

Towards a national health insurance system in Yemen

Part 1: Background and assessments

1. Background

1.1 Introduction

Since the unification and the economic crises of the early 1990s, health spending had declined dramatically with consequent deterioration of the state guaranteed services. Widespread poverty is exacerbated by the side effects of the structural adjustment programmes adopted by the government. Today, Yemen's health situation is one of the least favourable in the world, and more than half of the Yemenite population lacks access to health care. This is partly due to the lack of reachable provider facilities, mainly in rural areas where more than two out of three citizens are excluded from health care. The other relevant factor that affects accessibility is the inability of the poor population to pay for health care. Only a minority has access to any type of pre-payment scheme for covering personal expenditure in case of illness. The cost of treatment, the main determinant for having access to health care services, makes poor people drop out of the health system, which entraps them in a poverty-illness cycle and has significant public health implications.

Against this background, the Government of Yemen has decided to merge the Five Year Plan and the Poverty Reduction Strategy (PRSP) in one plan oriented to achieve the Millennium Development Goals. Both policy documents mention explicitly the need to create affordable health care financing mechanisms for the population, and the Government has started an ambitious and promising initiative for implementing a national health insurance system. Some political attempts have been raised in the past in order to create health insurance schemes for special population groups. However, due to political, social and economic reasons none of the projects had the chance to be put in practice. Decision-makers have to be aware that the implementation of a national health insurance scheme is a complex, difficult and long-term task. Positive effects tend to show up only after many years, and in the meanwhile, it might even cause social problems and negative impacts on some population groups.

In order to prevent these difficulties as far as possible, the implementation of a national health insurance system has to take in account the real and unvarnished situation in Yemen. On the high political level, repeated initiatives to implement health insurance in Yemen have been started for instance by the Prime Minister and other cabinet members. The country's need to offer social protection for citizens has induced several attempts to create a health insurance system, for instance the law proposals presented to the cabinet by the Army and the Ministry of Public Health and Population (MoPH&P). However, important political decision-makers are not yet convinced that Yemen has already met at least the most essential prerequisites and conditions for implementing a nationwide health insurance system. Thus, the cabinet has mandated the MoPH&P to commission a comprehensive study on the given infrastructural, socio-economic and financial conditions in the country. The objective of this investigation is to collect and analyse all information relevant for planning a comprehensive National Health Insurance System and for developing alternative options for health care financing in Yemen. The consultancy will help the ministry in exploring the most suitable methods of financing a future Yemeni health care system based on a National Health Insurance System (NHIS) in order to face its epidemiologic needs and priority challenges.

The lack of social protection against health risks in Yemen has lead many citizens to organise themselves in self-help groups and solidarity schemes. However, public understanding of health insurance seems to be generally low among the citizenship, and also expectations of many stakeholders and decision-makers interviewed during the study period turned out to be quite

heterogeneous. Protection of the own society group appears to be an important motivation for health insurance in the country, while the concept of universal coverage seems to be weak. Health insurance faces a series of specific cultural and religious particularities in Yemen, but widespread mistrust and corruption seem to be the most relevant constraints for health insurance. The parliamentary opposition has become increasingly out-spoken over the lifting of subsidies, alleged government corruption and a deteriorating economy (EIU 2005, p. 2).

This study develops and discusses various options for creating a National Health Insurance System in Yemen. It gives an overview of the existing situation, expectations amongst stake-holders, legal conditions, political interests and commitment, economic and social preconditions, the health care system, and issues related to payer-provider relations. The document concludes giving four different options implementing a NHIS in Yemen, and discussing their respective advantages and disadvantages.

1.2 Health insurance

Insurance refers to any form of collective fund where individuals or groups can dedicate an acceptable amount of money in order to receive financial support whenever an insured risk occurs. Paying regular contributions the insured person acquires the right to get help in case of need related to specific risks. Thus, the typical elements of the insurance concept are:

- pooling, i.e. everybody pays and not just those who suffer from loss or other insured risks. Thus, not only those who have an accident pay for car insurance, but all other drivers in order to prevent high individual losses in case of future accidents.
- prepayment, i.e. everybody pays before an accident or another misfortune occurs. Thus, payment is independent from the insured risk, and beneficiaries pay small amounts in advance in order to prevent high expenditure in case of need.

Health insurance, however, has some specific characteristics that distinguish it from other types of insurance. The risk of bad health is rather independent from individual behaviour and priorities, and the absence of health affects a core quality of human being. Different from material losses due to accidents, fire or other damages, diseases and bad health affect essential features of human beings. Health is generally considered a human right, a social good, and precondition for well-being, work and income. Indeed, while for car, fire or liability insurance plans risk-related contributions or coverage limits are generally accepted, the exclusion of certain diseases or the “punishment” of carriers of chronic diseases by higher contributions have low acceptance.

