GEORGIA

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Visit #19

"At the end of the day....."

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http://www.emory.edu/MED/EXCHANGE/HKW/

Thursday, August 10

The phrase “At the end of the day.....” was an oft-repeated comment by a young Georgian businessman friend with whom I had a long conversation early in this visit about the future of Georgia. More about that later.

Left Atlanta at 1:40 p.m. for the familiar route to JFK in New York, then on to Moscow at 6:30 p.m. It has been a busy summer at my household. My living room has resembled a makeshift dormitory, with three young men and two young women. My niece Jenny, who is starting the University of Georgia next week and my nephew Jared, who is a junior at Auburn University. Two of their friends from St. Simon joined them: Grady and Ryan. Finally Laura, a second year medical student from Rome, Italy, who I met when I visited Rome three months ago, and invited her to spend some time this summer at Grady. Beso, the Georgian from Tbilisi who lives with me--MBA student at Georgia State University--and I had an eye-opening vista into the world of late teenagers. The shower was festooned with various feminine accoutrements: shampoos, all sorts of lotions, herbals. An astonishing number of various gadgets supporting in the background the feminine loveliness we all take for granted. I became accustomed to hearing conversations by the swimming pool until the early hours of the morning. Trips to other cities for rock concerts. Complaints that the wire-haired terriers, Jenny and Billy, slept with them in their foutons on the floor. Last night I was entertained and greatly instructed by my seventeen year old niece’s budget for college:

Ginnie’s Monthly Budget

Food	$175
Beer and bar covers	$125
Gas	$75
Cab fees	$30
Recreation	$150
Groceries	$75
	$630

This is in addition to a meal plan she has bought. This is her initial budget, and comes up for negotiation with her mother later this week. Highly probable there will be an interesting conversation.

I left the wire-haired terrier Jenny, the anchor of the household, with some misgivings. Last year she had carcinoma of the thyroid, which removed and then she had irradiation at the University of Georgia. Last week I noted her bark was hoarse and she was slower than Billy. Thyroid function tests indicated hypothyroidism. We started her on synthroid two days ago. Beso and I have some apprehension about what this might mean for Billy, since Jenny is the boss, who asserts herself often and with great vigor. Not unusual to see Billy on the floor pinned down by Jenny. I worry about Beso and myself remembering to give her the medication twice a day, so I bought one of those pill reminders for elderly people, with a box for each day.

I initially planned to go to Georgia this time to work on our distance learning project, with the physicians from the International Medical Programs, as I wrote in my last report. At the last moment they were unable to go, but I decided to go anyhow. A number of indications are that Georgia is entering a period of stress. Economic and living conditions have not substantially improved for some time now. Presidential elections occurred a few months ago, and were surrounded, at least implicitly, by promises of reform and change in governmental positions, so there would be a significant diminution in the high level of corruption. The public has not been persuaded there has been any change, according to a lot of Georgians and other observers. There is talk in Washington that the thrust of aid needs to change from technical assistance to humanitarian assistance, just as it was in 1992-95, when conditions were so difficult. Fears are this fall might be the time of greatest unrest, just as winter begins to set in with the increasing difficulty with electricity. Pensions and salaries have gone unpaid for months. Businessmen worry about stability.

I quote from a recent report by a physician who assessed current conditions in Georgia for his government:

