

Health Financing Reforms in Lao P.D.R. and Key Discussions Towards Social Insurance Universal

Sabaidee

Presented by:

Khampheth Manivong, Orthopedics, MHE

***Acting Director General of Dept.Planning & Finances, MOH
Community Based Health Insurance(CBHI) National Coordinator***

Social Security Organization(SSO) Board Member

Social Security Organization(SSO) Medical Board Vice Chair

Lao Biodiversity Fund (LBF) Board Member

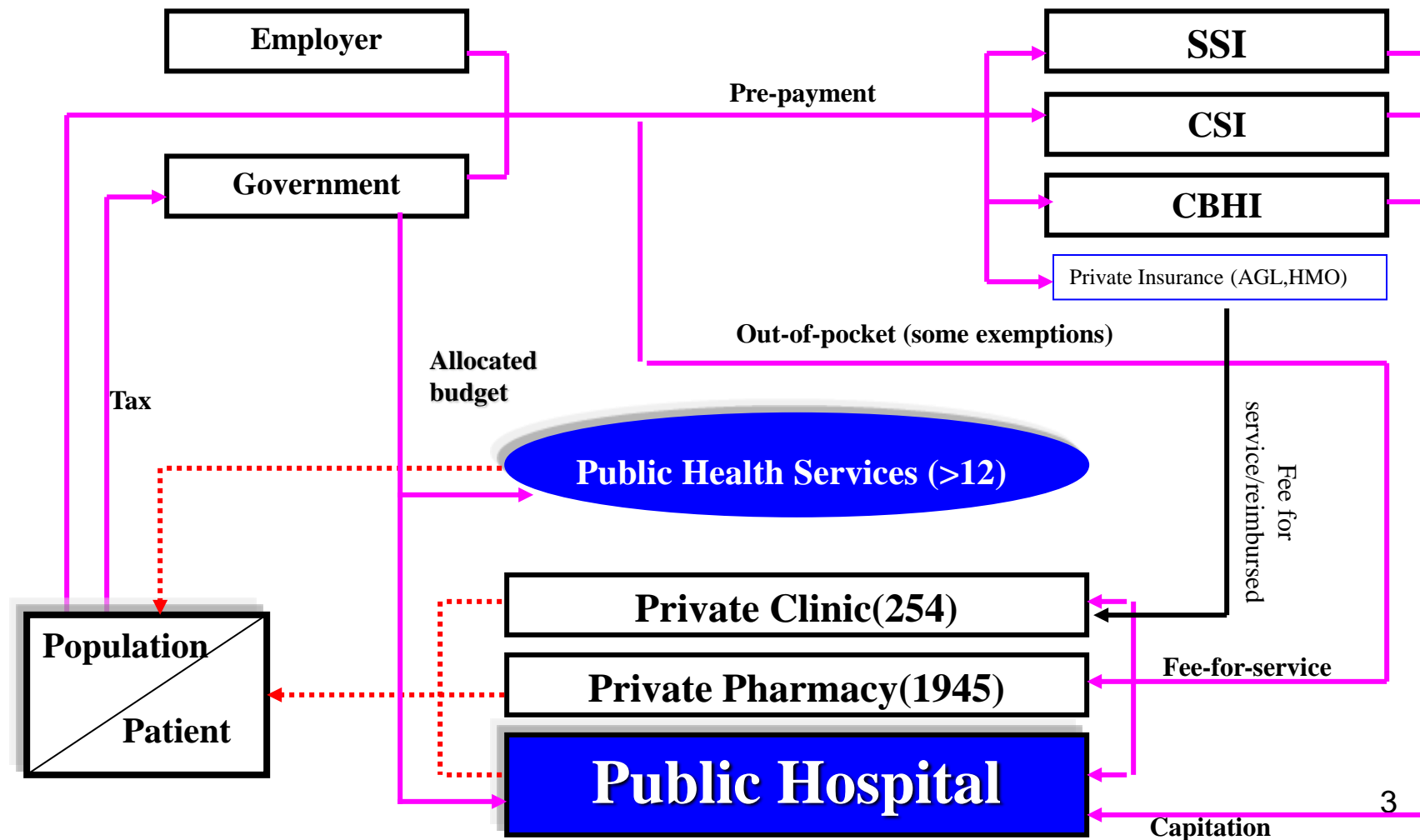
E-mail: khamphetm@yahoo.com



Country Profile & Health Indicators

• Pop. 5.9 Million (2005)	• MMR/100,000 405(2005)
• Pop. Density 24/km2 (2005)	• IMR/1,000 70(2005)
• Pop. in Rural 75% (2005)	• U5MR/1,000 98(2005)
• Pop.Informal Eco. 80% (2005)	• LE – males 59(2005)
• Pop.Living UPL 18% (2006)	• – females 61(2005)
• GNI per capita US\$500 (2007)	• Clean Water 71%(2007)
• GDP growth 7% (2007)	• Family Latrine 47%(2007)
• HDI 133 (2005)	• School Latrine 17.6%(2007)

