

**Competitive Health Care Market
&
Out-of-pocket payments in
Georgian Health Care System**

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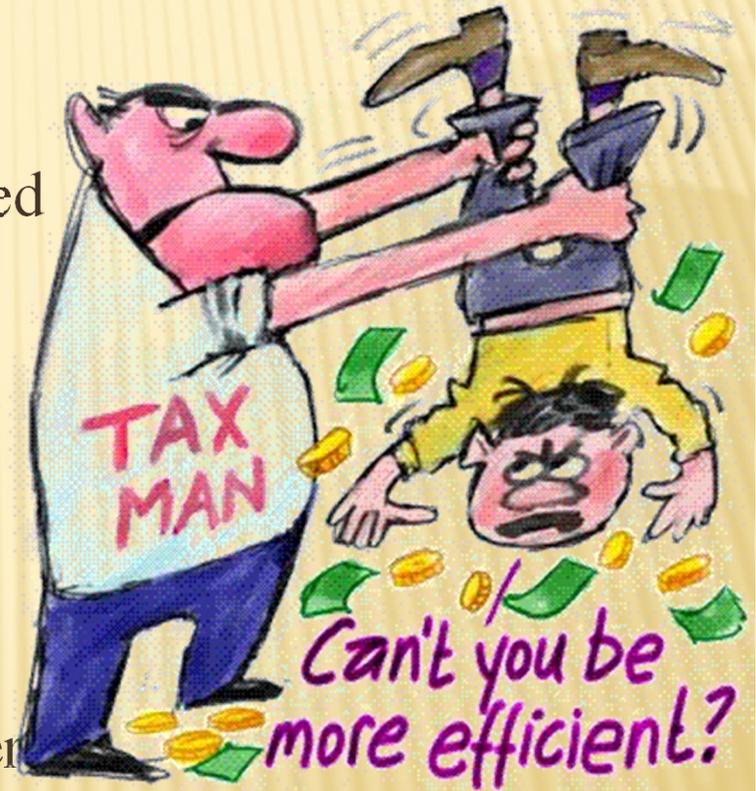
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PUBLICLY FINANCED HEALTH CARE SYSTEM TOWARDS MARKET-ORIENTED SYSTEM (2007-2010)

Growing trend to move away from centralized government control and introduce more market-oriented features:

- Private sector involvement in health care provision and financing to improve systems efficiency;
- Incorporate market mechanisms such as:
 - competition among insurers and providers
 - cost sharing,
 - market prices of goods and services,
 - consumer choice



Goal of the Georgian Competitive Health Care System (2007-2010)

Two methods:

■ **When possible:** room for choice by guarding the values: Transparency, freedom of choice, Solid legal protection ;

■ **When necessary :** State Regulation

■ **Pursued Market outcomes:**

Upholding Public interest: Health care that is

- Accessible,
- Affordable,
- Good quality



Managed competition

**(Netherlands, Germany,
Switzerland, Israel..)**



Alain Enthoven

- Mandatory insurance system;
- Free choice of insurers & providers;
- Government sets a standard benefits package, fixed nominal premiums;
- Insurers may compete on price, cost sharing, and additional benefits
- Open enrollment, insured without risk selection
- Risk equalization
- State compensation for low income people (5 million)

Competitive health care market Georgian health care reforms (2007-2010)

Key elements:

- **Non universal coverage (25 % of population)**
- **Individuals have a choice of insurers (annually) & providers (Public Health Care Program);**
- **Government sets a standard benefits package (Public Health Care Program);**
- **Insurers may compete on price, cost sharing, and additional benefits**
- **Open enrollment**

coverage of state funded health programs and health insurance, Georgia

Medical Assistance to the Poor (MAP) - About 820 thousand poor below eligibility threshold; about 95 thousand other groups (teachers, IDPs, orphans, etc.) – total about 1 million, or 22 % of population

Urgent care (population over 60) - 830 thousand - about 19 % of population

Urgent and hospital care for children less than 3 years of age - 220 thousand - 5 %

