories that are currently manufacturing and to "persuade" importing manufacturers to build local facilities.

One of such methods is the imposition of import duties. At present, a 10 percent import duty is imposed on all pharmaceutical imports into the Russian Federation. When imposed in 1994, the tax on average, caused an increase in prices for consumers of these products of 30 percent. In late summer 1997, an increase in the duty rate to 20 percent for

108 specific products has been recommended. At this time, it is unclear to which products the proposed tax increase will apply if passed.

Import duties result in higher prices and, consequently, access by Russian patients to vitally important medicines is more expensive, while no true incentives for local production are being created.

Changes in import licensing procedures for pharmaceuticals also constitute a serious barrier to entry. In June 1997, new two-step procedures were introduced that require licenses to be approved by both the Ministry of Health (which takes up to 25 days to process) and the Ministry of Foreign Economic Affairs (requiring more than one month for processing).

The result of the new requirements is an even more complicated process, which has doubled the approval and import time to over two months. In addition, many aspects of the new licensing system remain to be clarified as additional delays in issuance of clarifications have been experienced at the Ministry of Foreign Economic Affairs.

Such changes in import regulations are problematic for companies importing their products, resulting in costly delays of shipments and inefficient use of resources, as companies attempt to decipher and comply with unclear requirements. For importing companies, both the continuous shifts in regulations and the confusion surrounding the regulations serve as a disincentive to business development and to future investment.

Investment

Current incentives for healthcare investment in the Russian Federation come from programs administered by the U.S. Agency for International Development (USAID) and through loans issued by The World Bank. The Russian government has called for foreign investment in the form of construction of pharmaceutical manufacturing and production facilities, and refers to investment levels on the order of those achieved in Puerto Rico and Ireland in recent years.

However, Russia has not offered the kind of tax and other incentives that exist in these markets, such as effective patent protection, efficient and transparent administrative procedures, investment protection, and investment and profit tax incentives. These overtures from the Russian side, moreover, have come at a time of global industry consolidation due to overcapacity, which has brought about the closure of similar facilities across Europe and elsewhere. Nonetheless, Western pharmaceutical companies continue to take a serious look at all investment opportunities. The conclusions thus far, however, have demonstrated that current sales levels, as well as market outlooks for the foreseeable future, do not justify the investments sought by the Russian Federation.

A complementary approach that would serve the interests of both the Russian and the U.S. healthcare industries is to direct joint investment into research and development and clinical trials in the Russian Federation. Cooperative projects between U.S. and Russian partner companies to perform international standard clinical trials in Russia would integrate Russian elite pharmaceutical research and development into international programs and benefit both sides by providing for technical exchanges of experience and information.

It is important to note, that a substantial amount of investment is being made by U.S. companies on an ongoing basis in the form of extended credit to its Russian distributors.

By extending such credit, Russian distributors are able to considerably decrease their capital needs as well as allow for more rapid growth of the industry. The credit terms being offered to the Russian distributors are non-collateralized high-risk loans at times reaching millions of dollars for over ninety days. Such extensions of credit are not practiced elsewhere in the world and should be recognized as a form of investment as the capital necessary to purchase goods is instead being used to grow and improve the distribution network for Russia.

Patent Violations

A third area of serious concern for U.S. investors in Russia's healthcare industry is the ongoing practice of overlooking sales of pharmaceutical products that are in violation of Russian patent law. Although the Russian Federation passed a patent law in 1992 that is essentially in agreement with the TRIPs agreement, the enforcement of this law is not satisfactory at all. Many products that are registered and sold in Russia violate patents of U.S. companies. The first two pharmaceutical patent violations are now being prosecuted in the courts in Russia. There is no real experience in dealing with complicated process patent claims in the Russian court system. The process of preliminary injunction, which would allow the patent holders temporary injunctive relief from the detrimental sales activities of patent violators, has so far not worked. The lack of enforcement of patent holders' rights inhibits severely not only foreign investment into pharmaceutical research and development in Russia, but also domestic highly trained specialists.

Medical Equipment and Devices

Russian healthcare facilities require modernization to meet Russia's admirable goals of raising standard levels of prevention and treatment programs the average Russian citizen. While demand is high, financial resources remain limited. American manufacturers of equipment and associated supplies are playing a more active role in this market than at any time in the past, including both large, mid-size and even smaller American manufacturers. Many are involved in assisting Russian partners in seeking new or creative means of financing, including credits from the U.S. Export-Import Bank.

One problem is that this U.S. credit program seems to favor larger, sovereign-guaranteed loans while, increasingly, Russia's republics and oblasts are struggling to meet healthcare requirements with diminishing resources from the federal government.

Federal guarantees are not possible. However, the republic and oblast governments eagerly offer regional resources. ExIm's goal is to encourage trade where commercial banks are less eager to operate. Russia's regions are in need of such assistance and encouragement from ExIm Bank.

Medical equipment and device imports are severely restricted by ever changing Russian registration and certification requirements. The difficulties are caused in most part by confusion surrounding the requirements and regulation for import and sale and the enforcement of such regulations. First, almost no published information is available to firms clearly stating the requirements, procedures and fees necessary register, certify and import equipment and devices. To address this issue, the Gore-Chernomyrdin's Business Development Committee and Russian regulatory authorities have agreed to sponsor and

prepare a pamphlet detailing the requirements, procedures and fees necessary to receive Russian Ministry of Health registration and Russian Gosstandart product certification for medical equipment and devices.

