



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Health Insurance Strategy 2021–2025

September 2022

Foreword

The Government of Lao People’s Democratic Republic, Ministry of Health, National Health Insurance Bureau has committed to achieve Universal Health Coverage (UHC) by 2025. Based on the Health Sector Reform Strategy and the Health Sector Development Plan, the government has made efforts to strengthen and expand the coverage of social health protection mechanisms through government subsidies for the informal sector, including the poor, pregnant women and children, across the country. The National Health Insurance (NHI) scheme was established in 2016, and existing health protection schemes were harmonized into NHI by 2019 (including the formal schemes, the State Authority for Social Security and Social Security Organization) aiming for full integration in the future; NHI is currently implemented in 17 provinces and will be expanded to include Vientiane Capital in the near future. Approximately 94% of the total population were covered by social health protection schemes in 2020, which is a significant increase from 60% covered in 2016.

The government’s strategy to achieve UHC is for NHI to become a single payer system with strategic purchasing of health services for all Lao people in the future. Strengthening NHI with the extension of population coverage and the benefit package will contribute to equitable and affordable access to basic health services for all, in particular the poor and vulnerable, and reduction of financial hardship from catastrophic health expenditure. However, there are still many challenges to strengthening the NHI system and achieving UHC; these challenges relate to current institutional status, financial autonomy, accountability, sustainability, institutional capacity, operational issues, and the role of NHI in the context of donor transition. In order to move towards UHC, the National Health Insurance Bureau of the Ministry of Health has developed the National Health Insurance Strategy 2021–2025. Its vision and framework, including goals, principles and strategic objectives for the development of the NHI system, are clearly stated.

On behalf of the Ministry of Health, I would like to express my gratitude to all concerned staff of the National Health Insurance Bureau and development partners who have contributed to the successful completion of this National Health Insurance Strategy 2021–2025. I believe that the Strategy offers invaluable guidance on the successful implementation of the NHI system, contributing to progress towards UHC and the improvement of health of the Lao people.


Minister of Health

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Abbreviations

ATD	Admission/Transfer/Discharge
CBHI	Community Based Health Insurance
DHIB	District Health Insurance Bureau
DGHE	Domestic government health expenditure
GDP	Gross domestic product
HSR	Health Sector Reform
Lao PDR	Lao People's Democratic Republic
MoF	Ministry of Finance
MoH	Ministry of Health
NCD	Noncommunicable diseases
NHI	National Health Insurance
NHIB	National Health Insurance Bureau
NSSF	National Social Security Fund
OOP	Out-of-pocket
PHIB	Provincial Health Insurance Bureau
THE	Total health expenditure
UHC	Universal Health Coverage

1. Introduction

1.1 Background

Over the past 20 years, the Lao People's Democratic Republic (Lao PDR) has witnessed robust economic growth and achieved significant progress in terms of development indicators, including a reduction of poverty and improved outcomes in education and health. This trend has been driven mainly by robust economic growth, with gross domestic product (GDP) growth rates averaging above 7% over the last decade. The benefits of growth have, however, not been evenly distributed among the population. Despite a significant reduction in the poverty rate, household consumption increased only marginally for the two poorest population quintiles, and income inequalities are widening. Furthermore, despite the ongoing decrease in the poverty headcount rate, many households remain vulnerable to financial hardship due to catastrophic health expenditures.

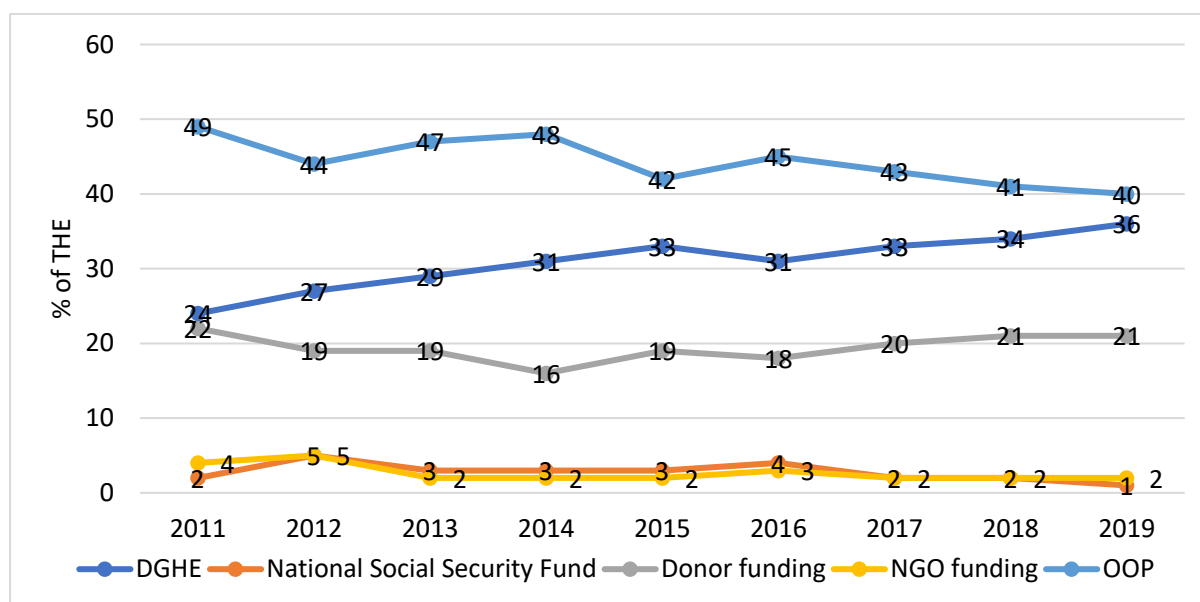
As in most countries in the region, the health system in Lao PDR is facing an epidemiological transition from the predominant incidence of communicable diseases and maternal and neonatal disorders to a new pattern characterized by the increasing incidence of noncommunicable diseases (NCDs). In 1990, 69% of the burden of disease was caused by communicable diseases, maternal and neonatal disorders, and nutritional deficiencies, and only 24% by NCDs. In the following years the incidence of NCDs increased steadily in the burden of disease while the share of communicable diseases decreased. In 2016, the proportion of NCDs (47%) exceeded the share of communicable diseases (43%) for the first time. While lifestyle and chronic diseases are new challenges to be addressed, the conventional health challenges related to communicable diseases and mother and child health issues remain, resulting in the country facing a "dual burden of disease". The increasing incidence of NCDs, some of which require costly treatments, calls for the establishment and extension of financial protection mechanisms through risk pooling among large population groups.

