

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

**Sabaidee**

**Presented by:**

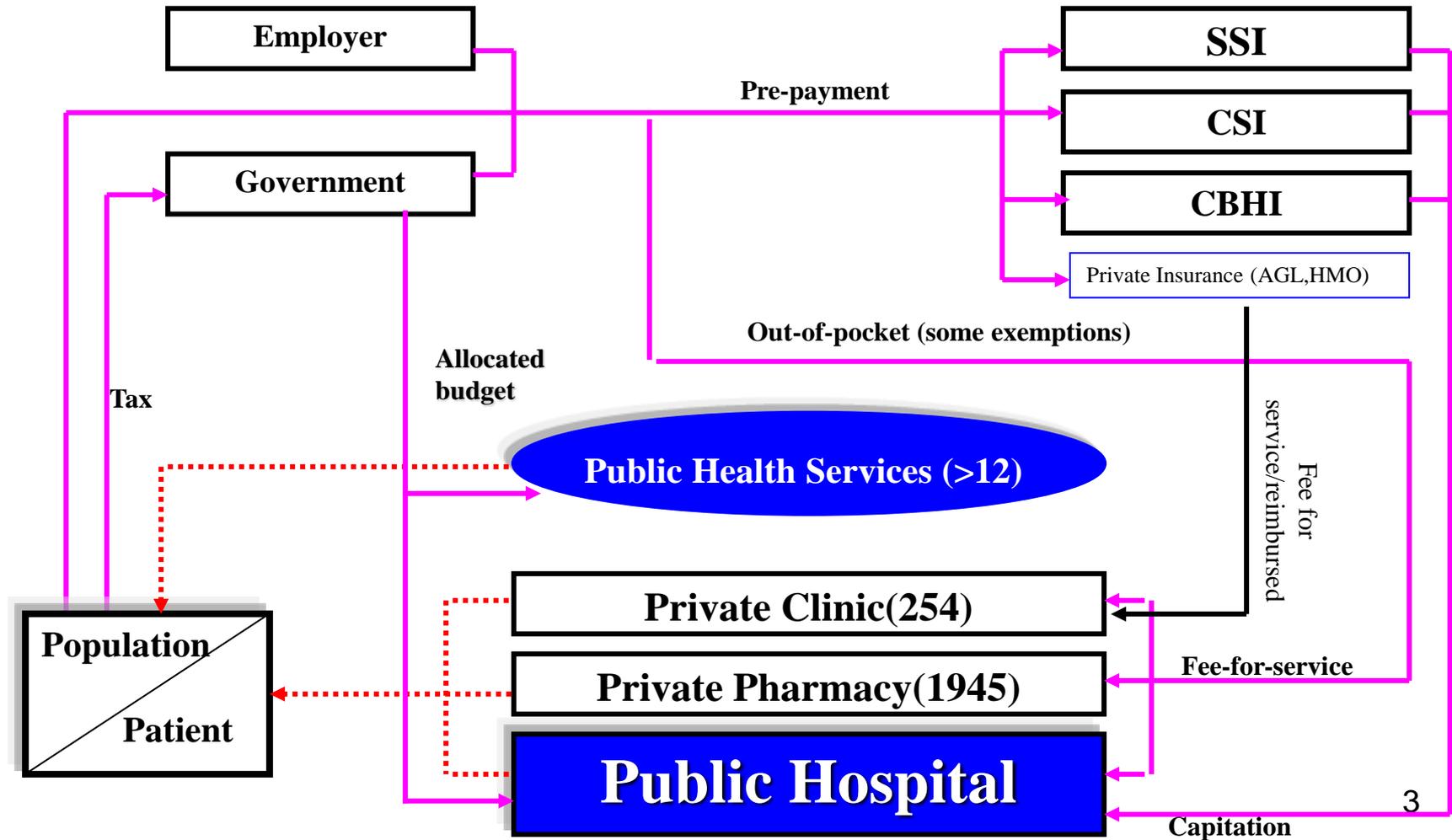
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# Country Profile & Health Indicators

