

SOCIAL HEALTH INSURANCE REFORM IN EGYPT: IMPLEMENTATION CHALLENGES AND THE WAY FORWARD

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KEY MESSAGES:

- A process of reforms for Egypt's social health insurance will require an implementation road map over the next 10 years, at the minimum. After the approval of the Comprehensive Social Health Insurance (CSHI) law, there is a consolidation period for the new institutions, in which capacity will be built to face emerging challenges as well as the transfer of knowledge and technical assistance, and substantial investments will be made to successfully expand the quality of services with greater efficiency gains.
- The CSHI law seeks to install new institutional arrangements aiming to support the government's National Health Policy: achieving equity in financing and access to health care services for all citizens. Therefore, the CSHI is seen as a key pillar in poverty alleviation, attaining UHC, and sustainable growth. CSHI is about health equity and getting value for money.

Introduction

The Government of Egypt aims to achieve health equity, or social justice in health care, by reorganizing the health system through financial protection, the expansion of services to all, better quality of services, and also greater accountability and monitoring of results and governance. Two of the reform's priorities are to increase financial protection and ensure efficiency in the provision of services, and mobilize resources ensuring financial sustainability. Egypt only spends 5.1 percent of its GDP towards health care, while out-of-pocket expenditures is high (69.7 percent of the total health expenditures). Article 18 of the Constitution sets a target of 3 percent of the GDP, demanding a shift in resource mobilization and improving the effectiveness of the health system to deliver services.

Egypt is a lower middle-income country with high health inequalities and a lack of services in rural and poor, urban areas. The fiscal situation is not stable (fiscal deficit is estimated at 13 percent) while revenues, as a percentage of the GDP, have decreased. Also, the country is limited in its

ability to improve health resource mobilization. To address this, the macroeconomic trend should be reversed to ensure greater resource allocation and public investments in the health sector. This will be key towards achieving the Sustainable Development Goals (SDGs) and responding more effectively to rising levels of non-communicable diseases (NCDs), the high prevalence of hepatitis C, and health disparities affecting vulnerable and poor populations.

The Egyptian health system requires immediate changes to address the existing and incoming health challenges. To achieve universal health coverage (UHC) efficiently, effectively and with equity, the government is in the process of issuing a Law on Comprehensive Social Health Insurance (CSHI), a mandatory and universal system based on social solidarity and the provision of health services to all enrolled citizens in Egypt. The state pays the cost of coverage for vulnerable populations, with a gradual involvement of governorates to guarantee that the system has good governance and is financially sustainable. To this end, the Government will seek to ensure that the CSHI organizational

¹ This Knowledge brief was prepared by Rafael Cortez (Senior Economist, GHN05) with contributions from Gustavo Demarco (Human Development Program Leader, MNC03) and Amr Elshalakani (Health Specialist GHN05) as part of the Technical Assistance 'Egypt Social Inclusion (P162423)' to support the Government of Arab Republic of Egypt. in developing its Comprehensive Social Health Insurance (CSHI) reform process.

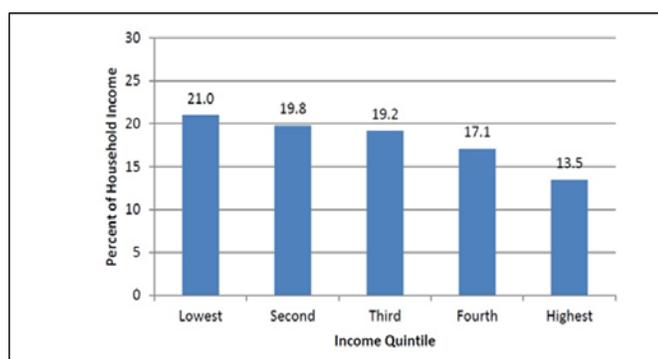
structure and culture of service delivery to be implemented fit well with the policy objectives of the National Health Policy.

