Global Experiences with Health Insurance

Xenia Scheil-Adlung, Health Policy Coordinator
International Labour Office, Geneva

Social health insurance in Mongolia, April 2008
What is health insurance and how does it work?
Objective

Universal access to affordable quality services and financial protection in case of sickness
## Forms of health insurance

<table>
<thead>
<tr>
<th>Financing: Subsidies and</th>
<th>Classical social health insurance</th>
<th>National health insurance</th>
<th>Community-based health insurance</th>
<th>Private for-profit health insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employers’ and employees’ contributions (income-related)</td>
<td>Government revenues and contributions of those who can afford it</td>
<td>Flat rate premiums</td>
<td>Risk-related premiums</td>
</tr>
<tr>
<td>Funds collected by</td>
<td>Employers, Employees, Social security institutions</td>
<td>Government, Employers, Employees, Social security institutions</td>
<td>Insurance fund</td>
<td>Insurance fund</td>
</tr>
<tr>
<td>Legal form</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Voluntary</td>
<td>Voluntary</td>
</tr>
<tr>
<td>Coverage</td>
<td>Formal economy workers and their families</td>
<td>All citizens</td>
<td>Members and their families</td>
<td>Insured persons</td>
</tr>
</tbody>
</table>
Feasibility and potential of health insurance depends on...

Overall institutional and legal environment:
- Institutional capacity
- Efficiency and effectiveness
- Accountability
- Confidence in institutions
- Legislation and enforcement

Socio-economic context:
- Labour market
- Size of informal economy
- National income level
- Size of tax base
- Economic growth and fiscal space
- Poverty level

Political environment:
- Strong political will
- Support of stakeholders

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... anticipated impacts on social health insurance

- Low coverage of formal/informal economy workers
- Low number of contributors and high percentage of fully subsidised persons enrolled
- Limitations of benefit package
- Administration: Governance, decentralization efficiency
- Service delivery and linkages to quality, responsiveness etc.

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The political environment:
Key stakeholders in SHI

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Why is support and consensus of stakeholders crucial?

- Advancing and sustaining reform processes
- Improving extension and quality of health care
- Mitigating negative impacts on public health and poverty
- Ensuring responsive delivery of services
- Strengthening capacities of institutions
- Contributing to sustainability

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What are the global trends and experiences?

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Experience at the global level:
The estimated National Access Deficit, ILO 2007

Selected Low, Low middle and Upper middle income countries

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## Global health expenditure and use of social health insurance contributions

<table>
<thead>
<tr>
<th>Category</th>
<th>Tax revenues</th>
<th>Contributions to SHI</th>
<th>Out of pocket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income countries</td>
<td>14.5 % of GDP</td>
<td>0.7 % of GDP</td>
<td>84.4 % of expenditure</td>
</tr>
<tr>
<td>Low /middle income Countries</td>
<td>16.3 % of GDP</td>
<td>1.4 % of GDP</td>
<td></td>
</tr>
<tr>
<td>Upper middle income Countries</td>
<td>21.9 % of GDP</td>
<td>4.3 % of GDP</td>
<td>86.4 % of expenditure</td>
</tr>
<tr>
<td>High income countries</td>
<td>26.5 % of GDP</td>
<td>7.2 % of GDP</td>
<td>76 % of expenditure</td>
</tr>
</tbody>
</table>

Source: IMF, 2004 / World Bank, 2004
Experience at the country level:
Coordinating pluralistic health financing mechanisms is crucial

- Gaps in access
- Impoverishment and loss of quality of life
- High costs in terms of human capital and productivity
- Loss of values such as social cohesion and solidarity
Historical development of coverage rates of social health insurance

Time frame for achieving universal coverage through social health insurance
Policy processes matter

- Developing a strategy/national action plan towards universal health protection
- Considering views of stakeholders in the policy formulation
- Creating an ongoing national dialogue based on negotiation, consultation and information sharing
- Supporting the administration and stakeholders through capacity building
Sequencing of implementation is important

Policy window for reform implementation → Increasing understanding of social health insurance and confidence e.g., through awareness raising → Addressing issues related to lack of stakeholder support, e.g., by adjusting technical design based on national dialogue

Implementation → Addressing capacity problems through efficient training
**Experiences**

| Challenges linked to the overall political, legal, institutional and socio-economic context are often underestimated | Technical features, policy processes and sequence of implementation significantly impact on overall success | Sustainability requires ongoing efforts of consensus building among stakeholders |
### What matters most ...

<table>
<thead>
<tr>
<th>Achieving equity in access</th>
<th>Developing and agreeing on a national action plan addressing low performance</th>
<th>Developing capacities to extend and improve social health insurance</th>
<th>Increasing understanding of SHI and ensuring ongoing support of key stakeholders</th>
</tr>
</thead>
</table>
Thank you!

scheil@ilo.org