Astana Economic Forum, The Republic of Kazakhstan 15-16 June 2017

SOCIAL HEALTH PROTECTION NETWORK

Mandatory Health Insurance Policy and Implementation Issues

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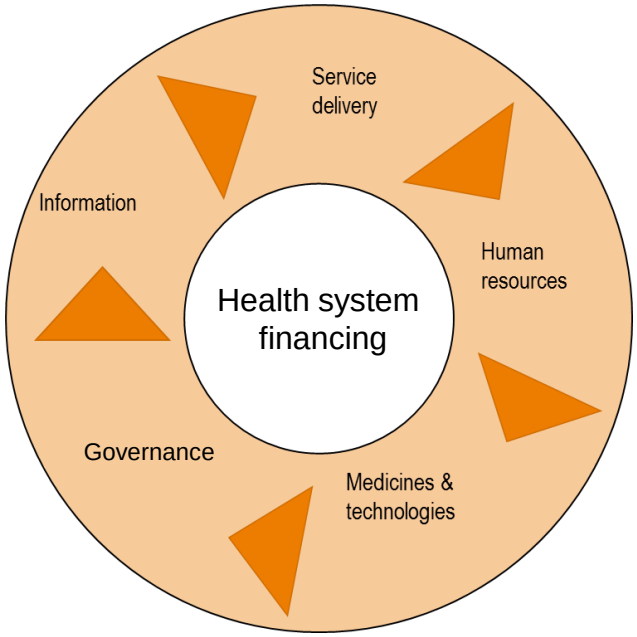
Outline

- Mandatory social health insurance (SHI) in the context of health system financing
- Role of SHI in achieving universal health coverage (UHC).
- SHI policy and implementation issues in moving towards UHC.

Health system financing

- Health financing is one of the health system components /six building blocks.



- Health financing functions:

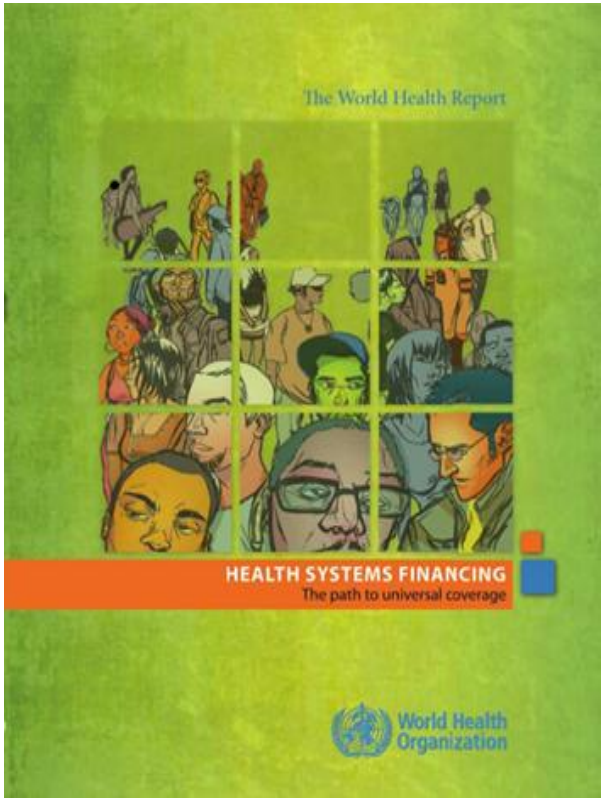
✓ Revenue collection

✓ Pooling of funds

✓ Purchasing

- Improvements in health financing arrangements are critical to strengthen health systems, thus to attain national health policy goals and objectives such as UHC.

Health financing arrangements



All people in a society are able to access to comprehensive and quality health services and use them without financial hardship.