Health System in Lao PDR



Health Policy Framework

Health Strategy by 2020 :

- (1) Full health care service coverage and health care service equity;
- (2) Development of early integrated health care services;
- (3) Demand-based health care services;
- (4) Self-reliant or financially autonomous health services.

Health Development Plan 2006-2010

- Strengthen health providers' ability,
- Improve community-based health promotion and health prevention,
- Improve and expand hospitals at all levels,
- Promote and strengthen the use of traditional medicine and integrate it with modern care,
- Promote operational health research,
- 1. Ensure effective administration and management, and financial self-sufficiency, *establish a health insurance fund*

Aims and Health Financing Principle

Aims:

- To make funding available
- To set the right financial incentive for providers
- To ensure all individuals have access to effective public health services and personal health care

Three basic principles:

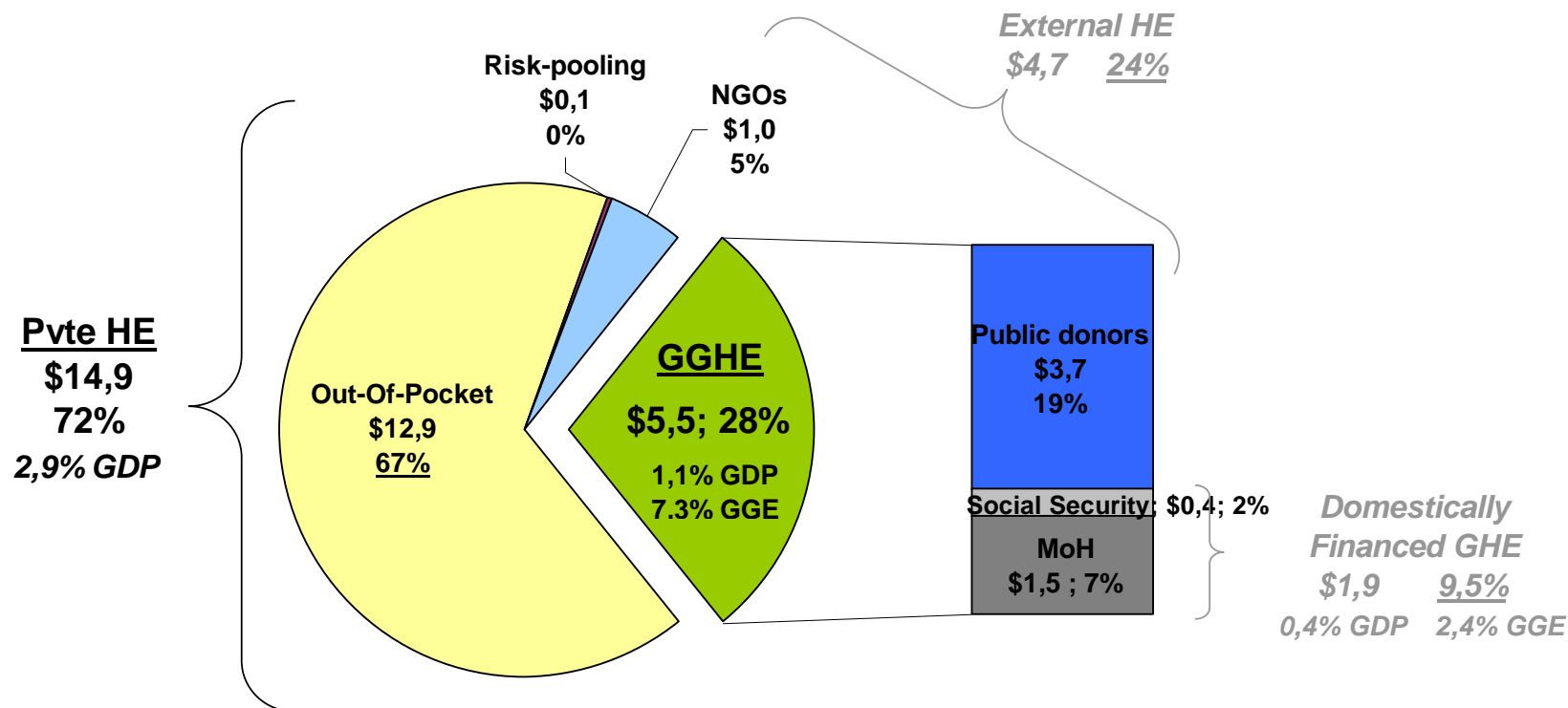
- Collecting revenue
- **Pooling resources, and**
- **Purchasing** goods and services