Health financing in Lao PDR evolved from a public health system providing free services for all to a system that increasingly relies on the partial cost-recovery by facilities through out-of-pocket (OOP) payments by patients. Prior to 1990, health services were provided for free at public health facilities, but due to financial pressures, user fees were introduced formally in 1995 and drug revolving funds were established as a financing mechanism to purchasing medicines at the health facility level. Since then, various pilot schemes have been initiated to address the challenges of limited access to health services for the poor and lack of financial protection for the poor and the vulnerable.

Overall, health financing in Lao PDR is characterized by low levels of government spending on health, and a high reliance on OOP health expenditure and external assistance for health. In

2019, according to the National Health Accounts, total health expenditure (THE) was estimated at 2.7% of GDP or US\$ 71 per capita. Domestic government health expenditure (DGHE) as a share of THE and as a share of general government expenditure was 36.4%¹ and 4.9% (1.8% of GDP) respectively, increasing more than 20% per year in nominal terms since 2011. Yet DGHE was still only US\$ 26 per capita in 2019. OOP as a share of THE was 40%; external funding as a share of THE was 20.4% in 2019 (Figure 1).

Figure 1. THE by source, 2011–2019



Source: Lao PDR National Health Accounts annual report 2019. Ministry of Health of Lao PDR; 2021.

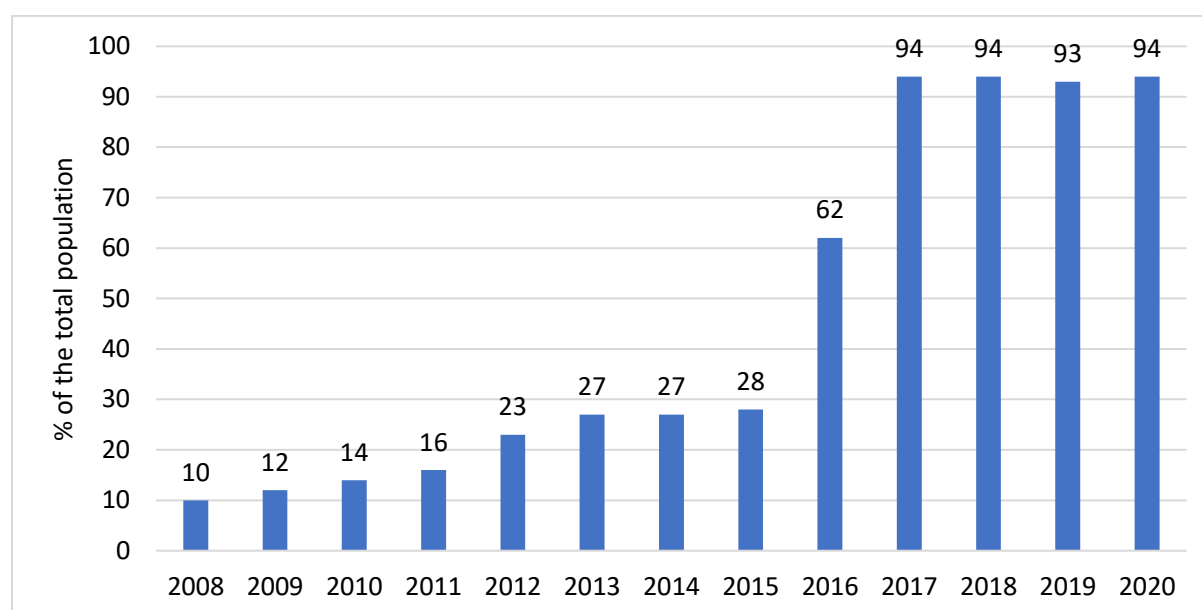
1.2 Social health protection in Lao PDR

The National Health Insurance Bureau (NHIB) of the Ministry of Health (MoH) is committed to achieve Universal Health Coverage (UHC) by 2025 according to the government’s direction by expanding population and service coverage and achieving financial protection for all. The Health Sector Reform Strategy (HSR Strategy) and Framework outlines the strategy towards achieving UHC by 2025 in three implementation phases. Phase Two (2016–2020) of the HSR Strategy aimed to ensure the availability of essential health services with reasonably good quality to most of the population. Phase Three (2021–2025) is expected to complete the health sector reform and reach UHC with an adequate benefit package and appropriate financial protection for a vast majority of the population. According to the HSR Strategy, it is expected that over 95% of the population will be covered by 2025 and that OOP payments will be reduced from more than 40% of THE, to less than 30%.