This is why health insurance combines the typical elements of any insurance with specific tasks:

- risk-pooling: Cases of serious illness are very costly, but they do not happen very often. If a health insurance fund manages to pool enough people of different health risk, it will be able to cover even very high costs for very few cases.
- prepayment: Health insurance means to pay before falling ill and not only when we need medical care, as most people in Yemen have to do now through very high cost-sharing.
- fairness: While people find it justified to make those who drive a very risky way or love to play with candle to pay more for a car or fire insurance plan, this is not the case for those who become ill. Diseases are unpredictable and a matter of destiny.
- unpredictability: Different from other types of insurance, people neither can predict what diseases they will suffer from during lifetime, nor have they an idea of what kind of treatment will be needed for the various diseases.

Broad social protection from the risks of bad health and illness can be provided by a nationwide health system and by social health insurance. We can talk about national health insurance, when almost all citizens are obliged to join health insurance, especially the wealthy and the healthy, and when all citizens can benefit from the insured services. This might be organised either by one single insurance institution, or by a combination of different health financing forms. The core task of a national system is to guarantee health care provision in case of need, and to make it independent from the ability to

pay. If everybody in a country pays regularly a small amount of money for getting health care in case of need, funds will be available to give good health care to all citizens, including the poor and needy. We talk about a national health insurance system, when various endeavours of a fair financing for health and health care are brought into a network. This might be the case of Yemen, where there are a few interesting initiatives, that in the future might be coordinated: community health insurance schemes like in Taiz, fair and regulated cost-sharing schemes for government health facilities, health insurance schemes for employees of private and public companies, revolving drug funds.

Table 1 Core components of a health insurance scheme			
المميزات الأساسية لخطط الضمان الصحي Main Characteristics of Health Insurance Schemes			
1	Setting up the scheme	وضع المخطط أو النظام	1
2	Membership	العضوية	2
3	Financing	التمويل	3
4	Benefits provided by the insurance scheme	الفوائد المرجوة من النظام التأميني	4
5	Risk management	ادارة المخاطر	5
6	Services	الخدمات	6
7	Legal issues, constitution	مسائل قانونية الدستور	7
8	Administration	الادارة	8
9	Healthcare provision	شرط الرعاية الصحية	9
10	Provider payment	مساهمات المزود	10
11	Financial profile	الملف المالي	11
12	Statistical profile	الملف الاحصائي	12
13	Implications	تضمينات	13
14	Health authorities – role of the state	الجهات الصحية المسؤولة دور الدولة	14
15	Plans for the coming years	الخطط للسنوات القادمة	15

Source: Hohmann 2001

We talk about social health insurance, when – for example – the regular contributions of the members are according to salaries or income, if small and larger families pay the same contributions, and if the ill do not have to pay more than the healthy members. Social health insurance makes the protection of each single citizen from health risks a concern of the whole society. Society is much more than the ensemble of its members or a great organised market on population level, and the individual's true interests are best achieved in and through society. If implemented carefully and adapted to the specific conditions in Yemen, social health insurance can safeguard solidarity and universal coverage.

Nevertheless, it is a long way to get a national and social health insurance system working. In Germany it took close to 100 years, and it is important to mention that therefore the classical concept of social health insurance had to be extended in order to allow for the inclusion of self-employed farmers: Usually, contributions are shared between employers and employees, but in the case of self-employed that does not work. And South Korea can be considered as a kind of world champion because it took only 12 years to cover the whole population, including the poor, the unemployed and the self-employed. Everybody has to understand that it will take time, too, in Yemen. But the country should start as soon as possible.

In Yemen, health insurance is often seen as a synonym of building up hospitals, and the countries experience with cost-sharing leads many stakeholders to perceive health insurance as an additional source of income mainly for secondary and tertiary health care. Another systemic problem for implementing health insurance in Yemen derives from the strong impact of user fees introduced in the early 1990s under the name of cost-sharing. Direct co-payments amount two thirds of total health

spending, and signify a heavy burden on household budget of families. Meanwhile, all providers have become used to generate a relevant income share by official as well as unofficial user charges. Direct payment in the moment of need is just the opposite of what health insurance should be, but to achieve changes in expectation and behaviour of providers will be a major challenge for a National Health Insurance System. Contribution to health insurance will have to be accompanied by a palpable decrease and a strict control of direct user charges.

