SOCIAL HEALTH INSURANCE SCHEME IN VIETNAM

ACHIEVEMENTS & CHALLENGES

Dept. of Planning and Finance and Health Insurance, MoH of Vietnam
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OUTLINE

I. Basic country profile
II. Structure of health system
III. SHI achievements
IV. Lesson learned
V. Challenges
VI. Moving forwards
I. Vietnam: Basic facts, 2014

- Area: 332,600 km² (65th)
- Population: 90.7 mil (13th)
- Urban pop: 33%
- GDP per capita = 2,300 US$ (133rd)
- GDP growth rate: 5.42%
- Poverty rate: 12.6%
- Health expenditure: 6.7% GDP

**Basic Health Indicators:**
- LEB = 73.2 yrs
- IMR = 14.9/1000 L Bs
- U5MR = 22.4/1000 L Bs
- MMR = 60/100,000 L Bs
II. STRUCTURE OF HEALTH SYSTEM

- MOH's departments
- Research Institutions (NIHE, Pasteur Institutes etc)
- Medical Colleges
- Central Hospitals (General and Specialized)
- Provincial Hospitals (General and Specialized)
- Centers for preventive medicines
- Medical Secondary Schools

Gov. → MOH

Prov. People Committee → MOH → 63 Provincial Health Bureaus →

District P.C → Health Administrative Unit → District Health Center

Commune P.C → CHSs → VHWs

District hospital → Inter-commune clinics
II. STRUCTURE OF HEALTH SYSTEM

- Ministry of Health
- Central General and Specialised Hosp(s)
- Prov Preventive Hlth Center(s)
- Medical and Phar Universities

63 Provinces

- Aver pop: 1-2 mil
- Prov Dept of Health (DOH)
- Prov General and Spec Hospital(s)
- Prov Preventive Hlth Center(s)
- Prov Secondary Med School

698 Districts

- Aver pop: 120,000
- District Health Office
- District Hospital
- District (Preventive) Hlth Center

11,121 Communes

- Aver pop: 10,000
- Com Hlth Center
- 4-5 CHWs/com, icld MD
- 98,000 VHWs
III. Health Insurance ACHIEVEMENTS

1. Historical Development

- By 1986: Free health care under centrally planned Economy
- 1989: First voluntary HI pilot begins for provinces’ entire population
- 1992 to 2009: Governed by Government Decrees
- Stage from 7/2009 – now: Governed by the HI-Law
- 1/1/2015: Implementation of Compulsory Health Insurance under the Revised HI Law
2. HI coverage expansion

- National Assembly Representatives, People’s Council members, preschool teachers, social welfare target groups, dependents of police and armed forces staff.
- Workers in non-state enterprises more than 1 employee, cooperatives, other organizations, war veterans, the poor.
- Children under age six, the near poor.
- Farmers.
- Dependents of laborers and cooperative members; other groups.

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<tbody>
<tr>
<td>HI coverage expansion</td>
<td>4%</td>
<td>23%</td>
<td>46%</td>
<td>60%</td>
<td>65%</td>
<td>66%</td>
<td>70%</td>
<td>72%</td>
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Revised HI Law

Compulsory participation
3. HI coverage by groups

- Insureds groups:
  - Students 20.00%
  - Children under 6 15.00%
  - The poor 25.60%
  - The near poor 1.50%
  - Other 37.90%

Source: Vietnam MOH 2011
4. Favor premium/subsidies policy

- **Premium rate based on individual contribution**
  - Employee: 4.5% of salary (employer 3%, employee 1.5%)
  - The poor: 4.5% of minimum salary ($30, paid by government)
  - Near poor: 4.5 % of minimum salary (Gov. supports at least 70% of the premium)
  - Students: 4.5 % of minimum salary (Gov. supports at least 30% of the premium)
  - Others: 4.5% of minimum salary (paid by participants)
4. Favor premium/subsidies policy

Number of insured (by contribution)

<table>
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<tr>
<th>Year</th>
<th>Total (million)</th>
<th>100% subsidized by State Budget</th>
<th>Paid by self</th>
<th>Employee/employer</th>
<th>Partly subsidized by State Budget</th>
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<tbody>
<tr>
<td>2008</td>
<td>39.7</td>
<td>7.5</td>
<td>3.1</td>
<td>7.5</td>
<td>19.4</td>
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<tr>
<td>2009</td>
<td>50.0</td>
<td>8.0</td>
<td>4.6</td>
<td>8.0</td>
<td>24.6</td>
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<tr>
<td>2010</td>
<td>52.4</td>
<td>8.8</td>
<td>4.1</td>
<td>8.8</td>
<td>25.9</td>
</tr>
<tr>
<td>2011</td>
<td>53.2</td>
<td>8.9</td>
<td>4.4</td>
<td>8.9</td>
<td>26.6</td>
</tr>
</tbody>
</table>
5. Health Insurance Benefits

- **Benefits:**
  - Examination and treatment, rehabilitation, antenatal care and birth giving;
  - Traveling expenses from district hospitals to higher-level hospitals (for some particular group).

- **Level of Insurance Benefit:** 100% - 95% - 80% health care expenditure.

