Access to Medicines within the State Health Insurance Program for Pension Age Population in Georgia (country)

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Abstract

Pension age population and children belong to the largest risk group within insurance sphere. While the Georgia State Health Insurance Program for pension age population includes some compensation for medicines, medical insurance does not provide guarantee for financial accessibility to medical service. Healthcare for pensioners often represents catastrophic expenses and has become the major reason for their impoverishment. The most rapidly increasing and unaffordable share of healthcare expenses falls upon medicines. The annual limit for medicines defined by the state is low (100 GEL, with 50% co-payment). The majority of those interviewed (64%) have exceeded this limit by at least 50 GEL (about 28.5 USD). Almost 33% of the insured population cannot afford to buymedications prescribed by their doctors, highlighting low accessibility to medicines and the need for major changes to the insurance program.

Universal insurance requires large amount of financial resources that represent heavy burden for low-income countries. State financing should concentrate on high-risk beneficiaries such as pensioners who are threatened by poverty and social inequities without this kind of support. It would be sensible to expand the insurance program for the above population groups and also provide more reasonable coverage of medication expenses.

Keywords: Georgia; Health insurance; Catastrophic out-of-pocket payments; Healthcare; Financial access to healthcare; Pension age population.

Georgia is a country in the Caucasus, located at the crossroads of Eastern Europe and Asia, with a population of almost five million. The capital is Tbilisi with a population of about 1.2 million. Georgia is a relatively new country, gaining independence after the collapse of the Soviet Union in 1991. The country went from almost complete public ownership of healthcare services where

hospitals dominated the delivery system to economic collapse due to civil wars, corruption, rapid marketization and hyperinflation (Chanturidze, Ugulava, Durán, Ensor, & Richardson, 2009). Georgia's population decreased by nearly a fifth, the healthcare system was severely damaged, and the standard of living fell sharply. According to Gamkrelidze et al., there was a drastic reduction in public funding to run a system almost totally dependent on public resources. Between 1990 and 1994, "real per capita public expenditures on health declined from about US $13.00 to less than a dollar in 1994" (Gamkrelidze, Atun, Gotsadze, & MacLehose, 2002. p. 3) At the same time, facilities as well medical technology and equipment severely deteriorated and Georgia found itself with one of the highest ratios of doctors to population in the world, severe deterioration of population health, and a collapsing health service.

To rejuvenate Georgia's failing healthcare system, the government decided to outsource the job to the private sector, creating private medical insurance and a private hospital network, not knowing what will happen to access to affordable healthcare (Lomsadze, Jun, 2008). Since the early nineties, a variety of reforms have taken place with the emphasis on improving equity, accessibility and affordability of health services (Rukhadze, 2013). Private health insurance payments for those living below the poverty line are paid from public funds while the rest of the population is expected to pay in full. A major problem is that public government sources cover only 18.4% of health expenditure while the out-of-pocket payment (70.9%) represents the main source of funding in Georgia (Chanturidze et al., 2009). This payment significantly reduces access to health services for the majority of people, especially the access to pharmaceuticals. The World Bank claims that the illness of a family member is a major source of poverty in Georgia (World Bank, 1999). According to the United Nations Development Programme, about 30% of the population don't seek medical services at all due to the high level of out-of-pocket charges (UNDP, 2000). It is estimated that in 2000 about 40% of all health spending in Georgia was for only 2.5% of the entire population (World Bank, 1999).

The State Medical Insurance Company runs the state health insurance program and, together with the Ministry of Finance, is the major player in the healthcare system. Since 2001 there were seven private health insurance companies in Georgia, a private insurance being supplemental to the compulsory state health insurance contributions (Gamkrelidze et al., 2002). However, no health insurance provides guarantees for accessibility to medical services. Many people in Georgia have also incomplete insurance, restricting their access to necessary services due to the inability to pay.

Pension age population and children form the largest at risk group within the insurance sphere because private insurance companies tend to avoid their provision of services due to expected huge expenses as they need more health services than other age groups. Insurance companies prefer to serve healthy young people as their morbidity and mortality risk is relatively low.