¹ Including technical revenues (user fees). When excluding technical revenues, DGHE as a share of THE was 29% in 2019. Technical revenues were progressively integrated/recorded (first at central hospitals, then provincial hospitals) and therefore estimates before 2016 could be biased for comparison.

To achieve these objectives, the Government of Lao PDR has strengthened efforts in recent years to enhance financial protection through the extension of social health protection mechanisms. In particular, the roll out of the National Health Insurance (NHI) scheme targeting previously uninsured populations and managed by NHIB under MoH has resulted in a rapid increase in coverage since 2016. Following the new policy orientation, the total population coverage of all schemes (including formal schemes, and military and police schemes) reached 60% in 2016 and approximately 94% in 2020 (Figure 2).

Figure 2. Population coverage of health insurance including all social protection schemes, 2008–2020



Source: NHIB annual report 2020. National Health Insurance Bureau of Lao PDR; 2021.

Since the adoption of Prime Minister’s Decree No. 470/PM, dated 17 October 2012, the integration of social health protection schemes has progressed steadily. Social schemes covering the formal sector were integrated under the umbrella of the National Social Security Fund (NSSF). The management of schemes providing social health protection for the informal sector was transferred to NHIB and integrated under the new NHI scheme. Health Equity Funds targeting the poor as well as Community-Based Health Insurance (CBHI) schemes targeting the informal sector have been gradually replaced through the nationwide roll out of the NHI scheme (with the exception of Vientiane Capital where the CBHI scheme is still operating and NHI has not yet been implemented). The transfer of the management of free maternal and child health services from the Maternal and Child Health Center to NHIB was completed in 2017, resulting in a fully integrated NHI scheme. The rapid increase in population coverage and the harmonization of the schemes aimed to enhance access to health services and financial protection from catastrophic health expenditure for all Lao people, thus contributing to the government’s policy directions towards achieving UHC by 2025.

1.3 Policy framework of the NHI scheme

The policy framework of the NHI scheme is laid out in the National Health Insurance Law (NHI Law) 2019 and in various MoH regulations. The NHI Law 2019 states the following:

- *State Policy on Health Insurance (Article 4)*

The State shall prioritize and promote Health Insurance by providing appropriately budget, human resources, and tools to implement activities on health insurance. The State promotes and disseminates information through various measures in order to build awareness and encourage Lao citizens to enroll into the health insurance scheme aiming to ensure access to health care services as stipulated in this law and other related laws; The State encourages and mobilizes individuals and entities, including both domestic and international organizations, to provide financial contribution and technical support to the development of health insurance to ensure the growth and sustainability of the scheme.

- *Rights and Obligations of Lao Citizens Towards Health Insurance (Article 6)*

All Lao citizens regardless of sex, age, ethnicity, race, religion and social-economic status shall have the right to enroll into the health insurance scheme, receive health care services and be obligated to pay contributions to the national health insurance scheme.

The National Health Insurance Strategy (NHI Strategy) 2021–2025 is aligned with the updated HSR Strategy 2021–2030, the 9th Health Sector Development Plan 2021–2025, and the Health Financing Strategy 2021–2025 and Vision 2030. In the updated HSR Strategy 2021–2030, strategic purchasing of efficient, high-quality services, including a semi-autonomous NHI agency, with the reserve fund is one of the priority actions for the Financing Pillar. In the 9th Health Sector Development Plan 2021–2025, one of the missions for Program 6 Health Financing is strengthening NHI, such as improving legislation as a foundation for development and expansion of NHI, ensuring the population can access quality health services equitably with financial protection from catastrophic health expenditure. It highlights the importance of providing sufficient budget for NHI each year through a unified NHI across the country.

The Health Financing Strategy 2021–2025 and Vision 2030 includes key priority actions for NHI, such as increasing autonomy (separate budget and reserve fund) for NHI towards status as a semi-autonomous agency, increasing enrollment compliance with NSSF, adjusting the NHI budget to include essential services in the context of donor transition, the enforcement of copayment exemption for the poor and vulnerable, alignment of provider payment mechanisms, and strengthening verification and payment under NHIB.

The NHI Strategy and its objectives are closely associated with other subsector strategies and legislative frameworks of MoH such as the revised Reproductive, Maternal, Newborn, Child, and Adolescent Health Strategy and Action Plan 2021–2025, the Law on Health Care and the Health Financing Strategy 2021–2025.

1.4 Situation analysis and the remaining challenges

NHI is a non-contributory social health insurance scheme heavily funded by government subsidies, which was launched in 2016 with the objective to achieve UHC. NHI covers the informal sector (over 80% of the total population) and manages the health benefits of the existing social security scheme (NSSF) for formal sector workers (private and public) and their family dependents. Under NHI, beneficiaries in the informal sector can use health services paying a very minimal copayment of 5000 to 30 000 Lao Kip at the point of care with copayment exemption for the poor, pregnant women and children under 5 years.

Following the rollout of the NHI scheme in 17 provinces (all provinces excluding Vientiane Capital), considerable progress has been achieved in extending population coverage and establishing the scheme as the main health purchaser in Lao PDR. Despite these achievements, a number of challenges remain.

