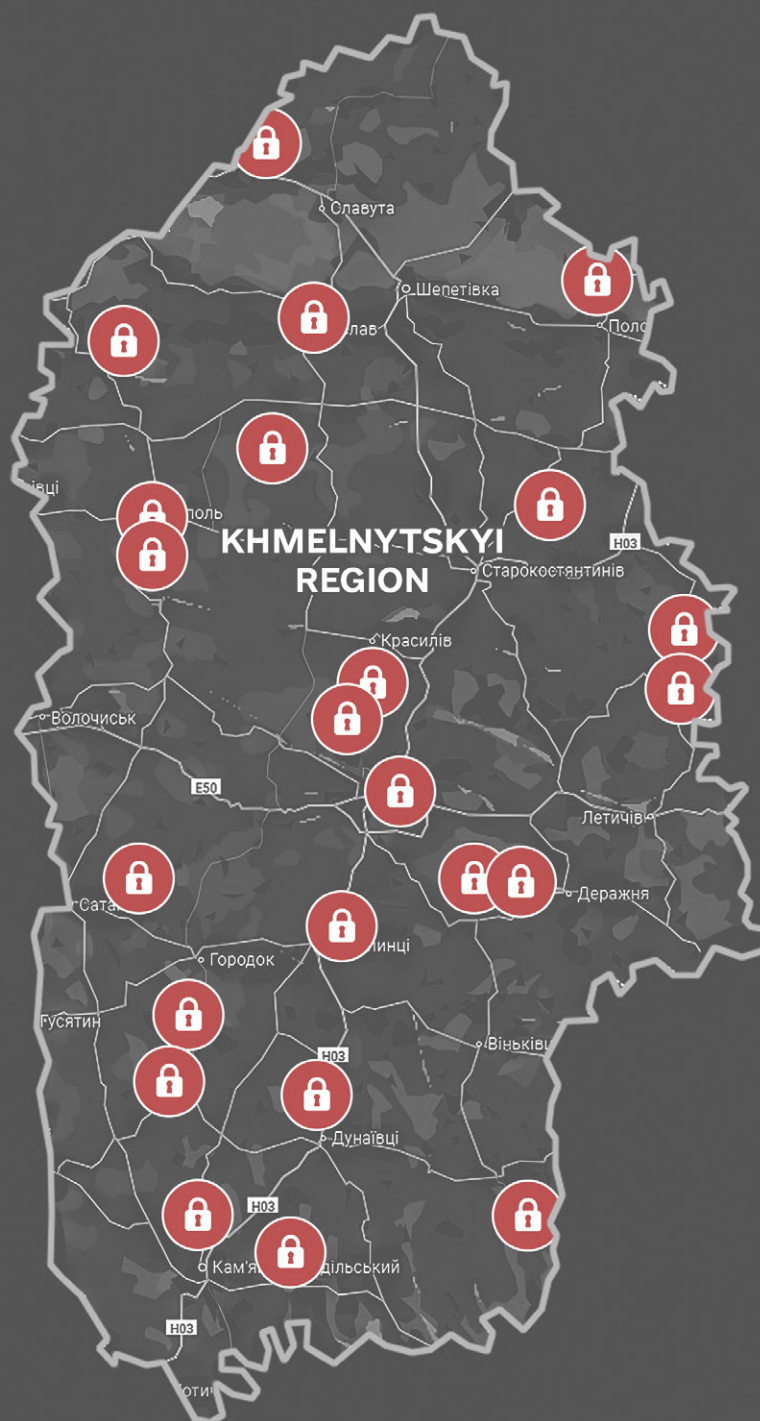


Summary of Study Findings

Analysis of Sources, Funding Distribution, and Cost Assessment of Institutional Settings:

A Case Study of Khmelnytskyi Region



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Contents

Introduction	4
Data collection methodology and information sources	6
Calculation of the annual cost of maintaining an institutional setting and the cost of providing inpatient care per person per year	9
What is the overall cost of maintaining one person in an inpatient care institution, and how is this amount determined?	12
Conclusions	16

Introduction

The social services system in Ukraine is complex and extensive. However, despite years of reform, it still largely depends on inpatient care provided by large institutional settings.

