



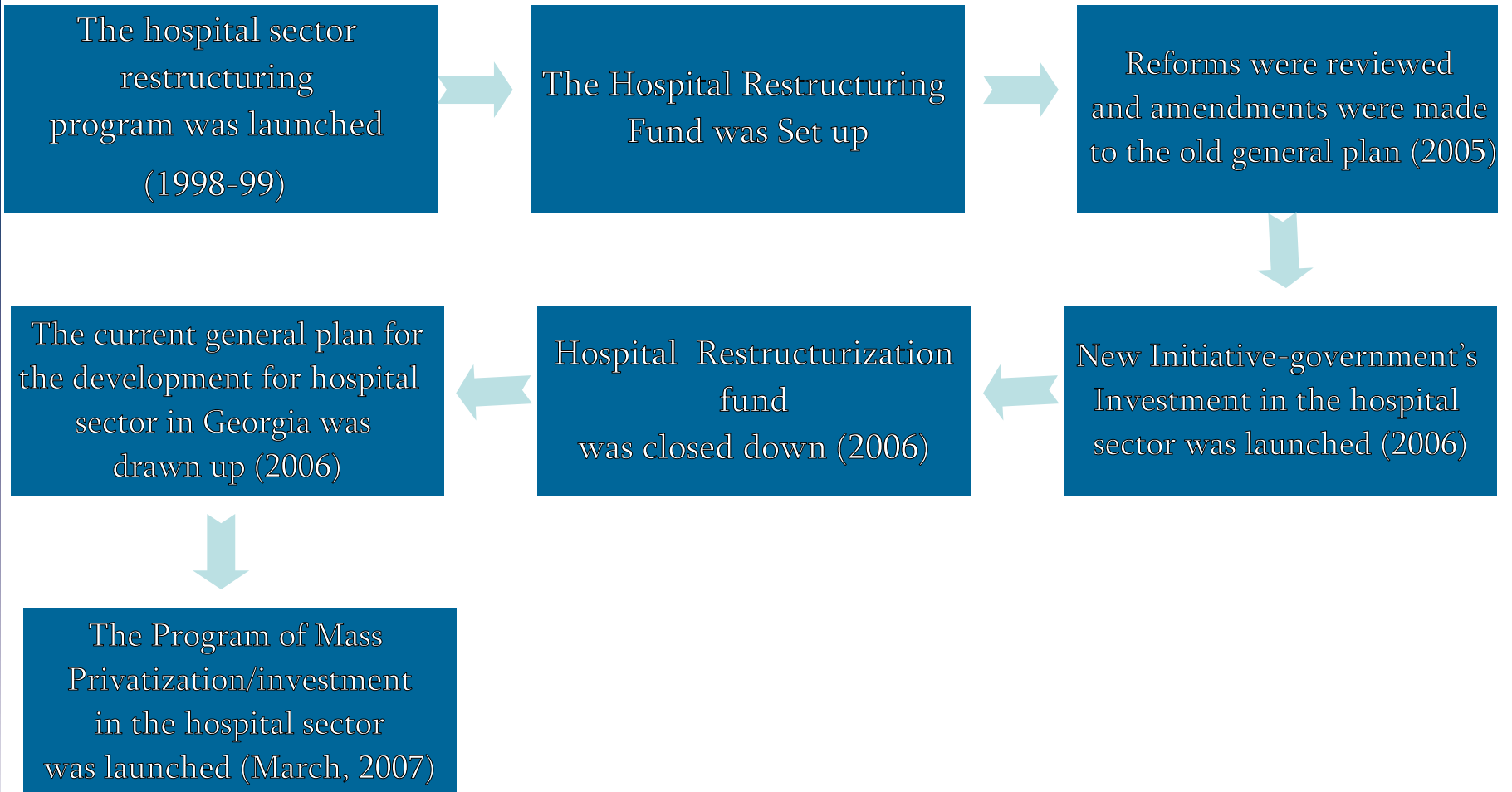
# Hospital Sector Development in Georgia

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# Presentation Topics

- Current hospital sector reforms – background;
- The description and key motivations of current reforms;
- The hospital sector privatization program.