This paper examines financial access to medicines and the satisfaction with the insurance policy within the Georgia State Health Insurance Program for pension age population.

Methodology

The research covered Tbilisi population involved in the State Health Insurance Program for the pension age population. Using a randomized selection method, 500 pension age persons were interviewed by means of direct questioning. The semi-structured interview was designed to examine the types of the medical services paid for out-of-pockets, access to prescribed medicines after consultation with family or policlinic doctor, and satisfaction with the provided medical services. The study was implemented in the May – April period of 2013 (Ministry of Labour Health and Social Affairs of Georgia, 2013).

The Population

According to the data for 2012, the number of pension age population in Georgia is 673,183 (National Statistics Service of Georgia, 2013). The government of Georgia declared that the pension age for health insurance purposes is 60 for women and 65 for men (Ministry of Labour Health and Social Affairs of Georgia, Apr 2012). The announced "new rules of play" in the health-care sector were designed to enhance the relationship between insurance companies and insured persons and medical facilities, aiming at increased access to medical services. From September 2012, a pension package comprised monetary and non-monetary components - state pension and health insurance packages. Since May 2013, the monetary component of the state pension in Georgia is 125 GEL (about 73 USD) per month.(IOM, Jun 2013) According to the Social Service Agency, there are 45,455 pension age recipients of medical insurance in Tbilisi with a total of 673,183 individuals across the country (Social Service Agency, 2013b).

Within the Tbilisi districts, most of the respondents are covered by the insurance company 'Archimedes Global Georgia' (56%); the other insurance companies included 'Irao' (20%), ' PubMed Alfa' (20%) and 'Aldagi BCI' (4%). Out of the 500 persons interviewed, there were 312 (62.4%) women and 188 (37.6%) men. The sample population covered all thedistricts of Tbilisi. The largest segment of the interviewed population was between the ages of 71-75 (35.2%). The second largest group was aged from 66 to 70 (27.2%), followed by pensioners aged 75 and over (120; 24%). The group between the ages of 60-65 was represented by only 68 persons (13.6%). The age distribution of the pensioner respondents was not identified beforehand. The interviews took place in clinics.

Based on National Health Accounts (NHA) estimates, the entire health system in Georgia lacks sufficient financing. In 2011, only about 18% of all health care expenditures were financed through Governmental sources, most of it oriented towards hospital care (Chanturidze et al., 2009; World Health Organization, May 2013). In 2012, the share of government spending allocated to health was only five percent; the government expenditure on health as a %GDP was only two percent (World Health Organization, 2012). While there have been attempts to increase the portion of state funding, direct out-of-pocket payments comprise most health expenditure in Georgia. Payments to health providers and the cost of medicines accounted for approximately 78% of all expenditure on health. The government has been trying to decrease the out-of-pocket spending via different strategies, including universal health coverage (UHC). Since February 2013, the Universal Health State Program came into force, targeting two million of uninsured population and providing a basic package for primary health care and emergency services. Since July 2013, the Unified Fund started operating with an expanded basic package covering all uninsured population (World Health Organization, May 2013).

Georgia operates a health insurance voucher system that allows pensioners to finance certain types of services, including compensation for therapeutic remedies in accordance with the approved list and limits. The medicines are compensated by the insurer within 100 GEL (about 57 USD) of annual policy insurance limit, with a 50% co-payment. (Social Service Agency, 2013a) However, even with the subsidies, healthcare spending on medicines is massive and rapidly increasing. Research shows that families in Georgia spend about 60% of all their healthcare expenses on medicines, this

being one of the highest rates across the world (Ministry of Labour Health and Social Affairs of Georgia, 2013). In comparison, pharmaceuticals account for only over 15% of measured global healthcare expenses (World Health Organization, 2014). There is some evidence that the high prices of medicines are due to a combination of factors, including insufficient usage/administering of generic medicines, lack or inadequate utilization of prescription mechanisms, insufficient financial limit for medicines within the state healthcare programs, and aggressive marketing by the pharmaceutical industry (Ministry of Labour Health and Social Affairs of Georgia, 2013).

