

# STRATEGIC PURCHASING & PAYMENT MECHANISM IN VIET NAM

*Geneva, 25-27/4/2017*

*Dr. Le Van Phuc*  
*Vietnam Social Security*



# General country profile



## Social economic conditions (2016)

Pop: 93.2 millions

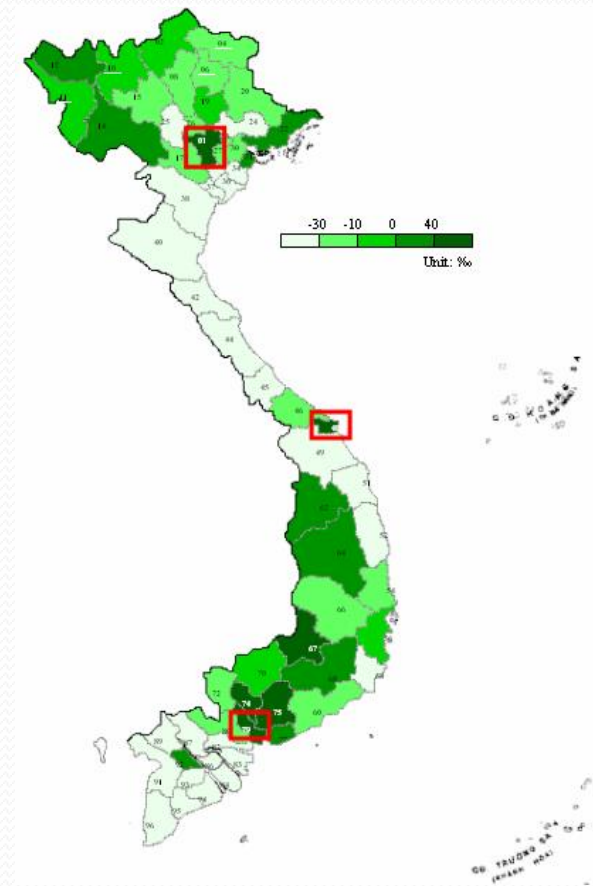
Land area: 330,957 Km<sup>2</sup>

Urban pop %: 33%

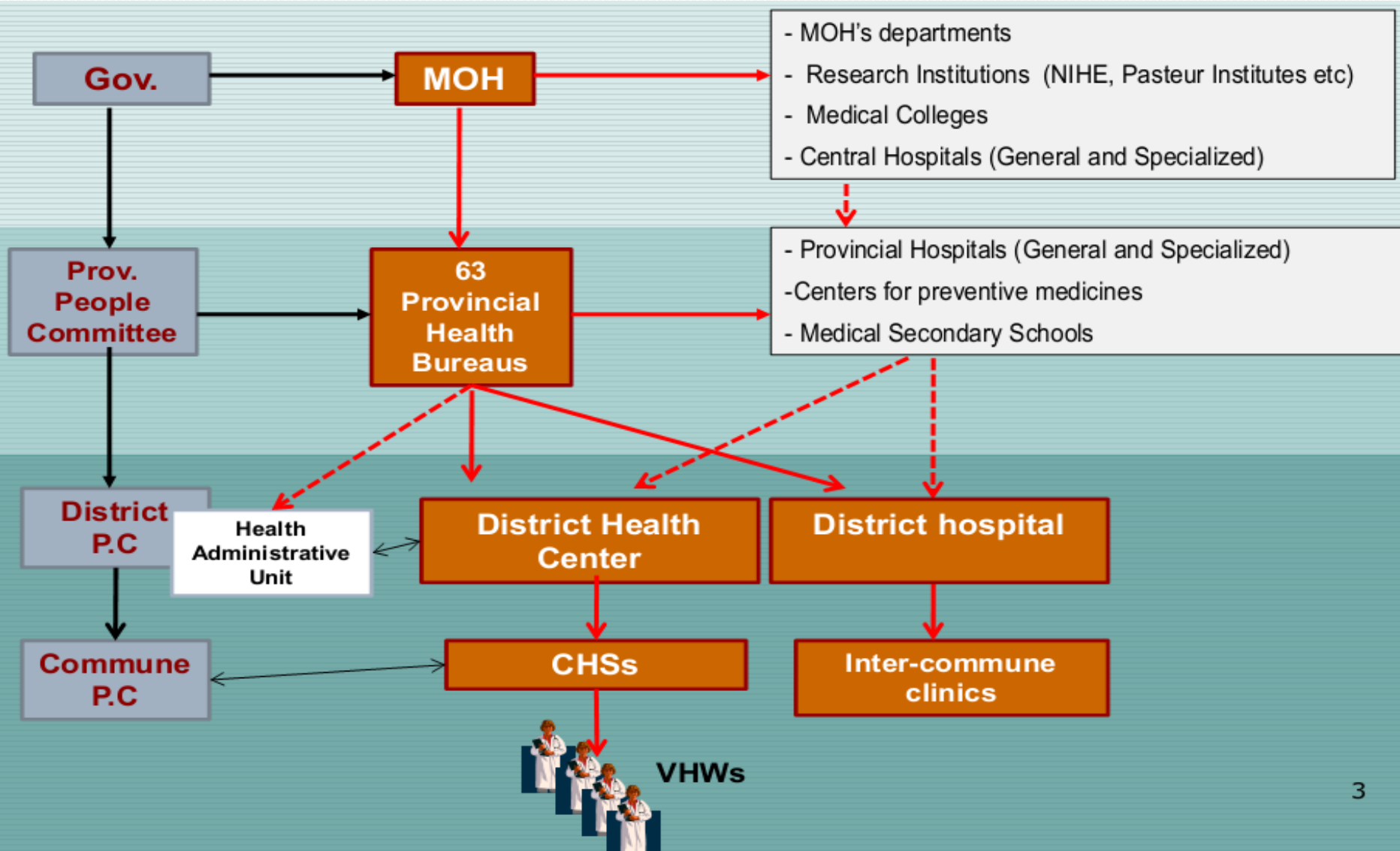
GDP per capita: 2,200 US\$

GDP growth rate: 6.0%

HI Couverage: 81.6% Population

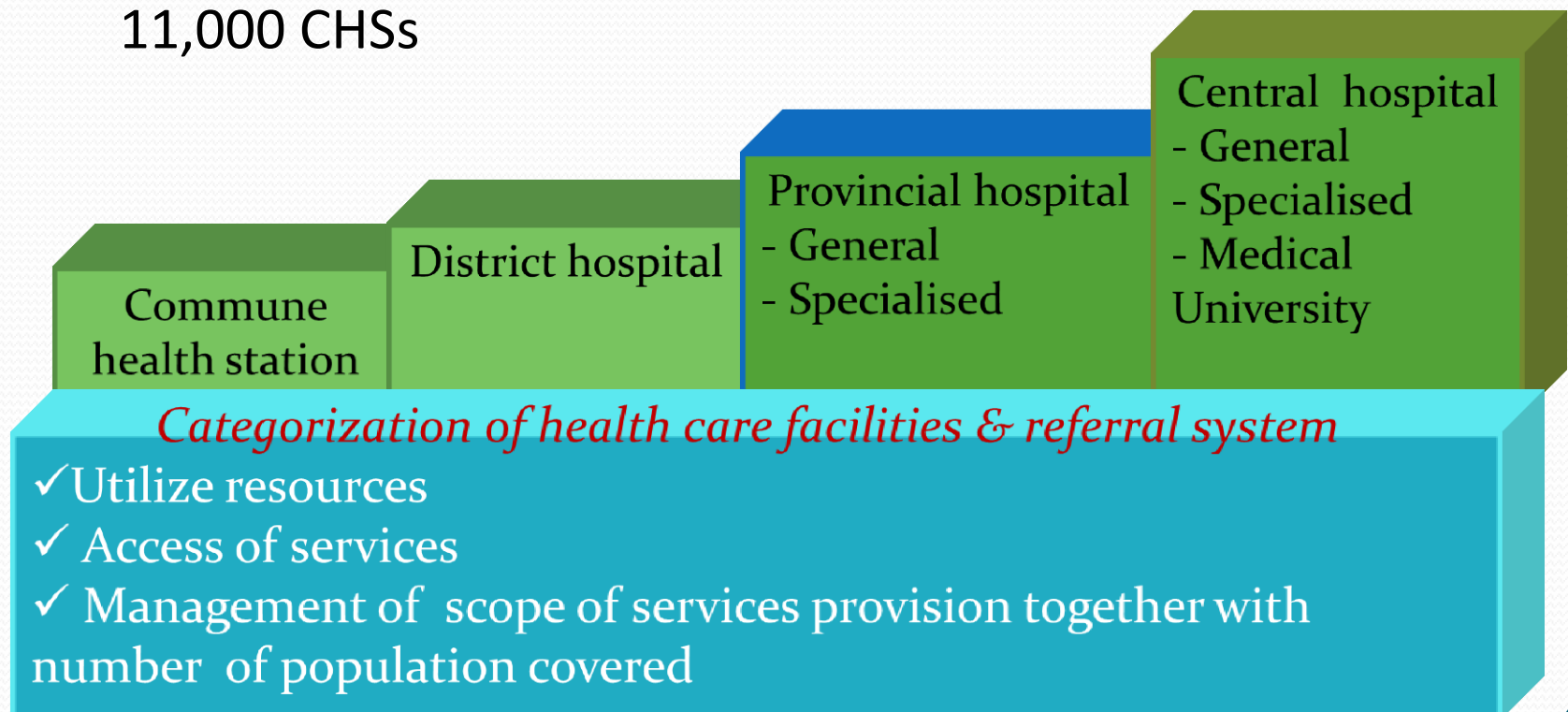