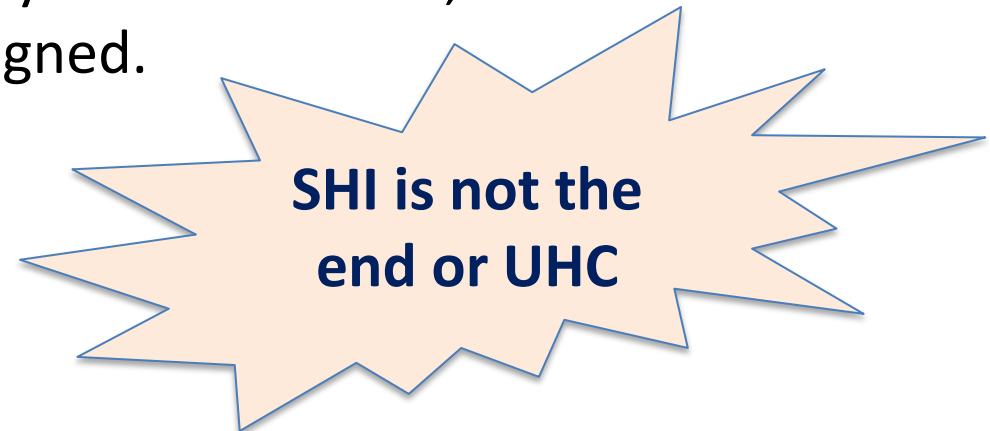
Health financing reforms for UHC:

- Raise more money for health
- Increase the share of prepaid and pooled funds
- Improve efficiency and effectiveness.

Reforms are often shaped not only by technical knowledge but also influenced by political, economic and social ideologies, goals and objectives.

SHI is contributory to UHC

- **Alternative financing option** - mobilises additional and stable funding resources, if certain conditions met.
- **Prepayment arrangement** – Promotes equity in resource mobilisation and provides financial protection against unpredictable health care costs.
- **Impacts on management of service delivery**- improve efficiency, effectiveness and quality of health services, if properly organised.
- **Empowering effects** – peoples' voice and participation.
- **Universal population coverage focus** – facilitates equitable access by all to basic or necessary health services, if health service benefit packages are well designed.



Additional funding (people x contribution)

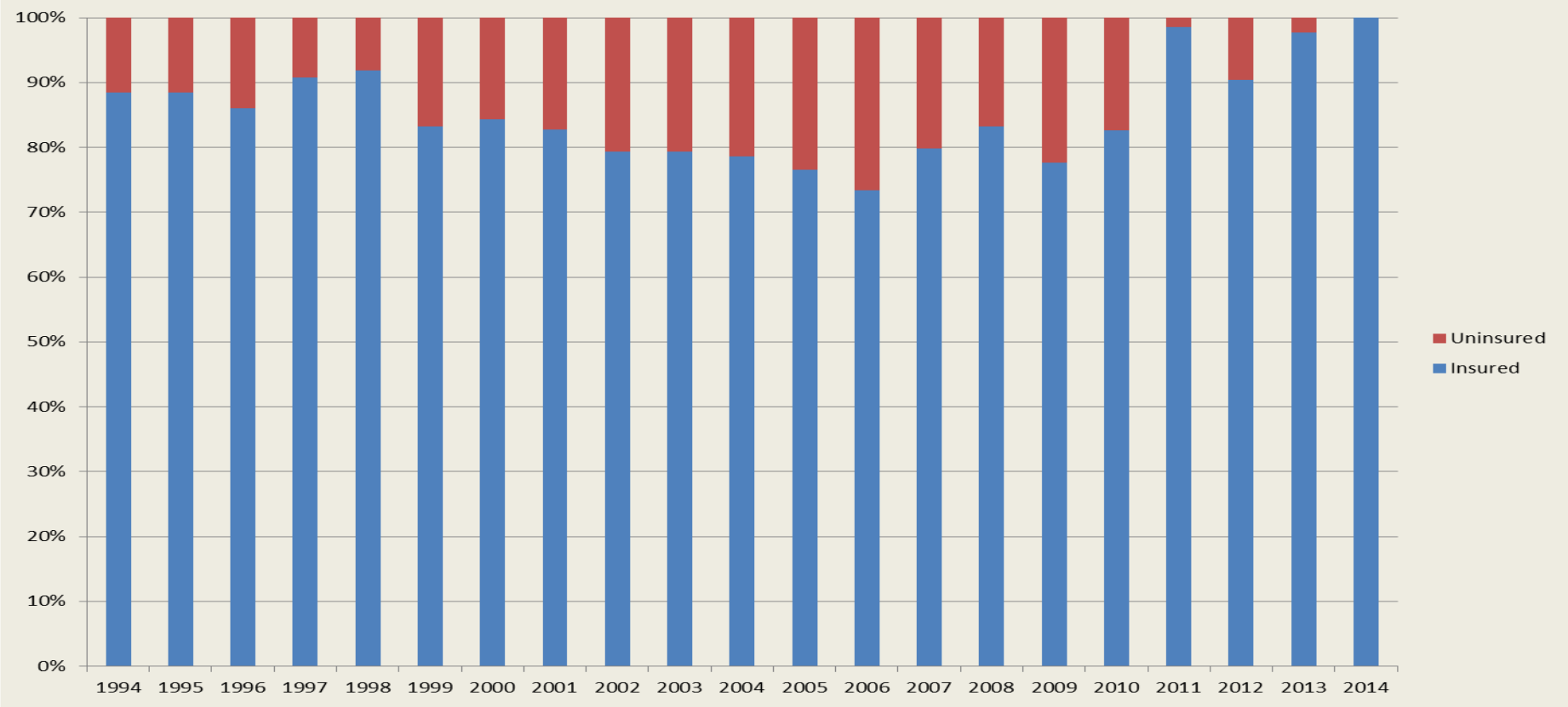
- Membership (contributing & non-contributing members)
- Who are they and how to cover the beneficiaries?

