Mongolia: Improving Health Care Financing for Universal Health Coverage

**Project Name**: Improving Health Care Financing for Universal Health Coverage

**Project Number**: 51386-001

**Country**: Mongolia

**Project Status**: Active

**Project Type / Modality of Assistance**: Technical Assistance

**Source of Funding / Amount**: TA 9701-MON: Improving Health Care Financing for Universal Health Coverage
Japan Fund for Poverty Reduction
US$ 1.00 million

**Strategic Agendas**: Inclusive economic growth

**Drivers of Change**: Governance and capacity development
Knowledge solutions
Partnerships

**Sector / Subsector**: Health - Health care finance - Health insurance and subsidized health programs - Health sector development and reform
Public sector management - Social protection initiatives

**Gender Equity and Mainstreaming**: Some gender elements

**Description**: The proposed knowledge and support technical assistance (TA) will support development of more efficient health insurance system in Mongolia through assessment, development of more effective model, policy reforms, and institutional development. This is to shift state funding from financing budget lines (input-based) to purchasing services (output-based), to allow for more equitable health care system and achieve universal health coverage under the Sustainable Development Goals. The TA will lay the foundation of the strategic purchaser, which will be consolidated by the Multitranche Financing Facility (MFF): Improving Access to Health Services for Disadvantaged Groups, which is still in process and is expected to be approved by 2019.

**Project Rationale and Linkage to Country/Regional Strategy**: The purchasing capacity of HIOs has improved over the last decade with support from ADB. However, key operational systems needed for effective purchasing of health services, such as the capacity to (i) provide quality of cost services; (ii) monitor the quality of service provision through an effective information technology-based system; (iii) review claims efficiently; and (iv) contract providers, are not optimal resulting in limited purchasing capacity. The lack of autonomy of the HIOs, combined with insufficient quantity and quality of staff (e.g., to review claim and ensure proper quality monitoring) and inefficient purchasing procedures need improvements. State funds budgeting, allocation, and control are entirely budget line item-based leading to complete passive purchasing of health services. This is mostly based on historical budgets poorly linked to actual cost and volume of services and inefficient resources allocation. The lack of coherence between Ministry of Health (MOH) policies and state funds budgeting and allocation reinforces the passive nature of services purchased with state funds and does not provide incentives for health providers to deliver more rational care (e.g., penalizing the excess use of antibiotics by withholding payments). The performance assessment system for budget managers and providers established for over a decade is not effective, i.e., results of assessments have no real effect on resource allocation. Out-of-pocket expenses in the health sector are very high caused by weak purchasing practices; excessive admissions; over prescription of drugs (cost of drugs is poorly reimbursed except for in patients); unregulated setting of tariffs (fees) leading to abuse; ceilings imposed by health insurance on reimbursement of diagnostic tests; and gaps in benefit packages (e.g., high cost services). State budget and health insurance funding have increased substantially and nominally over the last decade but government health spending as a proportion of total public spending and as a proportion of gross domestic product have dropped. Overall, high out-of-pocket expenses coupled with inefficient resource allocations in the sector result in limited financial protection for Mongolians against ill-health despite very high health insurance coverage (95%).

**Impact**: Health status of Mongolians improved

**Project Outcome**

**Description of Outcome**: Strategic purchaser model approved and initiated

**Progress Toward Outcome**: The TA became effective on 10 January 2019.

**Implementation Progress**

**Description of Project Outputs**: Strategic purchasing model defined
Government and health care provider capacity and capability for strategic purchasing implementation strengthened
Institutionalization of the strategic purchaser initiated

**Status of Implementation Progress (Outputs, Activities, and Issues)**: Project coordinator mobilized in September 2019 and other consultants are to be recruited.

**Geographical Location**: Nation-wide

**Summary of Environmental and Social Aspects**

**Environmental Aspects**

**Involuntary Resettlement**

**Indigenous Peoples**

**Stakeholder Communication, Participation, and Consultation**
During Project Design
During Project Implementation

Business Opportunities
Consulting Services  A consulting firm will be engaged to provide a total of 21 person-months of international and 60 person-months of national consultants’ inputs.

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Responsible ADB Department  East Asia Department
Responsible ADB Division  Urban and Social Sectors Division, EARD

Executing Agencies
Ministry of Finance (formerly Ministry of Finance and Economy)
5 Danzangin Gudamj St, Zasgiin Gazriin Il Bair, Ulaanbaatar 15160 Mongolia
Ministry of Health (formerly Ministry of Health and Sports)
1st Floor, Government Building VIII, Olympic Street 2, Ulaanbaatar, Mongolia

Timetable

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<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Concept Clearance</td>
<td>06 Sep 2018</td>
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<tr>
<td>Fact Finding</td>
<td>21 Aug 2018 to 23 Aug 2018</td>
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<tr>
<td>MRM</td>
<td>-</td>
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<tr>
<td>Approval</td>
<td>24 Dec 2018</td>
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<tr>
<td>Last Review Mission</td>
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<td>Last PDS Update</td>
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TA 9701-MON

Milestones

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<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
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Financing Plan/TA Utilization

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