A major challenge is: “Can the rich and healthy subsidize the poor and sick?”

Health Financing in Laos

Total Health Expenditures in Lao PDR 2005

Source: WHO 2007 NHA



GGHE=General Government Health Expenditure
 GGE=General Government Expenditure
 Pvte HE=Private Health Expenditure

THE = \$19,5 per capita (\$32 Million)
4% of Growth Domestic Product

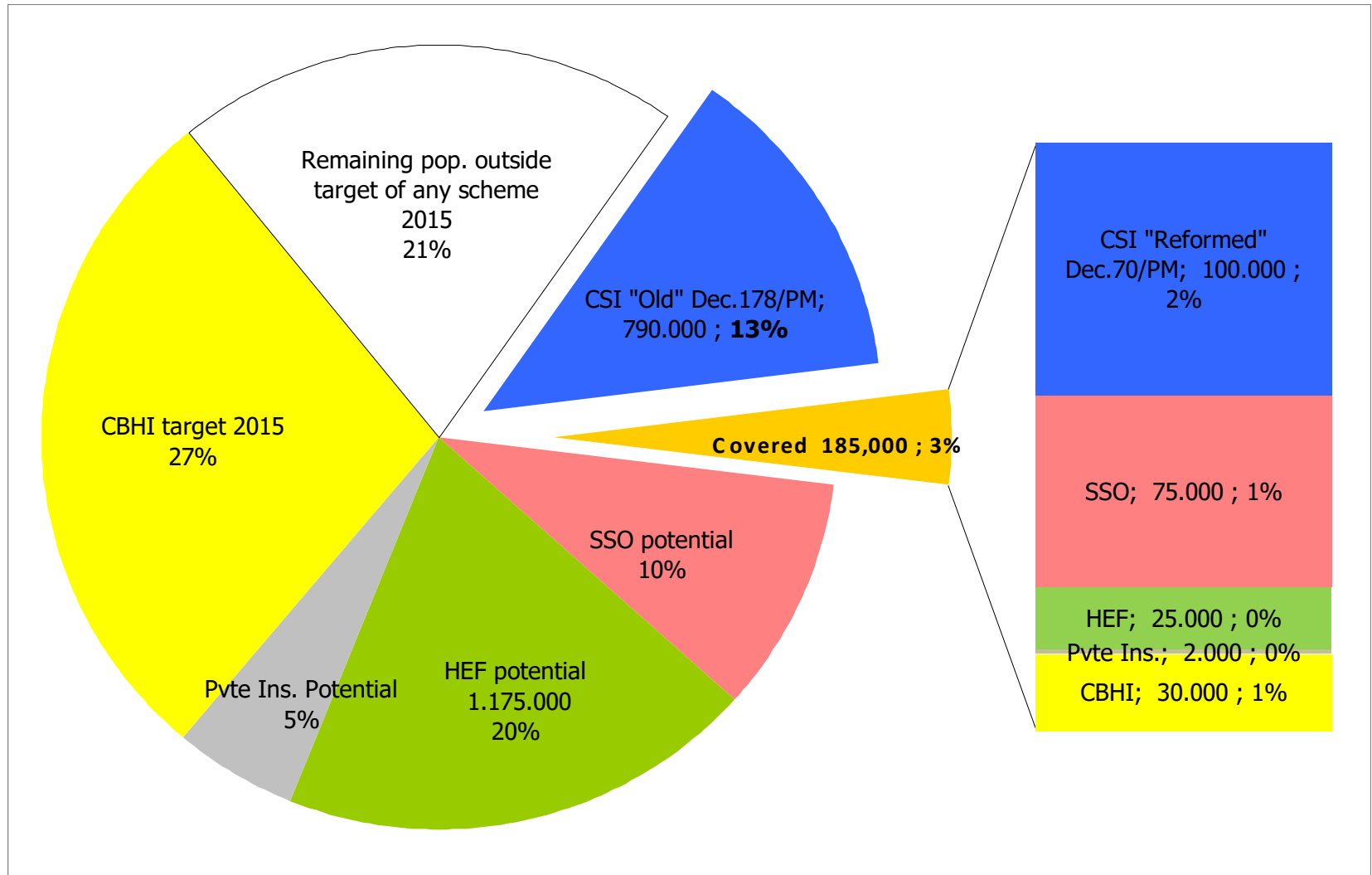
From Gratuity to Users Charges

- From 1975 to early 90's: Free of Charge in Health Care service.
- Since 1995: started User Fee System : Decree 52 of Prime Minister. Hospitals are allowed to charge for drugs, start Revolving Drug Funds (RDF).
- In 1998: Decree 230 of MoH: implement RDF nationwide Health care financing and availability of drugs has greatly improved in Lao PDR.

