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SOCIAL HEALTH INSURANCE AND PACIFIC ISLAND COUNTRIES

(Paper presented by the World Bank)

Introduction

1. Social Health Insurance (SHI) is defined as a system where entitlement to health coverage is a function of a mandatory wage-based prepaid contribution. It is a widely used alternate mechanism for financing health care and providing access and financial protection against health-related expenses. However, the design and implementation of such insurance schemes, requires meticulous consideration of its pros and cons, and to be carefully considered in the unique context and needs of the Pacific Island Countries (PICs). Most PICs currently implement a health financing and universal entitlement coverage system that is based on general taxation as opposed to SHI.

Context

2. SHI periodically gains attention among PICs due to factors such as: attending global meetings where SHI is lauded; changes in governance and leadership and when new leaders explore different financing options; neighbouring countries' exploration or use of SHI; and insufficient health budgets prompting leaders to consider SHI as the modality to increase funds available for health.

3. This periodic interest over the years gave rise to several studies being conducted in the region on SHI¹. Most of the studies are country specific reports that have tried to investigate whether SHI is suitable for that country; many of these reports remain unpublished.

Purpose

4. This presentation addresses member countries' requests for a deeper understanding of health insurance concepts, particularly SHI and its implications for PICs. It aims to elucidate SHI principles, review previous research, and offer a global perspective to assist PICs in assessing SHI for their respective countries in a context specific manner, and equipping Pacific leaders to make informed decisions.

¹ Some examples of these reports are Solomon Islands health financing options (2010), Assessment of Social Health Insurance Feasibility and Desirability in Fiji (2013), Report on the implementation of the Health Insurance Scheme in Vanuatu (2006), Health financing options for Samoa (2013)

Approach

5. This presentation offers an analysis of the advantages and disadvantages of Social Health Insurance (SHI) and application to the Pacific context, drawing upon research findings derived from a combination of published and unpublished papers.

Current landscape

6. Health financing in PICs needs to be considered in the context of their geographic isolation and dispersion, small population sizes, large informal labour market, limited resources, financing sources, and vulnerability to natural disasters, which can impact the delivery of health services and the health of the population.

7. Health systems in PICs are largely financed via general taxation, and further supplemented with funds directly (i.e., public health programs) or in-directly (i.e., general budget support) from external financing. While health systems may have different forms of organization, general taxation is the primary source of revenue for health across many countries at different income levels such as Brazil, Cuba, Sri Lanka, UK, Canada, Australia, New Zealand, Spain, Portugal, Italy, Denmark, Norway, Sweden, Malaysia, Thailand, among others.

8. Primary and secondary healthcare services are provided largely by Government managed health facilities and programs. Public financing does not provide coverage for accessing care at private health care providers and provision by them is limited (with some exception to Fiji and PNG) and are largely centred around urban locations.

9. Most health systems in PICs do not have adequate finances to meet the health needs of their populations. The suitability of different health financing models, including social health insurance, is a subject of ongoing discussion and analysis within PICs, as they seek to find the most effective and sustainable methods to finance their health systems.

Future outlook

10. Implementing Social Health Insurance (SHI) as a reliable pathway towards achieving universal health coverage necessitates addressing several key prerequisites. These include having a sufficiently large population to effectively pool health risks, particularly ensuring that contributions outweigh health costs. Additionally, there must be a sufficiently sized formal labor market, particularly from the private sector, and adequate government fiscal space to subsidize non-contributors. Strong political will and governance is needed to define benefits and beneficiaries, manage contracts with both public and private sector and handle large data systems. It is essential to have the ability to separate the purchaser (SHI agency) and provider (MoH public facilities), maintain a relatively stable economy and fiscal position (to manage economic ups and downs); ensure the availability of entitled services for SHI beneficiaries; and consider cultural influences on healthcare acceptance.

Recommendations to be considered by the Heads of Health

11. Members are encouraged to reference the extensive body of knowledge generated in past reports concerning PICs and SHI and the examination of various health financing strategies tailored to the unique contexts of Pacific islands. Considering the similarities across several PICs, the insights, and recommendations from these reports, while tailored to individual countries, offer valuable lessons for other nations.
12. In navigating the complexities of SHI implementation, PICs must leverage available knowledge and tailor solutions to their specific needs and circumstances, thus advancing towards improved healthcare accessibility and financial protection for their populations.