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Health Care Financing

Improving access and responsiveness of health services

The challenge

Universal health coverage (UHC) is the concept of ensuring equitable and timely access to essential health care for all citizens without fear of catastrophic financial consequences. In line with its constitution, the Royal Government of Cambodia has embarked on the challenging path towards UHC. However, resource constraints remain a major challenge for expansion of the social health protection (SHP) system in the three dimensions of coverage that lead to UHC: population, services, and costs.

Expanding SHP coverage to all Cambodians goes beyond simply an equity concern. Members of different income groups in the Cambodian population may not experience the same financial barriers in access to health care, but all are at similar risks of impoverishment from catastrophic health expenditures. As 2009 data shows, incidence of catastrophic expenditure increases with household income. Over 4.3% of households spend more than 40% of their disposable income on health, and 11.6% spent over 20%. 2.5% of all households were pushed into poverty because of health care expenses. These figures do not reflect the significant differences between rural and urban households in accessing health services and coping with the consequences of unforeseen health care costs.

Cambodia has seen a rapid reduction in financial risks associated with seeking health care over the last decade due to the introduction of health equity funds (HEFs) and overall income growth. However, a similarly rapid increase in out-of-pocket expenditures for health care puts these achievements at risk. Cambodians' out of pocket expenditures are among the highest in South-East Asia, accounting for two-thirds of total health spending and explaining the high incidence of catastrophic expenditures and subsequent impoverishment.

Social health protection is needed for all Cambodians, both for the so-called "informal sector" which employs the majority of the Cambodian population, and the steadily increasing formal sector (salaried workers and their dependants). In particular, industries such as garment and footwear manufacturing have grown rapidly, mainly employing reproductive age women at low wages and in working conditions that have been linked to adverse health effects. This population is at particular risk of catastrophic health expenditures, as they are often the income-lifeline of extended rural families.

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Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project Region	Cambodia
Lead executing agency	Ministry of Health
Overall term	2011 to 2014

Older people and people with disabilities face additional challenges when accessing health care, such as transportation costs, dependency on family members and discrimination. Even when access to services is granted by law or by SHP scheme benefit packages, specialised services are often not available for chronic conditions or disability-related care.

Existing SHP schemes such as HEFs and community-based health insurance (CBHI), as well as targeted mechanisms (such as vouchers) for specific underutilised essential services, contribute to improving access and reducing financial barriers. However, these mechanisms are fragmented and lack both cost-effectiveness and efficiency. They also target a limited share of the population.

In addition, the productivity, efficiency and effectiveness of public health care remain low. This is partly due to the low salaries of health care personnel, and an associated lack of motivation. Another factor is the conflict of interest of health professionals, who have over the years developed complementary revenue strategies (dual practices), and engage in private practices

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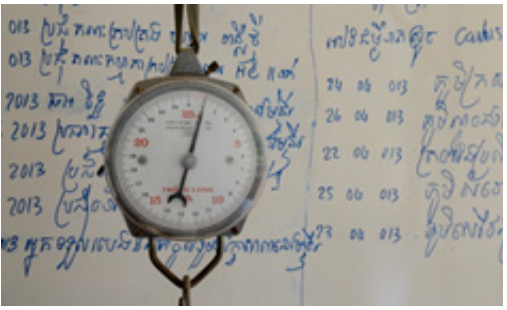

outside their official public office hours. This situation is exacerbated by the absence of accountability, supervision and performance-rewarding mechanisms.

Our approach

GIZ seeks to support the extension of Social Health Protec-tion to all Cambodians. To this end, it supports the Royal Government of Cambodia in establishing a sound institutional framework for enabling all Cambodians to access affordable, quality health services when needed and without incurring significant financial burden. This includes supporting the formulation and future implementation of health financing and social health protection policies, which encompass structural reforms to achieve UHC and contribute to increased transparency, efficiency and effectiveness in public health care. The Health Care Financing (HCF) Component of the GIZ Social Health Protection Project addresses all three dimensions (population, services and costs) of UHC.

For the formal sector, HCF supports the National Social Security Fund (NSSF) for private employees in the establishment of its social health insurance schemes. In 2010, the NSSF had already registered almost half a million workers, with nearly half a million direct dependants (children). Over 80% of these workers were women, and almost all worked in factories, with incomes between USD 62.50 and USD 112.50 a month. The average monthly health expenditure per ill person was USD 26.50 in 2009, which illustrates their financial risk.