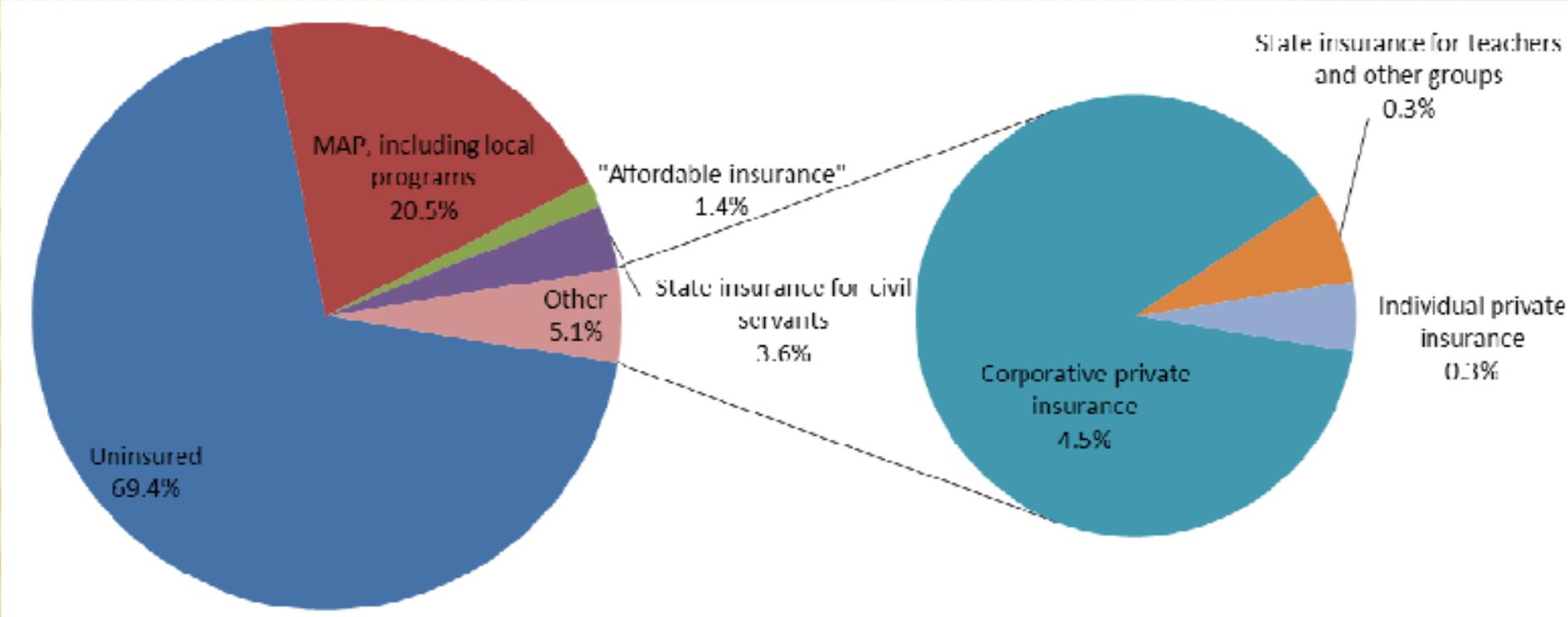
General outpatient care - over 1 million, about 22 % (children under-6, elderly over 60, oncologic and diabetes patients)