As of early 2024, the following institutions are available in the territory controlled by the Government of Ukraine:¹

- 145 psychoneurological institutions;
- 56 residential care institutions for the elderly and people with disabilities;

34 youth units in children's institutions (for individuals aged 18 and older) – [see Annex 1](#).²

These institutions provide residential care for:

- psychoneurological institutions: 24,086 adults with disabilities;
- residential care institutions: 8,171 elderly people and individuals with disabilities;
- youth units: 2,813 young people with disabilities.

There is no detailed data on the actual number of employees in these institutions. In response to information requests to regional state administrations, we obtained only partial data on the number of positions allocated in most institutions:

- psychoneurological institutions – 12,309.75 positions (excluding Lviv, Odesa, and Ivano-Frankivsk regions);
- residential care institutions – 6137.85 positions (excluding Zhytomyr, Lviv, Odesa, and Ivano-Frankivsk regions);
- youth units – 2423.5 positions (excluding Lviv, Odesa and Ivano-Frankivsk regions; Dnipropetrovsk region provided numbers for the positions in all children's institutions combined).

1 Data from the Ministry of Social Policy of Ukraine, obtained directly from separate regional state administrations, vary in total since not all regional administrations responded to the information request. This data is not publicly available.

2 All annexes are available for review in Ukrainian.

Inpatient care services are funded by the state budget,³ while other social services are covered by local budgets and depend on the financial capacity of each community. Despite guaranteed state funding, significant differences exist in expenditures for the same type of institutions within the same region. This is partly due to the inclusion of various costs in state funding that are not directly related to social services for people.

The amount of expenses depends on the following factors:

- the ratio of residents receiving inpatient care services to the number of employees at the institution;
- daily food standards for residents and measures to ensure compliance within the institution;
- the quality of medical care provided to residents;
- the area of buildings/structures maintained by the institution and their technical condition.

For each inpatient care institution, these variables vary significantly, directly impacting the cost of living per person.

³ In 2023, state budget expenditures on social support and protection totaled UAH 461 billion. The total amount spent on maintaining inpatient care institutions in 2023 is not specified separately. [Report](#) on State Budget Expenditures for 2023.

Data collection methodology and information sources

The **objective** of this study is to examine publicly available information on the sources and amounts of funding for inpatient care institutions and the allocation of costs by type. Based on the analysis, develop a cost chart, calculate the expenses for providing inpatient care services, compile a list of included services per person per year/month, and distinguish between costs allocated directly to individuals and those for institutional maintenance (system functioning).⁴

The study was conducted using Khmelnytskyi as a pilot region, where data and responses from the regional state administration were made available. However, the developed methodology can be scaled to other regions or the entire territory under Ukraine's control. [Fight For Right](#) plans to expand this study later by including an analysis of other regions.

Clarification: The Khmelnytskyi region is somewhat atypical, as it has a large number of inpatient care institutions but a relatively small number of residents in these institutions compared to other regions.

In the Khmelnytskyi region, an institution houses an average of up to 100 residents, whereas in other regions, this number ranges from 200 to 300. Before the full-scale invasion, the largest institution provided inpatient care to over 500 residents. However, in terms of the number of institutions and residents, this region is among the country's leaders. For more details, see [Annex 1](#) – Statistics of Institutions by Region.

A combination of research methods was used to analyze the distribution of funding:

- off-site data collection and analysis of information published online on the websites of national authorities, regional administrations, and local self-government bodies;
- requesting specific data through public information inquiries and analyzing the responses received.

⁴ Providing services in an institution inevitably involves maintaining the institution itself. However, the purpose of this distribution was to highlight cost components to facilitate discussions on system transformation, the shift away from segregated inpatient care services, and the development of future service delivery models within communities (beyond the scope of this study).

The study revealed that the costs of residential institutions are highly unpredictable, as they depend on various factors specific to each institution, such as the size and condition of buildings, the employee-to-resident ratio, procurement needs, etc. For the most part, unforeseen expenses are driven not by the direct needs of residents but by institutional requirements, such as repair and restoration work or purchasing equipment to accommodate evacuees from other institutions. This creates a challenge in determining the average cost of living per resident in an institution, which in turn complicates the development of an economic model for calculating service costs in communities.