# Structure of health system

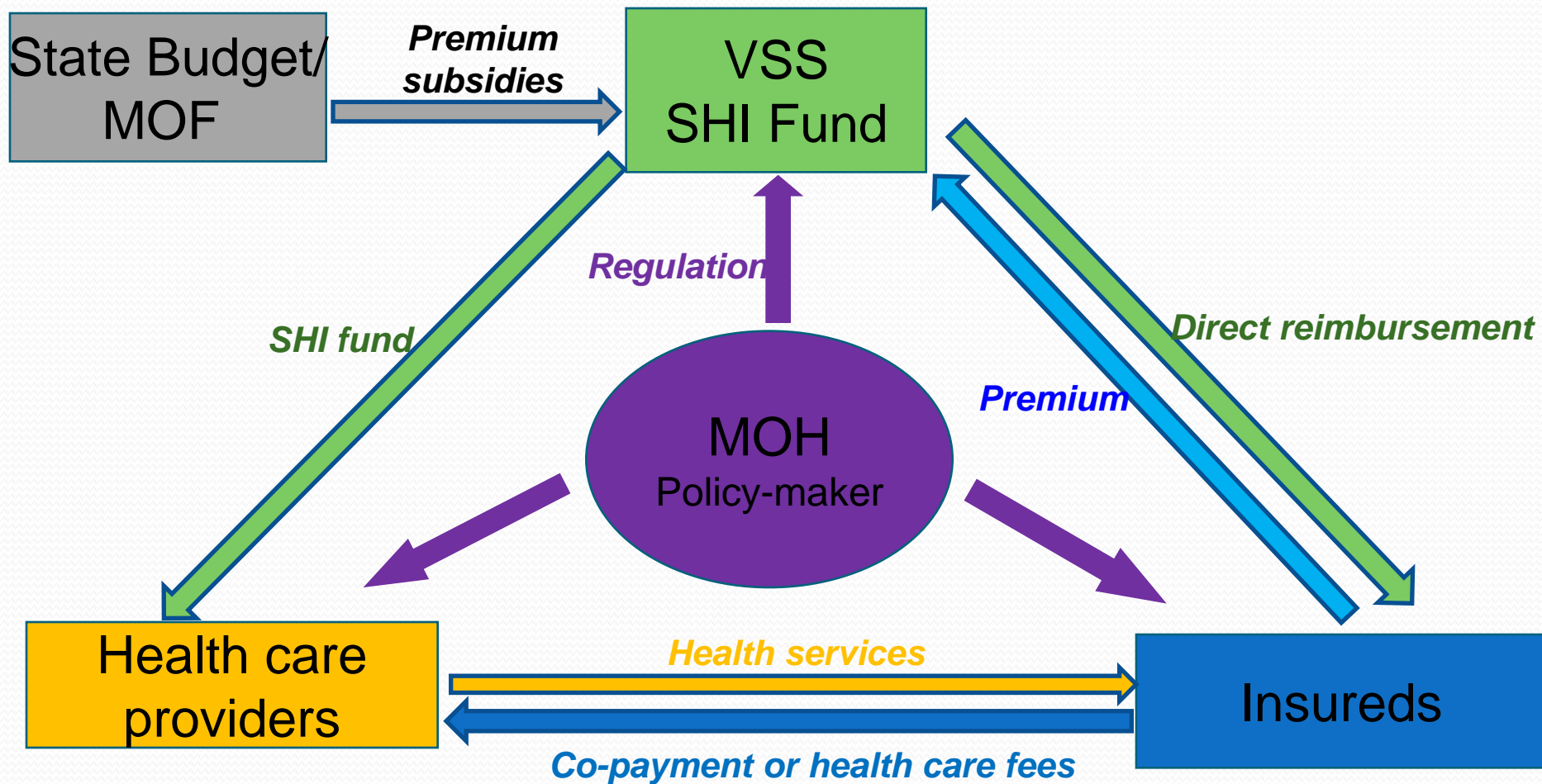


# Health care delivery

- 24 beds/10,000 people
- 7.2 doctors/10,000 people
- 2150 Hospitals (170 private hospitals = 6% N° of beds)  
11,000 CHSs