# Hospital Sector Reforms – Prehistory



# The Hospital Sector Reform - General Background and Specifications

- Out-of-date physical infrastructure;
- The excessive number of hospitals and hospitals beds;
- Weak regulation;
- High level of out-of-pocket payments;
- Unequal distribution of health care service throughout the country.

# According to the Hospital Sector Restructuring Plan (1999, Kaizer Permanente)

- Basic interventions:
  1. The reduction of the number of hospitals through privatization and merger;
  2. The investment of funds earned from sale in remaining public hospitals;
  3. The reduction of the number of medical workers in the public sector.

# In 2005–06 the Existing Plan was Reviewed (Conseil Sante)

- The focus was made on:
  - Human resources and generally on the reform implementation strategy;
- Key (provided) changes:
  - Regionalization of the current reform (Conseil Sante, Scandinavian Care);
  - Shifting the optimization function from public to private management.

## 2006 – A new initiative, investment in the health care sector by the state

- The size of investment– 450m GEL (320m in the hospital, while 170m in the primary health care sector);
- The length of the program– 5 years;
- Parallel to that, financing of services provided by rehabilitated institutions by the government.

# 2007 Reforms - Main Goals

Improving availability and quality of hospital care for the population

- Provide physical accessibility;
- Provide financial accessibility;
- Increase the quality of medical care;
- Updating physical infrastructure of the existing network with the focus on regional infrastructure development.



# The General Plan for Hospital Sector Development Defines:

- The best (optimal) location of institutions providing hospital services;
- The basic types of the institutions and types of services;
- The number of beds needed for the population;
- Terms of operation (infrastructure and equipment standards).

## Minimal requirements for the equipment of 120-, 100-, 90-, 80-, 50-, 25-, 20- and 15-bed hospitals under the General Plan for Hospital Sector Development in Georgia

	Name of the Equipment	Special Requirements	General requirements
	1	2	3
1	Cardiomonitor	The system for the monitoring of at least 5 physiological parameters ECG/NIBP/TEMP/SpO2/Respiration of a patient. It may have the capacity of additional monitoring of heart minute volume and/or other parameters.	<ol style="list-style-type: none"> <li>1. Equipment shall have an international quality certificate and an equipment calibration certificate pursuant to Georgian law;</li> <li>2. The equipment shall not be manufactured earlier than in 1998.</li> </ol>
2	Stationary X-ray machine	In small (15-, 20- and 25-bed) hospitals the equipment shall perform a roentgenography function, while in 50-, 80-, 90-, 100- and 120-bed hospitals - digital roentgenography and roentgenoscopy functions (including the impulsive one), serial recording on a <i>cassette tape and the digital archiving of information.</i>	<ol style="list-style-type: none"> <li>1. Equipment shall have an international quality certificate and an equipment calibration certificate pursuant to Georgian law;</li> <li>2. The equipment shall not be manufactured earlier than in 1998.</li> </ol>

## Minimal requirements for the equipment of 120-, 100-, 90-, 80-, 50-, 25-, 20- and 15-bed hospitals under the General Plan for Hospital Sector Development in Georgia

	Name of the Equipment	Special Requirements	General requirements
	1	2	3
1	Portable X-ray machine		<ol style="list-style-type: none"> <li>1. Equipment shall have an international quality certificate and an equipment calibration certificate pursuant to Georgian law;</li> <li>2. The equipment shall not be manufactured earlier than in 1998.</li> </ol>
2	Ultrasonic scanner	In small (15-, 20- and 25-bed hospitals) Color Doppler Ultrasound Scanner with convex, linear, cardio and transvaginal probe, while in 50-, 80-, 90-, 100- and 120-bed hospitals Color Doppler Ultrasound Scanner, abdominal, cardiologic	<ol style="list-style-type: none"> <li>1. Equipment shall have an international quality certificate and an equipment calibration certificate pursuant to Georgian law;</li> <li>2. The equipment shall not be manufactured earlier than in 1998.</li> </ol>