Given the significant variability in cost indicators among the institutions studied, a descriptive approach was chosen to present the analysis results. This approach highlights the differences between the minimum and maximum cost values in each category, illustrating the significant cost disparities among institutions within the same region. It also allows for determining the average cost indicator by calculating the arithmetic mean.

Applying the “lowest-average-highest” cost approach provides insight into the potential range of government spending per resident in an in-patient care institution and helps develop a generalized understanding of the nature and specifics of these expenditures based on the average value.

Sources of information used for analysis:

List of real estate under common ownership of territorial communities in the Khmelnytskyi region, managed by the Khmelnytskyi Regional Council ([Institutions \(facilities\) of social protection of the population – Khmelnytskyi Regional Council, km-oblrada.gov.ua](#)).

Analysis of the implementation of budget programs of local budgets in the Khmelnytskyi region: program codes 813101, 813102, 813230. Participation of institutions in budget programs – see **Annex 6** Implementation of local budgets of the Khmelnytskyi region – see **Annex 7** – available on the portal <https://openbudget.gov.ua/local-budget/2210000000/local-expenses?class=program>.

All reports and financial calculations for institutions are based on an analysis of fund transactions for each institution, available on the single web portal for public fund usage, [Spending](#). See **Annex 8**.

Aggregated data on the planned and actual capacity of social protection institutions in the Khmelnytskyi region (“Social Protection of the Population of Ukraine. 2022: Statistical Collection of the State Statistics Service of Ukraine, [Social Protection](#)”).

Forms 1-BIP and 3-DBI reports provided by the Khmelnytskyi Regional State Administration in response to an information request from Fight for Right as part of this study. These data should be published on the regional state administration’s website; however, in the Khmelnytskyi region, reports for 2022–2023 were not made available.

For a list of data that should generally be publicly available and contain information for analysis, see [Annex 2](#).

For a complete list of open sources for collecting data for analysis, see [Annex 3](#).

Calculation of the annual cost of maintaining an institutional setting and the cost of providing inpatient care per person per year

To develop a model for calculating the cost of providing services per person per year or month, we summed all expense categories of an institution and distributed the total cost among its actual number of residents.

To determine the cost of maintaining one person in an inpatient care institution, quantitative data was collected from 26 institutions of various types in the Khmelnytskyi region:

- 19 residential care institutions for the elderly and people with disabilities;
- 6 psychoneurological institutions;
- 1 children’s home;
- 1 geriatric care institution for war and labor veterans.

Summary of planned and actual capacity of social protection institutions in the Khmelnytskyi region⁵

	2021	2022	2023	2024
Planned capacity	1970	1970	2418	2378
Actually occupied places	1705	1834	2343	2320

For a complete list of institutions, including their name, type, and average annual number of residents, see [Annex 4](#).

⁵ The data are given with the exception of the Medzhybizh Children's Home

Number of residents by type of institution:

Consolidated report for 2023	Actual occupancy/ number of residents receiving pensions and social assistance or fully supported by the state							
	Type of institution	Number of institutions	Actual-ly oc-cupied beds	Bed pa-tients	Resi-dents receiv-ing an old-age pen-sion	Residents receiving a pension due to the loss of a breadwin-ner	Residents receiving a disability pension	Residents receiving social as-sistance
Total (Resi-dential care institutions for the elderly and people with disabilities)	19	995	498	613	23	267	87	955
Total (Geriatric care institu-tion)	1	128	85	31	15	75	4	125
Total (Psycho-neurological institutions)	6	1197	204	61	45	746	199	1197
Total	26	2320	787	705	83	1088	290	2277

Separately in **Annex 5** – the number and movement of residents in institutions of the Khmelnytskyi region in 2023.