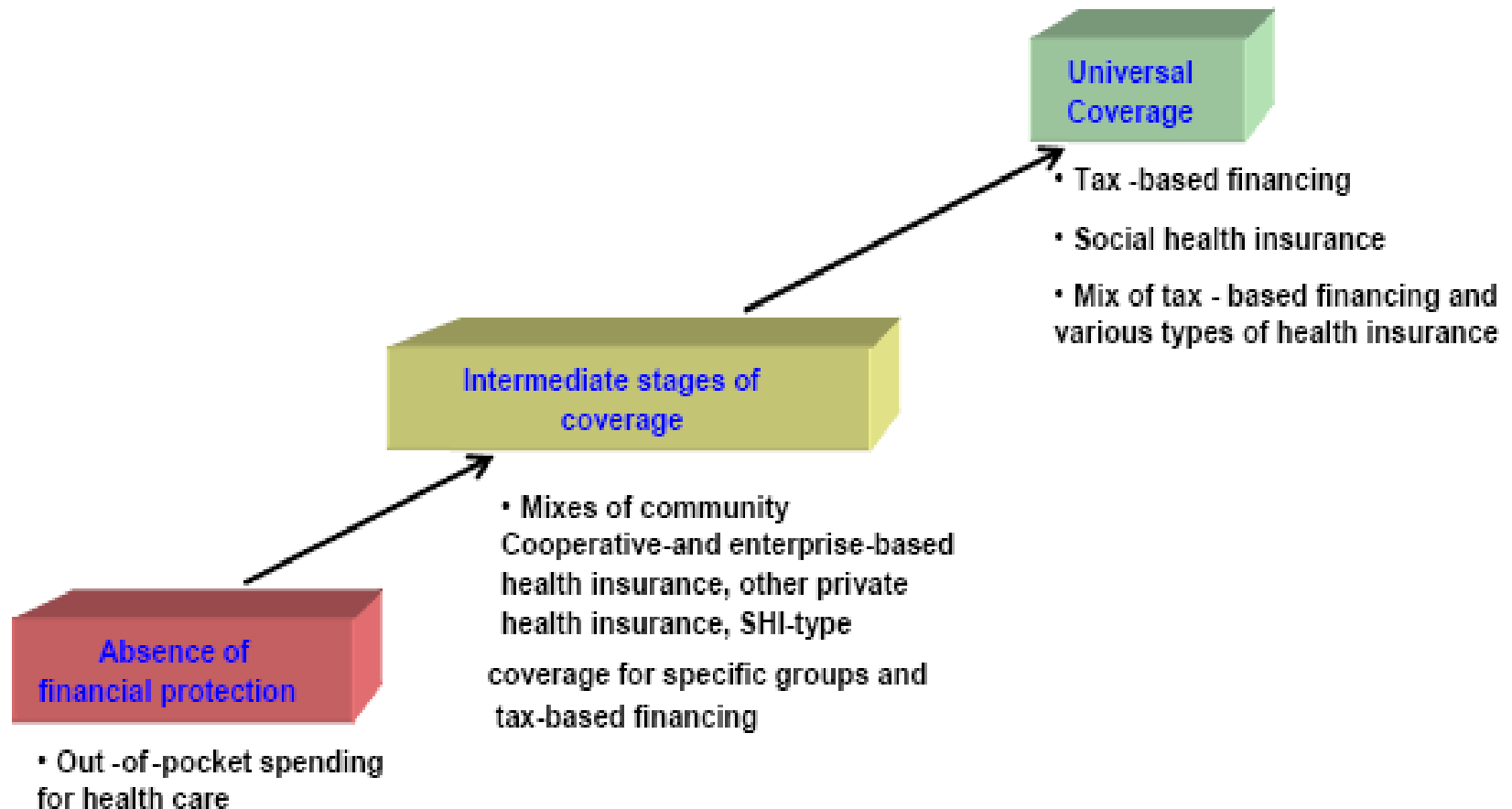
Current User Fees Pose Major Problems

- **Inequity**
- **Financial barrier**
- **Patient delayed seeking care**
- **Non predictability**
- **Poverty because of catastrophic expenditure**
- **Irrational use of health care according to cash.**
- **Hospital cost escalation**

Social Protection in Laos



Challenges towards universal health coverage



Strategic Options on Health Financing in General

- 1. Increase public funding, mainly from domestic sources.**
- 2. Improve efficiency, mainly from donors' support**
- 3. Improve affordability and equity**

Recommendations for all Social Protection Schemes

- **Act in parallel upon technical and perceived improvement in quality of services and upon awareness through appropriate promotion/marketing**
- **Develop attractive benefit package of services.**
- **Maintain capitation payment.**
- **Ensure capitation matches with providers' costs.**
- **Consider a moderate co-payment.**
- **Professionalize SPSs' management.**

Recommendations for CSS and SSO schemes

For Civil Servant Scheme(CSS):

- Increase capitation to the same level as SSO.
- Develop computerization at scheme level with possible integration with SSO, CBHI, HEF

For Social Security Organization(SSO):

- Extend the coverage to all enterprises
- Extend the geographic coverage towards provinces
- Use a combination of :
 - (a) positive rewarding through marketing/promotion techniques, accreditation/ certifications,
 - (b) improved services in quality, proximity, rapidity and
 - (c) political pressure to increase the enrolment and compliance of employers