# Bed Distribution in 100-Bed Hospitals According to Services

	Services The number of Hospital Beds	Services The number of Hospital Beds
1	Resuscitation	4
2	Surgery high-tech	6
3	Obstetrics and <i>gynecology high-tech</i>	3
4	Children high-tech	4
5	Infectious high-tech	2
6	Therapy standard	5

## Bed Distribution in 100-Bed Hospitals According to Services

	Services the number of Hospital Beds	Services the number of Hospital Beds
7	Surgery standard	10
8	Obstetrics and gynecology standard	8
9	Children standard	10
10	Psycho-neurological acute	25
11	Tuberculosis standard	15
12	As desired by the owner	8
	Total	100

## Bed Distribution in 15-Bed Hospitals According to Services

	Services the Number of Beds	Services the Number of Beds
1	Resuscitation	1
2	Therapy standard	2
3	Surgery standard	5
4	Obstetrics and <i>gynecology standard</i>	4
5	Children standard	3
	Total	15

# Investment Program

## I Stage

The construction of a new medical center and putting it into operation



## II Stage

Equipment of a new medical center and obtaining a license



## III Stage

Launching adequate medical services



## III Stage

Providing medical services for 7 years

# Privatization through Tender

Tender was announced in 14 lots, including:

- Agreements were signed on 12 lots;
- The 2<sup>nd</sup> lot failed and has been temporarily cancelled;
- 
- As for the 7<sup>th</sup> lot, negotiations on privatization terms with an investor are underway.



# Privatization through Direct Sale

- Zugdidi district and central hospitals;
- Zugdidi Infectious Disease Hospital;
- Zugdidi District Out-Patient-Policlinic Organization;
- The Tbilisi Institute of Hematology and Blood Transfusion;
- Rustavi Central Hospital;
- Rustavi Maternity House;
- The National Center of Urology (Tbilisi).