Rural outpatient care “rural physician” Little over 2 million – 47 per cent

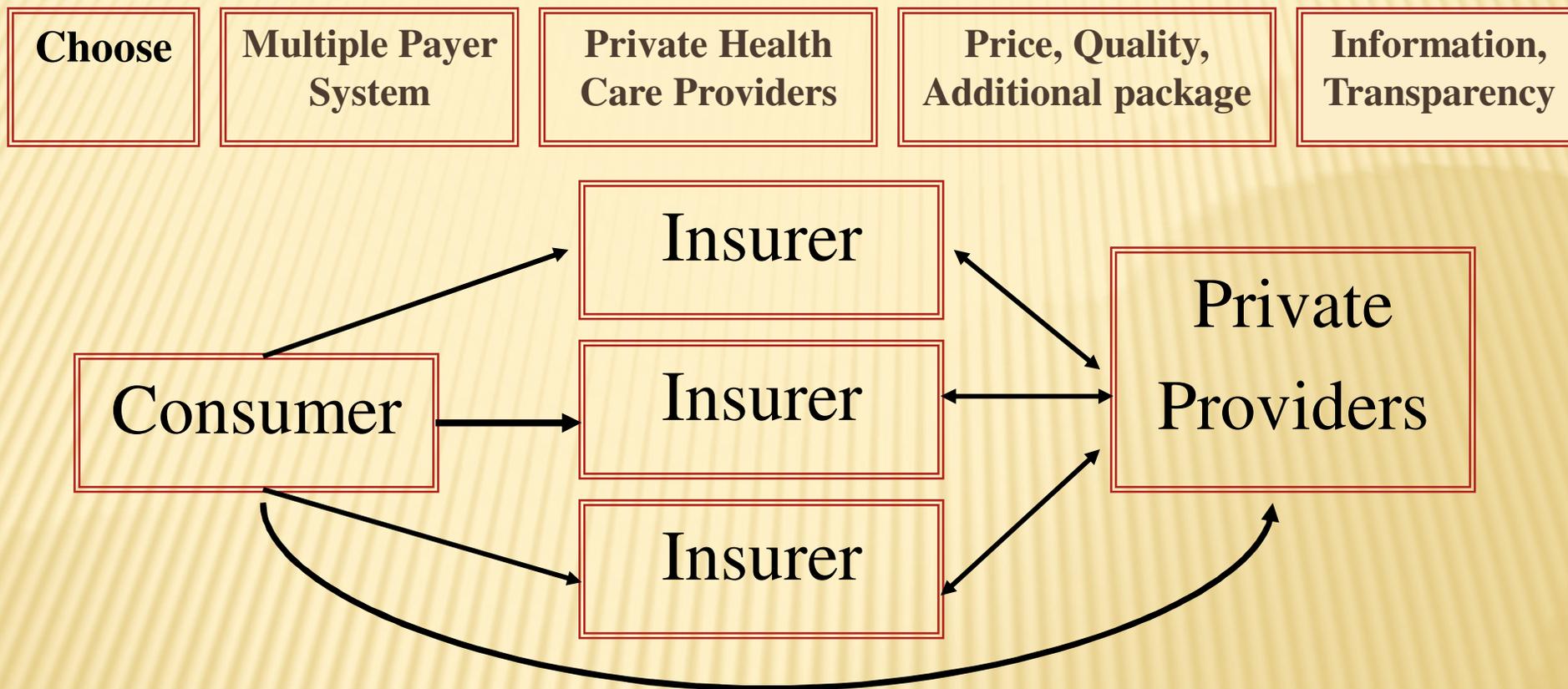
Maternal Child Health - Women of reproductive age and children