Institutional status

NHIB is a department of MoH with the role of secretariat, working under the guidance of and reporting to the Minister of Health according to Decree No. 570/PM. Public health facilities operate under the oversight of MoH's Health Care Department; both provider and purchaser are currently operating under the same roof. It is commonly believed that a clear institutional separation of provider and purchaser is a precondition for reaping the full benefits of strategic purchasing as a cost-effective mechanism to finance health services by pursuing public health objectives at the same time. A clear institutional separation of provider and purchaser is also conducive to further accountability if/when the roles of provider and purchaser are clearly defined, and performance objectives are jointly agreed between the two parties.

Financial autonomy

The NHI scheme is financed mainly from the government budget, and all financial transactions are currently channeled through the national treasury system, both at the central and subnational levels. While the current system ensures a minimum level of financial accountability in line with the existing practice of fiscal transactions and established financial processes and procedures, it is also prone to delays and administrative encumbrances. In light of the recurrent delays in budget execution by the Ministry of Finance (MoF), and the additional time required to complete administrative processes at the central and subnational levels, reimbursements to facilities are often delayed by several months. Furthermore, given the budget shortfall, payments may be also delayed due to lack of liquidities or budget limitations during each respective period. Since there is currently no NHI reserve fund, the budget amount that can be committed in each period is limited by the quarterly budget allocation. The establishment of a reserve fund should be considered to ensure liquidities at all time and speed up the reimbursement process.

Financial sustainability

The budget allocated to NHI according to the approval of the National Assembly and MoF is currently insufficient to cover the benefit expenditure of the NHI scheme for the informal sector. In 2020, total claims for the NHI target population amounted to 265.4 billion Lao Kip, whereas the budget allocated was only 180 billion Lao Kip (the same amount as 2019). The scheme currently relies heavily on cross-subsidies from the formal sector scheme, but it is unlikely the cross-subsidies can be sustained in the future at the same magnitude. Without increased budget allocations, the future sustainability of NHI is in jeopardy and its ability to further enhance its strategic purchasing function is limited. There is also a pressing political and financial imperative to collect more contributions from those segments of the population that can afford to contribute more. Relying only on the national budget to cover the informal sector population which represent more than 80% of the Lao population may not be a sustainable approach for Lao PDR. Nevertheless, like in all countries that have made and sustained progress towards UHC, Lao PDR will need to increase general budget transfers to cover the poor and vulnerable, as this is the only viable option to ensure their coverage.

In order to increase contributions from the non-poor, first, it is important to initiate proactive policy measures to increase the coverage of the contributory social security schemes catering to the formal sector, in particular the scheme for the private sector (former Social Security Organization). While NSSF is operating under the oversight of the Ministry of Labour and Social Welfare, any such policy measures would require a consensus at the highest level of government. An increase of coverage of contributory mechanisms is deemed indispensable in order to reach UHC in the near future. Considering the budget shortfall to cover the informal sector, it may be necessary in the meantime to reduce benefit entitlements or limit access to the poor and vulnerable only, unless the allocation from the national budget can be increased.

Operational issues

The NHI Law 2019 stipulates that NHI members who are not insured by NSSF will be formally registered by a local NHIB office and a registration card issued to them within 30 days of registration. However, no membership cards have been issued and distributed thus far. Furthermore, it is questionable whether the issuance of membership cards for all is necessary since the scheme currently covers all citizen who are not insured by NSSF. The issuance of membership cards is, however, deemed useful for those who benefit from copayment exemptions, in particular for the poor so as to ensure that they can be identified as poor at a health facility level and benefit from the copayment exemption they are entitled to.

Access to health services for the poor and vulnerable should be improved. One of key concerns in this regard is the identification of the poor. Collaboration between MoH and the Ministry of Agriculture and Forestry is critical to ensure a functioning system to identify the poor and update the list of the poor regularly. NHIB needs to improve awareness of entitlements and obligations by issuing NHI membership cards starting with the poor.

Copayment exemption for the poor and vulnerable should be also monitored and strengthened. Furthermore, options for covering the poor and vulnerable in Vientiane Capital in the near future should be examined.

NHIB needs to adopt a long-term strategy on NHI management information systems. NHIB aims to strengthen strategic purchasing and develop a unique claim management system in the future. Strategic purchasing is about improving quality of services, improving efficiency of resources by encouraging rational use of resources and changing behavior patterns of providers through payment methods. For strategic purchasing, the purchaser should consider the performance of providers. To do so, information systems should be in place to offer related data to the purchaser and providers. Greater clinical information at patient levels also needs to be collected for evaluation of clinical appropriateness. Using claims data, NHIB can also conduct the policy-related data analysis (e.g., antibiotics prescription rates, unnecessary use of high-cost services, c-section rates by health providers) and give incentives or punishment to providers through payment methods.

NHIB's current management information system, the Admission/Transfer/Discharge (ATD) system, has numerous issues in terms of design, technical and security challenges, including internet connectivity, system speed, data interoperability, user-friendliness and so on; currently, excel-based ATD systems are used for these reasons. NHIB is exploring options for claim management systems in collaboration with the Department of Planning and Cooperation so that NHIB can manage the current system more easily and reduce some burden of data compiling. The ATD system is used for auditing, focusing on whether services were provided or not in terms of quantity and costs. The ATD system does not, however, allow NHIB to practice strategic purchasing by assessing whether appropriate services were provided in the correct way. Claim management systems are not equal to hospital information systems. Claim management systems need to be developed separately from hospital information systems. One-source, multi-use systems would be ideal to reduce the burden of data collection in the future. To do this, a set of data requirements including types and formats of claim data requests for the longer-term claim management system needs to be developed. If various hospital information systems are in place, then NHIB could extract information in the claim data format from hospital information systems for claim verification, as other countries do.