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

# 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:

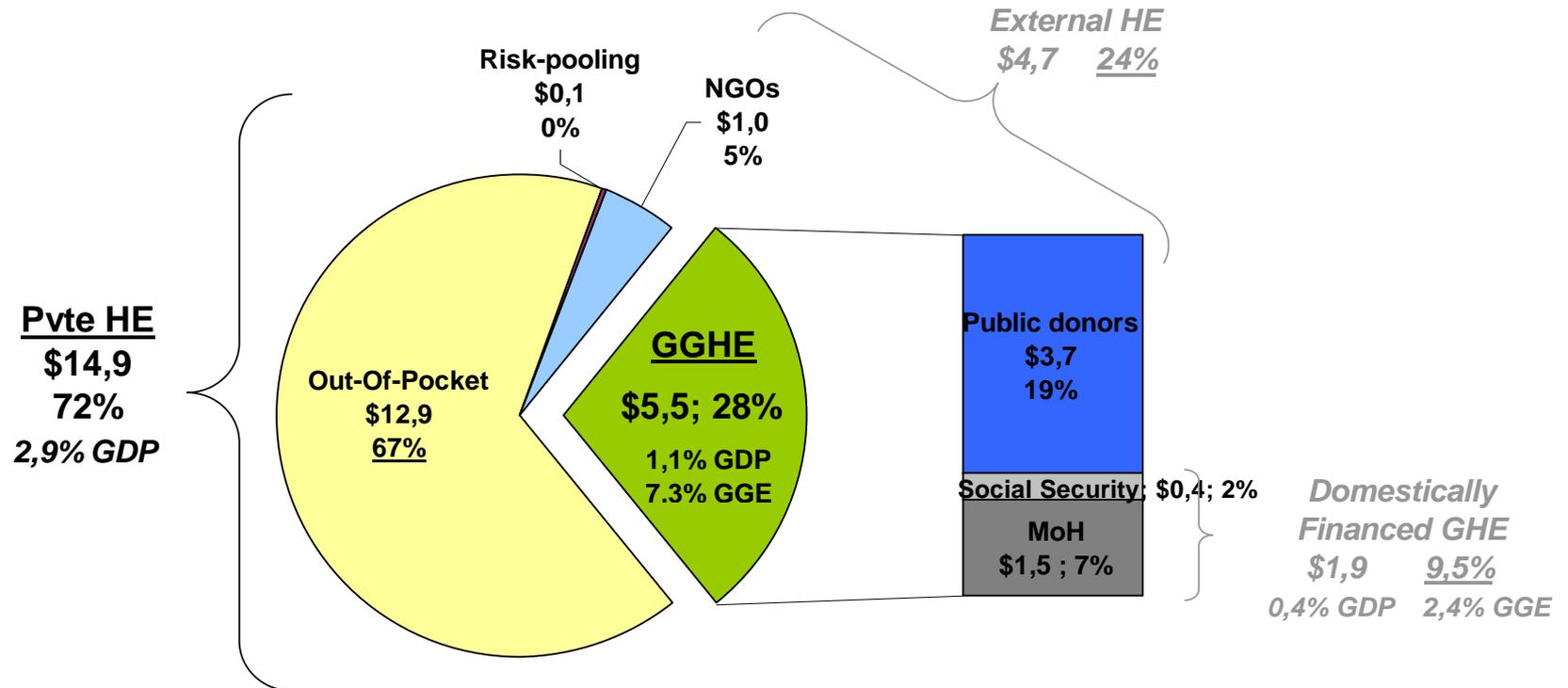
- Collecting revenue
- **Pooling resources, and**
- **Purchasing** goods and services

