15. May 2012

Policy Brief for Ministry of Health and Family Welfare:

SSK Pilot Development Concept – Issues and Solutions

I. Background

The goal of SSK is better access to health care, especially for the poor, as mentioned in the health strategy. Objective of the pilot is new financing mechanisms, better use of financial means and better services for all. In order to achieve this, certain conditions must be fulfilled:

- All partners, MOF, MOHFW, Development Partners, patients and providers must contribute to the success of the model.
- Financial responsibilities of the State and SSK must be clear. Insurance only works if there is something it can pay for and if it has income.
- The design of the scheme must be logical and technically sound.

The SSK Pilot will show feasibility of aspects of the concepts – regarding structures and processes. There will be differences becoming evident between the pilot and a later nationwide implementation. It will give the opportunity to test different option (e.g. of poverty definition) in different pilot areas, etc. For the pilot we see a need for decision and clarification in some key areas.

II. Critical Issues

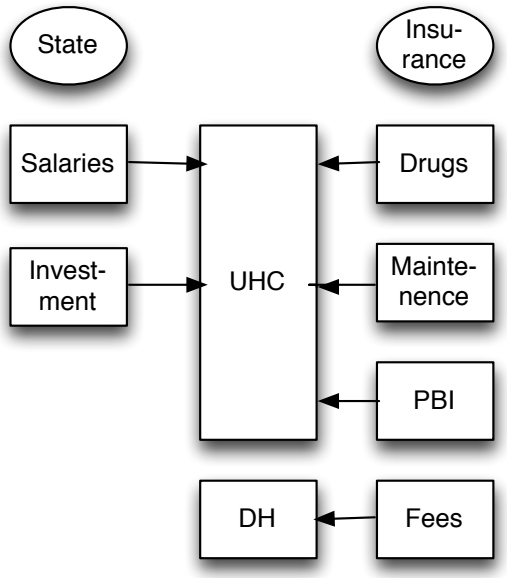
- Details of Services and benefits offered (equipment, diagnostics, therapy elements).
- Advantage of being insured versus not to be insured.
- Institutional setting and financial autonomy in relation to NHSO and Hospitals, including scope of decentralization.
- Costs and their financing. Who pays for what (State, members, Development partners).
- Provider payment mechanisms

III. Key Decisions needed and Proposed Solutions

A. What concretely will the insurance pay for?

We suggest separating state funding from insurance funding.

- The state will pay for accredited hospitals salaries and investment based on a hospital plan outlining the job structure and the services to be provided.
- The insurance will pay for the running costs including maintenance, drugs, supplies etc through a case payment.



B. What will be the incentive for people to join SSK?

We propose that people who not join will have to pay for the items that normally the insurance pays. This co-payment will be recovered as soon as people get admitted to hospitals based on the diagnosis.

C. What will patients have to pay?

Patients will pay nothing for their necessary health care. We propose to establish a grievance mechanism where people can address if they are asked to pay unofficially or if they are referred in an unofficial way. Health staff confronted with complaints will face serious consequences (e.g. up to losing their license to treat SSK patients).

D. How can OOP payments especially of poor patients for drugs be reduced??

Drugs will be paid from the SKK budget, which will be separate from the state budget. Drugs will be reimbursed on the basis of an essential drug list established by SSK.

E. How can the planned case-based provider-payment system work?

Hospitals will be paid on per case basis of a number of diagnostic groups. The income will cover the running costs and the expenses for drugs. The case payment will be negotiated between hospitals and SSK and may be adjusted to inflation. It will be the same all over the country and will be paid to accredited hospitals only. State subsidies for salaries and investment will be paid by budgets.

F. How can be guaranteed that GOB continues to fund the health system?

MOF and MOHFW will guarantee to continue to pay salaries and investment costs for accredited hospitals based on a plan agreed with SSK.

G. What is the legal basis of the participating hospitals?

For hospitals we propose a decentralization of management responsibility including (during the pilot) the authorization to sign contracts and to administer budgets. In the long run we propose to give hospitals the status of a para-statal company of public law with an own board in which the representative of MOHFW is the chairperson.

H. What will be the legal status of NHSO?

In the long run NHSO will be an independent institution of public law with an own board composed of representatives of employers, trade unions and MOHFW. Chairperson should be from MOHFW. NHSO should be registered in the beginning of the pilot and step by step take responsibilities.

I. Will SSK introduce compulsory membership?

SSK should be open for everybody right from the start. Compulsory membership will be introduced for formal sector workers 2 years after the start of the pilot and for the whole population 4 years after the start of the pilot.

J. What will be the concrete milestones in implementing the pilot?

Condition for KFW funding is:

- Feasible and acceptable concept,
- Formal approval of the funding by Government of Germany,

Possible milestones for the pilot could be:

- Inauguration ceremony of the pilot, celebrating registration of SSK as a public company in beginning month 1.
- Employment of staff of SSK starting month 4.
- Collection of first contributions from members starting moth 13.
- Decision about kind and method of scaling up by the end of the pilot.

K. Which are the innovative aspects of SSK?

There are some innovative aspects about SSK in the Bangladesh context:

- There is supplementary funding for health care besides public budget.
- Purchaser-provider split.
- Hospital managers will be held responsible for economic efficiency.
- Patients will have rights to appropriate care and transparency over costs and payments (clients charter of rights CCR).

IV. Conclusion

The intention of the proposal is to create a sustainable and equitable financing structure for health care for the population.

V. SSK Implementation Plan