



# Towards a national health insurance system in Yemen

## Part 1: Background and assessments

Health Insurance Study Team GTZ with WHO and ILO	Prof. Dr. Detlef Schwefel Dr. Dr. Jens Holst Dr. Christian Gericke Dr. Michael Drupp Mr. Boris Velter Mr. Ole Doetinchem Dr. Rüdiger Krech Dr. Xenia Scheil-Adlung Prof. Dr. Guy Carrin Dr. Belgacem Sabri
Health Insurance Study Team Yemen	Dr. Jamal Nasher Dr. Saleh Fadaak Atty. Gamal Srori Dr. Rashad Sheikh Dr. Ali Al-Agbary

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## Abbreviations

A.B.	Arab Bank
A.C.C.B.	Agriculture Co-op Credit Bank P
A.I.	Arab Insurance
AIDS	Acute Immune Deficiency Syndrome
AOK	General Local Health Insurance Fund
BCG	Bacille-Calmette-Guérin – Tuberculosis Immunisation
bn	billion
BUPA	British United Provident Association
BYR	Billion Yemeni Rial
C.B.	Central Bank
ca.	circa = approximately
CBHI	community based health insurance
CBHS	community based health services
CHIC	Centre for Health Insurance Competence
CIA	Central Intelligence Agency of the United States
CSO	Civil society organization
DG	Director General
DHS	district health system
DPT3	Diphtheria-Pertussis-Typhus Trivalent Vaccination
e.g.	for example
EBP	Essential basic package
EC	European Community
EIU	The Economists Intelligence Unit
EMRO	Eastern Mediterranean Regional Office of WHO
EPI	Expanded Program on Immunization
EU	European Union
f	female
GDP	Gross Domestic Product
GFATM	Global Fund to fight AIDS, Tuberculosis and Malaria
GPC	General People's Congress
GTZ	German Agency for Technical Cooperation, German Development Corporation
H.O.C.	Hunt Oil Company
H.S.G.	Hayel Saeed Group
HE	His Excellency
HI	health insurance
HIA	Health Insurance Authority
HMO	Health Maintenance Organization
HIV	human immunodeficiency virus
i.e.	that is
ibid.	At the same place in the same source
ID	Identification card
IDI	International Danish Insurance
ILO	International labour office

## Abbreviations

IMF	International Monetary Fund
InfoSure	Health Insurance Evaluation Methodology and Information System of GTZ
LIFDC	low-income and food deficit country
m	male
M.I.	Mareb Insurance
MCH	Mother and child health
MDG	Millennium Development Goals
MENA	Mediterranean and North Africa Region
mio	million
MIS	Medical Insurance Specialists
MoCS&I	Ministry of Civil Services and Insurances
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	abbreviation of MoPH&P
MoPH&P	Ministry of Public Health and Population
MoPIC	Ministry of Planning and International Cooperation
mR	million Rial
N.B.Y.	National Bank of Yemen
na	not available
NGO	Non-governmental organization
NHIS	National Health Insurance System
NHS	National Health System or Service
ny	No year mentioned in documents and publications
OECD	Organization of Economic Cooperation
P.B.M.A.	Public Board for Meteorology & Aviation
P.C.T.	Public Corporation for Telecommunication
P.E.C.	Public Electricity Corporation
PAPFAM	Pan Arab Project for Family Health
PDRY	People's Democratic Republic of Yemen
PHC	primary health care
PPO	Preferred Provider Organization
PRSP	Poverty Reduction Strategy Paper
Q	quarter of a year
Re	Re-insurance
RoY	Republic of Yemen
SBS	Seguro Básico de Salud – Health insurance in Bolivia
Sec. Pol.	Security Police
SHI	Social Health Insurance
SimIns	Health Insurance Simulation Model of WHO and GTZ
SNN	social safety net
STD	Sexually transmitted diseases
SUMI	Seguro Unitario Materno Infantil – Unitarian Mother-Child Insurance (Bolivia)
T.I.I.B.	Tadhamon International Islamic Bank
T.Y.	TeleYemen
TSI	Targeta Sanitaria Individual – Individual health card
UK	United Kingdom, Great Britain
UNDP	United Nations Development Program
UNICEF	United Nations Infant, Children and Education Fund (normally called United Nations Children's Fund)
US\$	Dollar of the United States of America
USAID	United States (of America) Agency for International Development
VIP	very important person
W.B.	Watania Bank
W.I.	Watania Insurance