✓ Salaried (formal) public and private, active and retired.
✓ Informal sector workers, poor and vulnerable people.
✓ Defendants (spouse, non-working and children).

- Membership based contribution/subsidies

✓ Contribution setting, collection and compliance (revenue).
✓ Budget transfer and subsidies in timely manner (revenue).
✓ Support from various stakeholders (dialogue and consensus).
✓ Information system (revenue-expenditure).
✓ Advocacy and communication (understanding the SHI principles).

Population coverage in Mongolia



Source: D.Bayarsaikhan etol, ISSR Journal, 2016.

Major issues and barriers

General population

- Low awareness about SHI.
- Limited evidence, data and information.
- Lack of continued commitment.
- Weak human resource development and management.
- Poor coordination.

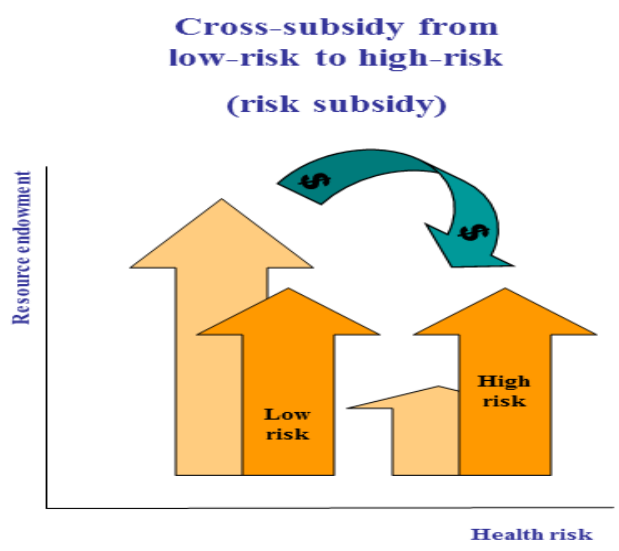
Informal sector workers

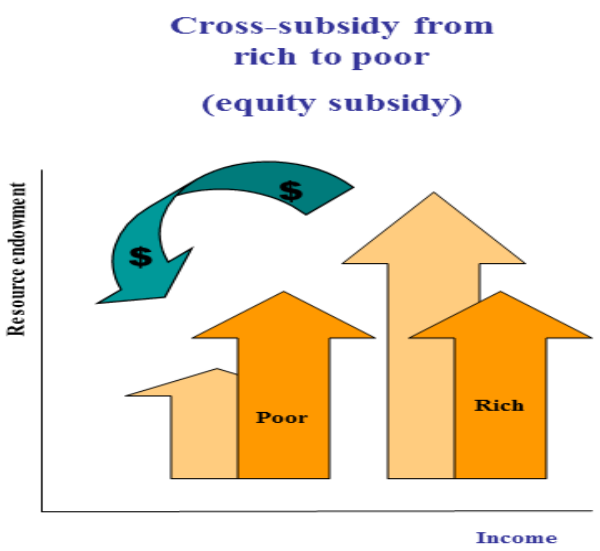
- No formal employment contract or agreement.
- No formal record of income and wage.
- Most are lower and lower middle income people.
- Non-cash income, often seasonal income.
- Self-employed have no employer to match premium contributions.

