

Social Health Insurance in NWFP – the steps ahead

Dr. Sania Nishtar

A news feature in The NEWS on April the 4th has outlined the NWFP Department of Health's intent to launch a social health insurance scheme for the province. Aimed at improving access of the marginalized to health services, this is, in principle, a step in the right direction as it potentially offers a 'health systems' rather than an *ad hoc* solution. It is envisaged that if the strategy is appropriately structured, it can obviate some of the equity issues that have arisen from the currently prevailing tertiary-care-heavy health financing patterns. The articulation of this intent is also reflective of a bilateral donor agency's proactive role in supporting health reforms and the strategic institutional support they have provided to systems solutions. While the NWFP Department of Health needs to be lauded for its out-of-the-box thinking, it is also opportune to remind them of some of the overarching considerations that must be borne in mind while they embark upon mainstreaming social health insurance as a form of health financing in NWFP.

Firstly and to set the context, it must be recognized that social health insurance is just one component of a social protection strategy and must be approached within its framework. However, there are several design and implementation challenges in structuring a social protection mechanism outside the formally employed sector given that this necessitates overarching policy and legislative commitments, which are largely outside the scope of the health sector. It is imperative that the Department of Health recognizes the need for building linkages to address these issues earlier on so as to have this strategy housed, hoisted and pitched at the right level. It would also be important to build broader linkages outside of the province to harness the strength within other similar initiatives. For example a Steering Committee has been constituted by the Planning Commission on social protection and work is presently underway by the World Bank, ADB and DFID to provide coordinated technical support to the Government of Pakistan in the area. Furthermore, the Asian Development Bank's Country Strategy Programme for Pakistan (2004-2006) foresees technical assistance for social health insurance in 2005 with the objective of supporting the government of Punjab's task force in its efforts in the area of health insurance on the one hand, and deliberating with the Ministry of Health on the subject, on the other. Clearly these are opportunities for coordinated planning.

Secondly, it would be critical for any *de novo* effort in the area of health insurance to link-in with and build on existing systems which finance health on insurance arrangements in NWFP. Notable amongst these is the *Employees Social Security Scheme* - which is a health insurance scheme, limited to the formally employed sector, where contributions can be made through salary deductions at source. It would also be important to learn lessons from failed experiences in the past such as in the case of the unsuccessful health insurance pilot in NWFP, which led to the withdrawal of funding support by World Bank and JICA.

Thirdly the establishment of a broad-based comprehensive mechanism for social protection, which can provide a safety net for the poor, would necessitate strategic attention to a number of institutional, fiscal and regulatory considerations. A health insurance institutional mechanism will have to be established and a legal and policy framework will have to be created for this purpose. Amongst the regulatory parameters that merit attention includes approaches to membership for populations and the extent of health cover to be provided; the latter is

The NEWS International: Sunday, April 30, 2006

Health matters

Considerations to be kept in mind as the NWFP embarks upon mainstreaming social health insurance

By Dr. Sania Nishtar

A news report in The NEWS on April 4th, 2006, outlined the NWFP Department of Health's intent to launch a social health insurance scheme for the province. Aimed at improving access of the marginalized to health services, this is, in principle, a step in the right direction as it potentially offers a 'health systems' rather than an *ad hoc* solution. It is envisaged that if the strategy is appropriately structured, it can obviate some of the equity issues that have arisen from the currently prevailing tertiary-care-heavy health financing patterns. The articulation of this intent is also reflective of a bilateral donor agency's proactive role in supporting health reforms and the strategic institutional support they have provided to systems solutions. While the NWFP Department of Health needs to be lauded for its out-of-the-box thinking, it is also opportune to remind them of some of the overarching considerations that must be borne in mind while they embark upon mainstreaming social health insurance as a form of health financing in NWFP.



The link between the new and the old is critical.

house in mind while they embark upon mainstreaming social health insurance as a form of health financing in NWFP. Notable amongst these is the *Employees Social Security Scheme* - which is a health insurance scheme, limited to the formally employed sector, where contributions can be made through salary deductions at source. It would also be important to learn lessons from failed experiences in the past such as in the case of the unsuccessful health insurance pilot in NWFP, which led to the withdrawal of funding support by World Bank and JICA.

Planning Commission on social protection and work is presently underway by the World Bank, ADB and DFID to provide coordinated technical support to the Government of Pakistan in the area. Furthermore, the Asian Development Bank's Country Strategy Programme for Pakistan (2004-2006) foresees technical assistance for social health insurance in 2005 with the objective of supporting the government of Punjab's task force in its efforts in the area of health insurance on the one hand, and deliberating with the Ministry of Health on the subject, on the other. Clearly these are opportunities for coordinated planning.