Access to Medicines

Providing access to affordable medicines of good quality and in a timely fashion represents one of the main functions of the healthcare system (European Commission, Feb 2013; Ministry of Labour Health and Social Affairs of Georgia, 2013). Evidence shows that out-of-pocket payment is the most common health financing mechanism across Asia and other developing countries (O'Donnell, Mar 2008; Xu et al., Jul 2007). Mondal et al. found that expenses for the treatment of recurrent minor illnesses are much higher than the effects of one-time expenditures for hospitalization. They also found that the medical cost of chronic illness is the most important determinant for catastrophic expenditure followed by the hospitalization care (Mondal, Kanjilal, Peters, & Lucas, 2010). This is very true in Georgia, where the cost of healthcare for pensioners often represents catastrophic expenses and becomes the major reason of their impoverishment (Gotsadze, Zoidze, & Rukhadze, 2009). According to Mondal et al., high out-of-pocket expenses also lead to such sacrifices as food consumption, children's education, medical treatment of another member, and social recreation (Mondal et al., 2010).

Medical service expenses become financially catastrophic when they endanger families to maintain usual standard of living and exceed its paying capacity. According to Berki, a family and not an individual (well-being of each individual in the family is interdependent), represents the main unit of expenditure (Berki, 1986). Therefore, the barrier by means of which out-of-pocket expenses predetermine financially catastrophic expenditures is defined in accordance with the family income. Different researchers consider out-of-pocket payments spent on healthcare financially catastrophic according to different criteria. Wyszewianski suggests 15% of the average annual family income (Wyszewianski, 1986) while Xu et al. claim that such margins fluctuate between 5% and 20% of average annual family income (Xu et al., Jul 2007).

The results showed that the majority of respondents purchased medications once or twice a month (276, 55.2%) and 34.4% (174) bought medications every week. Only 2.8% (14) buy medicines once in six months while 7.2% (36) buy medications only rarely. In terms of expenses, 13.2% spent between 10 and 30 GEL on medicines out of their pockets (1 USD is about 1.73 GEL); 22.8% spent between 31 and 50 GEL; 43.6% between 51 and 80 GEL; and 20.4 % (102) spent over 80 GEL. The findings also show that in addition to medicines, the respondents had to provide out-of-pocket payments for certain types of medical services covered by the state insurance program; 58% (290) of the respondents mentioned that fact. Figure 1 shows that doctor visits account for 27.6% in-patient medical service expenditures; hospital attendance accounts for 19.2%, and visits to dentists are responsible for 11.2% of out-of-pocket costs. A large number of the respondents (210, 42%) did not pay for any additional medical service.