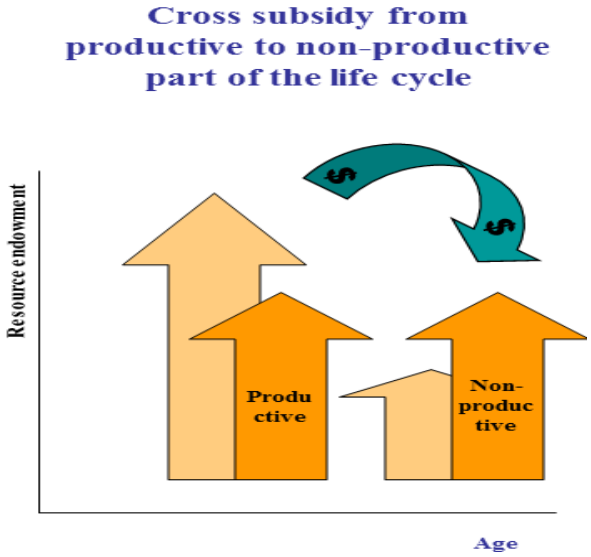
- Low coverage/drop-out (revenue)
- Under reporting of earnings (revenue)

Pooling and purchasing

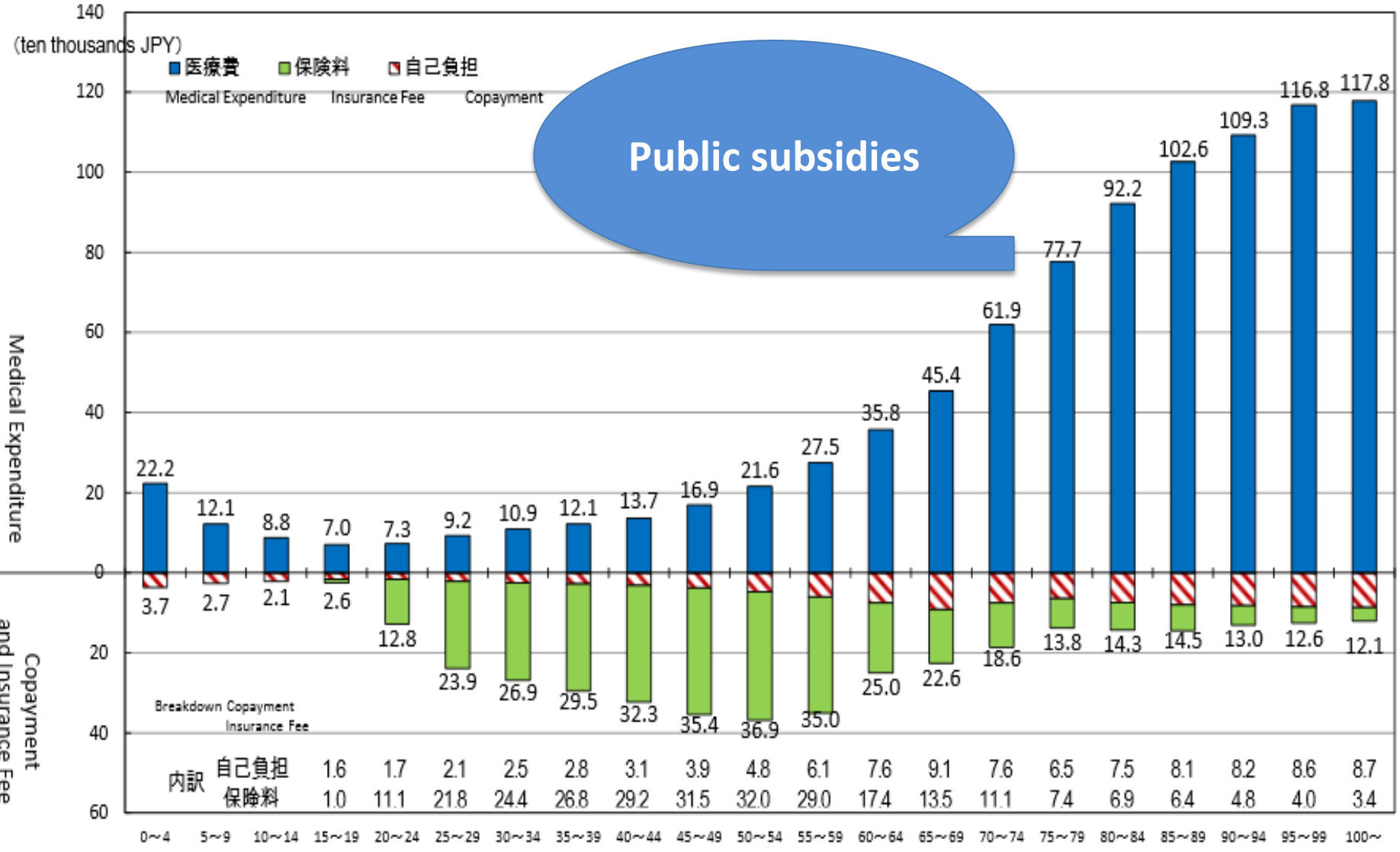
- **Health service benefits** (comprehensiveness, entitlement, patients' need, expectation, service availability, integration, and investments).
- **Universal access to quality service benefits** (provision, financial barriers, service quality, accreditation and licensing, and patient satisfaction).
- **Financial protection** (financing and payment)