- Test compulsory systems, in between CBHI-SSO,

Recommendations for CBHI schemes

- Reinforce more efficient promotion, registration and collection of premium;
- Strengthen PHC and the referral system;
- Develop computerization with possible integration with SSO, CSS, HEF;
- Create competition to reach targets and reward systems;
- Review the feasibility of covering motor vehicle accident injuries and funeral grants;
- Consider amendments of the guidelines and regulations;
- Link up with agencies implementing micro-credit schemes;
- Increase the amount of capitation.
- Maintain use of the capitation system; and test the possibilities of differential capitation payment
- Possible test-field:
 - Village-based subsidized CBHI coupled with HEF.
 - Subsidized CBHI on a digressive basis to ensure sufficient incentives for providers
 - Mandatory CBHI/SSO schemes
 - Develop systems for in-kind payment for premiums

Recommendations for HEF & Other Social Assistances

- Draw lessons on HEF
- Identify the poor.
- Synergy services for the poor for health and education sector
- Give the responsibility for managing the funds to a third-party body for a nationwide program
- Set up HEFs to service an entire province or region.
- Reimburse providers on a fixed fee or test on a capitation basis.
- Provide services at village level.
- Purchase CBHI premium for poor families
- Use joint administration with existing risk-pooling schemes

For other social assistance programs

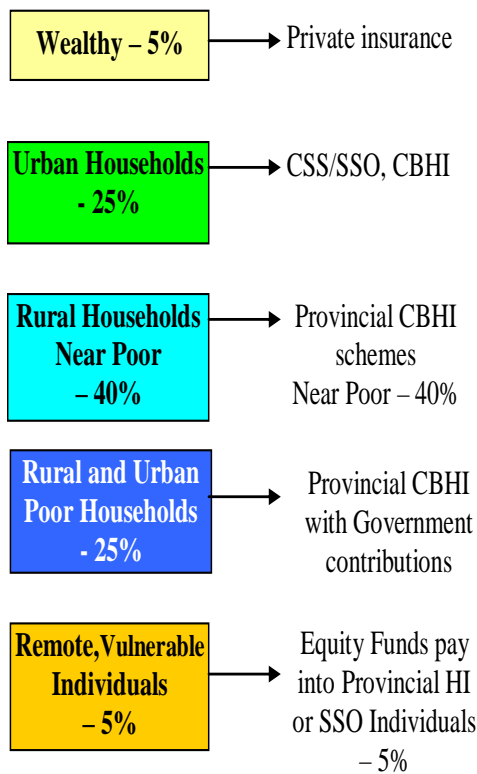
- Pilot test cash or in-kind transfers for maternity support, chronic disease patients, people with disabilities and elderly people.