**Abbreviations**

WB	World Bank
WHO	World Health Organization
Y.I.B.	Yemeni Islamic Bank
Y.I.I.	Yemen Islamic Insurance
Y.R.I.C.	Yemen Re-Insurance Company
YAR	Yemen Arab Republic
Yem.	Yemenia Airlines
YemDAP	Yemen Drug Action Programme
YR	Yemeni Rial
YSP	Yemen Socialist Party

### Preamble

Based on a Decree of the Cabinet of the Republic of Yemen the Ministry of Public Health & Population (MoPH&P) contracted in June 2005 Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH for conducting a study on situation assessment and proposals for a national health insurance system. GTZ formed a consortium together with World Health Organization and International Labour Office. Together with the Republic of Yemen the World Bank and the World Health Organization co-financed the study. We would like to acknowledge the good partnership of all parties involved.

The consultancy contract requested the consortium to present

- |     |   |   |
|-----|---|---|
| I   | by two months of commencement of the consultancy: | 1. A report summarizing the main findings of the situation assessment (summary of relevant documents, review of national insurance schemes, analysis of the health financing opinion schemes as well as outcome of the visits and interviews of relevant stakeholders).   |
| II  | before the end of the consultancy:                | 1. Findings of the study which include a report on proposals for health financing alternatives.<br>2. A proposal framework for national health insurance which includes: <ul style="list-style-type: none"> <li>- An implementation action plan</li> <li>- Macro-financial projections for the next 10 years</li> <li>- Material to be presented in the dissemination workshop(s).</li> </ul> |
| III | at the end of the consultancy:                    | 1. A final report on the consultancy service (in English with Arabic translation)   |

The contract was signed on 17<sup>th</sup> June 2005. The consultancy started 17<sup>th</sup> July 2005. The interim report was given to MoPH&P in four hardcopies and one softcopy in English by 14<sup>th</sup> September 2005. The above mentioned “before-the-end-of-the-consultancy” report was handed over in English by 10<sup>th</sup> October 2005. After a few modifications this report was translated and handed over as final report four months after starting the study. The final report has the title “Towards a national health insurance system in Yemen” and consists of four volumes:

- Part 1: Background and assessments - translated into Arabic
- Part 2: Options and recommendations - translated into Arabic
- Part 3: Materials and documents
- CD with electronic files of parts 1, 2 and 3, PowerPoint presentations and various background documents.

We take the opportunity to thank our partners in Yemen, especially His Excellency Prof. Dr. Mohammed Yahya Al Noami in the name of all partners and stakeholders who shared with us their insights, knowledge and wisdom.

Sana’a,  
17<sup>th</sup> November 2005

Detlef Schwefel  
GTZ GmbH International Services

# Towards a national health insurance system in Yemen

## Executive summaries<sup>1</sup>

### Part 1: Background and assessments

**Introduction:** Health insurance tries to convert out-of-pocket spending in case of illness into regular small prepayments of many citizens. This allows to provide health care according to the need and not only according to the ability to pay, especially in case of catastrophic illnesses. Based on a Decree of the Cabinet of the Republic of Yemen, a team from German Development Cooperation (GTZ), World Health Organization (WHO) and International Labour Office (ILO) was contracted to conduct a study towards assessing the feasibility of a national health insurance system in Yemen. The methodology included documentation review, field visits, questionnaires, interviews with stakeholders, and workshops. This summary presents the essentials of the baseline assessment, sketches three alternative options and recommends a roadmap to drive towards a social and national health insurance system.

**Background:** Mass poverty, high population growth and insufficient public services in the context of an oil dependant economy characterises Yemen. Many avoidable diseases and deaths call for prevention and improved primary health care. Increasing numbers of chronic and modern diseases are treated in doubtful quality in public and private hospitals. Cost-sharing in public facilities, cost-recovery of drugs and cost exempted treatments in public facilities are not well organised and unfair. Out-of-pocket payments in times of illness are very high, and the better-off look for treatment abroad.

**Social security:** In case of shocks of life, people in Yemen are widely left alone. A social safety network is in place, but it is restricted to some population groups, and coverage is often limited. Pension insurance of the public and organised private sector provides social protection for about one million employees. Quite a number of public and private companies set up health benefit schemes providing reasonable health care at a cost of approximately 45,000 YR per year per employee and family. Law proposals have been presented to the cabinet to introduce social health insurance schemes for the public and private employment sectors. Opinion leaders support this drive and ask for immediate implementation, starting with the public sector. A national health insurance system would also have to involve the better-off self employed, and especially the 50% of the population living in poverty, underemployment and unemployment. Community health insurances might be helpful for the poor, if they are backed up by government paid public services targeted to the most vulnerable groups.

