Patient satisfaction is considered as one of the desired outcomes of health care; however, it is not brought to desired level due to different reasons. The aim of this study was to identify factors affecting patients’ overall satisfaction regarding hospital services provided. The data were obtained from a sample of 310 in-patients who have been diagnosed at Hawassa University referral and Shashemene referral hospitals in May 2011 using stratified random sampling technique. The data were analyzed using multivariate method and binary logistic regression analysis. Factor analysis was used for data reduction in which seven common factors were obtained and used for further statistical analysis. Binary logistic regression was applied to identify factors that affect patient satisfaction. The results obtained from the analysis showed that from the total of sampled patients, 58.4% were satisfied with hospital service while 41.6% patients were dissatisfied. From binary logistic regression analysis, age of patient, educational level, occupation, monthly income, department of diagnosis, interpersonal quality of doctors, comfort in the ward, speed of services, accessibility and attitude of support staffs toward patients were found to be statistically significant predictors of patients’ overall satisfaction at 5% level of significance. It can be concluded from this study that the most contributing factors that affect patients’ satisfaction were interpersonal quality of doctors, comfort in the ward, speed of services, availability of medical stuff, attitude of support staff and efficacy of care providers.

**Keywords:** Binary Logistic Regression Analysis, Factor Analysis, Patient satisfaction