

BACKGROUND DOCUMENT – SOCIAL HEALTH INSURANCE (SHI)

Context

Over the three past decades, the Government of Viet Nam has gradually built and strengthened its social health protection mechanisms. Starting from publicly financed health systems inherited from the centrally planned economy and allowing free access to health care, Vietnam gradually implemented reforms in line with the Doi Moi policies and made a transition from a tax-based system to a system with multiple sources of financing.

The Doi Moi reform process initiated in Viet Nam during the 1980s has yielded significant achievements in many facets of life over the past 35 years, particularly in the health sector. With more than 90 million inhabitants (WB, 2017), life expectancy at birth increased from 67.6 years in 1980 to 73.3 years in 2014 (76.1 for women, and 70.7 for men). Similar improvements have been recorded in reducing maternal and child mortality rates, malaria and tuberculosis control as well as combating the HIV/AIDS prevalence rate. Viet Nam is on the way towards reaching universal access to reproductive health services and maternal healthcare.

In Viet Nam, health care of citizens is considered a human right and has been stipulated in the Constitution and Party Documents for many decades. The SHI Law on Health Insurance in 2008 made UHC a national goal. Viet Nam's commitment to reach Universal Health Coverage is high on the agenda and considerable progress has been made in that direction.

In the "National Strategy to Protect, Care and Improve Public Health 2011-2020", the Prime Minister committed to aim at more than 80% participation in the social health insurance scheme by 2020 and to reduce out-of-pocket (OOP) expenditure from about 57% in 2010 to less than 40% in 2020. The government recently revised its coverage target to 90% of the population covered by 2020, and issued an administrative order that assigns the responsibility of extending SHI coverage to all provincial governments. According to recent statement from the MoH, the coverage has now reached 87%.

The benefit package offered under SHI is rather generous and covers most healthcare services with a few exclusions, such as medical check-up, family planning services, suicide, self-harm injuries and medical costs covered by other sources. Private and public healthcare providers sign contracts with the Viet Nam Social Security (VSS) on reimbursement of healthcare services, in which they can choose their preferred modes of payment.

The regulatory function in health insurance is separated from the operations function. The health insurance policy resides with the Ministry of Health while implementation of the SHI system falls under the responsibility of VSS at central and provincial levels in close collaboration with the Ministry of Labour, Invalids and Social Affairs (with regards to insured employees, children, persons receiving social insurance pensions and unemployment benefits, social assistance beneficiaries); the Ministry of Education and Training (students and foreign

students) and the Ministry of Defence and National Security (police and military). VSS administers the fund and undertakes annual and 5-yearly financial forecasts. The social health insurance is managed as one fund, which pools together worker and employer contributions as well as State transfers for recurring spending and subsidies.

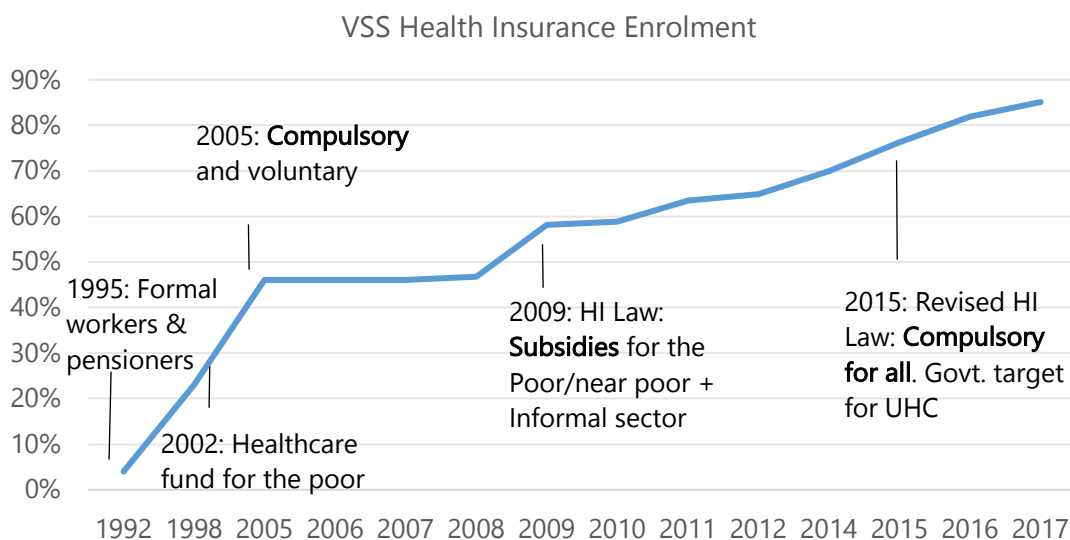
The health financing mechanism in Viet Nam has evolved from tax-based to a mix of three main sources:

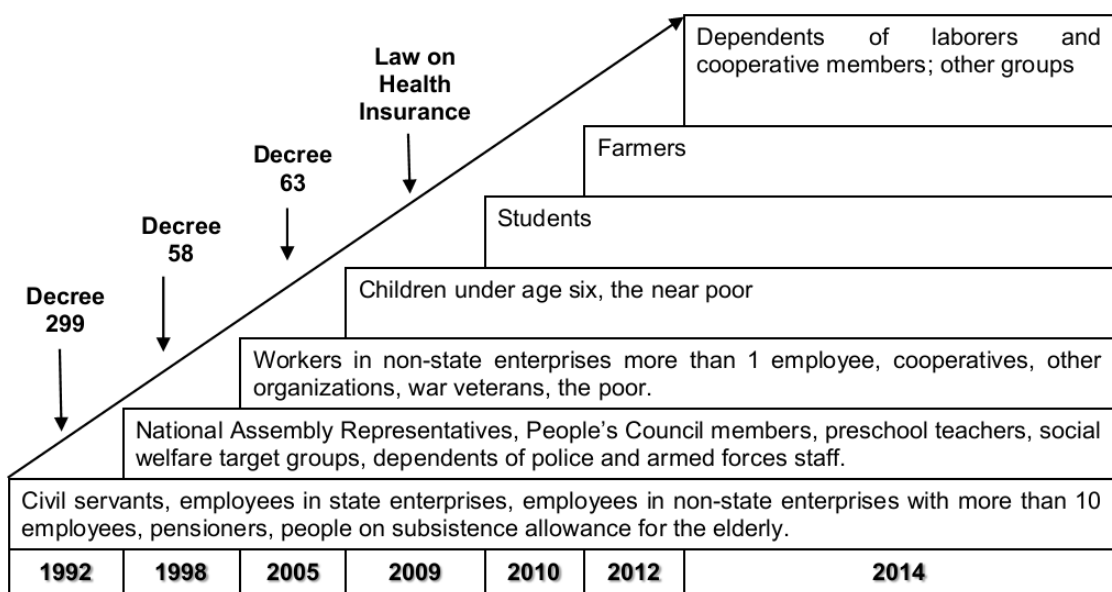
1. government revenue (shared between infrastructure development, recurrent spending, mainly at provincial level, and social health insurance subsidies),
2. social health insurance contributions, and
3. out-of-pocket payments.

In a bid to achieve universal healthcare, and improve quality and equity in accessing healthcare, the government has opted for a health financing model that is based on social health insurance. Today, the major sources of financing are general government revenues, SHI funding, and OOP payments from households.

Between 2012 and 2015, the fund still had a surplus of approximately 20,000 billion VND. However, the fund faces challenges in ensuring its financial sustainability and is experiencing deficits since 2017. Employer and worker contributions only form a modest share of the total health spending, putting pressure on State revenues. The possibility to increase the social health insurance premium is now being discussed.

Viet Nam's Strategy for Extension of Coverage





Source: VN MOH's presentation in UHC Conference 2016 in Japan

Government subsidies for HI contribution

Group	Categories	Population covered		% of subsidies
		millions	% of population	
TOTAL		81,732,536	84.28	
Formal employees (co-payments by employers and employees)		12,625,000	13.02	
	Civil servants	2,568,352	2.65	0
	Enterprises and organizations	9,895,666	10.20	0
	Communal part-time officers	160,982	0.17	0
Contribution by VSS		3,115,000	3.21	
	Pensioners, loss of working ability	2,796,302	2.88	0
	Employment injury/disease allowance	8,907	0.01	0
	Communal officers eligible for SI and HI allowance	8,540	0.01	0
	Unemployment allowance	193,534	0.20	0
	Other	107,717	0.11	0
Contribution by State budget		34,598,000	35.68	
	Army and police	250,000	0.26	100
	Communal officers eligible for State budget allowance	22,127	0.02	100

	Merited people	1,177,016	1.21	100
	National Assembly/People's Council deputies	74,159	0.08	100
	Children under 6	10,198,132	10.52	100
	Social assisted beneficiaries	2,355,412	2.43	100
	Poor, ethnic minority, people living in island	15,313,567	15.79	100
	Family members of merited people	672,006	0.69	100
	Family members of army and police	1,759,688	1.81	100
	Donors of body organs	768	0.00	100
	Foreign students in VN	9,292	0.01	100
	Other	2,765,833	2.85	100
	Partial contribution by State budget	15,674,954	16.16	
	Near poor family	2,285,400	2.36	70
	Pupils and students	11,785,990	12.15	30
	Households in agri., forestry and fishery under medium living standard	1,603,564	1.65	30
	Family enrolment	15,719,582	16.21	1st member: 0; 2nd: 30; 3rd: 40; etc.)
	Others			