**Health Financing Indicators:**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Lao PDR</th>
<th>LIC (avg.)a</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (US$) (World Bank, 2010)</td>
<td>1,087b</td>
<td>523</td>
</tr>
<tr>
<td>General Government Health Expenditure as % of General Government Expenditure (%) (MoH-WHO NHA, 2009/2010)</td>
<td>3.00</td>
<td>8.9</td>
</tr>
<tr>
<td>General Government Health Expenditure excluding external funding (%) (MoH-WHO NHA, 2009/2010)</td>
<td>1.85</td>
<td>N/A</td>
</tr>
<tr>
<td>Out – of – pocket expenditure as % of Total Health Expenditure (%) (WHO, 2009)</td>
<td>61.00</td>
<td>85.7</td>
</tr>
<tr>
<td>Coverage of Social Health Protection (all schemes) (%) (Ministry of Health, 2011)</td>
<td>18.50</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Low Income Countries (LIC): values represent the average (avg.) for these countries unless otherwise stated; b For Lao PDR source is the National Statistics Bureau, year 2010.

**Key Facts About the Health Financing Situation in Lao PDR (MoH, 2011):**

- General Government Health Expenditure as % of GDP in Lao PDR is among the lowest in the region, especially from domestic sources;
- Curative services take up half of Total Health Expenditure while only 8% is spent on preventive services (whereas households bear the highest share of payments for curative services; donors cover mainly preventive services and the Government of Lao PDR mostly funds salaries and basic administration);
- Catastrophic health expenditure is especially high among low income groups and households with children under the age of five years and the elderly (aged above 60 years);
- The Government has committed to increase General Government Health Expenditure to 9% of General Government Spending from 2011/2012 (fiscal year);
- The first National Health Financing Strategy for 2011-2015 has been submitted for Government approval;
- A National Health Insurance Decree is drafted and under review by the Government of Lao PDR.

Source: Ministry of Health – Department of Planning and Finance, 2011

**Current Social Health Protection Scheme in Lao DPR:**

<table>
<thead>
<tr>
<th>Schemes</th>
<th>SASS (for Civil Servants)</th>
<th>SSO (for Private Sector Employees)</th>
<th>CBHI (for Informal Sector)</th>
<th>HEF (Fund for the Poor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>System</td>
<td>Mandatory</td>
<td>Voluntary</td>
<td>Certified by local authority</td>
<td></td>
</tr>
<tr>
<td>Target population</td>
<td>Civil Servants and dependents</td>
<td>Worker and dependents</td>
<td>Self-employed &amp; informal economy people</td>
<td>Families identified as living below the poverty line</td>
</tr>
<tr>
<td>Contribution</td>
<td>Employee 2% Employer 2%</td>
<td>2.2% deduction from SSO fund</td>
<td>Flat amount by family size, urban &amp; rural residence</td>
<td></td>
</tr>
<tr>
<td>Benefit package</td>
<td>Out-patients Services (OPS) &amp; In-Patient Services (IPS)</td>
<td>OPS&amp;IPS + Travel &amp; Food costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministerial authority</td>
<td>Ministry of Labour and Social Welfare</td>
<td>Ministry of Health (MOH)</td>
<td>MOH &amp; Development Partners</td>
<td></td>
</tr>
</tbody>
</table>

Source: WHO World Health Statistics, 2011

For Lao PDR, source is National Census and year is 2005; For Lao PDR source is Ministry of Health and year is 2010.
The National Health Financing Strategy 2011-2015

**Vision:**
“To free health services from the state of underdevelopment and to ensure full health service coverage, justice and equity in order to increase the quality of life for all Lao ethnic groups” (Lao 7th National Health Sector Development Plan, 2011-15).

**Mission:**
“To achieve universal coverage by reducing out-of-pocket spending, increasing access to needed quality health services for all Lao people without them facing catastrophic financial expenses and contributing to attainment of the health MDGs.”

**Recommended Options for Implementing National Health Insurance:**

**Step-by-step process**
- Establish an inter-ministerial committee;
- Set up an Executive Board;
- Amalgamate SSO-SASS at the Ministry of Labour and Social Welfare;
- Combine HEF-CBHI administration at the MoH;
- Decide on a revised Road Map.

**Benefit package**
- Develop a common, structured and affordable benefit package;
- Integrate the proposal for free MNCH and <5 care into the NHIA structure;
- Provide free primary health care at health centre level.

**Strategic purchasing**
- Reform the provider payment mechanism;
- Establish performance contracts for health providers.

**Coverage and membership**
- Develop in parallel compulsory and voluntary membership;
- Provide subsidies for CBHI membership;
- Expand HEF coverage.

(Source: Annear and Ahmed, 2011 – University of Melbourne)

The National Health Insurance Decree

A draft decree has been developed with the purpose of merging all four existing social health protection schemes and ensuring greater efficiency and equity in health care coverage.

WAY FORWARD TO REACH UNIVERSAL COVERAGE IN LAO PDR

- Maintain high level political support from central and provincial leaders;
- Raise sufficient funds for health, especially from domestic sources;
- Rapidly expand full coverage of the poor and implement the fee exemption policy for MNCH services;
- Increase (and maintain) enrollment in health insurance schemes;
- Strengthen institutional capacity of social health protection schemes;
- Develop a step by step guide for merging existing social health protection schemes; and
- Improve quality of health services.