> The health services are in disarray. Most of the doctors working in the public sector have not been paid for many months, although they are reluctant to discuss it. The hospitals are crumbling and unheated, ill-equipped and without modern technology. They rely heavily on what little foreign aid escapes the corrupt system of distribution. There is an oversupply of doctors and hospital beds as a result of Soviet health policies, which are now completely inappropriate. Tblisi has over 150 medical schools, some of which are little more than postal addresses.
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> Rabies is a hazard in Tbilisi. There were 21 deaths from Rabies last year. There is probably less this year due to a vaccination program and the shooting of stray dogs in town, but all staff should be vaccinated against Rabies. The German embassy only vaccinate ‘at risk’ groups such as joggers and hunters but I feel everyone is at risk. Rabies is endemic in foxes in rural areas.
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> Electricity supply is still uncertain. Some power is now coming from the nuclear power station in Armenia, which should improve supply. Most clinics have back-up generators but not the hospitals. The power supplies to residential areas is patchy and interruptions are frequent. It has been particularly bad recently. Water supplies are highly suspect and bottled water or properly boiled water should be used for drinking. Many areas have no water when there is no power to operate pumps.
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> There are a few western style supermarkets and most things seem to be available for a price. In the markets there was a good variety of meat, fish, fresh fruit and vegetables. The prices are high considering average Georgian wages but the recent inflation has little affected the buying power of those lucky enough to be on UK wages. There were many restaurants of various types in Tblisi. The environment is heavily polluted with all kinds of dangerous materials including radioactive matter and heavy metals, left by Soviet military installations.
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> Tuberculosis is on the increase and government lethargy has contributed to a great increase in the incidence of multiple drug resistant strains, especially in the prison system.
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> I met with Dr xxx who briefed me on infectious disease problems in Tblisi. It is notable that his office in the health department was unheated and there was no light. However his computer did work but not the email, as the bill to the service provider had not been paid. He gave me the following information on specific problems.
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> Specific disease problems include

∑ Malaria is expected to be a big problem next year. There were 84 cases in Georgia last year, of which 38 appeared to be contracted locally. The presence of the anopheles mosquito and the presence of epidemics in neighboring countries mean that an epidemic is expected soon. Three specialists from WHO were expected in Tblisi soon to advise on the problem. There were 8,400 cases in Azerbaijan last year.

∑ AIDS is always a risk. Blood supplies may not be adequately screened and single use needles and syringes may not always be available.

∑ All forms of hepatitis are common.

∑ Typhoid is relatively common in rural areas but may easily be contracted in the city.

∑ Food and water borne disease are frequent.

∑ Brucellosis, Ecchinococcus, Taeniasis, are also common and cases of cholera are still reported.

∑ Anthrax is a common disease, especially to the east of the country. However it is entirely the cutaneous form, and there have been no deaths and only two hospitalizations this year. The epidemic is thought to be now under control.

CENTRAL CLINICAL HOSPITAL

This is one of the most depressing hospitals that I saw in my visit. It is a huge building and was built in the 1970s. It once had 1400 beds but now has about 450. During the earthquake aftermath, it held 2,500 patients. Now the top half of the hospital is used to house refugees.

I met with Dr xxxx who showed me some of the hospital. He was a friendly amusing man who spoke little English but had a warm Georgian sense of humour and hospitality, despite no pay and atrocious working condition. He is the senior surgeon. He has a son in the UK of whom he is very proud and showed photos.

The hospital looks more like a KGB prison with flaking paint, falling plaster, bare bulbs hanging from fittings at infrequent intervals along the corridor, bare wiring, beds without mattresses, broken, uneven floors etc. It was quite busy and full of life for all this. The director said that they have many foreigners there and the US embassy has an arrangement with them, as has OMS. When funds are available, they will renovate a section of the hospital for expatriates.

There was no heating apart from electric radiators and a Georgian form of floor heater, which can also be used for cooking. The elevators were ancient and frightening and cost 1 cent per ride up (down was free).

This description of the problems and circumstances is correct. There are oases of better facilities, e.g., Dr. Todua's hospital:

RESEARCH INSTITUTE OF RADIOLOGY AND INTERVENTIONAL DIAGNOSIS
(Also called THE DIAGNOSTIC CENTRE or THE TODUA CLINIC)

Situated in an overcrowded market area in central Tblisi, it is a major investigative referral centre. This quite amazing facility has a surprising range of diagnostic equipment. It has the only MRI in town, and a CAT scan. Also there is Digital Subtraction Coronary Angiography although the equipment is still in boxes, still awaiting the arrival of the Siemans team from Moscow to install it.

There is a Gamma Camera (Picker) for nuclear scanning, the isotopes coming from London by air. Ultrasound of all types can also be carried out including colour Doppler and cardiac sonography as well as mammography. There are endoscopy facilities (Olympus and Pentax). Functional diagnostics include Holter monitoring, Electrocardiograph, Velo-ergometry, Spirometry, and oxy-plethography (Shiller). The lab is equipped with the latest Hoffman-La Roche multichannel biochemical and haematological analysers, including facilities for radio-immuno assay. They can also do on-site cytology. The neurodiagnostic department has EMG, EEG and echoscope. The ophthalmology department has extensive modern computerised diagnostic equipment. There is also a physiotherapy department with "laser therapy".