Role of NHI in the context of donor transition

Health insurance may be one of the potential mechanisms to cover the cost of selected services and functions that were previously funded vertically. Individual-based clinical services can be covered by NHI, while population-based services/functions should be covered through general budget allocation. Currently, maternal and child health services are covered by NHI with copayment exemption. However, the role of NHI in covering HIV, TB, malaria, and

immunization should be further discussed and defined in the Lao context. Lessons learned from other countries should be examined and options for Lao PDR explored.

Recommendations based on the NHI assessment 2019

A comprehensive assessment of NHI was carried out in 2019 to evaluate the progress achieved and identify the main operational challenges from the perspective of patients, health care providers, and the purchaser.² The assessment concluded with the following recommendations:

- Ensure enough and timely government budget for the NHI benefit package and for national (NHIB), provincial (PHIB) and district (DHIB) operations, especially the verification of health facility claims.
- Revise the NHI benefit package and provider payment (based on the costing of the Health Insurance Benefit Package and Essential Health Service Package), with greater focus on sustainability, efficiency and quality:
 - a) Services covered: Before rolling out NHI to Vientiane Capital, introduce a positive list of interventions to be covered at central hospitals.
 - b) Basis for payment: Consider returning to case-based payment for deliveries at health centres that have demonstrated readiness to provide the same services as a district hospital.
 - c) Case-based groupings: Increase the number of groupings; combining normal delivery and c-section.
 - d) Formula for case-based payment: Introduce a base rate (using the budget available and expected utilization), relative weights and explicit adjustments for location, or service mix according to age structure, disease profile, etc. (rather than level, per se); later, consider incorporating quality accreditation.
 - e) Capitation formula: If NHI is to take on a larger role in health promotion and preventive services, re-examine the link of capitation payment to utilization (which currently favors curative services); consider incorporating quality accreditation to preserve incentives for performance and patient satisfaction.
 - f) Copayment: If absolutely necessary to increase copayment, consider only increases for non-prioritized services, or for services at higher levels of care (increasing copayment for higher levels of care is likely easier to implement, and may help to improve efficiency in the absence of gate-keeping).
 - g) Other obligations of the user: Consider dropping the requirement of presenting a family book or other identification as proof of local residency, at least in the case of pregnant women.

² National Health Insurance scheme. Assessment of progress in 2016–2019 and priorities for 2021–2025, from the perspective of patients, providers and the purchaser. Ministry of Health of Lao PDR; 2020.

- Strengthen the verification process, making better use of claims data and patient surveys to identify anomalies and, as appropriate, apply penalties to non-compliant providers.
- Improve equity in awareness, access and financial protection:
 - a) Improving identification and documentation of the poor, initiating their formal registration (ideally with a physical membership card) under NHI.
 - b) Strengthening routine monitoring of financial protection for vulnerable populations such as the poor and pregnant women, including verification process.
 - c) Providing more explicit information on entitlements and obligations under NHI, with a focus on provinces/districts where there is low awareness and/or compliance.
- Develop a coordinated and coherent approach to strategic purchasing of health services:
 - a) Priority-setting towards a more explicit and harmonized benefit and essential service package (costing).
 - b) Developing cost projections and multi-year budget requests.
 - c) Aligning budget support to providers with the capitation and case-based payment.
 - d) Advancing the “earned autonomy” of providers over decision rights in staffing, investment, and use of technical revenues (but not over service mix or prices) with contracts and information systems, including electronic medical records, being in place to ensure accountability and social functions.
 - e) Streamlining and harmonizing reporting requirements for providers, including interoperability of financial management and insurance management information systems.
- Extend membership in the formal sector scheme and collect contributions, noting that:
 - a) A substantial number of formal workers not yet enrolled should be enrolled in NSSF (compulsory).
 - b) The social insurance schemes might be made compulsory for some associations of informal sector workers; this might be a more viable medium-term strategy for Vientiane Capital than NHI roll-out.
- Make the case for taxes on tobacco, alcohol, sugary beverages and other substances or activities that are harmful to health, demonstrating the cost to NHI of currently low levels of tax on these products.

2. Vision, goals, principles, and strategic objectives

The NHI Strategy aims to provide overall guidance and approach for the planned developments of social health protection in Lao PDR over the period 2021–2025. The strategy builds on the progress made to date and the achievements of the NHI Strategy 2017–2020.

2.1 Overall vision and direction

In line with the vision laid out in the National Socio-Economic Development Plan 2021–2025, the HSR Strategy 2021–2030, and the Health Financing Strategy 2021–2025, the vision of the NHI Strategy 2021–2025 is to establish a fully operational, financially sustainable, and integrated Social Health Protection system for all people of Lao PDR, ensuring equitable and affordable access to quality health services and financial protection from catastrophic health expenditure for all, with the ultimate aim of achieving UHC by 2025.