# SHI scheme: Stakeholders

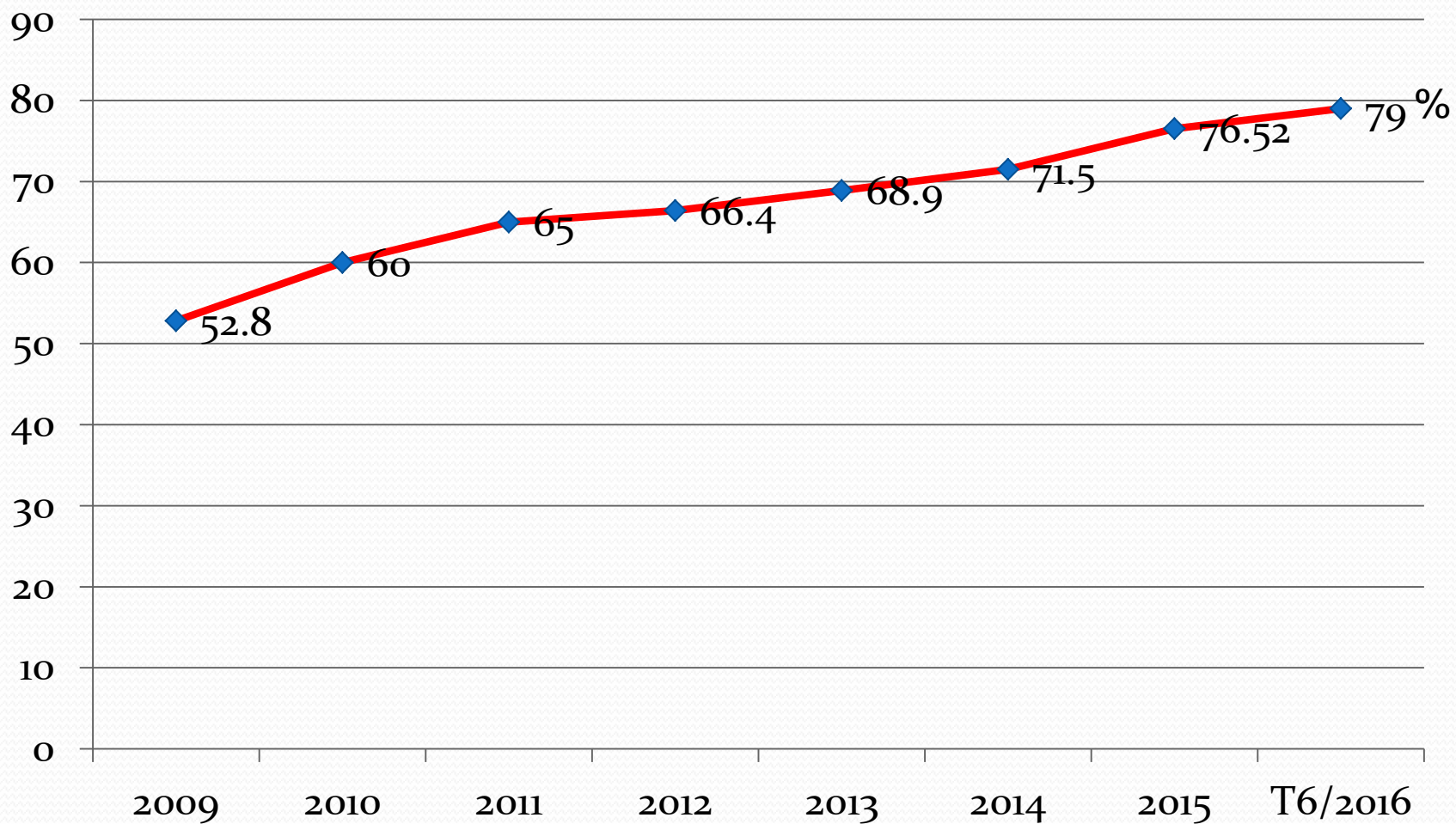


# SHI scheme: Workforce

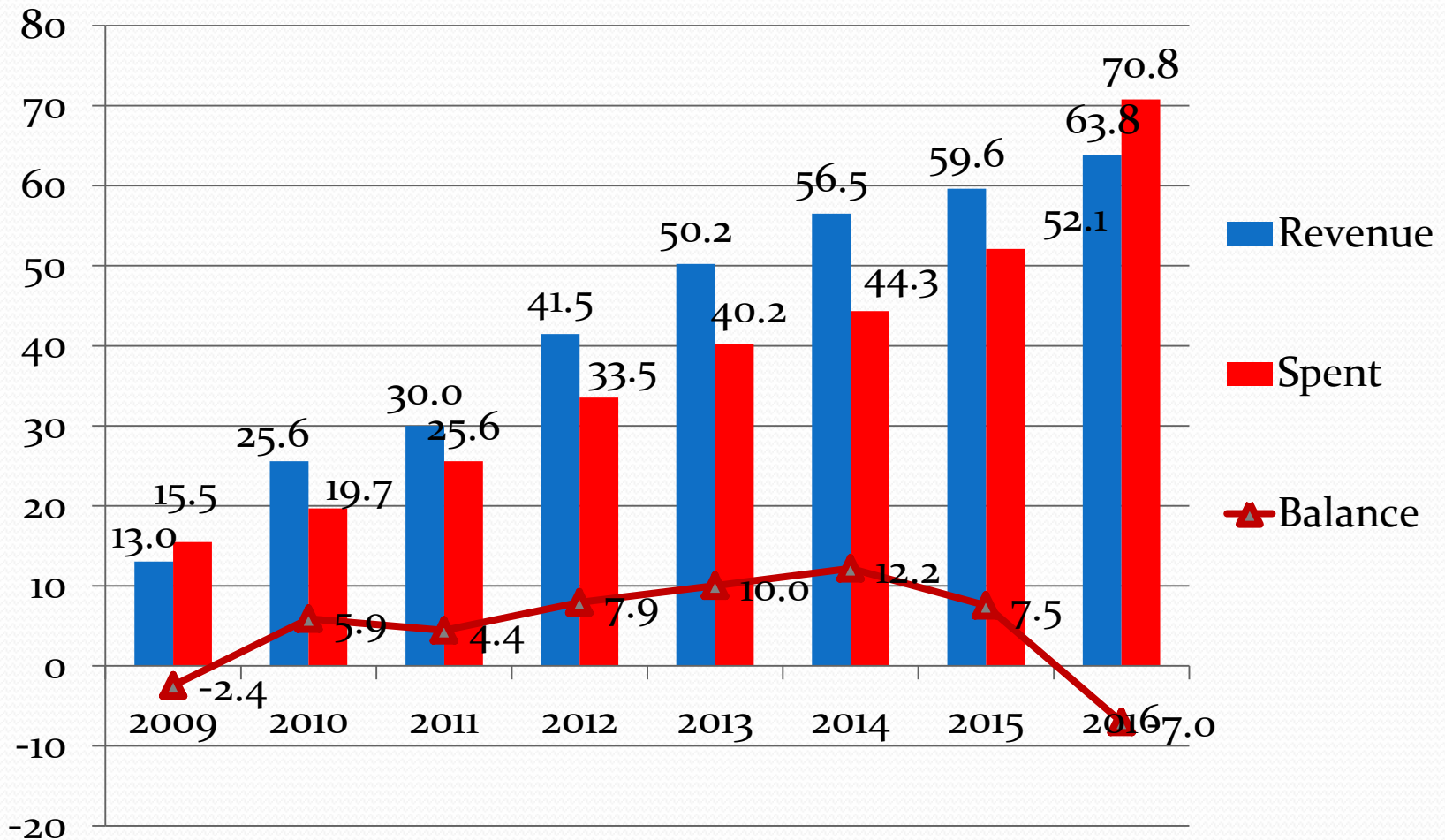
- **MOH:** stewardship of implementing SHI, policy maker to develop policy: law, decrees, circulars, lists of reimbursed medicine, consumable devices...
  - Health Insurance Department: 23 state officers
- **VSS:** A government agency organized in three administrative levels:
  - VSS Headquarter: 24 Departments, Centrals
  - Provincial SS Office: 63 offices
  - District SS Office: 656 offices