The second issue arises during application and enforcement of the procedures and guidelines established by the Russian Ministry of Health and Gosstandart at Russian Customs. While companies have successfully worked with regulatory agencies to solve regulatory issues, a shortage of staffing and resources leads Russian Customs authorities to enforce regulatory requirements in what can seem an arbitrary manner, often compromising the original goals of the procedures. As a result, Russian customs agents, who are not knowledgeable in the medical device industry, are put in a position of making daily judgments concerning the medical status of the device, documentation required for clearance and the applicable duty. For example, a patient monitor, which if mistaken for a personal computer, can be taxed at a significantly higher rate, especially if Customs officials overlook the Ministry of Health's supporting documentation. By placing specialists at key Customs points, as is practice in the United States, they could act in an advisory capacity to assist Customs in making its determinations.

U.S. companies with successful track records in the sale of medical equipment and devices in other countries of the CIS have invested significant resources in international and local tenders conducted in the Russian Federation but have been frustrated and disillusioned by their lack of success. The recent World Bank tender is a case in point, where almost no major manufacturers were selected while a large portion of funds were awarded to smaller trading companies representing unknown manufacturers.

Because selection procedures are arbitrary and ill-defined, many firms, experienced in meeting the detailed and burdensome bid requirements worldwide, find themselves disqualified for trivial details. One solution would be to address the lack of clarity and transparency in the tender procedures in order to limit the opportunities that exist now for corruption.

Recommendations

While the four areas mentioned above constitute a significant barrier to the development of the healthcare and pharmaceuticals industry in the Russian Federation, introducing the following suggestions would go some way toward addressing these problems:

- Limit the level of duties levied on pharmaceuticals being imported into the Russian Federation to the present (or lower) level. This will ensure that consumers are able to purchase the products they need at more affordable prices and will serve to stimulate the domestic pharmaceutical manufacturers. In addition, increased sales volumes will stimulate the foreign investment that Russia seeks.
- Clarify and simplify procedures for pharmaceutical import licensing in order to reduce opportunities for corruption and delays.
- Clarify and simplify procedures for medical device registration and certification. Place specialists at key Customs sites to advise Customs agents on medical device imports.

- Introduce more comprehensive and longer-term tax and other incentives to attract foreign investments into the construction of manufacturing and production facilities in the Russian Federation.
- Encourage the participation of both Russian and U.S. pharmaceutical companies in joint research and development and clinical trials programs carried out according to international standards.
- Recognize and assist to secure current investments being made in the distribution of pharmaceuticals.
- Enforce regulations prohibiting the sale in the Russian Federation of pharmaceuticals goods that are in violation of Russian patent law.
- Provide for more clarity and transparency in the management and accounting employed in international tenders in the Russian Federation for medical equipment and devices in order to reduce opportunities for corruption and increase competition, thus reducing prices.
- Complete the brochure that has been planned under the auspices of Gore-Chernomyrdin Business Development Committee Standard's Committee for clarifying the registration requirements governing medical equipment and devices.

The Healthcare Committee of the American Chamber of Commerce meets every third Thursday. For more information on its activities, call the Chamber at 961-2141.

Entering the Medical Market

*By Lyudmila Maksimova
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During the last five years, a number of American companies have successfully penetrated the Russian medical market. For 1997, annual Russian imports from the United States of medical equipment and pharmaceuticals are estimated at \$145 million and \$55 million respectively. This update on certification and registration procedures in Russia will help new-to-market U.S. companies enter the Russian medical market. It will also provide a better understanding of the current certification and registration requirements to U.S. companies doing business in Russia already. In general, for all medical products, U.S. companies need to: (1) register products; and (2) for some products, obtain safety or quality certificates.

Registration of medical devices

According to Russian law, all medical devices imported into Russia should be registered with the Ministry of Health of the Russian Federation. The registration certificate is issued by the state inspectorate for quality control of drugs and medical equipment within the Ministry. Contact information for the Inspectorate is as follows: Mr. Ramil Khabriev, Chief; State Inspectorate for the Quality Control of Drugs and Medical Equipment;

Ministry of Health of Russia, 3 Rakhmanovsky per. Moscow 101432, Russia; Tel.: 7 (095) 973-1394; Fax: 7 (095) 925-0128.

Registration applications and forms may be obtained from the Department of Testing and Registration of New Foreign Medical Equipment in the State Inspectorate for Quality Control of Drugs and Medical Equipment. Completed forms and documents should be returned to the Department of Testing and Registration of New Foreign Medical Equipment.

For more details about documents and procedures, contact: Mr. Yuri Krivous, Deputy Head; Department of Testing and Registration of New Foreign Medical Equipment; Ministry of Health of Russia; 3 Rakhmanovsky per.; Moscow 101432, Russia; Tel.: 7 (095) 927-2955/927-2891/2948; Fax: 7 (095) 200-0212

Registration usually requires clinical trials. Registration fees depend on the type of medical device. For complicated medical equipment like anesthetic and respiratory devices, artificial blood circulation devices, accelerators, computer tomographs, gamma-cameras, laser sets, spectrometers, cardiostimulants, or operating beds, the charge is 10 percent of the equipment price for the clinical trial and 5 percent of the price for the registration certificate. For disposable systems and smaller devices like test kits, sutures, or surgical gloves, certification cost varies from \$200 to \$2,500.