2.2 Goals

The NHI Strategy will support the goals of the HSR Strategy 2021–2030 and the Health Financing Strategy in which the Government of Lao PDR committed to achieve UHC by strengthening primary health care by 2025 and achieve the health-related Sustainable Development Goals by 2030.

UHC means that all people have equitable access, without any discrimination, to nationally determined sets of promotive, preventive, curative, rehabilitative and palliative essential health services, and essential, safe, affordable, effective and quality medicines and vaccines, while ensuring that the use of these services and medical products does not expose the users to financial hardship, with a special emphasis on the poor, vulnerable and marginalized segments of the population.³

2.3 Guiding principles

The guiding principles underpinning the NHI Strategy are outlined below.

- Improve **financial sustainability** of the NHI scheme through the following:
 - Increase the mobilization of domestic financing for social health protection, mainly through health insurance contributions for employees in the formal economy and from general taxes for the informal sector.
 - Adapt the benefit package to the realistic, expected budget for NHI.
 - Improve planning and budgeting to ensure that NHI annual expenditures remain within the budget envelope made available by MoF.

³ General Assembly resolution A/RES/74/2 (<https://undocs.org/en/A/RES/74/2>).

- Improve **financial accountability** by strengthening financial management and reporting in line with MoH financial regulations and the Public Financial Management Strategy 2021–2025 adopted by MoF. Key priorities for NHIB are:
 - Improve budget planning, preparation and monitoring of expenditures.
 - Improve financial records maintenance and financial reporting.
 - Strengthen the claims verification process and the compliance of health facilities and NHIB offices at subnational levels with NHIB regulations.

- Improve **operational efficiency** of NHIB through the following priority actions:
 - Strengthen institutional capacity of NHIB by ensuring all NHIB offices at subnational levels have sufficient staff dedicated to NHI operations who are fully aware of their job functions and responsibilities.
 - Increase operational efficiency by upgrading the NHI management information system, NHI implementation guidelines, and administrative processes and procedures.
 - Build staff capacity through staff training on NHI policy, implementation guidelines, and administrative processes and procedures.

- Enhance **equity** of access to health services for all, in particular for the poor and vulnerable, through the following:
 - Support the extension of population coverage of the NHI scheme to all provinces including Vientiane Capital, in particular the benefit entitlements for the poor and vulnerable.
 - Ensure the consistent implementation of legal provisions granting free access to health care for the poor, pregnant women, and children under the age of 5.

2.4 Strategic objectives

The five strategic objectives of the NHI Strategy 2021–2025 are summarized below together with the specific objectives pursued:

- 1. Improve the legal and policy framework of NHI and strengthen the NHIB governance mechanism**
 - 1.1. To enhance autonomy of NHIB and revise the NHI Law through the National Assembly and the Prime Minister.
 - 1.2. To adjust NHI policy design and benefit package regularly to match with the annual budget available.
 - 1.3. To have the National Health Insurance Management Committee meetings regularly, exercising oversight and governance over the NHI scheme.

- 2. Strengthen financial independence, accountability, and sustainability of the NHI fund**

- 2.1. To establish the independent health insurance reserve fund and revise legal framework accordingly.
- 2.2. To revise financial management guidelines accordingly and implement the guidelines to ensure timeliness, transparency and accountability.
- 2.3. To improve NHIB policy planning and budgeting to ensure that the benefit package matches the available budget to improve sustainability.
- 2.4. To determine the role of NHI in covering priority public health programs in the context of donor transition.

3. Strengthen NHIB's institutional capacity and operational effectiveness and efficiency at all levels (NHIB, PHIB and DHIB)

To implement the NHI scheme nationwide according to the national policy and implementation guidelines adopted.

- 3.2. To design and implement the extension of NHI coverage to Vientiane Capital, ensuring free access for the poor by 2025.
- 3.3. To operate NHI efficiently by NHIB at all levels (NHIB, PHIB, and DHIB), and pay claims by facilities in a timely manner.
- 3.4. To enhance the NHIB management information system, including an NHI database and an integrated electronic reporting and claim management system for health facilities.

4. Ensure responsiveness of health facilities and improve quality of health care services

- 4.1. To ensure availability of the NHI benefit package at all contracted health facilities, including the free benefit package for the poor and vulnerable.
- 4.2. To strengthen strategic purchasing and quality assurance functions of NHIB in order to ensure quality of care of the health facilities.

5. Raise awareness among the general population about NHI benefit entitlements

- 5.1. To improve awareness and understanding of NHI among the general population, the formal sector scheme, and among health care providers in the public sector.
- 5.2. To ensure NHI presence and reception at all contracted health facility levels (district, provincial, regional and national hospitals).
- 5.3. To strengthen the use of the NHIB hotline service.

3. Implementation, governance, and monitoring and evaluation

3.1 Priority activities

The priority activities planned by NHIB for each strategic objective from 2021 to 2025 are the following:

SO1: Improve the legal and policy framework of NHI and strengthen the NHIB governance mechanism

- NHIB will consider alternative policy options regarding the future design features of the NHI scheme (mainly benefit entitlements, population coverage, copayment rates and exemption rules, referral arrangements, etc.), assess the funding requirement for alternative options and propose to revise scheme provisions as required to balance its budget in accordance with the expected budget allocation by MoF.
- NHIB will engage with MoH policy-makers to discuss the costs and benefits of being granted institutional independence and the rationale for becoming a semi-autonomous government agency in the future.
- NHIB will revise the NHI Law to clarify the institutional mandate of NHIB as a semi-autonomous government agency and independent strategic purchaser. It will also revise the relevant decrees stipulating the institutional structure, mandate, and reporting lines to ensure that NHIB can act as an independent agency at the central and subnational levels.
- NHIB will convene the National Health Insurance Management Committee at least twice a year and make efforts to strengthen its role as the governance body of the NHI scheme.