An institution’s expenses are divided into several categories based on write-offs under various items of the Economic Classification of Budget Transactions (ECBT). For the calculation, key categories listed in the reports as typical write-off items for various types of institutions were identified and consolidated:

- staff salaries, payroll accruals, and travel expenses⁶;
- medicines and dressings;
- food;
- payment for services other than utilities⁷;
- payment for utilities (heat, water, electricity, gas supply, other energy carriers);

6 Some institutions still have expenses under ECBT 2710 – this refers to the payment of preferential pensions to former employees <https://buhgalter.com.ua/zakonodavstvo/kaznacheyske-obslugovuvannya/instruktsiya-kekv/>

7 ECBT 2240 “Payment for services (other than utilities)” – for services related to waste management, including removal, disposal, and neutralization (except for services classified as utilities), particularly bio-waste, etc.

- repair and reconstruction costs;
- items, materials, equipment and inventory, devices and durable goods;
- other related expenses, such as the implementation of state and regional programs, and so on.

It is important to note that the cost of maintaining a person in an inpatient care institution includes not only expenses for meeting direct human needs but also a substantial range of costs associated with maintaining the institution and operating the system.

Expenses for a person may include:

- food;
- medicines and dressings;
- to some extent, expenses for items, materials, equipment, and inventory, particularly for long-term use, as this category includes costs for clothing, hygiene products, and essential personal equipment.

The cost of maintaining the institution covers the remaining categories:

- staff salaries;
- utilities and other services;
- repair and restoration works;
- other related costs.

What is the overall cost of maintaining one person in an inpatient care institution, and how is this amount determined?⁸

- The cost of living for one person in an inpatient care institution for one month (covering all budget program expenses) in the example of Khmelnytskyi region ranges from UAH 10,825 (Dunaiivtsi Psychoneurological Institution) to UAH 23,141 (Maznyky Residential Care Institution).
- This is, respectively, from UAH 129,904 to UAH 277,698 per year (per person);
- The average cost of living for one person in an inpatient care institution is approximately UAH 14,788 per month or UAH 177,607 per year.

The cost of one person's monthly stay in an inpatient care institution includes the following expenses, presented in the context of the lowest and highest monthly costs, along with the calculated average value:⁹

Salary (including wages, benefits, and travel expenses for the staff of the inpatient care institution):

- the lowest cost – UAH 5141 (Vynohradivka Psychoneurological Institution);
- the highest cost – UAH 16,933 (Smotrych Residential Care Institution);
- the average cost – UAH 6256 (42.3% of the average cost of residence).

Note: An accurate calculation requires data on the actual number of employees in each institution, which is unavailable both in open sources and upon request (information is provided in full-time equivalent positions).

⁸ Further calculations are given with the exception of the Medzhybizh Children's Home.

⁹ The need to highlight the marginal costs of maintaining a person in an institution from the state budget arises due to significant—and in some cases extreme—differences in expenses across various categories in institutions within the Khmelnytskyi region. These variations are influenced by factors such as the number of residents and staff, the quality and level of food and medical care, the technical characteristics and condition of the institutions, and the presence or absence of subsidiary enterprises.

Food expenses:

- the lowest cost – UAH 3016 (Dunaiivtsi Psychoneurological Institution);
- the highest cost – UAH 6202 (Smotrych Residential Care Institution);
- the average cost – UAH 3783 (25.6%).

Note: For accurate calculation, data on daily nutrition standards are needed. This will allow for an analysis of whether residents are provided for quantitatively and qualitatively, as well as consideration of whether the institution has its own farm, vegetable garden, or similar.

Expenses for medicines and dressings:

- the lowest cost – UAH 175 (Dunaiivtsi Psychoneurological Institution);
- the highest cost – UAH 684 (Smotrych Residential Care Institution);
- the average cost – UAH 352 (2.4%).

Note: The cost of medicines varies between psychoneurological institutions and residential care institutions.

Utilities:

- the lowest cost – UAH 792 (Bakhmativtsi Residential Care Institution);
- the highest cost – UAH 2426 (Kryvchytskyi Psychoneurological Institution);
- the average cost – UAH 1359 (9.2%).

Note: Utility costs are directly proportional to the total area of buildings and structures that are on the institution's balance sheet and actively maintained.

Items, materials, equipment, inventory including long-term use:

- the lowest cost – UAH 300 (Dunaiivtsi Psychoneurological Institution);
- the highest cost – UAH 2915 (Maznyky Residential Care Institution);
- the average cost – UAH 1050 (7.1%).