Certification of medical devices

Beginning October 1, 1995, some types of imported medical devices and equipment (first of all those that are based on the use of electrical energy) must also be accompanied by a safety certificate. The main national testing and certification body of the Russian Federation is the Russian Federation State Committee on Standardization, Metrology and Certification (Gosstandart) which develops basic policies for certification and standards. Gosstandart does not issue certificates of conformity, but maintains lists of Russian national certification institutes. Gosstandart also maintains and updates on an annual basis lists of goods and services which are subject to obligatory certification and metrological control in the Russian Federation. For more information about testing institutes, lists of goods and services which require obligatory certification as well as certification procedures, contact:

Ms. Galina Minyailik, Chief Expert of the Department of Standardization and Certification of Information Technologies, Production of Electrical Engineering Equipment (including Medical) and Tool-making Industry; Gosstandart (Russian Standards Committee); 9 Leninsky Prospekt; 117049 Moscow, Russia; Tel.: 7 (095) 236-3177; Fax: 7 (095) 236-6231, 237-6032 (send faxes c/o Vyacheslav G. Gubenko, Head of the same Department)

Gosstandart authorizes a number of national testing institutes to issue certificates of safety. Major institutes located in Moscow include:

- Joint Stock Company VNIIMP-VITA: different medical devices except x-ray equipment and dental devices and supplies;
- Scientific and Production Association Ekran: all types of medical equipment, including x-ray equipment and excluding dental devices;
- Dentek Company: dental equipment and dental material and supplies; and

- Center for Certification of Medical Goods and Consumer Electronics

The contact information for the above mentioned national testing institutes is: Vladimir A. Viktorov, Director; VNIIMP-VITA Joint Stock Company; 125422 Moscow, Russia; Ul. Timiryazevskaya, 1; Tel. 211-09-10; Protocol: 211-07-10; Fax: 200-22-13

Nigmat Ye. Denyayev, Director; EKran Market, NPO Ekran 3, Kasatkina Ul.; Moscow 129301, Russia; Tel.: 187-4195/3734; Fax: 187-1652

Natalia N. Gorkina, Head; Dentek Company; AO Stomatologia; 34 Novy Arbat; 4th floor, Room 408-410; Moscow 121099, Russia; Tel.: 205-6291; Tel./Fax: 205-0347

Yelena P. Vladova, Acting Director; Center for Certification of Medical Goods and Consumer Electronics; 3 Kasatkina Ul.; Moscow 129301, Russia; Tel.: 187-2539; Fax: 187-8954

Safety certificates requested by manufacturers of medical devices usually are issued for longer terms ó up to three years. Certificates sought by distributors or trading companies are usually issued for shorter terms -up to one year. The testing company will require that the distributor or trading firm submit a contract with the manufacturer.

Certificates of conformity issued by Gosstandart can have large coverage, including not only groups and shipments of similar products, produced by one manufacturer in compliance with the same requirements, but also components and spare parts used for maintenance and repair. In such cases, one certificate is enough to have a right to sell both products and spare parts in Russia.

Presenting a safety certificate issued by a foreign laboratory reduces the certification time to several days. Russian Certification Institutes accept certificates issued by several foreign national certification institutes and testing laboratories in major European countries, Japan, the U.S., Canada, Singapore, China, India, South Korea, and Israel. Based on the certificates issued by accredited foreign laboratories, Gosstandart issues Russian certificates of conformity. These certification laboratories are accredited by Gosstandart:

- SGS U.S. Testing Company Inc.; 291 Fairfield Avenue; Fairfield, NJ, 07004, USA; Tel: 201-575-5252; (Contact: Kennet Elkin)
- SGS Control Services Inc.; 400 North Sam Houston Parkway E, Suite 800; Houston, TX 77060, USA; Tel: 713-591-5800; (Contact: William Oglsbi)
- TUV Reinland North America; 12 Commerce Road; Newtown, CT 06470, USA; Tel: 203-426-0888; Fax: 203-270-8883
- TUV Reinland North America; 5860 West Las Positas Boulevard, Suite 19; Pleasanton, CA 94588, USA; Tel: 510-734-8100; Fax: 510-734-8455
- Central Analytical Laboratory Ltd.; 2600 Marietta St.; Kenner, LA, USA; Tel: 504-469-3511; Fax: 504-467-0052

Registration of pharmaceuticals

According to Russian law, all drugs and biological products must be registered with the Ministry of Health of the Russian Federation in the name of the manufacturer and/or an

authorized representative. In addition, the pharmaceutical or substance must be registered and listed with the Food and Drug Administration (FDA) by the manufacturer.

The Russian Ministry of Health's Bureau of Registration of New Pharmaceuticals and Medical Equipment is responsible for drug registration. Documents required include an application, a product description, and certification/approval papers obtained in the United States. Trading companies seeking product registration must present a letter from the manufacturer authorizing them to do so.

The current registration fee is \$10,000. Registration is valid for five years. All documents should be submitted to the Bureau of Registration of New Pharmaceuticals and Medical Equipment, which issues the registration certificate.