***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**

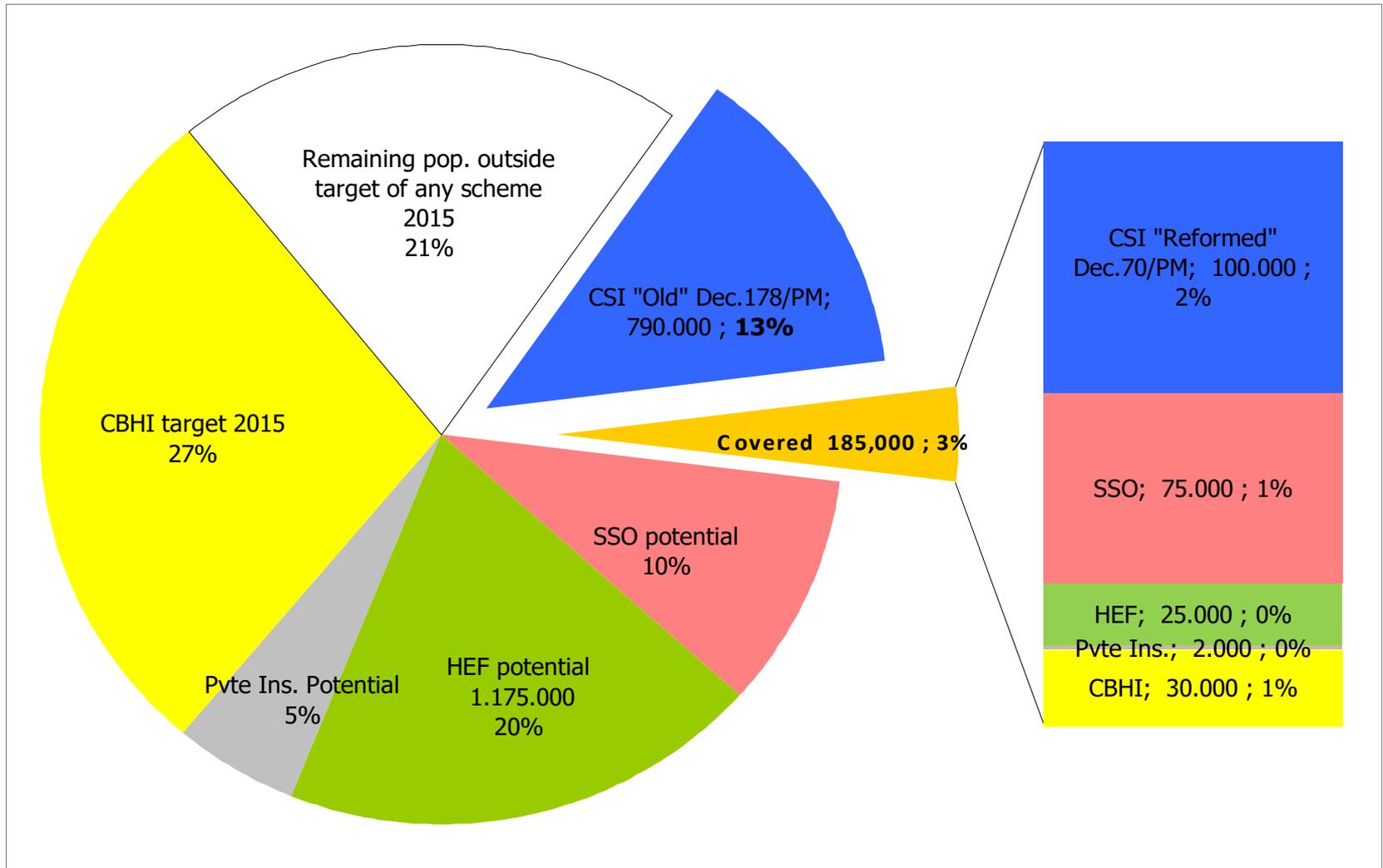
# ***From Gratuity to Users Charges***

- 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.