The Institute is closed at night and weekends but can be opened in an emergency. They are closed for several weeks in July/August as the staff take their holidays! They have a constant power supply as they tap into many sources for electricity, including the Metro line which runs directly behind the hospital, and other secret supplies which could not be divulged.

The modern analytical laboratory does a 3 monthly quality control using sample sent from Moscow. It is one of the few medical facilities that I saw which appeared to have fire precautions, including fire extinguishers and blankets, and emergency escape plans and fire escapes. It is situated on three floors of a proposed major hospital. There is a specialist surgical unit upstairs from the clinic, which hopes to do coronary surgery when the vascular laboratory is running.

There is also a 20-bed ward area for patients who need hospitalisation and a well-equipped operating theatre complete with operating microscope. They have two operating theatres and conduct elective general surgery including thoracic surgery.

Another aspect of healthcare is how individuals pay for it. Jack Skarbinski is a junior medical student at Stanford, and spent a couple of months in Tbilisi last year:

TEN YEARS OF TRANSITION: THE SEVERE BURDEN OF OUT-OF-POCKET PAYMENTS FOR HEALTHCARE IN TBILISI, THE REPUBLIC OF GEORGIA

Abstract:
Context: Healthcare reforms in the Republic of Georgia have resulted in the marketization and decentralization of the healthcare system.

Objectives: To describe the effects of market reforms on the population of Tbilisi, Georgia.

Design, Setting, and Participants: Two-stage probability proportionate to size cluster survey of 248 households containing ill household members in Tbilisi, Georgia assessing patients' utilization of health facilities, access to healthcare, and health expenditures.

Main Outcome Measure: Reported healthcare utilization, expenditures, and financing practices in the city of Tbilisi.

Results: A large proportion of ill respondents used official/paid health services to obtain healthcare. The decision to seek health services was primarily based on the severity of the illness. Aggregate out-of-pocket health expenditures reflect that serious illnesses account for 83% of individual costs, with hospital care being the largest portion, at 46% of costs. Costs are unevenly distributed within the population, with the top ten percent of spenders accounting for 62% of aggregate health expenditures. 53% of aggregate private healthcare costs are funded by impoverishing strategies such as borrowing money or selling personal items. A significant portion of the population (87%) is interested in purchasing health insurance.

Conclusions: Healthcare reforms resulting in the decentralization of the healthcare system have led to high out-of-pocket expenditures with little opportunity for risk pooling for the population of Tbilisi, Georgia. Given the population's interest in risk pooling there is a future for new forms of collective health financing.

Introduction

The economic collapse, civil unrest, and armed conflict in the Republic of Georgia that followed the dissolution of the Soviet Union in 1990 led to a drastic deterioration in the health of the population and extensive damage to the health infrastructure.3-6 Though, never quite achieving the health standards of Western Europe, the Republic of Georgia enjoyed the health profile of a high-income country under the Soviet regime with high life expectancy, low infant mortality, and chronic diseases such as cardiovascular diseases and cancer as the major causes of mortality.6 In the early 1990's Georgia experienced a demographic crisis with an 18% increase in mortality, an increase in infant mortality, and decreasing immunization rates.7, 8 In this period of economic and social collapse, the GDP dropped precipitously by 75% and health financing suffered. Healthcare spending decreased from $95.5 per capita in 1985 to $0.9 in 1994.9 The healthcare system suffered irreparable damage to capital assets, such as buildings, and to the morale of the medical personnel.

In 1995, with the stabilization of the economic and political situation in Georgia, the government responded by initiating healthcare reforms in an effort to salvage the meager remains of the costly and inefficient centralized system inherited from the Soviet Union. In the Soviet system the government owned and controlled all aspects of the healthcare system, which was financed through a global budget raised from tax revenues. However, given the dire economic situation, the government needed to dismantle this social safety net and radically scale down its involvement in the health sector. It redirected its activities from direct provision of care towards regulatory, licensing and financing functions. It maintained a small role in the provision of healthcare through its public health activities and the financing of a basic healthcare package.