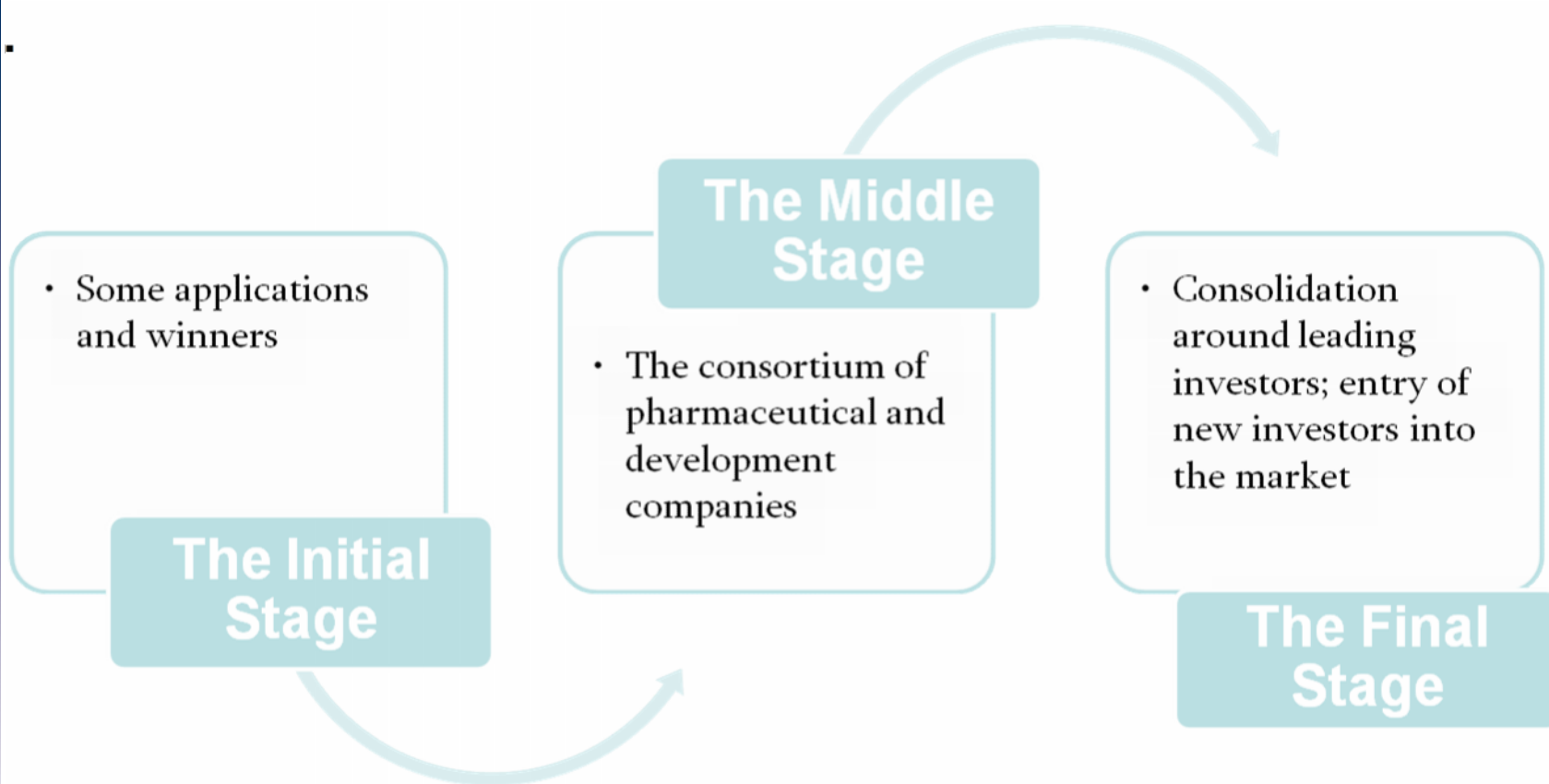
# Investment Companies at Initial Stage of the Investment Program

Lot #	Selection Criteria	Winner Investor
I lot		Block Georgia Ltd.
II lot	The amount of bank guarantee	Aword Capital Ltd, PSP Pharma Ltd.
III lot	The amount of bank guarantee	Block Georgia Ltd.
IV lot	The amount of bank guarantee	Meridiani Ltd.
V lot	The amount of bank guarantee	Block Georgia Ltd.
VI lot		Postponed
VII lot	<ul style="list-style-type: none"> <li>• The maximal amount of offered beds</li> <li>• Additional criterion – The term of the performance of construction works</li> </ul>	New Style Ltd.
VIII lot	<ul style="list-style-type: none"> <li>The amount of bank guarantee</li> <li>• Additional criterion – The project completion term</li> </ul>	Unimsheni Ltd.