Contact information for the Bureau is:

Tatyana N. Kolesnikova, Director; Bureau of Registration of New Pharmaceuticals and Medical Equipment; Ministry of Health, Russian Federation; 3 Rakhmanovsky pereulok; Moscow 101432, Russia; Tel./Fax: 7 (095) 973-1635

A memorandum of understanding signed by the FDA and the Russian Health Ministry in March 1994 and an Annex to the MOU signed in January 1996 made progress in simplifying and clarifying Russian regulations governing pharmaceutical imports.

Under the memorandum of understanding, the government of Russia will not require additional clinical testing for drugs approved by the FDA. Registration shall take no more than 90 days after submission to appropriate Russian Federation authorities.

Certification of pharmaceuticals

Besides registration, an importer must obtain a Russian quality certificate. Gosstandart authorizes a number of organizations to certify pharmaceuticals, though many drug companies prefer to act through the Inspectorate of Quality Control of Drugs and Medical Equipment of the Ministry of Health. The Inspectorate also can provide information on testing laboratories which can provide certificates of conformity for drugs. Following is the contact information for one such laboratory:

Vladlen Gvildis, Director; Analytical Center at the Psychiatry; Scientific Research Institute; 17 Vassily Botylev Ul.; Moscow 121500, Russia; Tel: 7 (095) 414-1454/55; Fax: 7 (095) 414-1454

Since certification and registration procedures are similar, an applicant may present copies of tests and analysis carried out during registration to the certification body. This information is normally sufficient for certification without any additional testing, or reduces testing to a minimum.

Vitamins and biologically active additives in the majority of cases are registered and certified the same way as ordinary drugs. Only in those cases, when the contents of micronutrient or mineral salts in biologically active additives or does not exceed daily requirement by six times, these goods do not need to be registered and certified as drugs.

Their imports to Russia should be accompanied by a certificate of hygiene which is provided by the Institute of Nutrition of the Russian Academy of Medical Sciences. The hygiene certificate is valid for three years. The contact information for that Institute is as follows:

Victor A. Tutelian, Deputy Director; Institute of Nutrition; Russian Academy of Medical Sciences; 2/14 Ustinsky Proezd; Moscow 109240, Russia; Tel: 7 (095) 298-1859; Fax: 7 (095) 298-1872.

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Managing Employees' Health

*By Kevin Rubens & Iulia Mazur
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Bob Smith helps himself to a cup of coffee and starts to think about all the possible issues he has to deal with. Bob is in his first month as Managing Director of a joint venture that his company has recently established with a Russian chemical factory in a small town near Moscow.

At the top of his list today is the case of a Russian employee who has been injured at work and is facing permanent disability. After reviewing the company's policies, Bob found out that his company does not provide any disability insurance beyond meager state-mandated benefits. To make the situation worse, the company's records show that this is not the first case where an employee has been injured at work. Bob knows that employment-related litigation is not nearly as common in Russia as it is in the United States, but it is on the increase. The consequences can be severe and management can be held personally liable. Although reliable occupational injury statistics are hard to come by, it is clear that the need to put safety first is not a heavily ingrained behavior in transitional economies. Nonetheless, there are a number of actions companies could take to protect themselves and their employees in this uncertain environment.

As in Bob's situation, Western companies typically have extensive health and safety programs which they attempt to implement at their Russian ventures with varying degrees of success. Unfortunately, such programs might not be sufficient to ensure an adequate level of workplace safety at a Russian facility even though they have worked well in other countries. This is due to the historically mixed attitude to workplace safety in the Soviet Union. On the one hand, Soviet factories are still known for their obsolete equipment and surplus manual labor. On the other hand, the Labor Code and other employment regulations have established an elaborate worker compensation system to handle the inevitable health hazards associated with building socialism. Even though most damages are limited to a multiple of the minimum wage, workplace injuries can be disastrous if they result in death or permanent disability of an employee.

The first preventive action a company can take is to conduct a thorough analysis of its Russian operation to decide if a given safety program would be appropriate for it. A number of research studies have identified both personal and organizational characteristics that have a significant correlation with higher rates of workplace injuries. Companies that possess these characteristics might have to change their existing health and safety programs that they want to implement effectively in Russia.

Among commonly cited organizational characteristics that increase the probability of workplace injuries are poor labor-management relations, low levels of communication and the lack of employee involvement. Organizations with poor internal relations are more likely to encounter resistance to their health and safety programs regardless of the fact that these programs have been designed ultimately to benefit the employees. Experienced managers use employee attitude surveys and other organizational assessment tools to gauge insight into how their companies are perceived by the employees. By and large, whether such efforts are successful will depend on the quality of the employees' input. It is critical that managers ensure complete confidentiality of their employees' responses. Many organizations choose to outsource data collection and processing to a qualified provider. However, even with a third party administering an opinion survey, managers should clearly communicate its purpose to employees to overcome any suspicions.

In addition to organizational characteristics, a range of employees' personal characteristics and behaviors contributes to workplace injuries. Researchers have found that people who have a higher probability of being injured at work also tend to possess one or several of the following characteristics: they take risks impulsively, they believe that some external forces control their life, they are generally vulnerable to stress and demonstrate poor interpersonal skills. Recognizing these characteristics and taking appropriate actions will help organizations improve their overall work environment. Unfortunately, managers' opinions and perceptions are still the most common way to determine whether an individual employee is likely to become involved in a work-related accident. To avoid any bias in individual judgement, it is recommended to use additional tools and techniques.