In the process of divesting, the government relinquished the financial responsibilities involved in managing individual healthcare facilities. Decentralization shifted the burden of healthcare financing from pooled resources redistributed through the government to out-of-pocket expenses paid directly by individual patients. Under the new system, 87% of healthcare expenditures were financed by patients through direct payments at the point of service. With out-of-pocket expenses constituting such a large part of total healthcare financing, affordability has emerged as the major issue in healthcare. Previous studies demonstrate increasing problems with access to healthcare and decreased utilization of health facilities.

Healthcare reform brought many changes, but few improvements for the population of Georgia. Given the heavy burden of out-of-pocket expenditures, the increasing problems with access to healthcare, and the paucity of information about the effects of healthcare reform on patients, this study was conducted to assess patients' utilization of and access to health services, their out-of-pocket health expenditures and sources of funding,

This study corroborated recent reports from Russia and other parts of the former Soviet Union reporting a drastic decrease in male life expectancy and an increase in the mortality associated with cardiovascular diseases. 15-18 Looking at the distribution of diseases recorded in this study we find that cardiovascular diseases form the largest block of serious illnesses, followed closely by abdominal diseases and cancer (Figure 1). Respiratory diseases were the most prevalent, but comprised an insignificant portion of serious illnesses. Patients with serious illnesses were found to be older (47.8±21.2 vs. 34.7±19.5; mean±SD; $p<0.001$) and were more likely to be male (OR (95%CI); 1.8 (1.2-2.6) than the sample population of all household members. In essence, Georgia has the same disease profile as a developed country where the majority of morbidity and mortality

is attributable to chronic diseases. Infectious diseases place a relatively small burden on the population.

Utilization of and access to healthcare

Discussions with physicians at polyclinics and hospitals reveal that the number of patients using health facilities has decreased tremendously over the last decade. In our survey we assessed patient's desire to seek treatment and their use of official/paid health facilities and medicines as treatment modalities. Figure 2 demonstrates that 51% of ill respondents chose to use official/paid medical services. The decision to use official medical services was generally based on the severity of the illness, with 82% of respondents with serious illnesses utilizing official medical services. The majority of ill respondents (62%) who did not use medical services either preferred self-treatment or felt that the disease was not serious. The ill respondents who used health facilities were 2.3 times as likely to use hospitals rather than polyclinics with 31% of all ill respondents seeking treatment in a hospital. The use of medications was widespread, with 86% of ill respondents purchasing medicines to treat their illness.

Though the government has relinquished fiscal responsibility for most of its health facilities, resulting in de facto privatization, it still maintains formal ownership of most of the healthcare system. These public facilities still provide the majority of services with 82% of ill respondents who used medical services turning to these facilities for healthcare.

Even though utilization rates are high, there is a significant group of people who were not able to access medical services and medications because of cost. Ten percent of ill respondents reported that they cannot access medical services because of cost, and 16% of ill respondents reported being unable to afford all the medications necessary to treat their illness. Ill respondents who could not afford health services came from households with significantly lower monthly per capita incomes (46.7±36.2 GeL vs. 64.2±52.2 GeL; mean±SD; t-test; $p<0.05$). Respondents who could not afford medications also had lower monthly per capita incomes (48.6±30.4 GeL vs. 67.0±55.5 GeL; mean±SD; t-test; $p<0.01$).

The burden of out-of-pocket payments for healthcare

The high utilization rates of healthcare facilities obfuscate some of the harsh realities of the health situation in Tbilisi. According to previous studies, the government with help from international aid agencies pays for 13% of healthcare costs through direct institutional transfers for targeted programs. These payments are largely invisible to the average patient and from the patient's perspective the government plays a minor role in the new healthcare system.7 Only six percent of ill respondents in this study were aware of receiving aid in the form of medical care or medicines from either the government or international humanitarian aid agencies.

In order to evaluate the burden of out-of-pocket expenditures, we recorded private expenditures made for hospital care, outpatient visits, laboratory tests, medicines, and traditional medicines (Table 2). The aggregate cost of treating the 306 illnesses recorded in this study was 30,621 GeL or 100.1±223.6 GeL (mean±SD) per illness. The largest share of total expenditures was taken up by hospital care (46%) followed by medicines, which accounted for 26% of expenditures. Serious illnesses accounted for 83% of the costs, even though they were only 44% of all illness episodes. The average cost of treating a serious illness (187.8 GeL) was 6.8 times greater than the average cost of treating a non-serious illness (27.6 GeL).