Total workforce of VSS system is over 20,000 people

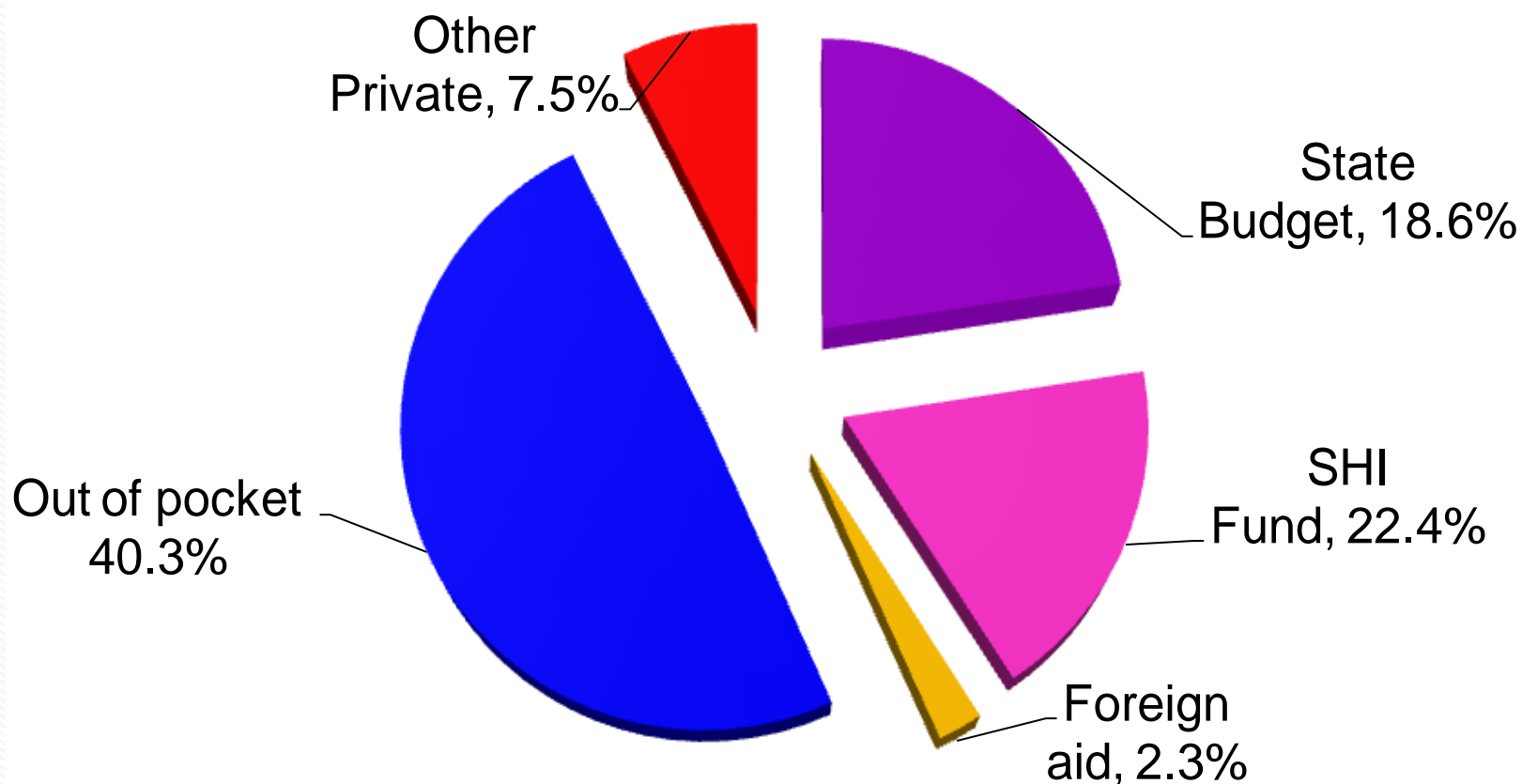
# Health insurance coverage



# Balance of HI Fund (1000 Bil. VND)



# Out of pocket expenditure



Source: Vietnam MOH 2015

# PURCHASING IN VIET NAM

- VIET NAM Social health insurance scheme  
Mandatory social health insurance for the whole population;
- Single purchaser mechanism
- Purchaser organisation: Vietnam Social Security
- Population coverage: 81.7% of total population
- Source of Finance: Multiple:
  - fully subsidized premium for the poor;
  - partial subsidies for the informal;
  - payroll tax contribution by formal public and private employees and employers .

# PURCHASING IN VIET NAM

- **Current limitation:**

- Mainly based on proposal from healthcare providers (public hospitals + experts)
- Criteria to determine the benefit package are not clear, little consideration of cost effectiveness
- Lack of strict regulation on the process to develop the benefit package to ensure objective, transparent decision making



# PURCHASING IN VIET NAM

- **Solution to address the issues:**
  - To revise benefit package policy:
  - Develop Basic Health Service Package
  - Rationalize high cost services/medicines based on HTA evidence
  - Establish National Advisory Council on Benefit package

# PURCHASING IN VIET NAM

- **How to Purchase:**
- **Current Issue:**
  - The main provider payment method still based on FFS, which caused escalation in healthcare cost and over use of services/medicines
- **Solutions:**
  - Reform PPM to replace FFS with capitation and DRG

# Payment Mechanism in Viet nam

- Combination different provider payment methods has been used in Social health insurance system;