Major repairs, construction, reconstruction, and restoration of the housing stock and other facilities of the inpatient care institution:

- the lowest cost – UAH 50 (Vilkhivtsi Residential Care Institution);
- the highest cost – UAH 10,194 (Lisovody Residential Care Institution);
- the average cost – UAH 1652 (11.2%).

Note: Major expenditures depend on the actual condition of the facilities and the need for major repairs. Given that some institutions have received internally displaced persons from other regions, they may need to repair and equip previously unused premises. In other regions affected by shelling, major expenditures may include restoration repairs.

Related costs include payments for services (except utilities), other current expenses, and expenditures for implementing state or regional programs:

- the lowest cost – UAH 79 (Lisovody Residential Care Institution);
- the highest cost – UAH 1004 (Lishchany Residential Care Institution);
- the average cost – UAH 336 (2.3%).

Total expenses per resident:

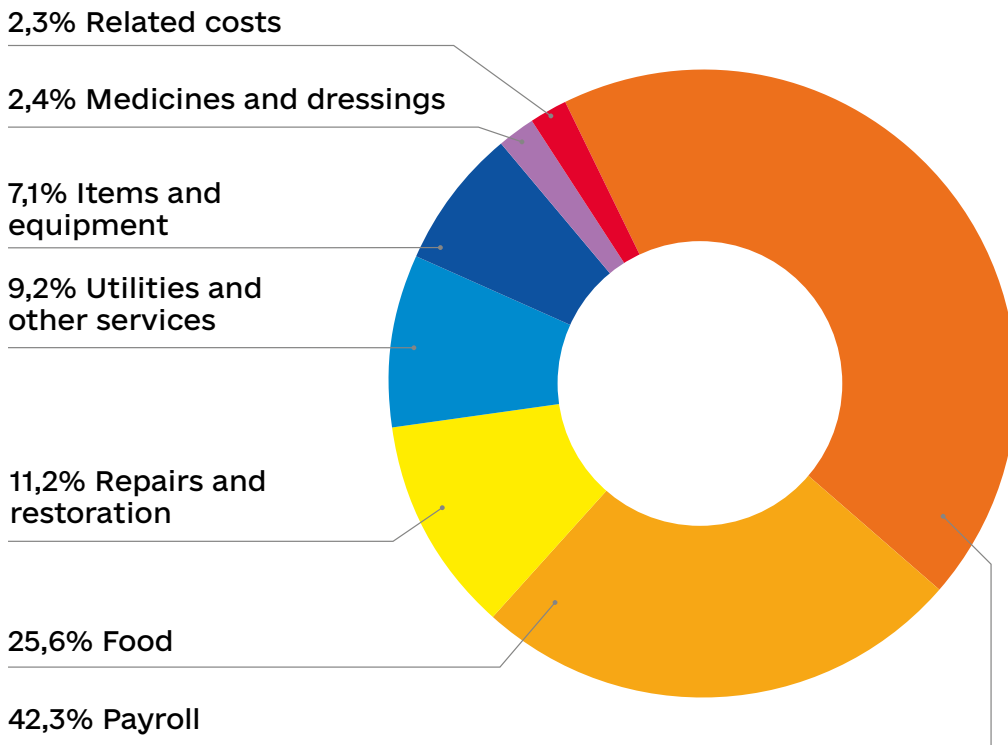
- the lowest cost – UAH 3490 (Dunaiivtsi Psychoneurological Institution);
- the highest cost – UAH 8599 (Smotrych Residential Care Institution);
- the average cost – UAH 5185 (35% of the average cost of residence).

Expenses for the overall maintenance of the institution:

- the lowest cost – UAH 6893 (Kushnirivka Residential Care Institution);
- the highest cost – UAH 19,762 (Smotrych Residential Care Institution);
- the average cost – UAH 9603 (65% of the average cost of residence).

Expenses for each institution in the Khmelnytskyi region across the considered categories – see **Annex 11**.

Average monthly expenses per person at an inpatient care facility



The number of employees in institutions of the Khmelnytskyi region is 1,410 positions, though the actual staff number may be lower due to position combinations. Only data on the number of positions are available from open sources and in responses to information requests.

