

Health Reform and Hospital Financing in Georgia

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Aim. To analyze hospital financing and delivery of inpatient services, financial requirements of the hospitals, and their ability to meet these requirements were determined.

Methods. Data on financial performance of 41 hospitals were collected using a standardized questionnaire. Patient survey, group discussions with hospital administrators, and interviews with policy-makers were also used.

Results. Thirty-three hospitals were unable to recover full costs, and 29 were unable to recover full costs excluding capital consumption cost. Cost recovery rate (CRR) of full costs for 14 hospitals was less than 70% and CRR of full costs minus capital consumption costs was less than 70% for 8 hospitals. Collected actual revenues comprised 75.2% of hospitals' full costs. Mean CRR for the sample was 78.6±25.2%. General and long-term hospitals recover 64.8% of their costs, but pediatric and specialized hospitals collected revenues to cover full costs excluding the capital consumption costs. Medium-sized hospitals recovered only 63.5% of full costs. The hospitals operated with low efficiency, low occupancy rates (31%), and excessive staffing (1.5 physicians per occupied bed). They employed salary equalization policies, which increased the share of fixed costs, perpetuated the oversupply of medical personnel, and yielded low pays. Hospitals charged in excess of their officially accounted costs but, and due to the low collection rates, cost recovery rates were below the officially accounted costs (87.6%).

Conclusions. Low official reimbursement rates and patient unawareness of official hospital costs creates conducive environment for shifting major turnover of the real hospital costs to the patients, resulting in illegal patients charging.

Key words: assessment of health care needs; availability of health services; budgets; financial support; Georgia; financing, government; financing, public; health insurance; health services administration; health transition