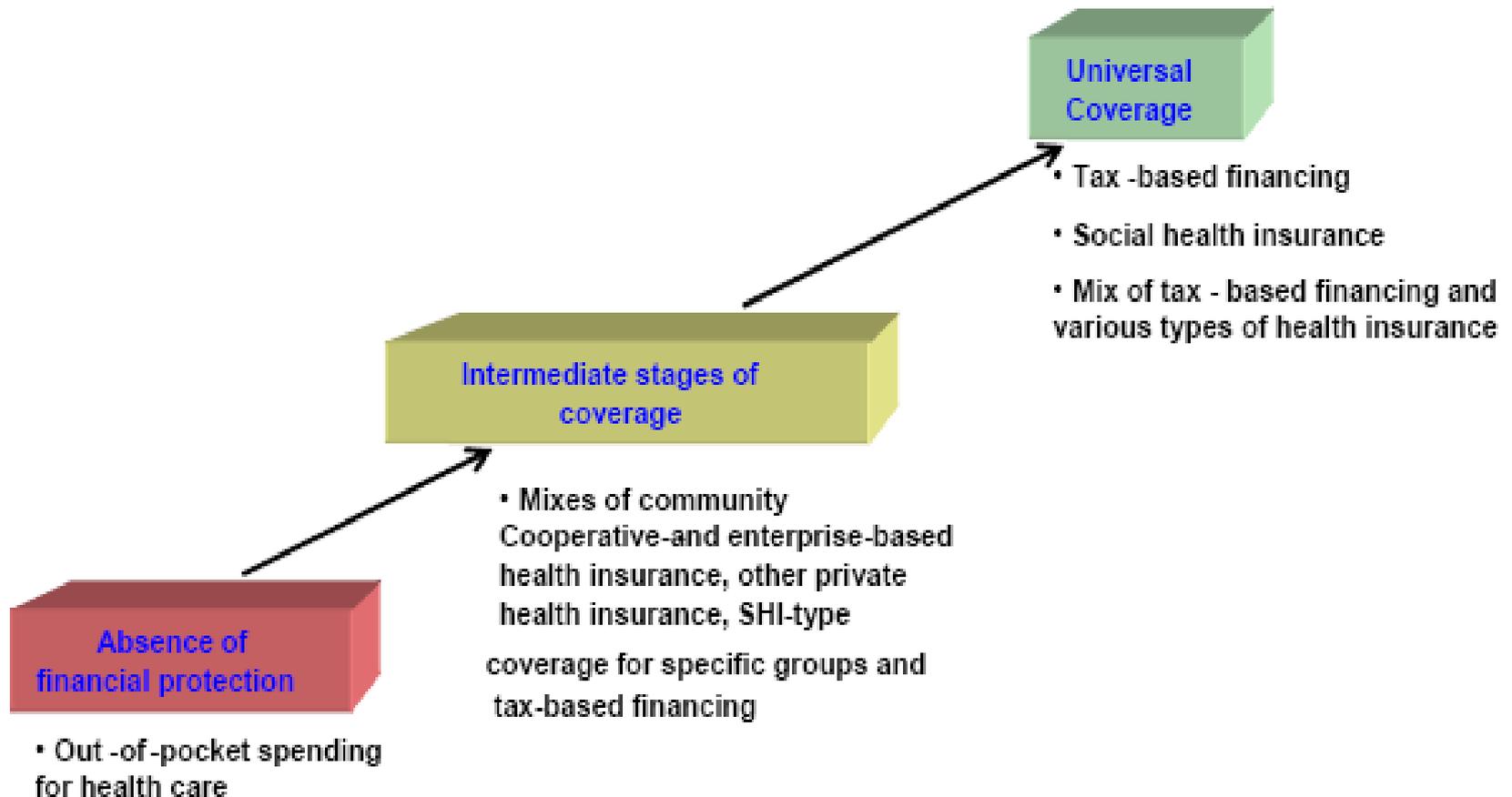
# ***Current User Fees Pose Major Problems***

- **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***

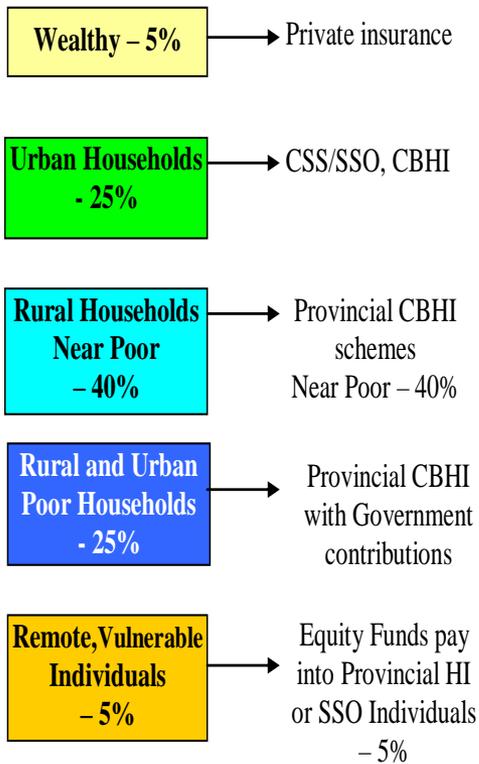
- **Pilot test cash or in-kind transfers for maternity support, chronic disease patients, people with disabilities and elderly people.**