The need to manage the growing costs of workplace injuries has spurred the development of a wide range of tools and procedures that allow managers to identify those people who are less likely to be injured. These tools include work history analysis, structured interviews, personality inventories, psychometric tests, job simulation exercises and skills assessment techniques. While most companies operating in Russia limit their efforts to simple reference checks and interviews, several companies begin to implement more sophisticated tools such as psychometric tests and inventories to address their workplace safety concerns. There are currently a few providers of psychometric testing and assessment tools that determine employees' attitude to safety. Aon Consulting has used its Work Place Practices and Safety inventories to measure safety orientation of local workforce and to monitor the effectiveness of health and safety programs introduced by Western companies at their Russian and Eastern European operations.

At what stage should companies undertake such organizational and employee assessment? There is no doubt that the best way to deal with a problem is to eliminate its causes altogether. By carefully screening job applicants, organizations can avoid hiring potential safety problems and significantly reduce their overall risk. Many companies, however, do not have the opportunity to select their workforce. Under Russian legislation, joint ventures and companies acquired by Western firms are often required to maintain their existing workforce. In this case, assessing the safety orientation of existing employees can provide vital information to identify the need for health and safety

programs and measure their effectiveness, design and implement safety training and manage succession planning.

Kevin Rubens is Vice President of Aon Consulting's Human Resource Consulting Group and has considerable experience of advising multinationals operating in Russia. Iulia Mazur is Consultant for Aon's Russian and UK Operations.

The Changing Face of Dentistry

By Robert Courtney

U.S. Dental Care

For most people, dentistry is an unpleasant subject. For Russians, it's a painful memory of root canals without anesthetic and other cruelties. Fortunately, things are changing. In the three years US Dental Care has been operating in Moscow, the options for expatriates, Russians, and human resources managers have significantly increased.

Western Care Options

Western dentistry has more than kept pace with the rest of Moscow's changes. Today, everything that is available from your dentist "back home" is available here at equal or better quality levels. The Western dental clinics have invested significant resources to bring to Moscow the same modern equipment, materials, laboratories, and good to excellent dentists. There are 10 Western dentists resident full time in Moscow: five American, four French, and one German.

The principal change in the last two years has been the arrival in Moscow of truly comprehensive specialty care. Though all specialties are not available at all centers, the range includes all dental specialties: orthodontic and other pediatric care, all cosmetic options (crowns, bridges, veneers, white fillings, teeth whitening/bleaching), hygiene (scale and polish), root canals, implants, surgery, and periodontal (gum) treatment.

Prices

Compared to the cost of other imported Western goods and services, high-quality dental care is available at extremely reasonable rates. Using New York city as a baseline of 100 percent, Western dental fees here range approximately from 75 percent at Adventist Health Center to 130 percent at American Medical Center, with US Dental Care and European Medical Center in between. Fees for Russian dental care range from 75 percent down to 10 percent, with a vast range of quality of care, facilities, equipment, and training and education in between.

Changes in Russian Dentistry

As a profession, Russian dentistry has, selectively, made good strides. Improvements are largely being driven by the private sector. Dentistry has warmly embraced capitalism and the industry is actively privatizing in response; by the year 2005, dentistry will be at least 50 percent privatized. The better private and state clinics have purchased modern equipment and materials and are beginning to incorporate Western concepts of practice management, budgeting, marketing, and the like. In this early stage, dentists have invested their money where they and their patients perceive the greatest difference from

the West to lie: in expensive, stylish equipment and materials. In the next stage, as dentists appreciate the importance of preventive care and developing precision skills, the focus will shift away from these more superficial areas to the higher priorities of training and education, which will truly elevate the quality level of Russian dental care.

Western vs. Russian Dentists

The better Russian dentists have strong inherent abilities and, with training, will be excellent practitioners. At US Dental Care, our mentor-based training program has developed outstanding Russian dentists. But the profession as a whole trails its Western counterparts by a considerable margin, with the following key differences:

Education and training simply are not at Western levels. American dental schools, for example, are the best in the world and incorporate state-of-the-art training and education. The Russian government has not yet given its dental institutes the resources to reach a world-class education level.

Continuing education access is limited. American dentists must complete about 20 hours per year of continuing education and training. New techniques and technologies are developing at a lightning pace, driven by the largest dental consumer market in the world. Continuing education is essential to keep pace with those developments. Russian dentists' access to continuing education remains limited. US Dental Care, as a Board member of the Russian Association of Private Dentists, is developing continuing education programs to help fill this need.

Preventive care is not widely practiced and diagnostic skills are less developed. Both patient and dentist are accustomed to fixing problems after they hurt, rather than before they occur. Western diagnostic practices spot problems far in advance.

Hygiene has not historically been part of the dental school curriculum, and does not exist as a profession in Russia as it does in the United States and the West. It is an important part of preventive care and a fundamental ingredient of Western-style dentistry. For children, linking hygiene with fluoride treatment and tooth sealant treatment is especially wise preventive dentistry.