Key concepts of the health insurance reform in Egypt

STEWARSHIP AND REGULATION

The current health system lacks adequate governance arrangements. Indeed, fragmentation and current weak roles within the Ministry of Health (MOH) have produced a situation in which stewardship is not fully implemented. Governance to monitor and regulate compliance of protocols and quality standards is not sufficient. The large private sector remains unregulated, while regulation of the drugs market is also limited. To address this, the MOH should respond to the essential public health functions by providing a clear vision and direction for the entire health system. It requires using valid, timely, and reliable data to generate evidence on regulating health providers' actions to promote positive health outcomes.

Figure 1 Equity on health access (percent)



Source: HHEUS 2010

The main areas of stewardship for the MOH that should be developed and strengthened are the following:

- Generation of data for continuous results-evaluation and evidence-based decisions
- Design and implementation of policy strategies for the sector
- Providing protocols and quality standards to providers of health care services and drugs
- Establishment of incentives and penalties to be applied to health care providers' quality and compliance of standards and norms
- Promoting public-private partnerships
- Monitoring and public health surveillance
- Accountability and cross checks

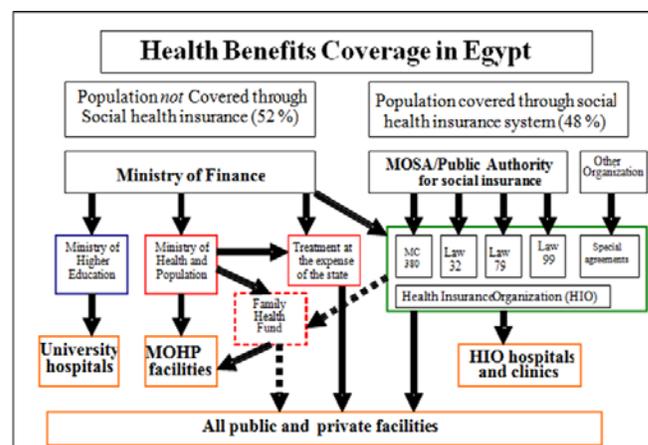
SEPARATION OF ROLES BETWEEN FINANCING AND PROVISION

The proposed CSHI law defines a Comprehensive Social Health Insurance Organization (CSHIO). This is a non-profit public body that will manage funds for the CSHI system. The CSHIO is expected to be legally autonomous in management and budget, under the Prime Minister's office. To guarantee good governance, the CSHIO has a Board of Directors whose composition should represent adequate independence, no

conflict of interest, and the professionalism needed to carry out the role of the higher administrative authority of the CSHI fund.

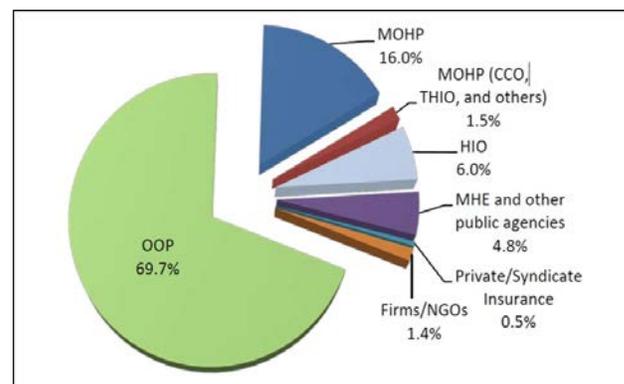
Under the CSHI law, private and public health networks will operate the provision of services. This will be done in order to integrate and coordinate services among high-level and complex facilities such as hospitals and surrounding primary health centers. In an optimal situation, users should have the option to select their providers within a well-defined catchment area, especially at the secondary and tertiary care levels.

Figure 2. Provision of health care services



Source: World Bank 2006.

Figure 3. Source of health Care Financing in Egypt



Source: Ministry of Health.