Social Protection Road Map

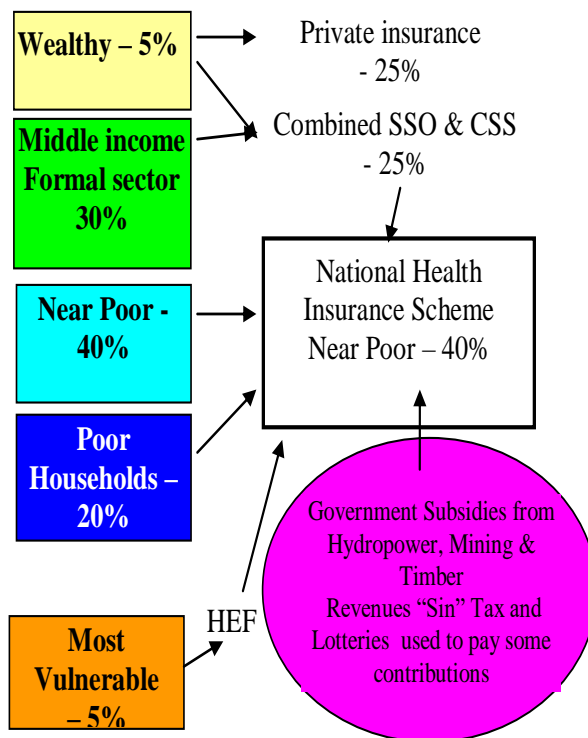
- **The Social Protection Roadmap should :**
 - **Be coherent with NGPES and NSEDP;**
 - **Be fiscally responsible**
 - **Capitalise on activities of Lao PDRs' development partners and create synergies where possible**
- **The long-term strategy :**
 - **Extension of SSO to all provinces, all enterprises**
 - **Merging of the civil servants scheme with SSO**
 - **Linking Micro-Finance Institutions and CBHI**
 - **Enrolment of the self-employed formal and informal labour sectors in the SSO**
 - **Merging at provincial level as coverage within districts of each scheme reaches a high percentage.**
 - **Establishing an autonomous NHI Scheme for rural populations**
 - **Subsidize for the poor by government.**
 - **Developing additional revenue via earmarked sin tax or lotteries**
 - **Ensuring appropriate legislation**
 - **Strong leadership by the Government.**
 - **Developing action plan towards universal coverage.**
 - **Establishing mechanism to steer the development of the social protection roadmap.**

Possible Phasing Towards Universal Social Protection in Laos

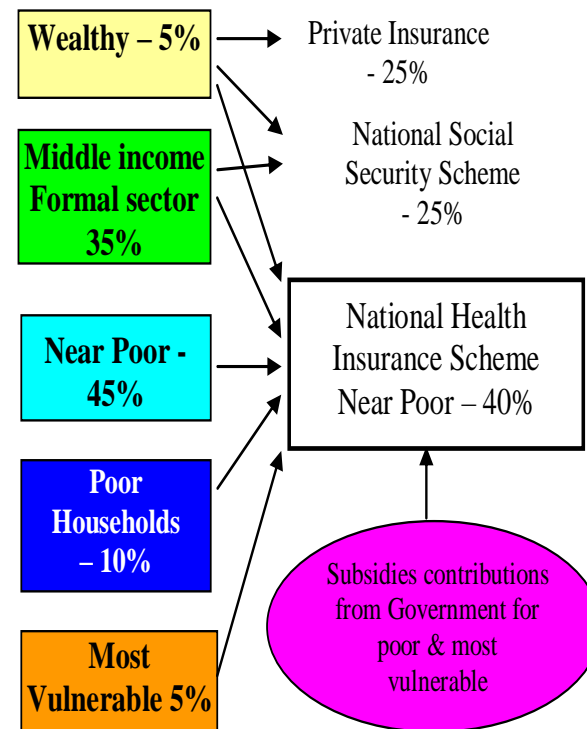
Options for coverage by 2010



Medium-term - 2015



Long term - 2020





Dokchampa

Thank you
for your
attentions!