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Introduction by the Special Editor

This issue of the Caucasus Analytical Digest focuses on access to healthcare in Armenia, Azerbaijan and Georgia. Among many factors influencing unequal access to healthcare, it discusses two major problems encountered by Armenia, Azerbaijan and Georgia in providing healthcare services.

The first article by Nazim Habibov and Alena Auchynnika analyzes unequal access to healthcare services caused by unofficial under-the-table out-of-pocket payments (OOPs). It compares the level of unofficial payments in the three countries and shows their detrimental impact on patients' access to healthcare. Based on the existing literature and empirical evidence, the authors suggest potential strategies for eliminating or reducing unofficial payments.

The second article by Gulnaz Isabekova discusses unequal access to healthcare, which is caused by unequal availability of healthcare personnel. It analyzes supply, distribution and performance of healthcare workers, and their migration tendencies in the three countries. The author illustrates consequences of uneven geographic and professional distribution using the example of rural-urban, cross-country settings and concludes with policy recommendations.

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Abstract

In this study we analyse the unequal access to healthcare services in post-communist transitional Armenia, Azerbaijan, and Georgia. More specifically, we focus on how unequal access to healthcare services has caused unofficial under-the-table out-of-pocket payments. Herein, we review both the existing theoretical literature and empirical evidence on how unofficial under-the-table out-of-pocket payments lead to unequal access to healthcare services. We then analyse the precursors of paying such payments. Finally, we discuss three possible strategies to address these payments in the context of post-communist transitional countries.

Introduction

One important factor contributing to the unequal access to healthcare in post-communist transitional countries is unofficial under-the-table out-of-pocket payments (Falkingham et al., 2010; Chereches¸ et al., 2013; Stepurko et al., 2015). The payments, henceforth abbreviated as OOP, are usually defined in the healthcare research literature as monetary or in-kind contributions made by patients to healthcare personnel in exchange for services, supplies, and drugs that should formally be provided for free-of-charge (Ensor and Savelyeva, 1998; Thompson and Witter, 2000; Gaal et al., 2006a).

Unofficial Out-Of-Pocket Payments (OOP)

There are several mechanisms governing how the payment of OOPs results in unequal access to healthcare. First, OOPs are associated with a lower likelihood of using healthcare when it is needed (Balabanova et al., 2004; Falkingham, 2004; Fan and Habibov, 2009). Second, OOPs often represent catastrophically high expenditures for the poor (Habibov, 2009a, 2011). As a result, the poor are less likely to use healthcare than are the non-poor patients. Third, OOPs limit access to more advanced, up-to-date, and specialized health procedures and services; thus, the poor are forced to use less advanced procedures and services with relatively lower

OOPs (Habibov, 2009b, 2010). Furthermore, OOPs lead the poor to seek consultations with less specialized healthcare personnel, and poor patients frequently must consult nurses instead of doctors.

OOPs are a pervasive problem in all transitional countries, and a recent study conducted by Habibov and Cheung (2017) focused on OPPs in 29 post-communist countries of Eastern and Central Europe, the Caucasus, and Central Asia. The authors used a cross-country comparable survey and concentrated on subjects who had used healthcare during the 12 months preceding the collection of survey data. The study results showed OOPs are indeed a serious problem in the countries of the Caucasus. However, the extent of OOPs varies by country. The data indicated that approximately 74 percent of respondents who utilized healthcare in Azerbaijan had paid OOPs and that Azerbaijan had the highest rate of OOPs among all 29 post-communist countries investigated. The level of OOPs in oil-rich Azerbaijan was found to be higher than that in the less economically developed countries of Central Asia such as Kyrgyzstan, with 66 percent, and Tajikistan, with 55 percent. In comparison, the payment of OOPs in Armenia and Georgia was relatively lower at 22 percent and 5 percent, respectively. However, these levels of OOPs are still higher than those in other transitional countries, for instance, Slovenia, at 2 percent.

Explanatory Factors

The difference in OOP levels between Georgia, Armenia, and Azerbaijan can be explained by the interplay of two factors. First, the introduction of health insurance in Georgia under Mikheil Saakashvili was an important factor associated with legitimizing OOPs in the form of official insurance payments. Conversely, healthcare in Armenia and Azerbaijan follows the Semashko-model inherited from the Soviet Union that is more prone to inefficiencies, corruption, and OOPs (Gotsadze et al., 2005; Belli et al., 2004). Second, there is generally low corruption in Georgia and higher levels in Azerbaijan. Armenia is considered to have moderate levels of corruption (Habibov, 2016; Habibov and Cheung, 2016; 2017; Habibov, Cheung, and Auchynnikava, In Press).

After analysing the precursors of paying OOPs, Habibov and Cheung (2017) reported that the main determinants of OOPs included a lower quality of healthcare, as indicated by the disrespectful attitudes of healthcare personnel, lack of required drugs in healthcare facilities, frequent and unjustified absence of healthcare personnel, and longer wait times for treatment. The authors also found that individuals with poor health are more likely to pay OOPs because they utilize healthcare more often and use more advanced services such as surgery and intensive care.

At the same time, Habibov and Cheung (2017) also reported that individuals from wealthier households are more likely to pay OOPs. The explanation for this phenomenon is twofold. First, wealthier people may be more willing to pay OOPs as gratitude payments since they have more resources to do so. Second, it is also plausible to assume that healthcare personnel asked wealthier patients to pay OOPs more frequently in an attempt to maximize their revenues (Belli et al., 2004; Gotsadze et al., 2005).