1.3 Policy options

The political system of Republic of Yemen created after the unification in 1990 was a complete departure from the systems in what was previously North and South Yemen. While the northern Yemen Arab Republic (YAR) had developed into a republican government with strong traditional and religious influences, the southern People's Democratic Republic of Yemen (PDRY) had become a socialist state characterised by anti-capitalism, secular ideology, and gender equity. During the 30-month transition period, a multiparty prevailing representative democracy developed (UNDP n.y., p. 3). More than 30 political parties were created, representing every shade of the political spectrum. However, after two parliamentary elections in 1993 and 1997 judged as reasonably free and fair by international observers, most parties lack political influence and power; and only four of them are represented in parliament.

Both parliamentary polls and the more recent presidential election represent important steps in the path of consolidating democracy in Yemen. During the general elections held on April 27 1993, the General People's Congress (GPC), the former ruling party in North Yemen, won 121 seats in parliament; the Yemen Socialist party (YSP), the former ruling party of South Yemen, 56 seats; a new Islamic coalition party, Islah, 62 seats; and the remaining 62 seats went to minor parties and independents. The president and prime minister remained in office after the election, and the three major parties formed a legislative coalition (YCA 2005). After its landslide victory in the April 1997 legislative election the General People's Congress (GPC) of President Saleh did no longer depend on building a coalition with the Islamic Reform Grouping (Islah) of Sheikh Abdullah bin Husayn Al-Ahmars and started to govern alone.²

In the April 2003 parliamentary elections, the GPC maintained the absolute majority. In spite of some problems with underage voting, confiscation of ballot boxes, intimidation of voters, and election-related violence, international observers judged elections as generally fair and free (BDHRL 2005, p. 10). Election results gave the ruling GPC an even more comfortable majority of 228 seats, while all opposition parties together could not mobilise more than 73 votes in the Parliament (Islah 47, YSP 7, Nasserite Unionist Party 3, National Arab Socialist Ba'th Party 2, and independents 14 seats) (CIA, p5f).

The Parliament does not present a powerful counterweight to executive authority, but it demonstrated increasing independence from the Government. The head of the leading opposition party, Islah, led the elected House of Representatives to block effectively some legislation proposals of the Executive. However, political power rests with the executive branch, particularly the President who is commander-in-chief of the army, chief judicial officer and head of the ruling party. The Constitution provides for an "autonomous" judiciary and independent judges; however, the judiciary was weak, and corruption and executive branch interference severely hampered its independence. The executive branch appoints judges, removable at the executive's discretion. There were reports that some judges were harassed, reassigned, or removed from office following rulings against the Government. Many litigants maintained, and the Government acknowledged, that a judge's social ties and occasional bribery influenced the verdict more than the law or the facts (*ibid.*, p. 1f)

² There are more than 12 political parties active in Yemen, some of the more prominent are: General People's Congress or GPC [President Ali Abdallah SALIH]; Islamic Reform Grouping or Islah [Shaykh Abdallah bin Husayn al-Ahmar]; National Arab Socialist Ba'th Party [Dr. Qassim Salaam]; Nasserite Unionist Party [Abdel Malik Al-Makhlafi]; Yemeni Socialist Party or YSP [Ali Salih Muqbil] (CIA 2005, p. 6).

However, the political development on the national level stands in contrast to strong tribal affiliations, since tribal identifications are still socially and politically relevant today (World Bank 2002a). Tribes have been a basic element of the social structure of Yemen for thousands of years, and remain important even today. Many regions, mainly the North East and the surroundings of Sana'a have a strong presence of tribal hierarchies and are characterised by tribal settings. The southern part of the country has a long welfare history, and the region of the former British colony and capital of socialistic South Yemen, Aden, is the most modern part of country. And the West shows the widest openness towards different socio-political options.³

Tribes are political units based on a particular region, with fixed borders, and a known number of members. Tribal affiliation is especially important for those in former North Yemen, which comprises nearly two-thirds of the population. The tribes have often been in conflict with one another, but more recently have begun to band together for mutual support against the central government. Tribal organisations have a certain amount of political autonomy with which it interacts with other tribes and with the central government. Some of them see the government as threatening tribal autonomy as well as traditional life and values. Great regional differences exist even within the tribal community, and many urban Yemenis regard tribes and tribalism as backwards and primitive (State Department 2005).