Emergency care (ambulance) Entire population

INSURANCE COVERAGE IN GEORGIA, 2012



Competition in Health Care Market



Consumer choice - any providers, insurers and benefits

Insurers Choice – any providers, selectively contracts

Providers Choice – Insurers, agreement contracts

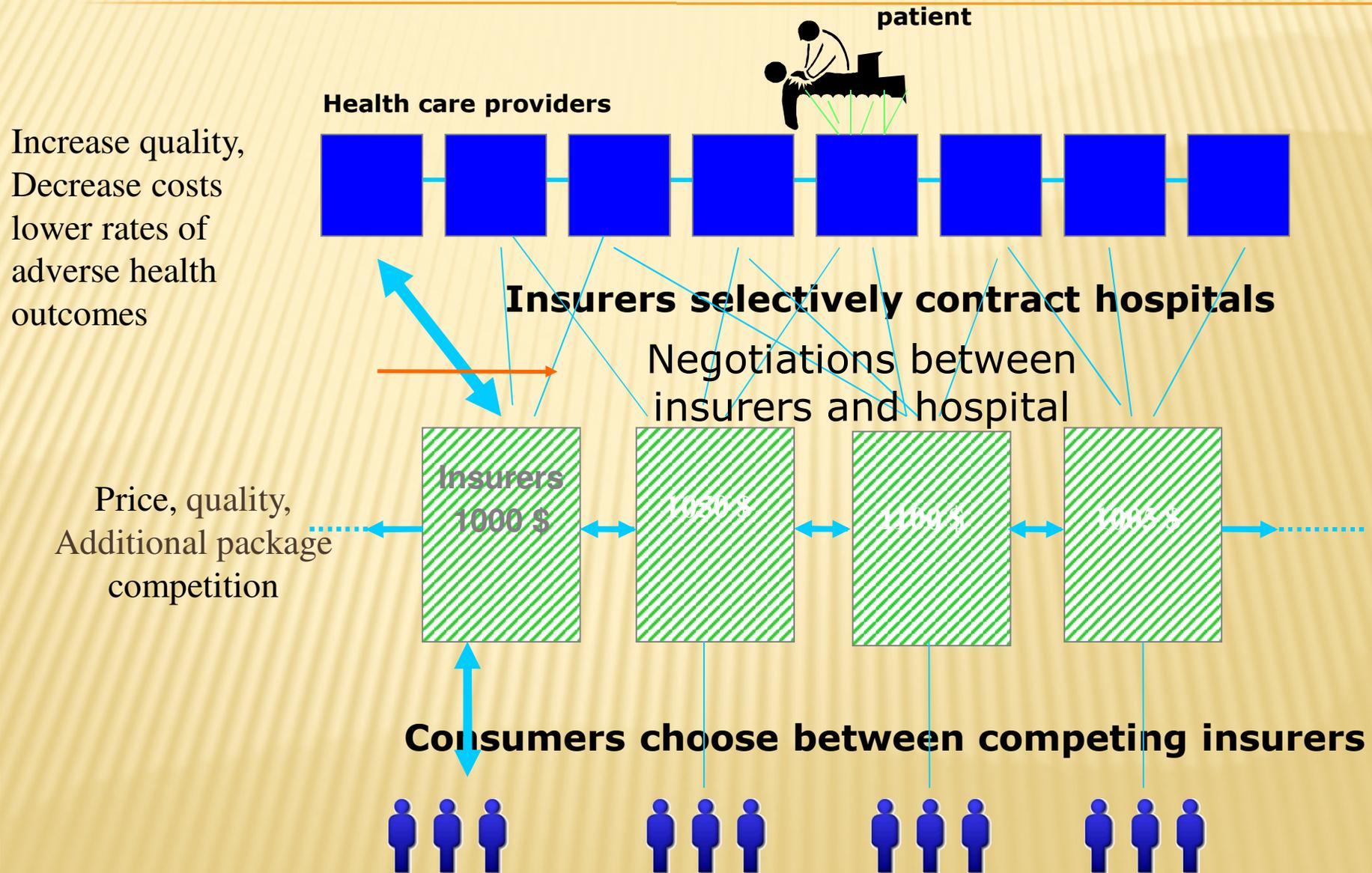
Multiple VS Single-Payer System

Private health care providers VS State health care providers

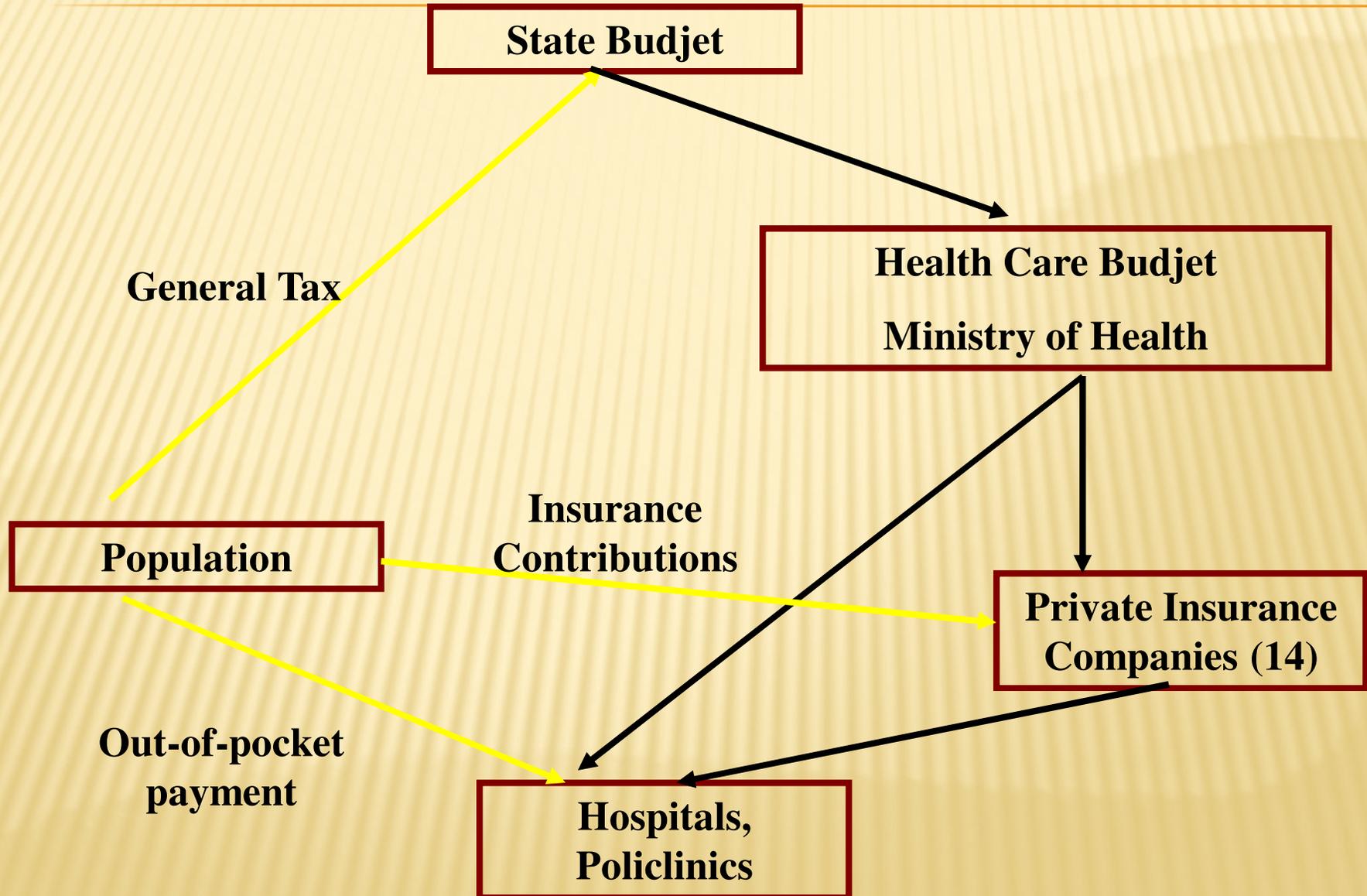
Competition in health care market – price, quality, Additional package

Information, Transparency (price, quality...)