Infection control practices are poor, increasing the risk of patient infection and complications, and of AIDS and hepatitis transmission. Proper infection control means assuming every patient has a communicable disease and guarding against infecting the next patient and dentist. That means sterilizing instruments after each use, using single-use disposables one time, using gloves and masks, and taking other preventive measures.

Customer service. The idea of putting the patient's concerns first and creating a warm, friendly atmosphere remains largely a foreign concept. This will change. Russian patients are the majority at the Western dental clinics and are extremely demanding of the best quality and proper respect.

Laboratory technicians generally perform at lower than Western levels, meaning that crowns, bridges and other cosmetic work will not be as aesthetically appealing, look as natural, or last as long as if produced in a Western lab. Cosmetic dentistry, like jewelry, ranges from functional to elegant. For Western dental clinics here, having an on-site lab to avoid reliance on local laboratories is crucial to maintaining consistent high quality.

Choosing a Dental Provider and Benefit Plan

Dentistry is part essential health care and part elective cosmetic treatment. As companies and expatriates adopt a longer-horizon view of their Russian presence, settling on dental providers and dental benefits options is an important component of establishing more normalized operating routines. Individuals no longer want to spend valuable home-leave time at the dentist, and companies have matured to the point that they are providing dental benefits both as a retention tool and as sound policy.

Each company's benefits priorities determine the extent of coverage it is willing or able to provide. At minimum, all companies should provide a list of providers that employees can access in time of need or emergency. This list should include information on available specialties, number of dentists, fee levels, operating hours, and contact information.

Benefit plans range from basic to comprehensive. A basic dental benefit plan should cover an annual cleaning, examination, x-rays, selected basic procedures, and emergencies.

Most multinationals with a dental program continue to provide a Western plan to their international staff and senior Russian management, and a Russian alternative to local staff.

The alternatives for companies establishing or reviewing dental benefit plans include:

Western dental clinics. Most are open to all patients; one requires purchase of a membership. Most offer a selection of membership plans and insurance-type programs that include discounts for company employees. Some offer plans with two-tiered pricing and a choice of care by either Western dentists or Western-trained Russian dentists. The higher fee levels will generally assure a preventive approach, a very low level of complications, and very infrequent failed work. In combination, these features will achieve lower rates of absenteeism and fewer distractions from on-the-job discomfort; both are valued outcomes for some employers.

Russian polyclinics and private clinics, if selected carefully, will provide adequate care. Most polyclinics and many private dental clinics offer commercial plans and many have invested in modern equipment and materials. Appearance is not an automatic indicator of high quality, however, and an HR manager would be wise to look more closely and ask questions of the dentists themselves. Ideally, companies will select dentists who have had hands-on training in the West or at a Western dental facility in Moscow. Fees will be slightly more expensive but will assure more consistency in quality. Other features to screen for include superior infection control practices, dentists experienced in practicing hygiene and preventive care, and very low levels of dental work that must be redone. Guarantees are common in Russian clinics but are not a substitute for getting it right the first time.

Western insurance. Most international staff who have a dental plan are insured under an American-style reimbursement plan. Most plans will reimburse you for dental care in Moscow according to your plan's regular reimbursement schedule, and Western clinics will assist you with documentation just like your dentist at home. Note that many American dental insurance plans require care to be by an American-licensed dentist and need the dentist's signature and license number on the claim form.

Russian insurance options are limited but increasing. Rosno, Inco, and Medhelp, for example, offer basic dental coverage. Most Russians need substantial care, especially during the first year, meaning that insurance plans are either extremely basic or very expensive. The existing plans tend to have difficulty attracting the best dentists because insurance companies reimburse dentists at low rates and claims are often paid slowly. Larger companies have the leverage to negotiate the addition of the better providers.

Claims administration. Companies that elect to self-insure and have limited human resources staff have the option of contracting with insurance companies to administer dental and other health plans.

Business Opportunities in Dentistry

The growth prospects for dentistry and related businesses are dramatic. Because the state system neglected preventive care, Russians need substantial dental work. As disposable incomes grow, dentistry will become the same spending priority for the middle-income group as it is today for the high-income group. At all levels of care, there is a substantial gap between supply and demand. Western care is selected by most Westerners, the population of which is variously estimated at up to 100,000, and by high-income Russians, whose numbers and growth are well-known.

Russian dentists at all levels cannot fully meet the dental care demand of Russian consumers. For all of Moscow, there are only 5,000 dentists, approximately one per 2,000 people. Each dentist's capacity is approximately 400 active patients ñ this pencils out either as a gap in system capacity of approximately 20,000 dentists or a gap in dentists' efficiency of 1,600 patients per dentist. With the dental institute in Moscow graduating only 500 per year, the capacity gap will remain considerable for some time. In the United States, dentists routinely maintain a capacity of 1,500 to 2,000 active patients, indicating that, with training and experience, the efficiency gap here can be narrowed. While manageable now because most Russians use a dentist only when they are in pain, as Russians have more income available to spend on dentistry and recognize the need for preventive care utilization will far exceed the near-term capacity of the system.

This presents obvious business opportunities for private dentists and laboratories, as well as for dental supply companies, pharmaceutical firms, and private clinical training and consulting. In addition, the industry has substantial needs for management training and education, dental equipment leasing and other third party financing options, investment and venture capital, insurance, recruitment, and miscellaneous small business advisory services.