  - Fees for service with “ceiling” was the main method:
    - Total HI fund of Registration Insured in Health care
    - Average expenditure /case
  - Capitation: Applied in 481 health care providers contracting with SHI (reduced from 835 in 2015). Capitation is applied for out and in-patient services
  - Cased-base payment: is still in the pilot stage

# Payment Mechanism in Viet nam

- From the implementation it is clearly to see:
  - Fees for service method creates incentive for over provision of services
  - Health insurance agency difficult to control of costs and there is a problem of imbalance between revenues and expenses.
  - This situation becomes more problem when Vietnam has implemented hospital autonomy policy in public hospitals. The hospitals have tendency to provide more services to collect more revenue.

# Payment Mechanism in Viet nam

- For the capitation:
  - The calculation of capitation is not based on actual cost and adjusted by health risk of population yet.
  - It includes referral cost:
    - Hospitals have to bear high risk of overspending due to costs of referral which out of control.
    - Many district hospitals have to face with difficulties in fund deficit.

# PURCHASING IN VIET NAM

- **At which price:**

- Current limitation: Weak control on cost of medicines and services, not well understand of cost components and not conduct yet price negotiation

- **Solution:**

- Stronger role of VSS in developing price policies
- Implement national bidding of selected medicines
- To conduct price negotiation in purchasing medicines

# Thank for your attention