# ***Social Protection Road Map***

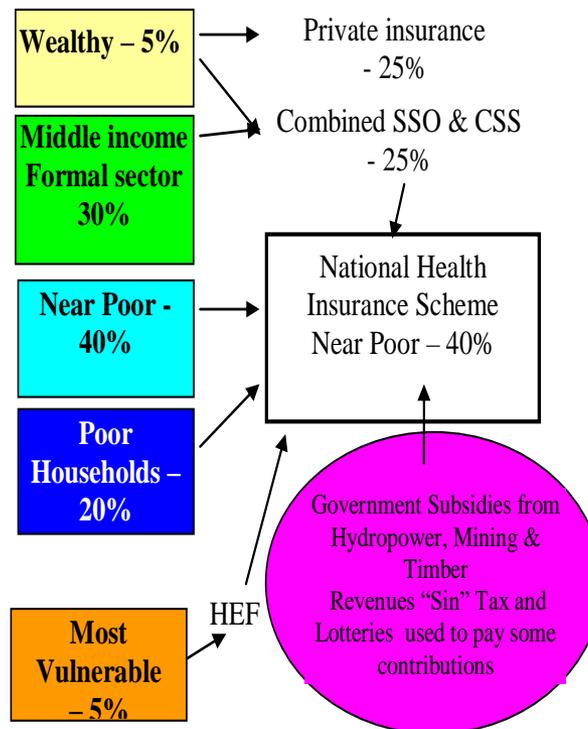
- **The Social Protection Roadmap should :**
  - **Be coherent with NGPES and NSEDP;**
  - **Be fiscally responsible**
  - **Capitalise on activities of Lao PDRs' development partners and create synergies where possible**
- **The long-term strategy :**
  - **Extension of SSO to all provinces, all enterprises**
  - **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**
  - **Subsidyze 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

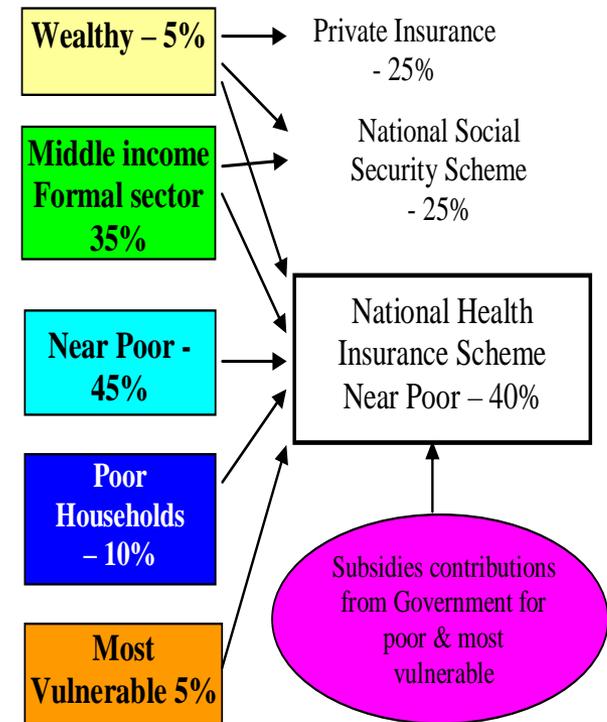
## Options for coverage by 2010



## Medium-term - 2015



## Long term - 2020



Dokchampa

**Thank you  
for your  
attentions!**

