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# Access to medicines within the state health insurance program for pension age population in Georgia (country)

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## Abstract

**Objectives.** Pension age population belong to the largest risk group within insurance sphere. Healthcare for pensioners often represents catastrophic expenses and has become the major reason for their impoverishment. 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.** Using a randomized selection method, 500 pension age persons were interviewed by means of direct questioning.

**Results:** 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. Accordingly, based on the findings, it is reasonable to expand the insurance program for the pension population and also provide more reasonable coverage of medication expenses.

**Key words:** Georgia; Health insurance; Catastrophic out-of-pocket payments; Financial access to healthcare; Pension age population.

## Introduction

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 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).

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). While there have been attempts to increase the portion of state funding, direct out-of-pocket payments comprise most health expenditure in Georgia. A major problem is that 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).

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). There is some evidence that the high costs 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).

The government has been trying to decrease the out-of-pocket spending via different strategi-

es, 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 (World Health Organization, May 2013).

Pension age population form the largest at risk group within the insurance sphere. 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. 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 polyclinic doctor, and satisfaction with the provided medical services. The study was implemented in the May – April period of 2013.

### Results

According to the Social Service Agency, there are 45,455 pension age recipients of medical insurance in Tbilisi with a total of 673,183 pension age population across the country (National Statistics Service of Georgia, 2013). Out of the 500 persons (62.4% women and 37.6% men) interviewed. The sample population covered all the districts of Tbilisi. The interviews took place in clinics. 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 (24%). The group between the ages of 60-65 was represented by only 68 persons (13.6%).

The family income of 38.2% of those interviewed exceeded 300 GEL; 27% people had inco-

me between 200-300 GEL, 32.6% between 100-200 GEL, and 2.2% below 100 GEL [100 GEL is about 58 USD]. The results indicate that only 2.4% pensioners lived alone; 47.6% respondents lived in households of four and more, 23.6% in households of three, and 26.4% in households consisting of two people. When asked about the major problems, the majority of the interviewed identified buying medicines (36.6%), followed by unemployment (31.6%), inaccessibility of relevant medical services (22.8%), and buying food (8.2%). Other problems mentioned included small dwelling space, heavy taxes and poor living conditions.

The results showed that the majority of respondents purchased medications once or twice a month (55.2%) and 34.4% bought medications every week. Only 2.8% buy medicines once in six months while 7.2% 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 % spent over 80 GEL. The findings also show that in addition to medicines, 58% of the respondents had to provide out-of-pocket payments for certain types of medical services covered by the state insurance program. A large number of the respondents (42%) did not pay for any additional medical service.

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 (38.4%) were not able to buy all medicines prescribed by family or polyclinic doctors while 32.4% individuals could not purchase any medicine due to high price. Only 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, 2.8% pensioners expressed their total satisfaction and 18.4% general satisfaction. Partial satisfaction was experienced by 61.2% respondents, while 17.6% pensioners were not satisfied at all.

## Discussion

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. The results show that out-of-pocket payment is the most common health financing mechanism in Georgia. The cost of healthcare for pensioners often represents catastrophic expenses and becomes the major reason of their impoverishment. 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. Most of the interviewed insured population believes that buying medicines, combined with low financial accessibility to relevant medical services, is the most significant problem for their families.

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 (100 GEL - about 57 USD). Major proportion of those interviewed (64%) stated that their out-of-pocket expenses exceeded these limit; 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. The majority of those insured did not know that the insurance company compensates medicine expenses within the policy annual insurance limit. 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.

## Conclusion

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. Accordingly, based on the findings, it is reasonable to expand the insurance program for the pension population and also provide more reasonable coverage of medication expenses.

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