Robert Courtney is general director of US Dental Care, an American general and specialty dental center and laboratory in Moscow.

Health in Russia's Hinterlands

*By Faiz Henni
European Medical Center*

If you travel frequently outside of Moscow to the regions or to the former Soviet

republics, you'll find that safeguarding your health often requires more care than in the capital. In some parts of the former Soviet Union, medication (even as simple as aspirin) is in short supply and safe water can be scarce. Furthermore, few Western clinics exist outside four major cities: Moscow, St. Petersburg, Kiev and Baku. If you are going to the regions, even for a short trip, take some extra precautions:

Tap Water, Food and Beverages

In 1993, according to official studies, 20 percent of the water analyses performed throughout Russia proved unsanitary. Microbiological standards were not met in 11 percent of the cases. To put it plainly, one glass in five was unpleasant in color or odor or contained an excessive amount of chemicals and more than one in 10 had too many bacteria or viruses to be considered safe.

Water condition is especially critical in Central Asia, the Caucasus, Kalmykia, the Far East, the Baltic regions, the Kurgan, the Chukot regions and the northern and central parts of Russia. Unsanitary water can transmit infectious diseases such as hepatitis A, dysentery, typhoid fever and cholera. In order to avoid this danger whenever you are outside Moscow, you should never drink tap water without boiling it (a few minutes is enough). You can also use a filter or a disinfecting pill (add artificial flavoring to the water if you don't like the taste of the disinfectant).

When buying food, check the expiration dates and make sure the package has not been tampered with. Don't buy alcoholic beverages if there is no safety seal (aktsiznaya marka) on top of the bottle. Never buy anything from street stalls and avoid kiosks if you can find a regular store. Make sure that your fish and meat are well cooked.

Beware of certain local specialties, like salted fish in Siberia or koumiss in Central Asia. The latter, fermented mare's milk, can cause stomach upsets. And, of course, don't accept drinks from strangers: you can wake up anywhere from a gutter to a hospital intensive care unit.

The Ice Age

Winter in such places as Siberia or the Far North is even harsher than in Moscow. In Novosibirsk, Omsk, Tomsk, Kemerovo, Barnaul and other Siberian locations the temperature easily stays at -30/-35 and sometimes falls to -50/-55 centigrade. Wind and humidity can only make it worse.

In these conditions, you can easily suffer frostbite on your nose, ears or fingers without even noticing it. Avoid alcohol in cold climates since it gives a false feeling of warmth and only increases your risk. Choose warm clothing, including thermal underwear, that will shield you from the wind and cold, and don't forget to protect your face, hands and feet. Take care of your skin with a moisturizer or cover it with gusiny zhir (goose-fat), a Siberian tradition.

How to Avoid Infection

The Russian list of infectious diseases includes typhoid fever, tuberculosis, diphtheria, cholera, hepatitis, influenza, STDs and many other things ó depending on the area and the season. Although the epidemiological situation in the former Soviet Union is not as bad as in some other parts of the world, you may not be able to receive adequate medical treatment outside the major cities. A good strategy is to get vaccinated, especially against

diphtheria, typhoid fever (mostly in the areas with hot climate), tick-borne encephalitis (particularly in the taiga), influenza (especially in winter) and hepatitis A and B.

In summer, there are frequent cholera breakouts in southern Russia and in Central Asia. The vaccine against cholera is not very effective, so you should meticulously observe sanitary precautions. Always drink only boiled water and always use it to wash fruit and vegetables.

Sexually transmitted diseases ó syphilis, the most common STD, gonorrhea and, particularly, AIDS ó are unfortunately on the rise in Russia. They are becoming more widespread in the regions, as well: for example, there are more registered AIDS cases in Kaliningrad or the Kuban region than in Moscow. To protect yourself, never engage in unprotected sex.

But what if, despite all the precautions taken, you get sick somewhere in the middle of the Siberian taiga or Central Asian desert? A small first-aid kit would be handy. Here is what you should include in it:

- Antibiotics:
 - An amoxicillin-based antibiotic for treatment of angina, bronchitis or wounds
 - A combination of sulfamide (cotrimoxazol) and doxycycline for urinary or digestive system infections such as touristas, gastroenteritis or cholera
- An anti-inflammatory drug like Ibuprofen 200 for headaches and rheumatismal or post-traumatic pains
- Immodium for diarrhea. If diarrhea is accompanied by fever and pain or lasts for more than one or two days, it could be a digestive infection to be treated by antibiotics. You should also consult a doctor.
- Aspirin or paracetamol
- An antihistamine for allergic reactions to the bites of such insects as bees, wasps and horseflies
- Something antimycotic for women
- Bandages, Band-Aids, an antiseptic.
- Needles and syringes if you find yourself in a hospital where they are in short supply.

What should you do in case of a trauma while waiting for help to arrive? If someone has had a bad fall and suffers from a shock due to a broken limb or a pulled muscle, you must never move the injured limb. However, it is vital that you bandage the injured part. If there is any swelling, gently dab ice or snow over the wound. Paracetamol painkillers should help reduce the pain. (Aspirin should be used with great care, since its side-effects could produce hemorrhaging if the injured person is swollen or bleeding profusely.)

If you are using any kind of medications, bring your own supply. You will probably not be able to find them in a pharmacy or hospital. If you are diabetic, make sure you are well stocked on insulin and don't forget to take a glucometer with you.