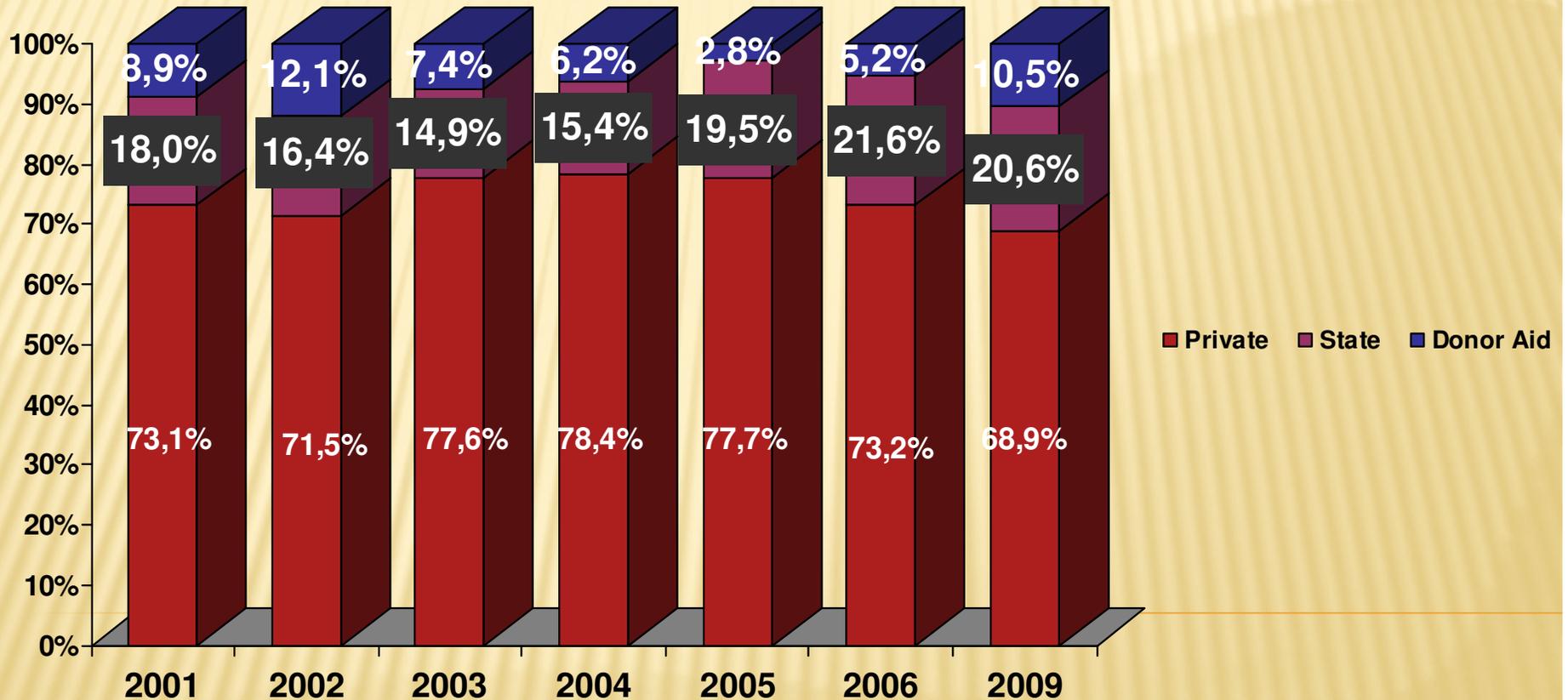
COMPETITIVE HEALTH CARE MARKETS



Health Care Financing System, Georgia



HEALTH CARE SPENDING IN GEORGIA



Total Health Expenditures – 10 % of GDP)

Georgian health care reforms

From Competitive to Non-competitive Health Care Market

- **1995-2007 – Social Insurance System, State Insurance Company**
- **2007-2010 Tax Based Health Care system, Multiple Payer System**
- **2010-2013 One private insurance company in one district**
- **2013 (after the new election 2012): Social Insurance System; State Insurance Company**

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Georgian Non-Competitive Health Care System (after 2010)



THE STUDY

- **Managed Competition (Comparative Study Health Care Reforms in Georgia, Netherlands, Germany, Israel)**
 - **Impact of competitive and noncompetitive health care market to the out of pocket payment (Before 2010, After 2010)**
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THE STUDY

- **Impact of competitive and noncompetitive health care market to the out of pocket payment**

- **Before 2010 After 2010**

- Two target groups:

- Patients (500) and General Practitioners (100) (interviews)

CAUSES OF OPPS

1. Supply-side factors;
 2. Demand-side factors;
 3. Contextual factors.
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CAUSES OF OPPS

Supply-side factors:

1. The inadequate & Insufficient official income of health personnel;
 2. The lack of transparency in the administration and management of provider units.
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CAUSES OF OPPS

	before 2010 - Competitive	After 2010 - Noncompetitive
The inadequate & Insufficient official income of health personnel	32 %	83 %
Combination reimbursement methods	78 %	24 %
Only capitation, or fixed salary	22	76 %

COVERING OF THE ESSENTIAL PACKAGE

	before 2010 - Competitive	After 2010 - Noncompetitive
Desirably covering the essential package	84 %	44 %

CAUSES OF OPPS

Demand-side factors:

1. Cultural reasons: paying providers has been a cultural norm in Georgia since socialist times. Several patients admitted that they used to pay providers also during the “old Soviet days”, although on a different scale.

Gratitude:

2. Gratitude: “. . . When a doctor saves your life you want to thank them.” willing to pay physicians to express gratitude;

3. Desire to support doctors: Georgian population believes that health workers are suffering from the same economic hardships as the others. People are willing to help by paying directly in exchange for medical services.

4. Lack of trust: Respondents & providers expressed a complete distrust in the government.

CAUSES OF OPPS

Contextual factors:

- The government's under-funding of health services;
 - Poor definition of the benefit package (BBP);
 - Overcapacity in the delivery system.
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