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Brief Note

to the Minister of Labour, Health and Social Affairs

PHC Board 21st July 2005:

Summary of decisions on proposals for PHC reform in Georgia

by GVG/EPOS

Tbilisi, 22nd July, 2005

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In several meetings during the last months the principles as well as some data were discussed between MoLHSA and the GVG/EPOS project concerning implementation of PHC financing reform in Kakheti. On July 21, 2005 at PHC Board meeting GVG experts presented summaries of their recommendations. After review of these recommendations and discussions, was agreed that:

- In nearest future there will be no co-payments for PHC BBP in order to attract population to PHC system;
- Remuneration system for PHC will be mixed: budget + capitation + fee-for-services;
- PHC BBP will include: curative services, preventive services, basic laboratory tests and selected drugs;
- For the GoG the most affordable ceiling of FM team realistic costs is around 11,500 GEL annually;
- Universal terms of contracting, elaborated by GVG experts, might be considered as basis for continuing of work in this direction in close cooperation with other stakeholders
- To avoid wrong utilization of PHC services, is necessary to have clear and strict rules of referrals;
- Free enrolment of population to chose Family Doctors will be generally accepted, especially in big villages and urban areas;
- As drugs are probably the most attractive part of BBP for population, they will be partly included in PHC BBP, but as state funds are quite restricted, it is necessary to continue working on most efficient financing schemes, taking into consideration the existing recommendations by GVG:
    - Children up to 15 years: percentage coverage (e.g.50% or 75%)
    - Adults: “catastrophic coverage” since a certain annual limit (200GEL or more)
    - Differentiate poor versus rich people (e.g. Catastrophic limit for poor 50GEL and for reach 300-350GEL)
    - Anti corruption tools
- From the point of legal provision is necessary to take into account:
    - ❖ Pilot Project to start no earlier than March 1, 2005, to allow sufficient time from state budget adoption to approval of state programs, procurement and contracting procedures.
    - ❖ Current legal status of for profit organizations (LLCs) and existing organizational arrangements/affiliations (Polyclinic Ambulatory Units – PAUs) will be retained.
        - Contractual terms, financial accounting and reporting procedures for PHC services should be clearly defined, transparent and easily monitored to avoid misuse of funds allocated to reformed PHC facilities, to avoid the misuse and misappropriation of funds, particularly in case if PAU, where pilot and “non-pilot” ambulatories and polyclinics co-exist.
        - In locations where legally established PHC facilities have been absent the new PHC facility will be established as nonprofit legal person – “foundation”, which will create more favorable legal and tax environment for such facility.
    - ❖ Family Doctors may adopt the legal status of “individual entrepreneurs” and will be contracted by respective local governments. It is recommended that local governments should include special provisions in these contracts for retaining FDs in remote areas (e.g. refunding the retraining resources if they decide to move prior the specified time period).
    - ❖ The MoLHSA will introduce the changes in the “Law on Health Care” in early September 2005, removing the licensing requirements for ambulatory-outpatient care, thus allowing “individual entrepreneur” Family Doctors to practice.

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