Before leaving, make sure you have good medical insurance coverage. Check up on the terms of your insurance/assistance contract. Does your insurance company have a

medical network in Russia, and does it cover medical care outside Moscow? Some credit card holders are automatically insured ó inquire at the issuing bank.

You should also write down and carry with you some basic information in case of an accident, such as:

- Medical history (blood type, allergies, any vaccinations that you have received, any treatment that you are undergoing, any serious medical problems you have had in the past)
- Phone numbers of your doctor and insurance/assistance company
- Phone numbers of your relatives and friends.

If you encounter health problems in one of the former Soviet republics, your embassy may be able to refer you to a good doctor. In addition, hospitals of the 4th Department of the Ministry of Health (Chetvertoye Upravleniye), can be found in the capitals of former Soviet republics and in the centers of certain regions. The French assistance company Assist 24 (Delta Consulting) has a network of correspondents in dozens of cities of the former Soviet Union. The company (tel: 229-6536, 7892) can give you information on specific areas.

This article was compiled with the assistance of Drs. Gavrilov and Sagalovich of Assist 24 and Dr Xynos of the EMC.

AmCham Hosts Insurance Briefing

The American Chamber of Commerce hosted a health insurance briefing on Sept. 8 to introduce corporate representatives to health insurance options for their employees.

Representatives from Rosno, MedHelpPlus, Inco-Center Insurance Services, Principal Life Insurance and Rosgal outlined their company's insurance policies and services and representatives from the American Medical Center spoke about the health care provider's role in the insurance process.

"This market will be a very large one for health insurance," said David Morley of Principal Life Insurance.

Many insurance companies now cover a range of rates and services, from ambulance transport and emergency evacuation to outpatient treatment in special clinics, doctor house calls, cooperation agreements with hospitals in the regions and CIS republics and 24-hour hotlines, representatives said.

However, representatives encouraged clients to carefully review their budgets and anticipated health care needs before selecting an insurance provider in order to ensure that clients select the right plan. They also recommended that clients examine as much as possible the reliability and trustworthiness of the provider.

For more information, contact:

- Rosno: 287-282
- MedHelpPlus: 978-0763
- Inco-Center Insurance Services: 287-3200

- Principal Life Insurance: 960-2820
- Rosgal: 975-1320

Cultural Values in Health Care

*By Carroll Metzger
American Medical Center*

The concept of multicultural sensitivity to health care needs has been important in the theoretical improvement of health and in the provision of health care services in the United States for the last 20 years.

It is recognized that cultural values have an effect on the outcome of services and therefore the cultural values of the patient must be addressed in the health care environment. Although one of the most defining cultural elements, language is only part of an array of cultural barriers needing acknowledgement. A list would also include health-related religious beliefs, family practices and other cultural values.

The outcome of medical care interactions between the patient and health care provider and/or system is enhanced or diminished by the expectations of the patient. It is influenced by the patient's beliefs about health. A set of perceived values, influenced by one's cultural uniqueness, determines the outcome of the health care visit:

- What is health?
- What is medical care?
- What is the practitioner supposed to do?
- What is a satisfactory outcome?

The basic assumption in health care visits is that a patient comes with a desire to "get well" and that this can be addressed by current health care science and technology. (This is only a small part of the health care values that produce a satisfactory outcome to the health care interaction.) Often, the patient expects to confirm illness, confirm behaviors related to that illness and confirm home treatment or previously described treatments. The satisfactory outcome of the visit is based on substantiating the patient's beliefs about their health status before the visit.

An example of a cultural issue is found in illnesses with strong dietary components. When counseling a diabetic or an individual wishing to control cholesterol intake, the health care provider's sensitivity to certain religious food restrictions will have an impact on the health care interactions. The educational interest and learning level of the patient and often their family also will have an impact on the outcome.

Not only is the selection of food important, but for the hospitalized patient, the system of providing food may be different in different countries and health care systems.

While in Western countries, the quality and appropriateness of diet is part of hospital services, in some countries, hospitalized patients' families are expected to provide the patients' food during the hospitalization. This places adherence to dietary restrictions not on the institution providing the health care, but on the patient and their family. In this

case, the family should also be educated by the health care provider regarding the recommended food choices for the patient. Obviously, the family's economic situation may have an impact on the satisfactory outcome of the health care experience if adequate food supplies are not available.

Of particular relevance to the general population in Moscow are risk factors for cardiovascular disease. Predominate health behaviors such as smoking, high fat diets, high stress occupation and lifestyle have a cultural component in health care interactions.

The perceived need of the patient during the health care visit is influenced by the acknowledgement of these factors, reducing the patient's acceptance of the risks. In this case, the patient may be satisfied with the outcome of the health care visit, while the practitioner, however, would like to be more effective in changing those risk behaviors.

Working in a multicultural environment with an array of health needs presents complex challenges to health care providers and the health care delivery system. The patient who expresses his cultural views and needs during the health care visit and in context of the purpose of the visit will be more satisfied with the visit. The practitioner who recognizes the values of the patient, in regard to their health care and their visit, will be more effective in assisting the patient to meet their health care needs. These challenges of understanding and communication assist in the creation of a more satisfactory visit.

Carroll Metzger is director of the American Medical Center.