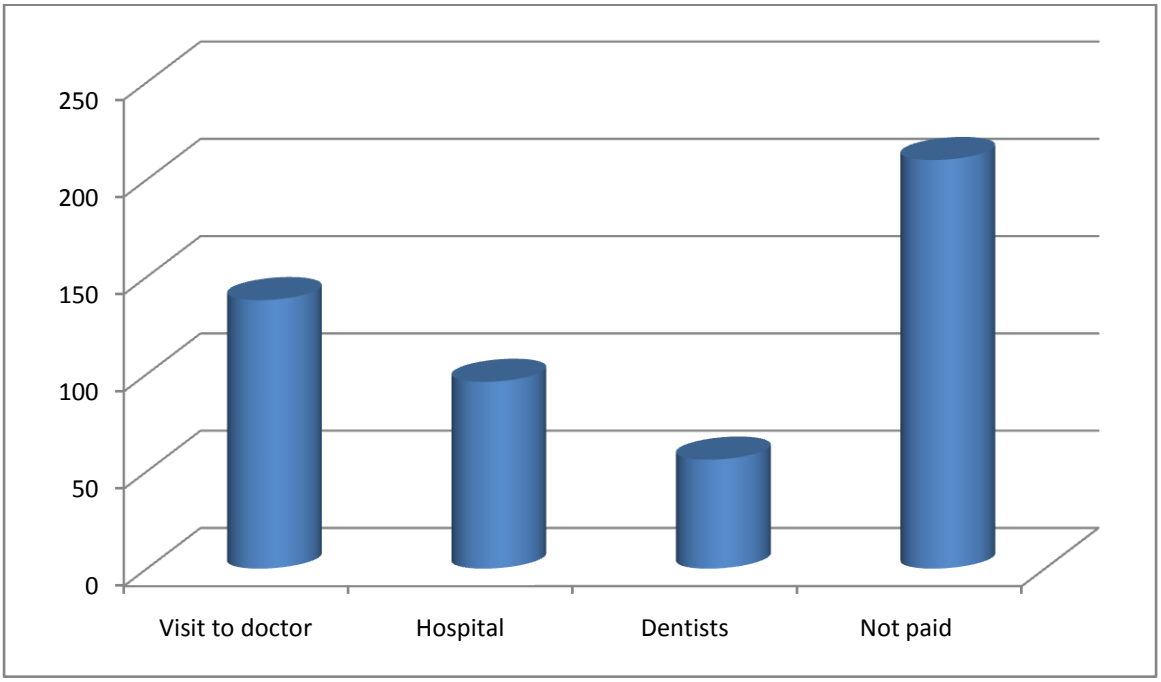

Figure 1. Out-of-pocket medical services paid for by pension age population

Family Income

Figure 2 shows that the family income of 191 (38.2%) of those interviewed exceeded 300 GEL; 135 people had income between 200-300 GEL (27%), 163 between 100-200 GEL (32.6%), and 11 below 100 GEL (2.2%) [100 GEL is about 58 USD].

