



# Social Health Insurance model of Kazakhstan: main characteristics

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# Advantages (1): Role of Government in ensuring universal coverage by SHI

- Universal coverage is one of key conditions for the SHI to fulfil its mission, usually, substantial challenge for countries with “young” SHI systems
- Next challenge is aging of population and increase of financial burden for economically active population

In Kazakhstan:

- Government acts as insurer of approximately 10 million ( $\approx 55\%$ ) of economically non-active population this way granting them the SHI coverage

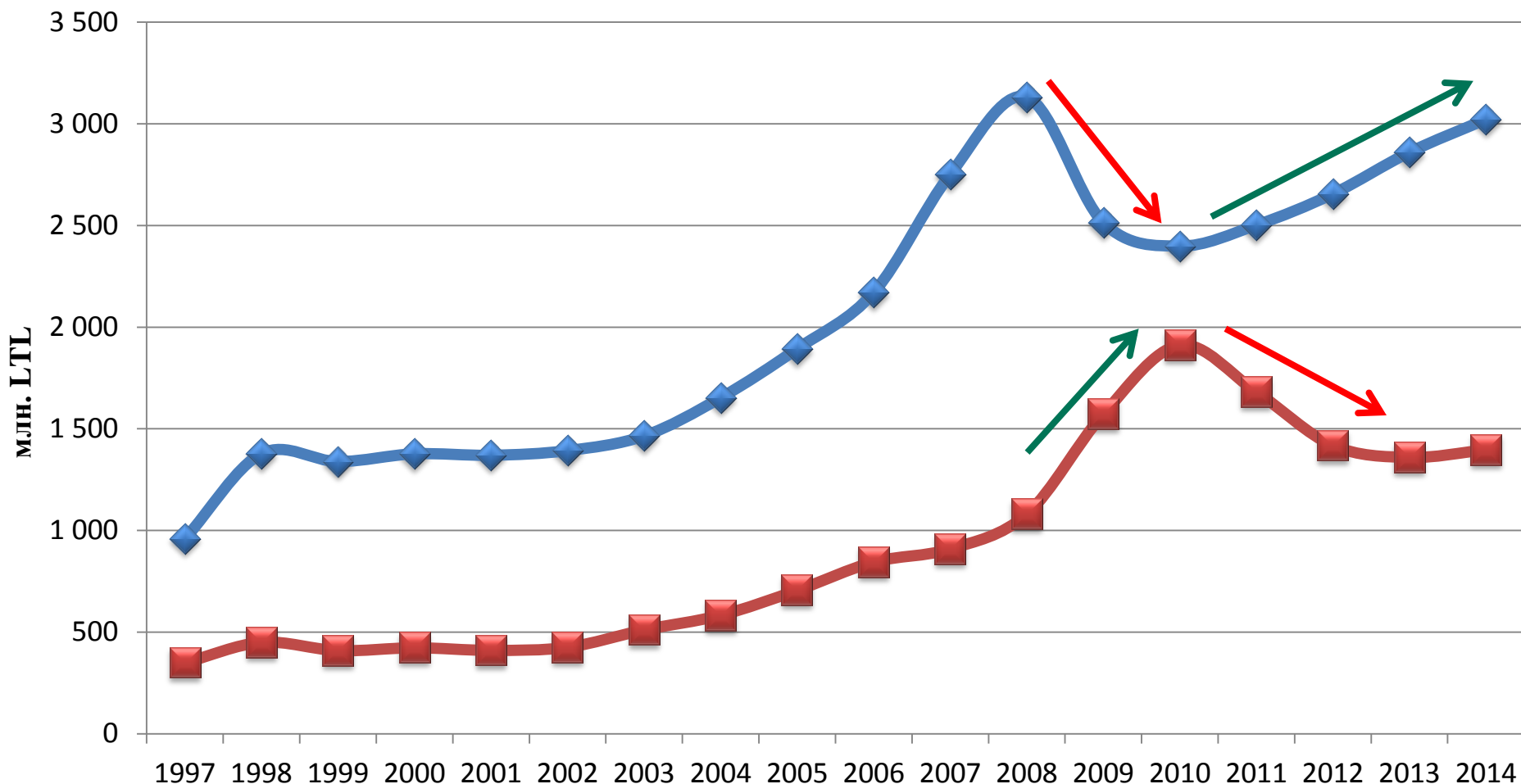


## Advantages (2): Prerequisites of financial sustainability of the SHI system

- Substantial share (80% in the beginning) of the Government in the total amount of SHI contributions is the principal prerequisite
- Counter-cyclic mechanism in the system of SHI contributions: relation of Government contributions and average salary lagging by two years (see example of Lithuania in next slide for illustration of the effect of this kind of mechanism)
- Reserves of the Social Health Insurance Fund



# Lithuania: contributions of Government is important counter-cyclic measure of SHI income



- ◆ The total amount of contributions of economically active population, LTL million
- The total amount of contributions and additional transfers of The Government, LTL million

# Beveridge vs Bismarck? Lithuania is setting a new standard in the Baltics and beyond



Tax-financed: unpredictable annual allocation decisions make stakeholders argue for earmarking (Latvia)



SHI: exclusive reliance on earmarked payroll tax is unsustainable in the long run (message for EST)



Balanced revenue mix of payroll tax and budget transfers with counter-cyclical mechanisms pooled in a single fund purchasing health care



# Advantages (3): single payer model

- Accumulation of all contributions (and insurance risks of population 18 million) into single fund, the SHIF
- Single package of healthcare for every inhabitant of the country
- Ensuring solidarity via redistribution of resources across the regions according to the needs of population
- Single rules for providers in purchasing of healthcare
- Concentration of negotiation power in strategic purchasing and possibility of influence towards increased efficiency of health care system
- Better efficiency (lower administrative costs)

Additionally:

- The SHIF administrates resources for purchasing of healthcare included both in package of SHI and State guaranteed package



# Challenges (1): Achievement of universal coverage

Theoretical coverage of population groups (situation for 01.01.2016):

1.	<b>Subsidized part of population(economically non-active population, unemployed, other)</b>	<b>9 207 thous.</b>	52,1%
2.	<b>Formal sector (Economically active population)</b>	<b>7 265 thous.</b>	43,2 %
	On labor contract	6 235 thous.	
	Productive self-employed (employers, active businesses)	1 390 thous.	
3.	<b>Risky contributors</b>	<b>838 thous.</b>	4,74%
3.1.	Productive self-employed (individual or cooperative agriculture activities)	420 thous.	
3.2.	<b>Unformal sector (non-productive self-employed)</b>	<b>418 thous.</b>	

Practically...



## Challenges (2): ensuring equity in contributions of SHI

- The sealing of 15 minimal salaries for calculation of SHI contribution – problem of vertical equity
- Flat rate (on basis of 2 minimal salaries) contribution for some groups of self-employed (private notaries, bailiffs, lawyers and mediators – problem of horizontal equity)





## Challenges (3): Fulfillment of society's high expectations for better medical care in connection with the introduction of SHI

- **Accessibility:**
  - Primary health care – first of all
  - Including right of choice of patient at other level of health care
- **Scope of care:**
  - Compensated medicines
  - High Tech healthcare
- **Quality:**
  - Elements of competition among providers
  - Quality indicators and P4P



# For conclusion: three reasons for being sure in successful implementation of SHI in Kazakhstan

1. Modern model of SHI including strong prerequisites of financial sustainability:
  - Mix of financial sources
  - Substantial role of Government
  - Counter-cyclic mechanism
2. Gradual implementation (2017/2018 – 2020)
3. High level of SHI understanding and preparation for implementation