

Foreword

Governments throughout the world are increasingly realizing the value of developing health systems that provide health care while financially protecting the people in the fairest way possible. In fact, health care financing reform is the path towards improved health system performance.

In order to ensure fair financing while providing appropriate incentives to health care providers, countries need to reform and harmonize the three interrelated sub-functions of financing, namely: (1) collection of revenue, (2) pooling of financial resources and (3) purchasing of interventions. Of these sub functions, pooling is of particular significance for fair financing.

The two most common mechanisms of financing that incorporate pooling are social health insurance and government tax funding. While these two mechanisms share some common characteristics, they also have some important contrasts. In tax-based systems, people contribute to the health funds only indirectly via taxes, whereas in social health insurance schemes, people, as members, contribute directly and are aware of the amount they contribute specifically for health care. Thus, it is an explicit contribution. Despite these contrasts, it is generally agreed today that these two systems complement each other in achieving the goal of Universal Coverage.

Successful introduction and expansion of SHI depend to a large extent on the income level of a country. According to the World Health Report 2000, while more than 50% of industrialized countries had social health insurance schemes as their health financing systems in 1998, not a single developing country with a gross national product per capita US\$ 760 or below had a full-fledged social health insurance scheme. Among the lower middle-income countries with GNP per capita between US\$ 761 and US\$ 3030, the only country with a fully-fledged social health insurance scheme was Costa Rica.

Most countries in the South-East Asia Region employ mixed health care financing mechanisms. Some have implemented various mixes of social health insurance schemes covering certain segments of the population, such as employees of public departments and enterprises, workers from formal and informal production sectors and their families, where premiums or contributions could be collected easily. A few countries have tried to expand the social health insurance schemes to achieve universal or near-universal

coverage, through combining social health insurance and other risk pooling alternatives, such as community-based financing and a subsidy for the poor.

A major policy challenge today is to find a way to accelerate and expand the development of social health insurance. Even countries which already have coverage for specific groups are finding it increasingly difficult to extend the insurance coverage. Their efforts are frequently hampered by lack of administrative capacity and poor regulation. Countries that are yet to introduce SHI need to be aware of the potential risks involved. There is a danger that rapid expansion of health insurance coverage without appropriate safeguards could result in health systems moving away from their basic goals.

In view of the above situation, The SEA Regional Committee in September 2002 decided to hold technical discussions on SHI at its next Session in 2003. To facilitate the discussions, SEARO convened a regional expert group meeting in March 2003 and a Regional consultation in June 2003 for a thorough situation analysis. These meetings reviewed the development of various social health insurance schemes in the Region, particularly those in India, Indonesia and Thailand, and identified issues related to the promotion and expansion of social health insurance schemes in the Region. Finally, the 40th CCPDM in September 2003 discussed the issue at length and presented its findings to the 56th Regional Committee, which adopted a resolution on the topic. This document is a synthesis of the reports of the above meetings and the background documentation.

It is hoped that policy makers in the countries of the Region will find the document useful in selecting appropriate policy options for the introduction and expansion of social health insurance in their countries, as an important mile stone in their quest towards Universal Coverage.