Therefore, due to insufficient open data on the actual specialization of the institution's staff and the related services they provide, it was not possible to analyze what exactly is included in the inpatient care service beyond the mere residence of one person in the institution for a significant period (and sometimes for life). Therefore, the assumption of this report is that the calculated cost reflects the actual stay of a person in the institution, covering beds, meals, and minimal personal care. After all, if the institution's 50 or 100 residents do not have access to rehabilitation specialists, psychologists, or other professionals, and only receive basic inpatient care, then the service is effectively reduced to providing food and a bed.

On the other hand, given the size of the institutions in the Khmelnytskyi region (which mainly accommodate up to 100 people), this region could serve as a pilot for assessing residents' needs and identifying possible ways to develop the skills necessary for transitioning to independent life in the community.

Conclusions

The concept of segregated inpatient care services based on large residential institutions, despite being inconsistent with the [UN Convention on the Rights of Persons with Disabilities](#), remains a significant part of Ukraine's social services system for adults with disabilities and older people. At the same time, the effective implementation of the [deinstitutionalization strategy](#) is [one of the requirements for Ukraine's European integration](#). Therefore, calculating the economic model for transitioning from institutional services to community-based services should become a key priority for the state in the near future.

In Ukraine, the view that segregated inpatient care services based on institutional settings are the most appropriate and economically efficient way to support people with disabilities remains well-established. This perception of the institutional system is one of the obstacles to implementing the government's [Deinstitutionalization Strategy](#). However, the analysis of funding sources, distribution, and cost assessment of institutional settings in the Khmelnytskyi region challenges this perception:

1. From an economic perspective, inpatient care is neither cheap nor free. On the contrary, the system of institutional settings demands substantial financial injections from the state and represents an economically unjustified approach to supporting people with disabilities. A huge amount of resources is allocated annually from the state budget to provide both segregated services for people without other support options and to maintain the institutional system itself, as demonstrated by calculations based on the Khmelnytskyi region. At the same time, it remains unclear to what extent these significant amounts of funding actually meet the needs of residents and ensure a decent quality of life for everyone.
2. The financial needs of the institutional system are highly unstable and unpredictable, making state budget planning and calculations more challenging. In particular, the analysis of the cost of living for one person in a residential care institution in the Khmelnytskyi region reveals a significant disparity between the lowest and highest funding levels in each expense category, with differences sometimes reaching several dozen times within a single category. This difference can be caused by institution-specific factors, such as:

- technical condition of structures;
- size of staff and the actual number of working versus allocated positions;
- number of residents and their needs;
- other nuances that affect current expenses.

3.

The cost of maintaining the institution as a fundamental part of the system significantly exceeds the expenses required to meet an individual's direct needs and provide high-quality essential services within the total cost of living for one person in an inpatient institution. The cost of food, medicines, dressings, and essential personal items (clothing, shoes, bed linen, etc.) accounts for 35%, while the cost of maintaining the institution itself makes up 65%. This ratio indicates that the system of residential institutions is extremely costly, as the majority of expenses are allocated to maintaining the system itself rather than directly meeting residents' needs.

4.

At the same time, due to the lack of open data, it is impossible to assess the quality of inpatient care services and their components within the institutional system, as the available data only reflect the provision of the "bed and meals" service. The effectiveness of such segregated inpatient care services based on institutional settings is unclear, as the assessment of the quality of medical support, rehabilitation, and psychological assistance for residents remains unavailable. This calls into question whether inpatient care can truly be considered a "service" in the general sense of the term, as an activity aimed at meeting a person's needs.

5.

Despite the fact that a significant share of funding for institutional settings is allocated to staff remuneration (an average of 42.3%), the personnel structure of these institutions remains insufficiently transparent and comprehensible. Questions remain about the availability of qualified specialists such as psychiatrists, dietitians, and physiotherapists in institutions, as well as whether there is a sufficient number of junior medical staff. Since most institutions use the concept of working positions rather than the actual number of employees, assessing the actual availability of personnel in institutional settings is quite difficult.

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