For many centuries, Yemen was widely isolated, and in many regions traditional economic activities and social structure remained nearly unchanged until the 1960ies. Modernisation in the last half century has brought new technologies and gradual opening of the society, but the social structure has survived with little changes, and is reflected in the shape and scope of social services. Today, Yemen is considered one of the least developed countries in the world. About 70 % of the population live in rural areas, most of them in poverty and lacking access to the most elementary social services. The health care system is relatively recent and has developed only during the last decades. Confidence in local providers is still low, and the better-off tend to search care outside the country. This attitude is still deeply rooted although meanwhile a considerable network of health care providers has emerged. Nowadays, Yemen disposes of a heterogeneous mix of public and private physicians, pharmacies, health posts, health centres, clinics, hospitals, etc.

However, reasonable and effective health insurance schemes are still very scarce, and experience with regard to health care financing is lacking. The ministry is currently introducing a pilot scheme of community-based health insurance and is willing to introduce a comprehensive national system of health insurance. International experience suggests that it is highly recommendable to adapt social policy measures as far as possible to the given situation in a country. It depends on a series of factors whether a nationwide health insurance system as such offers a realistic option, and sometimes decentralised, community-based or workplace-linked schemes have better chances to be implemented successfully and then extended to other population groups. One of the most important factors with regard to the implementation or extension of any health insurance scheme is the operative and financial feasibility. And creating exaggerated expectations with regard to the benefits or population share covered can be suicidal for a new health insurance scheme.

After recent WHO consultation made in October 2003, a Social Health Insurance Law proposal was presented to the government in February 2004, but postponed for further reflection. Part of the government, mainly in the Ministry of Finance and the Minister of Social Affairs and Labour, fear Yemen and the health sector in general is not yet ready for implementing a national health insurance system. The draft law seemed premature and incomplete for providing a viable and applicable framework for the development of social security, including health insurance for civil servants and employees in the formal sector, based on contributions or other methods of financing.

³ Oral communication by Thabet Bagash, Programme Development Officer of Oxfam.

1.4 Terms of reference

The study analyses and describes preconditions, options, constraints and challenges for implementing a National Health Insurance System in Yemen. Based on former investigations and publications that seem to be accessible for a small minority of opinion-makers only, the goal is to collect and synthesise all information relevant for planning such a comprehensive system. The international expert team responsible for this study has pursued the objective to develop at least three alternative, Yemen-specific proposals for health care financing through a nationwide and potentially national scheme. The expertise identified in the country will help the ministry in exploring the most suitable method of financing its health care system. At the same time it identifies major weaknesses and necessities with regard to the technical and professional preparation. Therefore, the study has covered the following tasks and issues:

1. Collect, summarize, and synthesize all relevant documents and data bases prepared for Yemen and provide an overview for a comparative analysis of the situation in Yemen with selected countries in the region and the World.
2. Identify important existing solidarity schemes in Yemen and analyze their structure, impact, and performance.
3. Review existing health insurance schemes in Yemen, including public sector programmes, private health insurance, community-based health insurance and company-based health insurance schemes.
4. Conduct and analyze a health financing opinion survey of politicians, Islamic leaders, citizens, development partners, local governments, ministerial officials, insurance companies, public and private health care providers, NGOs, workers' syndicates and the medical association.
5. Visit and interview the ministries and other central institutions, public and private health care providers, district local councils and health offices on governorate and district levels.
6. Compare the present situation in Yemen with experiences in similar countries in the region and worldwide in order to determine which preconditions are required to start a National Health Insurance System.
7. Analyze and discuss in a workshop(s) all findings and suggested alternative health care financing options with major stakeholders and draw conclusions against background of the realities in Yemen.
8. Develop at least 3 alternative health financing proposals which assure the equity of health care provision. Each proposal should cover issues related to revenue collection, provider payment, choice and unit of enrolment, benefit package, pooling arrangements, contribution schedule & method and purchasing.
9. Propose an implementation plan with stages of regional, social and organizational expansion according to priorities, management capabilities, quality of existing health services, and preparedness of population groups
10. Prepare the National Health Insurance financing framework for each proposal as well as preliminary macro-financial projections for the first 10 years.
11. Identify areas of demand for future technical assistance for the establishment of a National Health Insurance system in Yemen.

1.5 Résumé

A social and national health insurance system promises to address some of the reform needs of the health system in Yemen. And it has the potential to lower the access barriers to health care and to prevent impoverishment caused by illness. However, the successful implementation of a NHIS is not an easy task. It may mean a revolution of a pattern of approaches and a host of interests inbuilt in the existing system. Health insurance is not only addressing a specialised field of health financing. It is a new approach towards networking and interaction of government, providers and patients and it may have important impacts of health production, health seeking behaviour, health status and the interaction with the rest of society and economy.