SO2: Strengthen financial independence, accountability, and sustainability of the NHI fund

- NHIB will engage with key actors, including MoH and MoF, to explain the pros and cons of an off-budget health insurance fund for NHI, and to discuss the preconditions for the establishment of an off-budget financing vehicle.
- NHIB will develop financial rules and regulations guiding the future operations of an off-budget health insurance fund, including the management of reserve funds and to determine a suitable amount of contingency reserves.
- NHIB will adopt and implement harmonized accounting guidelines and consider the implementation of a computerized financial management and claim management system linked from the central to district levels.
- NHIB will revise the NHI Law accordingly by including stipulations that establish the NHI fund as an off-budget financing vehicle that can carry forward reserves and no longer be constrained by the recurrent liquidity shortages at the National Treasury. The revised law

should contain details of the financial authority and management of the reserve fund.

- NHIB will aim to reach a broad consensus regarding the scope of the NHIB mandate and commensurate budget allocation among key stakeholders, including MoH, MoF, and the National Assembly. Once a consensus and long-term visions have emerged, NHIB will revise its policy and scheme design including eligibility rules, provider payment methods, copayment rates and exemptions, and benefit package by target groups to ensure that annual expenditure lies within the budget envelope made available. In the longer-term, NHIB will explore potential options for increasing domestic resources to address sustainability of the NHI scheme (e.g., pro-health taxes and health insurance contributions).
- NHIB will collaborate closely with the Ministry of Labour and Social Welfare in terms of increasing NSSF memberships.
- In the context of donor transition, the role of NHI in covering priority public health programs that are vertically funded (HIV, TB, malaria, and immunization) should be further discussed and determined, including how to fund these services through the NHI scheme. NHIB will examine lessons learned from other countries and explore options for Lao PDR.

SO3: Strengthen NHIB's institutional capacity and operational effectiveness and efficiency at all levels (NHIB, PHIB and DHIB)

- NHIB will continue to make efforts to streamline administrative operations in its provincial (PHIB) and district (DHIB) offices, ensuring the nationwide implementation of the scheme and availability of the benefit package in all public health facilities in 17 provinces based on the national policy and revised implementation guidelines.
- NHIB will develop the reimbursement guidelines for all levels of the NHIB structure (NHIB, PHIB and DHIB offices), health facilities and patients, and disseminate the reimbursement guidelines.
- NHIB will ensure appropriate staffing at all PHIB and DHIB offices and that staff are aware of their roles and responsibilities. NHIB will organize thematic training sessions regularly for all staff and ensure the ongoing capacity development of its human resources.
- NHIB will review and upgrade its management information system, aiming at a comprehensive centralized NHI database comprising all service and financial data and beneficiaries' unique ID, and an integrated electronic reporting and claim management system for health facilities in close collaboration with relevant departments, sectors and development partners.
- NHIB will refine its verification and monitoring systems with relevant stakeholders ensuring that services to beneficiaries are provided as per regulations.

- NHIB will make efforts to improve the timeliness of reimbursements to health facilities. To this end, NHIB will review and streamline approval processes and procedures related to NHIB reimbursements, aiming to remove unnecessary steps in order to accelerate the payment of providers. NHIB will also review the flow of funds from NHIB to providers and, if deemed feasible, consider adopting a direct payment channel from NHIB central account to providers at subnational levels (i.e., bypassing province and district treasury).
- NHIB will consider alternative policy options for the extension of NHI coverage to Vientiane Capital and submit a realistic proposal on the scheme design that is in line with the expected budget envelope for Vientiane Capital to the National Health Insurance Management Committee for consideration. NHI coverage will be extended gradually to Vientiane Capital, ensuring access to free care for the poor, pregnant women, and children under 5 by 2025.

SO4: Ensure responsiveness of health facilities and improve quality of health care services

- NHIB will engage with all health facilities by enhancing the verification of health services to promote the scheme and ensure health facilities comply with the provisions of the scheme, make the NHI benefit package available and comply with the copayment rates, in particular copayment exemption rules for the poor, pregnant women, and children under 5.
- In order to improve access to health services for the poor, NHIB will discuss the implementation of Decree No. 348/GOL on poverty targeting with the Ministry of Agriculture and Forestry to determine if/when a list of the poor will be available and for which districts. In case pre-identification of the poor by the Ministry of Agriculture and Forestry cannot realistically be expected to occur nationwide in the future, NHIB will consider alternative options regarding a viable mechanism to identify the poor at the point of service or through DHIB offices using clearly defined criteria for the poor (e.g., via a simplified score card).
- NHIB will make efforts to strengthen its role as a strategic purchaser in the future by ensuring that the benefit package and payment provisions are designed carefully to provide quality of care, and to address emerging health needs and public health priorities to the extent possible.

SO5: Raise awareness among the general population about NHI entitlements

- NHIB will review and strengthen its communication strategy making better use of various media (e.g., radio, television, etc.) as appropriate to raise public awareness about NHI benefit entitlements and free access to services for the poor, pregnant women, and children under the age of 5.
- NHIB will review the design of printed promotion materials, including posters, outlining

NHI benefit entitlements, copayment rates, and exemption policies, and ensure that the posters are displayed visibly in all public facilities.