Comparison of Medical Expenditure, copayments and Insurance Fee per Person by age group (Annual Amount) (Estimates based on statistics in 2017) in Japan



(Note) 1. The amount of medical expenditure and copayment per person is the amount of medical expenditure and copayment of insurance subscribers divided by the number of subscribers of age group respectively.
2. Copayment refers to that of the medical insurance system.

Efficiency and effectiveness

- Strong primary health care base, and an efficient referral system for secondary and tertiary care.
- Clear linkages between health budget and social health insurance to support UHC.
- Efficiency savings and cost containment:

✓ Avoid fragmentation.

✓ Ensure rational use of health service benefits with maximum satisfaction among the insured and the service providers.

✓ Manage provider induced demand and moral hazard.

✓ Policy alignment, provider payment method incentives.

✓ Value for the money (priority setting in expanding and rationing of health service benefits).

Priority setting in UC scheme in Thailand

Proposal submission by 7 groups: policy makers, academia, professional, CSO, patient groups

Topic selection: Severity and magnitude, effectiveness, household financial impact

Assessment: Cost effectiveness, budget impact, equity and supply side readiness

Appraisal and Decision by Board of UC Scheme chaired by MOH

Interventions	**1**	**2**	**3**
Cost effectiveness	Yes	Yes	Yes
Budget impact	Low	Low	High
Population health impact	High	High	Low
UC Scheme coverage	Yes	No*	No

* Problem in delivery and equity

Relevance to Kazakhstan

Revenue collection:

- Cost and benefits.
- Public finance management system.

Pooling:

- Pooling general tax, SHI contribution and subsidies in a single fund to avoid separate fund flows and management.

Purchasing:

- Establishment of a single purchaser (payer).
- Strategic purchasing, transparency and accountability.

Benefit design:

- Integrated and comprehensive benefit package for all to effectively meet their health needs (UHC).
- Minimum co-payments.

Conclusion

SHI is more than a financing scheme. It is evolving and becoming responsive to changing health needs and policy objectives. Backed-up with strong political commitment and strategic support, SHI can drive health system financing reforms for UHC.

Traditional characteristics:

- Medical insurance /sickness fund to cure diseases.
- Formal sector focus with exclusion of the poor, and vulnerable.
- Financing method.
- Reduce financial burden for individuals when sick.
- Passive third party payer (reimbursement).

New features:

- Health insurance / health promotion.*
- Universal coverage, the poor and vulnerable are covered with budget subsidies.
- Social health protection.
- Cross subsidization through large risk pool.
- Active strategic purchaser (best value for money).

* See references

Conclusion

2030

Leaving no one behind

2017

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THANK YOU

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