### Part 2: Options and recommendations

**Full speed towards national health insurance:** Health insurance for the entire (public and private) formal sector would cover 1.5 million employees plus 200.000 pensioners. Including their families it would benefit nearly half of the Yemeni population. The expected yearly revenue from wage-related contributions would arise to about 58 billion Yemeni Rial. This money would be insufficient for buying a good health benefit scheme like the one provided by the Telecommunications Corporation, and health insurance would produce a high deficit. Cost containment could be done for instance by excluding treatment abroad, or by reducing the benefit package drastically. Such a “small for all” scenario would avoid deficits. Improving the efficiency of service delivery is an always needed

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<sup>1</sup> A political summary of members of Al-Shura Council, Parliament, Political Parties and Ministry of Health is included as Annex 2 in part 2 of our study report. Part 2 deals with "Options and Recommendations".

element of cost-containment. Additional funding would have to be looked for, too, either through increased public funds or via earmarked taxes (e.g. on cigarettes, qat, petrol, big equipment). Campaigning for welfare funds and endowments for paying the contributions for the poor (as well as for unemployed), is advisable and could reduce deficits. A “full speed” towards social health insurance would be an excellent opportunity for initiating the overdue radical or even revolutionary change of the health care system. An independent and trustful health insurance organisation would contract only the best providers and enforce quality health care. However, the many prerequisites for such an organisation are not to be achieved in a short time. A “full-speed” approach towards social health insurance is reasonable but not feasible.

Incremental approach towards national health insurance: An incremental approach would support a three-fold strategy. (1) Networking and strengthening of existing company health benefit schemes, mainly setting-up re-insurance, broadening risk-pools and building associations of company schemes, has the potential to improve their scope and quality. (2) The intentions of the military, police and security-police to engage in a joint venture towards health insurance for their about half a million employees should be supported, if their facilities will open their doors for handling catastrophic cases of the poor and if they would share their experiences with a national steering committee on social health insurance. (3) In the civil government administration it might be good to start with staged demonstration projects for the teachers employed by the Ministry of Education. All steps of an incremental approach will need professional back-up, guidance and international technical support. (4) Concurrently, government must achieve a full cost-effective coverage of health services for all poor.

A think tank for a national and social health insurance system: A Centre for Health Insurance Competence (CHIC) shall be built up to support a drive towards a good management culture and to foster the incremental introduction of a national health insurance system. Such a centre should discover, analyse and replicate best practices of solidarity and company based health benefit schemes. It should help emerging community based health insurances. Permanent advocacy and lobbying towards a social and national health insurance system should be a preferential task for the CHIC. Last, not least, it has to invest heavily in capacity building and human resources development. Starting as a think tank for social health insurance, the Centre will be converted, step by step, into a national health insurance authority geared towards transparency, credibility, accountability, and based on a passionate professionalism. International technical support is needed to build up such a Centre for Health Insurance Competence. Committed local funding, nevertheless, should demonstrate first and firmly the political willingness to engage in a social and national health insurance system in Yemen.

Immediate steps: Immediately, the Prime Minister should nominate an advisory council or steering committee for social and national health insurance composed mainly of experienced and committed representatives of

- ministries, especially those responsible for finances, health, social affairs, civil services, endowment, and those that might adopt health insurance soon, e.g. defence, interior, education,
- solidarity schemes, health insurance projects, employers’ and employees’ associations or unions, civil society organisations, universities, women organisations and other outstanding experts, partners and stakeholders, including Al-Shura Council, parliament and parties.

WHO promised to give technical support to a secretariat for social health insurance to be put in place concurrently. Based thereon an independent and autonomous centre for health insurance competence should be build up with (a) a presidential or cabinet decree for instituting it, (b) a yearly budget of 400 million YR given by the Republic of Yemen, and (c) with additional international support, e.g. from World Bank funds. This Centre shall be converted step by step into a national health insurance authority that replicates the good experiences of the Social Development Fund and adapts them to an independent, credible, accountable and transparent public non-profit institution for social health insurance. This authority will guide the incremental approach towards social and national health insurance in Yemen.

Outlook: In Yemen, it must not take decades until a social and national health insurance system is in place. People deserve a health system that gives them high quality and cost-effective health care in case of need, independent from their ability to pay.