ACCREDITATION OF SERVICES

One of the key pillars of an effective CSHI institutional arrangement is the creation of an independent entity controlling and regulating the provision of health care services. This entity should regulate all public health and non-public health providers. The CSHI law is expected to develop an accreditation agency that reviews that healthcare providers participate in meeting predetermined criteria and standards. The accreditation agency should guarantee continuous compliance with defined quality standards and the

agency should also assist and guide providers to achieve those standards. This agency should also protect the rights of users, and carry out comprehensive surveys to collect and analyze data on the quality and performance of providers, users' views of received services' quality outcomes, performance improvement etc.

This agency should be an independent entity reporting to the Ministry of Finance with a clear operations manual ensuring there is no conflict of interest among its staff with public and private providers. Competitive salaries and effective human resource management will guarantee the professional independency of the regulatory entity. The agency must also inform and empower beneficiaries through local institutional public awareness campaigns, including delivery cards that describe user rights and information from health care providers. **Innovative auditing mechanisms** can be used through internal audits to verify the work performed. The feedback from the audits and management reports can be used to correct any mismanagement, address bottlenecks, and improve the performance of health care networks (HCNs).

The foundations for a good CSHI fund management

The CSHI system should include a fund that mandatorily covers the entire Egyptian population and simultaneously strengthens the stewardship capacity of the MOH and accountability with three main design features: an explicit menu of benefits; disbursements linked to achieving agreed targets; and independent external audits to verify service delivery and quality. Rather than funding more facilities and physical inputs or adjusting existing insurance mechanisms, all of which failed to adequately address the health problems of the poor, it is necessary to change the operating culture of the health system, especially the functioning of the social health insurance contracting process, in particular by incorporating **performance incentives** at all levels. One unique law could include the arrangements for both the CSHI fund and accreditation agency.

It is, therefore, proposed is that the CSHI put into practice a **cascade of incentives** carefully tailored to encourage each level of the health system to take the proper steps to improve coverage, quality, and results. Legally binding management agreements between the CSHI fund and the HCNs, with users exercising free choice of providers:

-The **CSHI fund**: provides funds to the HCNs against enrolment progress and attainment of each of a set of targets that includes coverage, hardship incurred, and quality of health care services;

-Healthcare Networks and **Providers** deliver specified package of cost-effective services, while increasing quality to attract the beneficiary population. The CSHI fund would pay Providers on a fee-for-service basis, which the Providers can invest to improve productivity and quality;

-The CSHI fund can also transfer funds on a per-capita basis to the providers, in addition to a fee-for-services scheme. The public providers could use part of those funds to pay incentives to staff to improve productivity and quality of

services. Payments for results through targeted indicators can be negotiated annually with each health care networks.

Policy challenges and the way forward

Decisions made during the implementation of the CSHI law will define, within the short term, if citizens are going to benefit from increased access to quality services and reduced out-of-pocket expenditures. New investments and improvement in management capacity will be essential to the success of the reforms in the long term. Within this context, the country faces several challenges; in order to overcome these barriers specific actions must be carried out by the Government that include the following:

- Investments to increase access to quality, integrated information systems
- Massive communication strategies aimed to increase their awareness and knowledge about the CSHI reform, what it seeks to attain, and what their roles are in the reform
- The provision of finances to increase and improve health services while simultaneously reorganizing the health system. The reform should not affect the intensity of service delivery, especially for targeted and vulnerable populations and rural areas
- Development of diagnostic tools for performance to overcome identified bottlenecks within the HCNs
- Adequate human resources to operate the new system as well as effective human resource management, including training and career path of medical staff
- Conduct an actuarial study and the disease burden assessment.
- Design and continuous formulations of benefits plans, payment mechanisms, and sustainable financing strategies and regulations for disbursing the funds
- It is essential that institutional arrangements to promote UHC safeguard a clear separation of functions: provision, financing, insurance, stewardship and accreditation
- One purchasing organization (the CSHI fund) could buy health care services from public and non-public providers through contract agreements that include norms and protocols established by the MOH. The health care organization (HCO) function could monitor and promote the quality of services of contracted, accredited providers through verification of quality and standards, protecting users right
- Discussion on the implementation of co-payments. Inclusion of any fees in the CSHI is not optimal neither recommended to be implemented due to its potential regressive effects. To address this, the CSHI should operationalize an effective targeting mechanism to identify the poor and exempt them from payment premiums. These populations should receive a subsidized premium by the Government