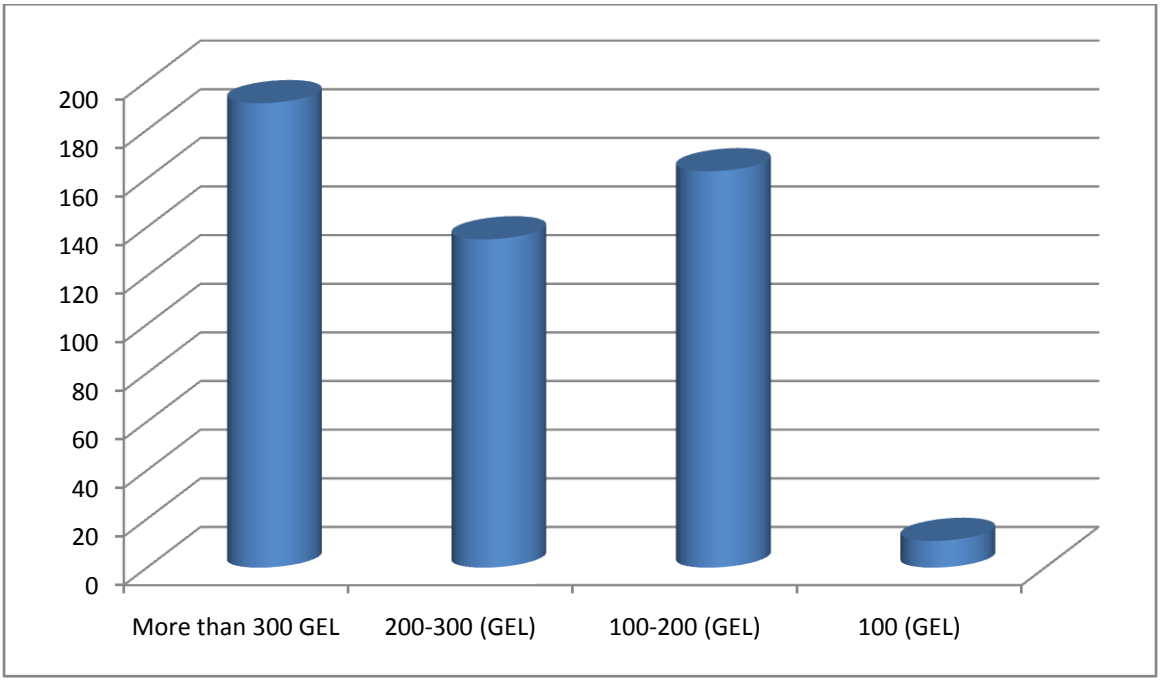

Figure 2. Monthly family income of the interviewed pension age insured population

The results indicate that only 12 pensioners lived alone (2.4%); 238 respondents lived in households of four and more (47.6%), 118 in households of three (23.6%), and 132 in households consisting of two people (26.4%). When asked about the major problems, the majority of the interviewed identified buying medicines (183, 36.6%), followed by unemployment (158, 31.6%), inaccessibility of relevant medical services (114, 22.8%), and buying food (41, 8.2%). Other problems mentioned included small dwelling space, heavy taxes and poor living conditions. Four pensioners (0.8%) did not answer the specific questions.

When investigating the awareness about the compensation of the cost of the medicines, the majority of those interviewed did not know that insurance companies compensate medicine expenses within the annual insurance policy limit in the amount of 100 GEL, with 50% co-payment from users. Only 32.8% of the respondents were aware of that information. The data also showed that the affordability of medicines was low. A large proportion of the respondents (192; 38.4%) were not able to buy all medicines prescribed by family or policlinic doctors while 164 individuals (32.8%) could not purchase any medicine due to high price. Only 140 (28%) pensioners were able to buy all the prescribed medicines. Four respondents (0.8%) did not visit a doctor at all.

In terms of satisfaction with the services provided by the insurance policy, 14 pensioners (2.8%) expressed their total satisfaction and 92 (18.4%) general satisfaction. Partial satisfaction was experienced by 306 respondents (61.2%), while 88 pensioners (17.6%) were not satisfied at all.

Conclusion

Based on the results, medication expenses represent one of the most important components of the medical service for the insured pensioner population. Over 55% of the pensioners have to buy medications at least once a month and 34% purchase them at least once or twice a week. The interviewed insured population believes that buying medicines (36.6%), combined with low financial accessibility to relevant medical services (22.8%), is the most significant problem for their families.

Annual limit for medicines defined by the state is low (100 GEL, with 50% co-payment). Major proportion of those interviewed (64%) stated that their out-of–pocket expenses exceeded 50 GEL; 20.4% exceeded that amount by 80 GEL or more. The fact that 32.8% of the insured population cannot afford medications prescribed by their doctors also points out at low financial accessibility for medicines.

Reduction of catastrophic healthcare expenses should become the chief aim of the government health policy. It applies to the high risk population, those under poverty line and pension age population, as well as those with chronic diseases. The current mix of insurance schemes may have to be redesigned to include a mandatory essential benefit package, coverage in terms of services and medications for pensioners should be extended, and cost- and risk-sharing arrangements need to be reformed.

The awareness level of the insured persons about medication coverage and payments for medical services provided by the insurance package within certain limit is low. The majority of those insured did not know that the insurance company compensates medicine expenses within the policy annual insurance limit in the amount of 100 GEL, with 50% co-payment from user. Additionally, 58.8% of those who have to pay for certain types of medical services covered by the state insurance program out of their pockets were not aware about the limits.

According to the WHO, the goal of universal health coverage is to “ensure that all people obtain the health services they need without suffering financial hardship when paying for them”. (World Health Organization, Oct 2012) Universal insurance requires large financial resources that represent heavy burden for low-income countries. Because Georgia cannot provide total funding of medical services to all citizens, state financing should be concentrated on high-risk populations who are threatened by poverty and social inequities without this kind of support. Accordingly, based on the findings, it is also reasonable to expect better coverage of medication expenses by insurance programs for the pensioners.

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