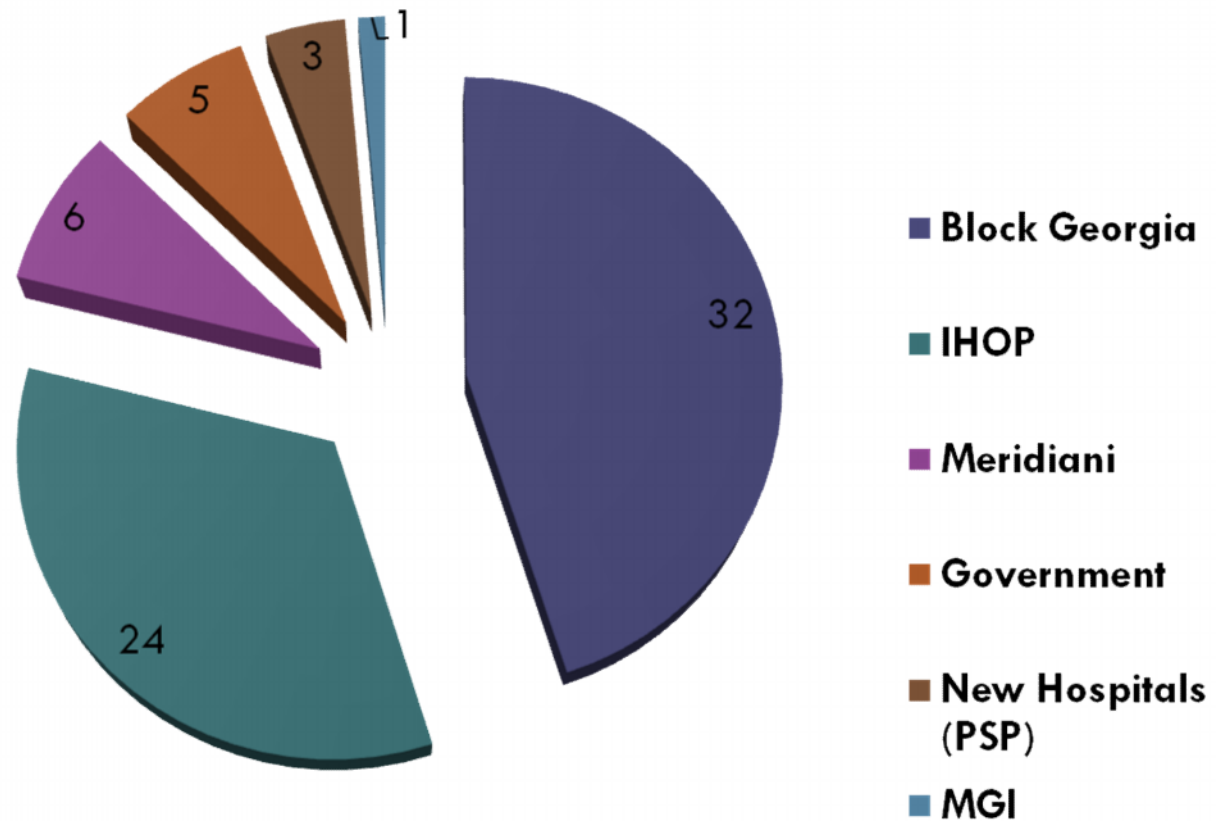
# Investment Companies at Initial Stage of the Investment Program

Lot #	Selection Criteria	Winner Investor
IX lot	The amount of bank guarantee • Additional criterion – The project completion term	Aversi Pharma Ltd., PSP Pharma Ltd., Block Georgia Ltd.
X lot	The same	Aversi Pharma Ltd., PSP Pharma Ltd., Block Georgia Ltd. GPC Ltd.
XI lot	The same	Aversi Pharma Ltd., PSP Pharma Ltd., Block Georgia Ltd. GPC Ltd. Vella G Ltd.
XII lot	The same	Aversi Pharma Ltd., PSP Pharma Ltd., Block Georgia Ltd.
XIII lot	The same	PSP Pharma Ltd., Block Georgia Ltd. GRDC
XIV lot	The same	Aversi Pharma Ltd., PSP Pharma Ltd., Block Georgia Ltd.
XV lot	The same*	“MGI” Ltd.

# The evolution of Tender Participants



# Investors' "Profile" – According to Their Commitments (current condition)



# Basic Forms of Ownership

- State-owned;
- An investor company (through a competition/tender of direct sale);
- The staff of an entity (through a direct sale).



# The number of Hospitals and Hospital Beds before and after the Reform

Before the Reform	After the Reform	Now
Existing State Hospitals: 1.245 hospitals 2.14 600 beds	100 New Hospitals + Still state-owned 5 Hospitals = 105 hospitals and 7800 beds*	Investors have been already <u>handed over</u> *: <b>1.98 hospitals</b> <b>2. 6400 beds</b>



# Thank You!