These aggregate numbers misrepresent healthcare expenditures in Tbilisi, as healthcare costs were not evenly distributed throughout the population. The top ten percent of healthcare spenders account for 62% of health expenditures and the top twenty percent of spenders accounting for 82% of health expenditures (Figure 3). Their average cost of treatment is 614.4 GeL and 392.8

GeL, respectively. This represents a significant burden on household income. These healthcare costs constitute 9.1% of household income and are many times greater than the earning potential of some households.

The skewed distribution of healthcare costs is accentuated when assessing healthcare financing strategies used by households. We find that the majority (61%) of ill respondents used money saved at home to finance their healthcare expenditures. A smaller proportion of respondents (19%) used impoverishing strategies such as selling personal items or borrowing money from relatives or friends to pay for healthcare. However, these aggregate tables obscure the fact that these impoverishing strategies actually account for 16,262 GeL, or 53% of the total health spending. People who used these strategies had an average expenditure of 280.4±380.6 GeL (mean±SD). Cash savings accounted for 13,044 GeL or 43% of contributions to total health costs with the average expenditure being 69.4±153.0 GeL (mean±SD).

This crisis in financing stands out as the main problem households had in obtaining healthcare. 93% of households complained about the prohibitive costs of healthcare. They ranked hospital costs as their top concern, followed by the costs of outpatient care and medications. The quality of health facilities and healthcare workers was of little concern, with only 7% of respondents listing these as the number one problem in healthcare.

Given the population's preoccupation with healthcare costs, we surveyed ill households' attitudes toward health insurance and pharmaceutical insurance. 87% of ill households were interested in purchasing health insurance, which would provide free hospital care, outpatient services, laboratory tests, and ambulance services. Each ill household was willing to pay on average 8.4±6.9 GeL (mean±SD) per month per household. The aggregate amount for the 216 ill households, which indicated an interest in health insurance, was 1,809 GeL per month or 10,854 GeL over 6 months. If we assume that the health expenditures listed above account for all of the health expenditures encountered by an average ill household over a six-month period, then insurance would cover 54% (10,854 GeL out of 20,068 GeL) of hospital, outpatient visit, and laboratory costs incurred by the ill households that would purchase insurance.

A smaller percentage of ill households (71%) were interested in purchasing insurance which would provide free pharmaceuticals. Each ill household was willing to pay on average 5.3±4.7 GeL (mean±SD) per month per household to receive free medications. The aggregate amount for the 176 ill households that indicated interest in pharmaceutical insurance is 930 GeL per month or 5,580 GeL for six months. If we assume that the pharmaceutical expenditures listed above account for all of the pharmaceutical expenditures encountered by an average ill household over a six-month period, then insurance would cover 91% (5,580 GeL out of 6,120 GeL) of pharmaceutical costs for the ill households who would buy insurance.

These two reports point up a very distressing situation in Georgia, and illuminate my initial comments about matters being difficult now, and perhaps reaching a potentially stormy situation in the near future. In my previous reports I have emphasized my concern about their not being modern hospital facilities where Georgian physicians doing their residency at Emory and other institutions can come back to practice what they have learned about modern medicine.

A very real concern is the lack of success of foreign aid by the U.S. and other countries and international institutions, such as the IMF, WHO and the World Bank. The situation is unquestionably better than when I first went to Georgia in August, 1992, and during the next two or so years during the Abkhazian war. But there has been little appreciable change in the last three or so years, and the public is getting increasingly restive about the quality of life

problems. The implicit and even explicit promises of the recent election only served to heighten expectations for change, but there is no sign any is forthcoming.

I had several long conversations with Georgian friends in their late twenties and early thirties. There is an increasing contingent of them who possess a unique combination: Georgian to the marrow, professional education in the U.S. (usually MBA), and some few years of their career in Moscow. Three countries: Georgia, US and Russia. Their view of the current situation in Georgia is