The social health protection needs of the informal sector and rural populations is the core of HCF's work. It is the reason HCF supports the design and implementation of integrated SHP schemes, which combine various strategies in HEF extension to improve equity, efficiency and effectiveness of social health protection systems.

HEFs are basic health care safety nets for the most impoverished Cambodians, and the largest SHP system in Cambodia. They also provide additional social supplements, such as food and transport allowances to support health care access. The HCF Component supports the extension of the HEFs into integrated SHP schemes through voluntary enrolment programmes for existing HEFs. People that don't qualify for free HEF enrolment, but demand/trust public health services, have increased care needs, or are at higher risk of impoverishment because of ill health, can enrol in HEFs with affordable prepaid contributions to the schemes.

The design of the integrated SHP schemes builds on three main advantages:

- Administrative efficiency: A single operator prevents fragmentation, enables economies of scale and better monitoring.
- Reduced discrimination: A single identification mechanism is used for all scheme members whether poor, vulnerable or ill.
- Cost effectiveness: A single provider payment mecha-nism and larger membership base increases leverage for obtaining better quality of care, and reduces the cost per illness episode.

At the heart of the integrated SHP scheme's design is the performance-based provider payment mechanism. This mechanism increases the revenues of health facilities, but even more importantly it fosters a link between improve-ments in quality of care and local accountability processes. It encourages the discussion of client satisfaction and public health targets among health administrators, health providers, locally elected community representatives, civil society (NGOs) and the broader population.

Performance-based provider payments

A significant innovation of the Integrated SHP Scheme is the integration of national tools such as Quality Assessment protocols, Client Satisfaction Surveys and sub-national accountability & planning processes in its Provider Payment Mechanism.

The providers' revenue corresponds to the quality score of their facilities and is complemented by a financial bonus. This bonus is subject to the satis-faction of clients and achievements of facilities in key public health indicators related to maternal and child health. The financial incentive is a prod-uct of the process lead by local stakeholders in planning quality improvement measures, address-ing clients concerns and setting realistic targets for the public health system. The performance-based provider payment mechanism thus goes beyond a pure fund-channelling process and constitutes a management tool.

The integrated SHP schemes are operated by NGOs, which are responsible for the promotion of voluntary enrolment, awareness raising, and collection of membership contribu-tions. These operators represent scheme members' interests to service providers, as they also reimburse the providers for members' medical costs.

Acknowledging the central role of civil society organisations in the current SHP mechanisms, HCF also supports the Social Health Protection Association (SHPA), an umbrella organisation for NGOs operating social health protection schemes in Cambodia. SHPA represents their members, and by extension

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the people covered by the SHP schemes, and supports managerial capacity development of operators.

The understanding generated from scheme implementation and additional research is used to inform the national policy dialogue on health care financing. Research topics include a cost analysis of non-communicable diseases, such as diabetes. Moreover, a risk-adjustment subsidy mechanism concept is being developed, to enable SHP schemes to extend their coverage to people most at risk of catastrophic health issues.

The results

Providing technical support to the formulation of the Health Financing Policy contributes to institutionalising transparency, accountability and efficiency in health financing and thus paves the way towards a favourable policy environment for UHC.

The development and piloting of integrated SHP schemes contributes to innovation in the design of social health protection mechanisms. In particular, the 'single operator' concept of the scheme successfully demonstrated improve-ments in efficiency, cost effectiveness and reduced discrimi-nation.

Gaps between the utilisation of services by the poor and the general population have been reduced. Appropriate incentives to reduce moral hazard have been introduced.

The introduction of a provider payment mechanism, which is linked to performance and accountability structures, has contributed to improvements in local health facility management.

The creation of the Social Health Protection Association contributes to the capacity development of scheme operators, through tools such as business templates and health information systems. It further facilitates dialogue and information exchange, and thus enhances participative knowledge transfer in health financing on the sub-national level.

Legal frameworks for social health insurance programmes have been developed with HCF support, contributing to social protection of the formal sector in the near future.

With HCF's technical advice, key national health care policies have been drafted, such as the Health Financing Policy and the Social Health Protection Master Plan, contributing to establishing a favourable policy framework for achieving universal health coverage.

Social health protection coverage has been extended to 13% of the population in Kampot and 29% of the population in Kampong Thom, providing financial protection from catastrophic health expenditures for more than 120,000 individuals.

In collaboration with other development partners, HCF contributed to improved awareness on the central tenets of the UHC agenda at the national and sub-national level, moving a step closer to realisation of UHC and the provision of affordable, quality health care services for the Cambodian people.

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