- The role of the provision agency is to help HCNs integrate and coordinate their services. The above institutions and arrangements should facilitate achieving efficiency, effectiveness, and accountability of health providers
- The private provision of services, through proper regulation and contracts under competitive basis, have to be strengthened with medium and long term goals
- In the long term, the financing of the CSHI fund must be related to payroll contribution and general taxation. Unmarked taxing is not an option in the long term to ensure the sustainability of the fund
- Ensuring that the insured populations have a right to choose their providers
- Guaranteeing an adequate transition of the current health insurance organization into the new CSHI institutional arrangements

Areas of potential collaboration and implementation support.

The strategy to strengthen UHC in Egypt is comprehensive and proposes a set of new well-designed institutional arrangements seeking good governance. The CSHI law that is currently being discussed within the Government provides guidance for health providers, financiers, stakeholders, and government representatives on a path towards UHC. Substantial analytical products and technical activities should span the first 3 years of implementation that is after the law has been approved by Parliament. The key areas of work and potential support from stakeholders and development agencies are the following:

- **Strategic use and dissemination.** MOF and MOH leadership in the preparation of a technical report about the UHC road map in Egypt can be supported by the WBG, and international cooperation agencies and it can be used as an umbrella document guiding actions to strengthen the CSHI reform and UHC results and to promote high-policy dialogue among key stakeholders through seminars and workshops with local technical teams from the government and civil society. This will include presenting perspectives from experts, stakeholders, and government officials on key challenges and areas for further technical assistance, especially on the theme of separation of functions and management reforms. The critical next step is to prepare the operations manual for the CSHI fund, the HCO, and accreditation entity; and develop a communication strategy for national stakeholders on the CSHI arrangements, vision, goals and functioning.
- **To outline and discuss transitional arrangements** and implementation plans for the CSHIO, HCNs, and accreditation entity. This work will revolve around providing technical advice on how to transform the existing structures into the new perceived model of governance.
- **A series of four technical notes and corresponding workshops on Knowledge Transfer and Best Buys on financial sustainability and health financing options and arrangements.** The technical notes and workshops would focus on benefits plans and priority settings, financial sustainability (revenues), and costing and payment mechanisms. These would include the provision of extensive in-depth knowledge of best practices from other countries, a revision of current needs, and proposing technical analysis and solutions for policy and/or implementation actions.
- **Direct technical support and advice to the MOF for actuarial and macro-fiscal domains.** This will be provided through direct dialogue, on-demand support by a multi-disciplinary team of experts. The team composition should ideally include actuarial, health economists, and macro-fiscal economists, among others.
- **Transfer of know-how in the design and implementation support of payment mechanisms.** Sharing international experiences through study tours and working sessions with international and local experts.
- **Support capacity building in HCNs entities to strengthen the management capacity for service delivery.** WBG and development partners' assistance could support building the capacity in the construction, management, and monitoring of a selected number (4) of HCNs at the regional level. This includes designing a monitoring tool for quality performance of the delivery of health care services and resource allocation arrangements to gain performance efficiency in the selected HCNs pilots. Comprehensive training sessions will be conducted to CSHI staff and HCN entities in health care management and health financing areas. This activity will promote the interaction at the management level with other health insurance institutions and promote south-to-south knowledge exchange. In addition, technical and training support from seasoned international and WBG staff experts will be provided to HCN managers through a short training course. A detailed training needs analysis will be previously defined, in coordination with the CSHI management team.
- **Support of the analysis of four key studies led by the MOH on stakeholder analysis, national health accounts, pharmaceutical market analysis, and private health sector assessment.**
- **Technical assistance in the design and implementation of the accreditation entity "Egyptian authority for quality and accreditation standards (EAQAS)"** responsible for the functions described in the proposed law, especially in those roles related to protection of user rights, establishing of standards of quality, monitoring and accreditation all public and private health facilities.