- NHIB will expand attendance hours of the hotline phone service to ensure that it can respond swiftly to public inquiries about NHIB entitlements and/or grievances of patients. NHIB will also review and amend the existing complaint management mechanism to ensure people with grievances can lodge complaints and these are recorded, investigated, and acted upon, if necessary.

3.2 Governance

The National Health Insurance Management Committee is intended to function as the governing body of the NHI scheme at the national level. The National Health Insurance Management Committee gathers representatives from the government and key stakeholders, including:

- The Minister of Health as Chairperson;
- The Vice Minister of Finance as Vice Chairperson;
- The Vice Minister of Labour and Social Welfare as Vice Chairperson;
- The Vice President of the Lao Federation of Trade Union as Vice Chairperson;
- The Vice Minister of Health as Vice President and Standing Member;
- The Vice President of the Lao National Chamber of Commerce and Industry as Member;
- The Director Generals of Technical Departments concerned of each party as Member;
- The Director of the National Health Insurance Bureau as Member.

The National Health Insurance Management Committee is responsible for ensuring annual review of progress in the implementation of the NHI Strategy and the operational performance of the NHI scheme at the national level.

The Health Insurance Management Committees at provincial and district levels oversee the operations of the scheme in their respective area and enhance coordination of all actors related to NHI. NHIB and its subnational offices at all levels, in their secretarial role of the National Health Insurance Management Committee, are in charge of collecting and compiling information and reporting to the central level regarding progress made and challenges encountered.

3.3 Monitoring and evaluation

Progress towards the five strategic objectives mentioned in Section 2.4 will be measured based on the expected outputs and a provisional list of the performance indicators outlined in Table 1. The National Health Insurance Management Committee will monitor implementation progress based on the completion of the respective outputs and the quantitative performance indicators by comparing the progress to the baseline values reported.

Table 1. Summary of outputs and performance indicators by strategic objective

	Strategic Objective	Outputs	Performance Indicators	Baseline (2021)	Target (2025)
1	Improve legal and policy framework of NHI and strengthen the NHIB governance mechanism	<ul style="list-style-type: none"> • NHI policy is revised • NHI Law is revised and adopted • NHI Committee meets regularly to monitor implementation 	<ul style="list-style-type: none"> • NHI Law revised and adopted by the National Assembly (% completion) • NHI Committee and HIMC at provincial levels meet at least twice per year (% completion) 	0% 25%	100% 100%
2	Strengthen financial independence, accountability, and sustainability of the NHI fund	<ul style="list-style-type: none"> • Reserve fund is established and legal/regulatory framework is adopted • Financial management guidelines are revised and implemented to ensure transparency and accountability • NHIB policy planning and budgeting are improved to ensure budget balance • The role of NHI in covering priority public health programs is determined 	<ul style="list-style-type: none"> • Reserve fund established and regulatory decree adopted (% completed) • Financial guidelines for reserve fund adopted and implemented (% completed) • The role of NHI in covering priority public health programs determined (% completed) 	0% 0% 0%	100% 100% 100%
3	Strengthen NHIB's institutional capacity and operational effectiveness and efficiency at all levels (NHIB, PHIB and DHIB)	<ul style="list-style-type: none"> • NHI scheme is implemented nationwide according to the national policy and revised implementation guidelines • The extension of NHI coverage to Vientiane Capital is designed and implemented, ensuring free access to health services for the poor by 2025 	<ul style="list-style-type: none"> • NHI scheme fully operational in all provinces including Vientiane Capital (% completion) • Free access for the poor implemented in Vientiane Capital in the total population (% completion) • Reimbursement delays less than 30 days from central to provincial, district and health centre levels (% of facilities) • NHIB management information system 	90% 0% 15% qualitative report	100% 100% 50% qualitative report

	Strategic Objective	Outputs	Performance Indicators	Baseline (2021)	Target (2025)
		<ul style="list-style-type: none"> NHIB operates efficiently at all levels (NHIB, PHIB, and DHIB), and claims by health facilities are reimbursed in a timely manner NHIB management information system is enhanced, including the NHI database and an integrated electronic reporting and claim management system for health facilities 	enhanced and core set of data requirements for claim management, including beneficiaries' unique ID, developed		
4	Ensure responsiveness of health facilities and improve quality of services	<ul style="list-style-type: none"> Availability of NHI benefit package is ensured at all health facilities, including free access to health services for the poor Role of NHIB as a strategic purchaser is extended to ensure quality of care 	<ul style="list-style-type: none"> % outpatient services utilization of the poor increased to 5% of total NHI utilization (informal sector) % inpatient services utilization of the poor increased to 5% of total NHI utilization (informal sector) 	2.7% 1.7%	5% 5%
5	Raise awareness among the general population about NHI benefit entitlements	<ul style="list-style-type: none"> Awareness and understanding of NHI has been improved among the population and public health care providers NHI representation is ensured at all hospitals (district, provincial, regional and national hospitals). Use of NHIB hotline service has been strengthened 	<ul style="list-style-type: none"> Information on NHI benefits displayed in all facilities Hotline staffed and responsive during business hours 	50% qualitative report	100% qualitative report

NHI Committee: National Health Insurance Management Committee; HIMC: Health Insurance Management Committees.