



Health Equity Funds

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Access for the Poor

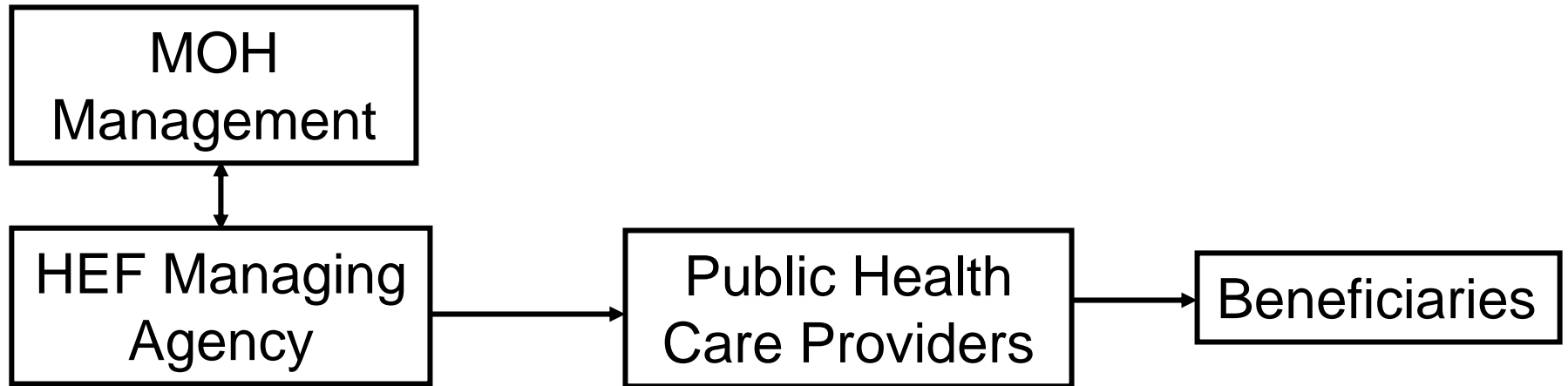
- Poor people cannot afford health care – user fees are a financial barrier
- Poor do not have equal access to health services
- The poor rely more on gifts, loans, and selling household items to pay for health care
- Many poor simply do not receive health care services they need



Health Equity Funds

- Provides funding for those who are unable to pay the cost of health care at public facilities, or pay for health insurance
- Contributes to poverty reduction by decreasing out-of-pocket expenditures for health care by the poor
- Increases access and utilization of public health care services

HEF Systems





MOH Oversight

- Management Steering Committees
 - HEF Guidelines
 - Policy direction and technical advice
 - Overall supervision of the system
 - External monitoring
 - Donor coordination



HEF Managing Agency

- Implementation, management, and monitoring of the HEF system
- Independent third-party payer
- Contracted or approved by MOH
- Funded by government and donors
- Makes payments to public health care providers for services provided to beneficiaries (eligible poor)



Public Health Care Providers

- Health care providers at every level of the public health system
 - National, provincial, district hospitals
 - Health Centers
 - Village Health Providers
- Contractual agreement between HEF Managing Agency and each provider
- HEF usually does not pay for private health care, self-medication, or other non-public care



HEF Benefits

- Health care services
 - Ambulatory and in-patient services at public hospitals and health centers
 - Out-patient services at public facilities
 - Village-level and mobile services
- Transportation and Subsistence
 - Transport costs to and from facilities
 - Food, soap, etc, for in-patient and relative
 - Supports the referral system



Identifying the Poor

- Criteria for identifying the eligible poor – means testing
 - Individual or household characteristics
- Pre-identification vs. post-identification
- Geographic targeting



Identifying the Poor - Example

- Lao NGPES criteria for household
 - Household income less than 85,000 kip/month
 - Lack of permanent home or shelter
 - Lack of clothes
 - Lack of income for medical care
 - Lack of income for schooling



HEF Payment Systems

1. Fee-for-Service
2. Fixed-fee schedule for service categories
3. Capitation



1. Fee-for-Service

- Reimbursement for the actual cost of health services provided to the HEF beneficiaries
- High administrative cost - requires detailed record-keeping, invoices
- Incentive for the provider to over-prescribe drugs, services, over-utilization
- HEF fund assumes all the risk, none is transferred to the provider



2. Fixed-Fee Schedule

- Reimbursement by fixed amount for each category of services provided (major surgery, minor surgery, in-patient, normal birth delivery, outpatient)
- No incentive for provider to over-prescribe services
- Transfers some of the risk to the provider for costly treatments
- Smaller administrative costs than fee-for-service



3. Capitation

- Lump-sum (advance) payment to the provider based on the number of beneficiaries in the catchment area
- Puts a ceiling on the amount of funds available for health care
- Transfers risk to the health care provider, but payment amount can be adjusted to reflect changes in utilization and costs
- Provides a guaranteed regular source of income to the provider
- Low administrative cost



HEF in Laos

- Lao Red Cross
 - Nambak District, Luang Prabang Province (2002)
- Belgian Technical Cooperation
 - Vientiane Province, Vang Vieng District, Sepon District (2005)
- Luxembourg Development
 - Vientiane Province (2006)
- Asian Development Bank
 - 3 northern provinces (beginning in 2008)
- World Bank
 - 5 southern districts (beginning in 2008)



Sustainability?

- Sustainability should not be used to evaluate programs that benefit the poor
 - Society has a responsibility to provide health care to those who cannot afford it
 - Government and donors should work together to provide health care to the poor