

BRIEF: Health or hardship? The impact of National Health Insurance on financial protection in Lao PDR

April 2023



World Health
Organization
Lao PDR

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Background

Financial protection, via universal health coverage, ensures equitable access to and use of quality healthcare services without financial hardship. It is a key objective of the health system in the Lao People's Democratic Republic (Lao PDR) and an important component to achieve the government's goal of universal health coverage by 2025.

The National Health Insurance (NHI) scheme – a social health protection initiative – was introduced in Lao PDR in 2016. Coverage was subsequently expanded to all provinces except Vientiane Capital in 2018, alongside the integration of other social health protection schemes into NHI in 2019. This transformation sought to remove financial barriers to equitable access to care. But how effective has it been?

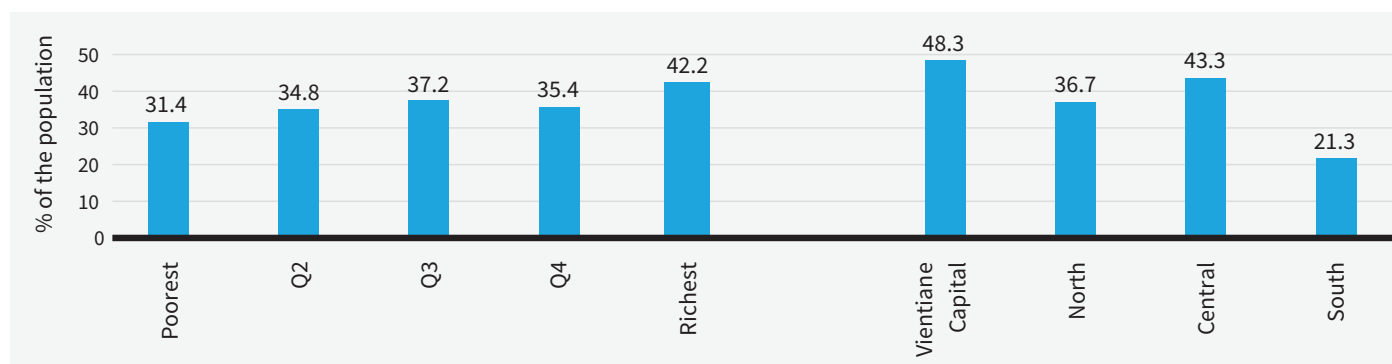
To understand the impact of the NHI scheme on financial protection and access to care in Lao PDR, data from the three most recent Lao Expenditure and Consumption Surveys (2007/2008, 2012/2013, and 2018/2019) – from before and after the introduction of the scheme – were analysed. This brief presents key results of the analysis and policy options to expand and improve coverage.

Financial protection analysis

Health care utilization and access to care: rising but with significant gaps

- The share of the population who sought care when they fell ill increased from 21 to 36% over the period, with the richer quintiles more likely to seek care (Figure 1). Among the reasons for not seeking care, in 2018/2019, poorer quintiles reported geographical and financial barriers, while the richer quintiles had concerns about the quality of services.
- Across all quintiles, access to care improved marginally over the period but remained limited. The poorest and near poorest quintiles were more likely to report limited access to care, with one in 10 households reporting difficulty in accessing health services in 2018/2019.
- In 2018/2019, just 16.1% of the population reported having health insurance. Awareness of the NHI scheme was lowest among the poorer consumption quintiles and people living in rural areas.

Figure 1. Share of the people who sought care when they fell ill by consumption quintile and region, 2018/2019



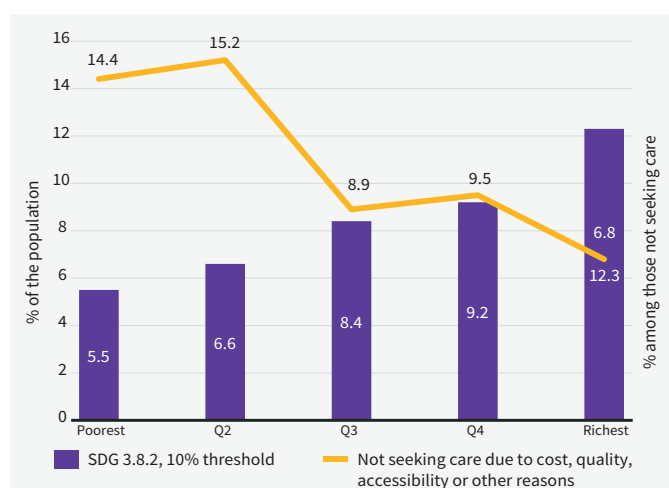
Note: Q stands for quintile group. Each consumption quintile represents 1/5 or 20% of the range of consumption. The first quintile (the poorest) represents the lowest 1/5 of values from 0-20% of the range.



Out-of-pocket (OOP) payments and catastrophic health expenditure

- OOP payments per capita per month decreased between the last two survey cycles across all quintiles.
- Correspondingly, catastrophic health expenditure (spending more than 10% of the household budget on OOP payments) reduced significantly over the survey period. In 2018/2019, 4.1% of the population of Lao PDR incurred catastrophic spending due to OOP payments, decreased from 6.8% in 2012/2013 and 4.2% in 2007/2008.
- With medicines comprising over 50% of OOP payments, spending on medicines was a driving factor for catastrophic health spending.
- People living in Vientiane Capital paid more than double OOP compared to other regions and, along with the Southern region, experienced more catastrophic health expenditure compared to other regions.
- The incidence of catastrophic spending was concentrated in the richer quintiles; however, these quintiles reported lower rates of barriers to access among those not seeking care (Figure 2).

Figure 2. Share of the population with catastrophic health spending at the 10% threshold (SDG 3.8.2. indicator) and share of individuals reporting a barrier to access among those not seeking care, 2018/2019



Note: Q stands for quintile group. Each consumption quintile represents 1/5 or 20% of the range of consumption. The first quintile (the poorest) represents the lowest 1/5 of values from 0-20% of the range.

Policy options and the way forward

The increasing health care use and declining incidence of catastrophic health expenditure due to OOP expenditure over time suggests that the introduction of the NHI scheme had a positive impact on financial protection and, to a lesser extent, access to care in Lao PDR.

Yet, significant gaps remain, especially for the poorest.

Policy options to address these gaps for Lao PDR include:

- Invest in strengthening primary health care, in terms of accessibility, availability and quality, to address the geographical and financial barriers to access to health services for the poor and people living in rural areas.
- Develop policies relating to access to affordable and quality essential medicine for all to curb the large share of OOP expenditure on medicines impacting catastrophic health expenditure.
- Consider expanding the NHI scheme to Vientiane Capital, at least for the poorest population, to tackle the high rate of catastrophic health expenditure and reduce the financial barriers to access to care.
- Increase awareness of the NHI scheme, especially among the poorest population, to address the low numbers of people reporting to have health insurance, which is likely impacting care seeking.
- Conduct an impact evaluation to corroborate the preliminary findings of this assessment as well as continuous monitoring of progress on financial protection in the future.

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