

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: MKSS

TA No. and Name TA 3877-VIE: Making Health Care More Affordable for the Poor: Health Financing in Viet Nam			Amount Approved: \$200,000.00	
			Revised Amount: \$200,000.00	
Executing Agency Ministry of Health		Source of Funding: TASF	TA Amount Undisbursed \$14,729.49	TA Amount Utilized \$185,270.51 ¹
Date			Closing Date	
Approval 7 June 2002	Signing 4 Oct 2002	Fielding of Consultants 1 December 2002	TA Completion: <u>Original:</u> 28 February 2003 <u>Actual:</u> 6 November 2004	TA Account: <u>Original:</u> 28 February 2003 <u>Actual:</u> 31 December 2004 ²
Description Viet Nam is facing a challenge of increasing inequality in health services utilization. Health care is increasingly unaffordable for the poor and this lack of access causes many families to slide into poverty every year. At the same time, the pattern of diseases is changing from one dominated by communicable diseases to one dominated by noncommunicable and lifestyle diseases. These new diseases are, in general, more expensive to treat than communicable diseases. Overall public financing of the health sector in Viet Nam is low by international standards. Moreover, public financing remains concentrated on subsidizing curative services. Both the socioeconomic plan adopted by the Ninth Party Congress and the 10-year plan for the health sector recently approved by the Prime Minister call for expanding health financing options to gradually extend basic health care coverage to the entire population by 2010. In 2002, only 15% of the population is presently covered through health insurance and another 5% through other prepayment schemes, much needs to be done if these objectives are to be achieved. The Government has four health financing options: (i) increase public expenditure on health; (ii) modify geographical and intersector allocation of public expenditure; (iii) adjust user charges and introduce more effective exemption mechanisms for the poor; and (iv) expand community health insurance, private health insurance, and prepayment schemes. All these options were to be assessed for their feasibility and effectiveness and specific recommendations developed with a view to reduce the financial constraints in access of health services by the poor, and ensure universal access to primary health services and health care for catastrophic health conditions.				
Objectives and Scope The objectives of the TA were to assist MOH in its review of health financing policies and strategy from an equity perspective and develop specific recommendations for making them more equitable and efficient. Specifically, the TA assisted MOH in developing a framework for a health financing master plan and strategy for achieving universal health care coverage by 2010. The review was to include assessment of policies and their implementation in different geographical regions of the country. The review was to lead to specific recommendations for improving the poverty focus of the sources of financing. In particular, the following five key activity groups were to be undertaken:				
<ul style="list-style-type: none"> (i) Public Expenditure Review in the Health Sector. Building on the work done in the sector in the previous years, the TA was to assist MOH in reviewing the pattern of public expenditure in the health sector, especially the allocation of public resources across subsectors and provinces. (ii) Review of Policy on User Charges. The TA was to assist MOH in reviewing the user charges policy and its implementation, especially the effectiveness of exemption mechanisms. (iii) Review of Free Health Cards and other Financing Initiatives to Support the Poor. The TA sought to help review the coverage and effectiveness of the free health card scheme initiated in 2000, as well as other financial initiatives to support the poor, and identify opportunities for further expansion and improved targeting and effectiveness. (iv) Review of Policy on Health Insurance and Prepayment Schemes. The progress under health insurance, both voluntary and compulsory, was to be reviewed and constraints to further expansion identified. The potential for other prepayment schemes such as community-based health insurance was also to be explored. 				

¹ Subject to change pending final payment.

² Expected payment of final claim.

- (v) **Costing of Health Services Provision.** The TA aimed to assist MOH in developing a framework and methodology for costing hospital care services. The framework was to be used to assess the unit cost of providing health services in selected central and provincial hospitals.

Evaluation of Inputs

The TA design was satisfactory and the TORs clear and comprehensive; no significant modifications were made during the implementation. The TA was implemented through a team of individual consultants comprising 2 international consultants for 6.5 person months and six domestic consultants for a total of 27 person-months. The Ministry of Health was the TA executing agency. The Health Policy Unit within the Department of Planning and Finance closely supervised and guided the TA. The EA provided an adequate number of counterpart staff to support the TA. Inputs from technical UN agencies and bilateral agencies interested in the issues were actively sought and received. The TA was adequately supervised through regular meetings and discussions with the consultants and 2 review missions. The performance of ADB and the executing agency was highly satisfactory.

Evaluation of Outputs

The final output of the TA was a report *Making Health Care More Affordable for the Poor: Health Financing in Vietnam*. The report provided analysis and discussion bearing on several important policy issues, including: recommendations to improve equity in the allocation of public health expenditure among provinces, districts, communes and households; the cost of financing healthcare for the poor and other groups for whom fee exemptions are currently mandated by public policy; the impact of user fees and the current health insurance system on the distribution of public health benefits and how user fees and the current health insurance system might be modified to improve both equity and efficiency; how to further strengthen the pro-poor impact of the newly established Health Care Funds for the Poor; evaluation of alternative approaches to expanding health insurance coverage among the predominantly rural population not presently covered by health insurance; the equity and efficiency implications of reimbursing government providers for less than the full cost of services provided to the insured, including the poor; the equity and efficiency implications of extending health insurance benefits to include the services of private healthcare providers.

The report was based on five studies as envisaged in the TA. The report's final section provided a series of recommendations within a policy framework that can be used as the basis for a health financing master plan and strategy designed to achieve universal health insurance coverage by 2010. The study findings were shared with the Government and other stakeholders in workshop. The Ministry of Health was *fully satisfied* with the outputs and has decided to publish the report in Vietnamese as a Government publication.

Overall Assessment and Rating

The TA was *highly successful*. The TA was timely considering the need for developing alternate policy options for health financing in Viet Nam. Outputs of the TA are extensively used by the Government and other development agencies, especially the World Bank, in their policy and operational work. Based on the recommendations of the TA, several policy changes are under way to improve the targeting of health budget. The TA has also been able to develop capacity for policy analysis with the Ministry of Health. Following up the work done under the TA, other international agencies are providing additional assistance to support health financing in the country.

Major Lessons Learned

The study shows that well designed and executed policy research can help in getting government commitment for policy reforms and spur changes. The study also demonstrates that local capacity exists in Viet Nam for policy research.

Recommendations and Follow-Up Actions

The study demonstrates several gaps in the understanding of the links between poverty and health. These issues have been identified for future research. The study also suggests that capacity development for implementing Decision 139 is critical. Many of these issues have been already undertaken in a new TA (Support for Pro-Poor Health Policies) and incorporated in the design of Health Care in the Central Highlands Project. The World Bank is also considering support for more policy research in the areas identified in the TA.