It is also important to note that OOP levels are not universally seen as a negative phenomenon in the context of post-communist transitional countries. The payment of OOPs is conceptualized as being a harmless cultural norm (Turex, 2011; Wang-Sheng and Guven, 2013; Bowser, 2001). In this case, OOPs are widely accepted and would not affect satisfaction with healthcare and its utilization.

Alternatively, OOPs are considered to be a positive element of development and are part of the so-called "greasing in the wheels" phenomenon (Meon and Weill, 2010). According to this conceptualization, OOPs are seen to mitigate underfunding in healthcare during the transitional period since patients expect they will need to pay OOPs to underpaid healthcare personnel for better quality services. OOPs are also considered important stimuli for competition in the healthcare sector, as patients decide to pay OOPs to get required treatment "free" through public healthcare instead of paying much higher official fees for the same treatment through private healthcare (Rose, 1998). In this case, we would expect a positive effect of OOPs on satisfaction with healthcare and its utilization.

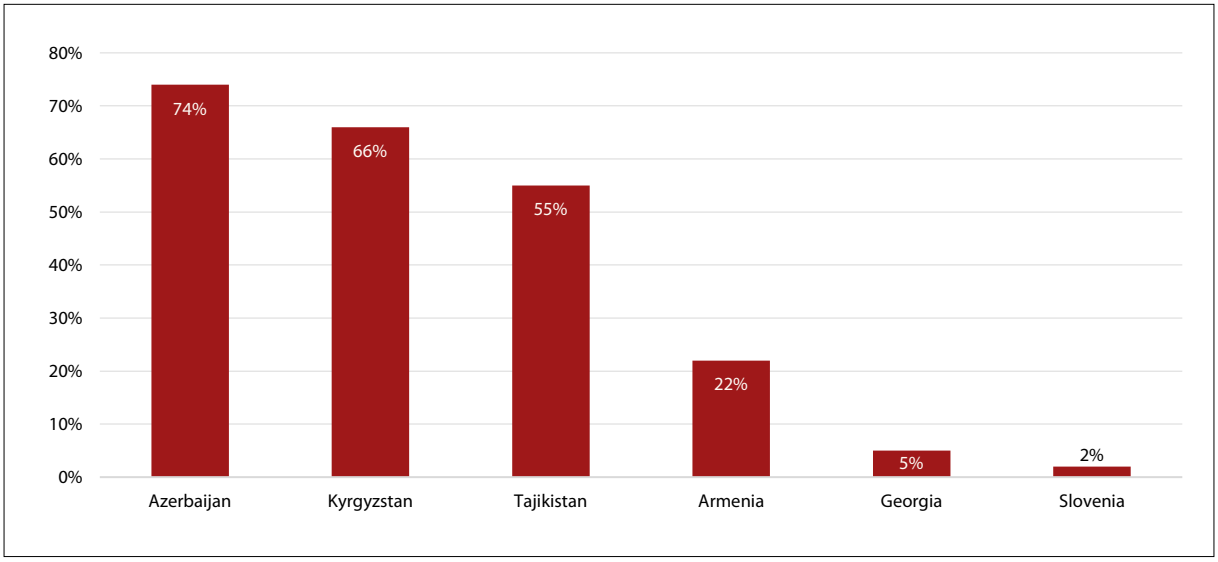
Given these different thought patterns, a recent study by Habibov (2016) evaluated the effects of OOPs on healthcare satisfaction in post-soviet nations including Armenia, Azerbaijan, and Georgia. Habibov found that a higher frequency of OOP payments in the healthcare sector undermines satisfaction with public healthcare and reduces healthcare utilization. More specifically, the elimination of OOPs would increase satisfaction with public healthcare by an average of 14 percent.

Policy Options

In the light of the available evidence, what options do the countries of the Caucasus have to eradicate, or at least reduce, OOPs? There are three main strategies. One strategy would be to legitimize informal payments by making them formal. This formalization could be done within a framework of broader healthcare reforms, but it would require a significant increase in the amount of public spending on healthcare relative to current levels (Gaal and McKee, 2004; Falkingham, 2004; Falking-

hamet al., 2010; WHO 2016). Another strategy would be to promote transparency and accountability in the healthcare sector. The countries of the Caucasus could join a number of existing international initiatives aimed at increasing transparency in healthcare such as the transparency initiatives funded by the Department for International Development's (UK) Medicines Transparency Alliance or by the WHO Good Governance in Medicines Program (Vian, 2008). Finally, the last way would be to improve enforcement and clearly demonstrate that OOPs are illegal and that incidents of OOPs are considered to be corruption crimes for which perpetrators would be investigated and punished (Vian and Burak, 2006).

Figure 1: Unofficial Out-of-Pocket Payments (OOP) in Selected Countries of the Former Soviet Union and Eastern Europe (Share of Respondents Who Reported Paying OOPs)



Source: Adopted from Habibov and Cheung (2017)

About the Authors

Dr. *Nazim Habibov* is a Professor at the University of Windsor's School of Social Work and he is interested in issues regarding public policy in post-communist transitional countries. Several of his publications have focused on social policy including the coverage and effectiveness of social programmes, and the evolution of poverty and inequality and their determinants during the transition. Other publications have concentrated on health policy, encompassing access to healthcare, willingness to pay to for public healthcare, and the effectiveness of healthcare services. Dr. Habibov has also published on access to education and the willingness to pay for public education.

Alena Auchynnika is a student at the University of Windsor's School of Social Work. She is interested in issues regarding public policy in post-communist transitional countries. Her publications have covered health and education policy as well as corruption.

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