Thirdly the establishment of a broad-based comprehensive mechanism for social protection, which can provide a safety net for the poor, would necessitate strategic attention to a number of institutional, fiscal and regulatory considerations. A health insurance institutional mechanism will have to be established and a legal and policy framework will have to be created for this purpose. Amongst the regulatory parameters that merit attention includes approaches to membership for populations and the extent of health cover to be provided; the latter is

need for strengthening the normative health policy roles and bringing clarity in roles and jurisdictional roles and delivery. Regulators will also have to ensure that the social insurance and does not undermine the reform process. Social health insurance also needs to be established and a legal and policy framework will have to be created for this purpose. Amongst the regulatory parameters that merit attention includes approaches to membership for populations and the extent of health cover to be provided; the latter is

Social protection is also an imperative in view of the increasing role of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically.

Amongst the regulatory parameters that merit attention includes approaches to membership for populations and the extent of health cover to be provided; the latter is important given that insurance models that are not preferably be used for health insurance that cover the poor. This is in line with the need to ensure that such a fund will have to be established and a legal and policy framework will have to be created for this purpose. Amongst the regulatory parameters that merit attention includes approaches to membership for populations and the extent of health cover to be provided; the latter is

to be protected by investment strategies, to ensure that the fund does not run into operational losses. It would be most interesting to observe how the current government of NWFP deals with this reality given that contracting policy options are various issues. Firstly, social protection must be seen in a conceptual and ideological context. In the view of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically. Within this context, NWFP's initiative in health care and long term planning, strategic planning and careful structural within an overall health reform context is more

to be protected by investment strategies, to ensure that the fund does not run into operational losses. It would be most interesting to observe how the current government of NWFP deals with this reality given that contracting policy options are various issues. Firstly, social protection must be seen in a conceptual and ideological context. In the view of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically. Within this context, NWFP's initiative in health care and long term planning, strategic planning and careful structural within an overall health reform context is more

to be protected by investment strategies, to ensure that the fund does not run into operational losses. It would be most interesting to observe how the current government of NWFP deals with this reality given that contracting policy options are various issues. Firstly, social protection must be seen in a conceptual and ideological context. In the view of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically. Within this context, NWFP's initiative in health care and long term planning, strategic planning and careful structural within an overall health reform context is more

to be protected by investment strategies, to ensure that the fund does not run into operational losses. It would be most interesting to observe how the current government of NWFP deals with this reality given that contracting policy options are various issues. Firstly, social protection must be seen in a conceptual and ideological context. In the view of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically. Within this context, NWFP's initiative in health care and long term planning, strategic planning and careful structural within an overall health reform context is more

to be protected by investment strategies, to ensure that the fund does not run into operational losses. It would be most interesting to observe how the current government of NWFP deals with this reality given that contracting policy options are various issues. Firstly, social protection must be seen in a conceptual and ideological context. In the view of the market mechanism in the delivery of health services as a whole and the mainstreaming of private sector's role in state-owned infrastructure more specifically. Within this context, NWFP's initiative in health care and long term planning, strategic planning and careful structural within an overall health reform context is more

important given that government funds should preferentially be used for insurance models that cover for priority healthcare. This in turn highlights the need to define priorities and underscores the need for strengthening the normative health policy roles and bringing clarity to federal and provincial roles and prerogatives in health care delivery. Regulation will also have to ensure that this model reinforces and does not undermine the referral system.

Social health insurance also necessitates feasible and pragmatic organizational management to boost pre-payment and build enabling mechanisms for the development of a large pool of fund. A number of steps will have to be taken to achieve this objective. As a preliminary step, a sustainable Provincial Health Fund will have to be created with the government's commitment to providing per-capita cost-sharing and the feasibility of channeling *Zakat* funds and philanthropic grants into such a fund will have to be explored. Such a fund will need to be protected by investment strategies, to ensure that inflation does not eat into its operational resources; it would be most interesting to observe how the current government of NWFP deals with this reality given their overarching policy positions on various issues.

Fourthly, social protection must be seen in a conceptual and ideological context. In Pakistan's health care systems the state has traditionally attempted to provide health for all. Currently the State is attempting to redefine its role in service delivery through the introduction of alternative models of service delivery that mainstream the role of the private sector. This approach brings efficiency into the system but may raise concerns relating to access and affordability for the poor. And it is within this context that social protection becomes imperative. Conceptually therefore, social protection has to be pitched alongside other comprehensive health systems reform measures. What is happening in NWFP by way of channelling social protection as a mode of health financing and in Punjab by way of restructuring service delivery should ideally proceed in tandem within the same health system. Perhaps NWFP and Punjab Departments of health can capitalize on this opportunity for collective strategic thinking that may be applicable in both settings.

There can be no two thoughts about the need to pay careful attention to setting up a social protection system, given that Article 38 of the 1973 Constitution of Pakistan makes it binding for the state 'to provide basic necessities of life for all citizens as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment'. Social protection is also an imperative in view of the increasing role of the market mechanism in the delivery of health service as a whole and the mainstreaming of private sectors role in state-owned infrastructure more specifically. Within this context, NWFP's initiative is both timely and needed. However it would need long term planning, strategic positioning and careful structuring within an overall health reform context in order to fly.

The author is the Founder President of the NGO Heartfile and Pakistan's Health Policy Think Tank. E mail: sania@heartfile.org