- **Services not be covered**
  - Medical costs covered by other sources;
  - Routine health check-up, family planning services, infertility treatment; Aesthetic services;
  - Occupational diseases; work related accidents; suicide, self-harm activities, substance abuse, consequences of law violation, etc.
6. Increasing number of HI Patient Visits & HI fund expenditure

- Number of HI patient visits (mil.)
- Expenditure (thousand mild. vnd)
7. Balance revenue & expenditure
8. HI contribution to Health expenditure

- State Budget: 22.6%
- SHI Fund: 18.4%
- Foreign aid: 2.3%
- Out of pocket: 49.3%
- Other Private: 7.5%

Source: Vietnam MOH 2011
9. Reform Provider payment methods

- **Capitation:**
  - Mainly at district hospitals: above 60%
  - Some provincial hospitals and equivalent: 73 (13.4%)

- **Diagnostic-related groups (DRGs)**
  - Pilot in 02 hospitals (Hanoi)
  - From 2015 - 2016: Pilot in one Province (based on Thai -DRG); 2017 -2018: expand to 5 Provinces. From 2019 for all country.

- **Fee-for-service:**
  - The rest hospitals
V. LESSON LEARNED

1. Adoption of UHC Strategy: UHC – stipulated by Constitution and Law

- In Vietnam, health care of citizens is considered as a human right and has been stipulated in the Constitution and Party Documents for many decades. Law on Health insurance in 2008 makes UHC as national goal.

2. Managing Expansion with Equity: Pro poor policies as core for equity and for expansion of coverage

- The Government is strongly committed to develop and to implement pro poor health programs toward equitable coverage
- Thanks to full premium subsidy paid by the government budget, 27 million vulnerable population are covered by Health Insurance
3. **Maintaining Momentum for Continuous Reform:** using more participatory, independent, continuous reviewing process for continuous policy cycle

- MOH/VSS/ participatory approach. The National Assembly plays pro-active role in drafting the Law
- Participation of independent agencies (including development partners, such as WB researchers) in assessment of UHC policies;
- Extensive consultation process using results of policy assessment
- Discussions on policy options with related stake holders, at provincial and central levels
V. CHALLENGES

1. Common issues

○ Structure: Public HI scheme, weak cooperation with Private HI:
  ➢ Same benefits for all groups: Consumers have no choice -> no incentive for rich consumers.
  ➢ Heavy burden on state budget.

○ Low risk groups have to pay high premium
  ➢ No incentive to enroll in SHI -> evade paying premium.

○ Groups subsidized 100% by state budget: Moral hazard

○ Voluntary groups: No subsidized -> Adverse selection
V. CHALLENGES

2. Country-specific issues

- Expanding the HI coverage:
  - Households;
  - Workers in informal sector;
  - Workers in private companies (60% of them are currently participating in the HI scheme);

- Drugs/Medicines for HI patients
  - List of Drugs for HI patients: demand – benefit constraints
  - Management of drugs prices

- Improving quality of care and removing unnecessary administrative procedures.
V. CHALLENGES

- Inequity of payment because of inconsistency in health care price between provinces;
- Undefined basic health care package;
- High ratio of co-payments with high – tech services;
- Unsuitable payment method (fee-for-service);
- Abuse of HI fund.
- High administrative costs: annual card issuance; classification of HHs…
VI. MOVING FORWARDS
V. MOVING FORWARD

HI Universal Coverage Master Plan

Common objectives: Moving towards UHIC

Specific objectives:

- Increasing population coverage: Maintain current membership, especially for categories with 100% enrolment. Expanding target groups so that population coverage can reach 75% by 2015 and 80% by 2020.
- Improving quality of care to insured patients’ satisfaction.
- Progressively taking steps to reform health financing mechanisms with a view to cutting OOP payment made by patients down to under 40 percent by 2015.
V. MOVING FORWARDS

1. Enhance Government’s commitment

- Related Ministries, Provincial People’s Committee to implement health insurance policies.
- Develop legal HI documents & strengthen the enforcement
- Set up specific HI coverage target for each province.
- Allocate State budget:
  - Directly subsidize for vulnerable groups: Free HI cards + no copayment for the poor, ethnic minority, children under six…
  - Partly subsidize contribution for some groups (student, the near poor).
PM eyes 90% health insurance coverage by 2020

VGP — PM Nguyen Xuan Phuc proposed raising health insurance coverage to 90% by 2020 and assigning specific responsibilities for localities.

The Government chief made the proposal on June 3 in Hanoi at a video-conference on health insurance.

After 25 years, the universal health insurance rate touched 75%, which is encouraging. But the goal of health insurance coverage of 78% by year-end remains modest, not high, said PM Phuc.

Hence, he suggested the health sector raise the number of people to be covered by health insurance to enjoy social benefits and medical care.

To realize the goal, PM Phuc asked for clear responsibilities of every sector and locality.
2. Increasing population coverage

- National Assembly passed the amendments of Health Insurance Law - effective from 01/01/2015:
  - All Vietnamese citizens compulsorily participate in the national HI scheme;
  - Family based members compulsorily participate in HI: from second member, HI contribution reduce 70%, 60%, 50% 40% of the first member’s contribution;
  - The employees of the army and police forces compulsorily participate in HI;
  - Increase HI benefits of some beneficiaries.
V. MOVING FORWARDS

3. Improve quality of health service:
   - Strengthen capacity of health care provider;
   - Reform procedure administration;
   - IT application in treatment & examination management.

4. Reform health financing
   - Reform provider payment mechanism;
   - Reduce direct expense from state budget, increase expenditure from HI fund;
   - Reduce OOP.

5. Improve the capacity of state management
   - Coordinate between VSS and Ministry of Health in the implementation of health insurance policies;
   - Improve the implementation capacity of VSS.
Thank for your attention