2023 INTERNATIONAL CONGRESS OF ACTUARIES

BRIDGE TO TOMORROW

28 MAY – 1 JUNE 2023 · SYDNEY

Actuaries Institute Australia

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Universal Health Insurance in Armenia

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Overview of Current Situation in Armenia

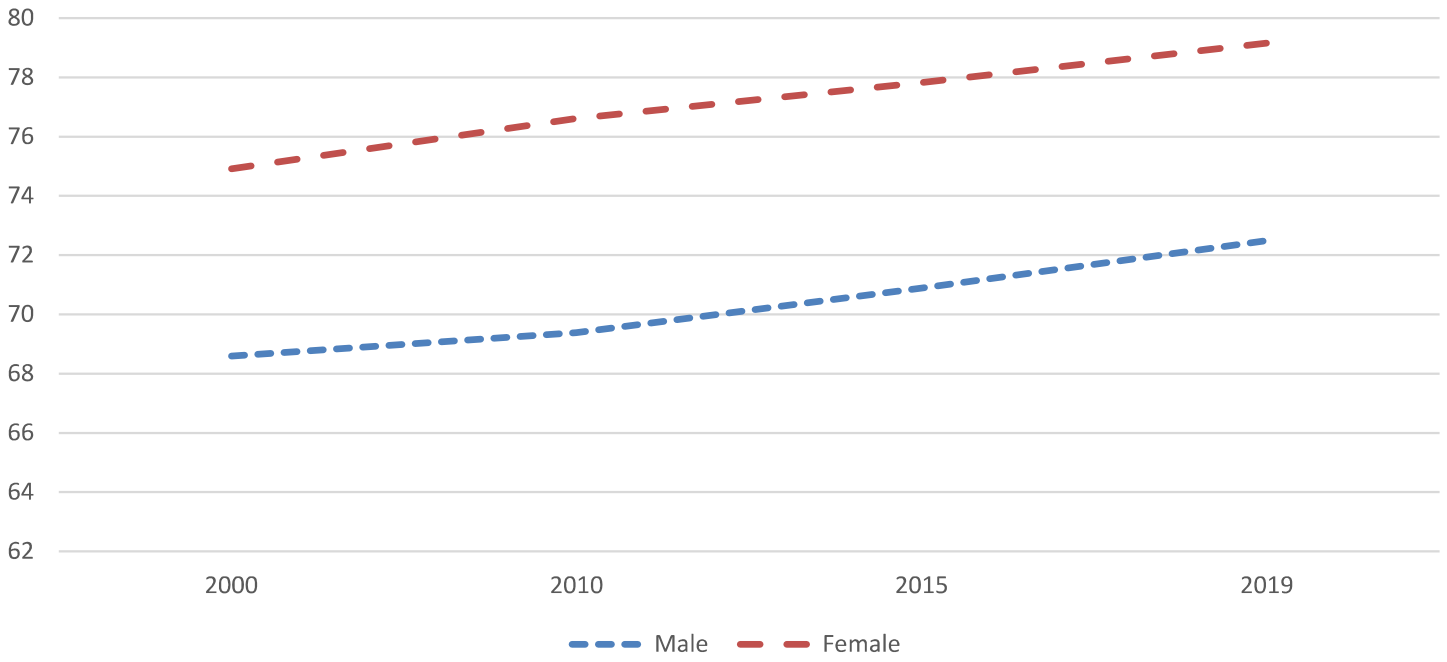
Background

- Area 29,800 km^2
- 10 marzes (provinces) and Yerevan city
- 49 urban and 866 rural communities formed local governance
- Population 2.9 million (as of January 1, 2022)
- Life expectancy 76
- In 2022 the mortality burden due to most prevalent NCDs comprised 93%:
  - Cardiovascular (56%)
  - Malignancies (20.5%)
  - Diabetes (3%)
- The NCD-related premature mortality rate is 29%, with almost 25% of deaths occurring in the 35-65 age group
- The disability rate is 6.2%, with NCD-related disability rate 60% occurring before 70 age

Does the population of Armenia have a guarantee of "healthy life"? Aging population, longer but sicker lives, lower productivity

- Healthy life expectancy at age 66.3 is 8.3 years lower than life expectancy at birth, which is lower than the regional average (68.4 years).
- Until 2030 1 in 5 of Armenia's population will be over 65 years old – likely to have a higher chronic disease burden
- Annual losses due to chronic diseases (cost of care and low productivity) are about AMD 362.7 billion (≈ USD 939 million).

Life Expectancy Males vs Females



Health System and Human Resources

- Physicians and nurses are concentrated in Yerevan:
  - Number of nurses per 10,000 individuals is 54.7
  - Number of physicians per 10,000 individuals is 31.6

- Nearly 55% of physicians and 47% of nurses are working at outpatient level

- Over 65% of physicians are women

- 29% of existing medical organizations (inpatient and outpatient) are private, with 32% and 35% of the bed and medical staff respectively.

- The pharmacies are private and their number exceeds 1,500.

Current Healthcare Funding

Government

- Services covered for everyone (clinics, tuberculosis, maternity care, emergency)
- Some services for vulnerable groups
- Health insurance for public employees
- Children under 18

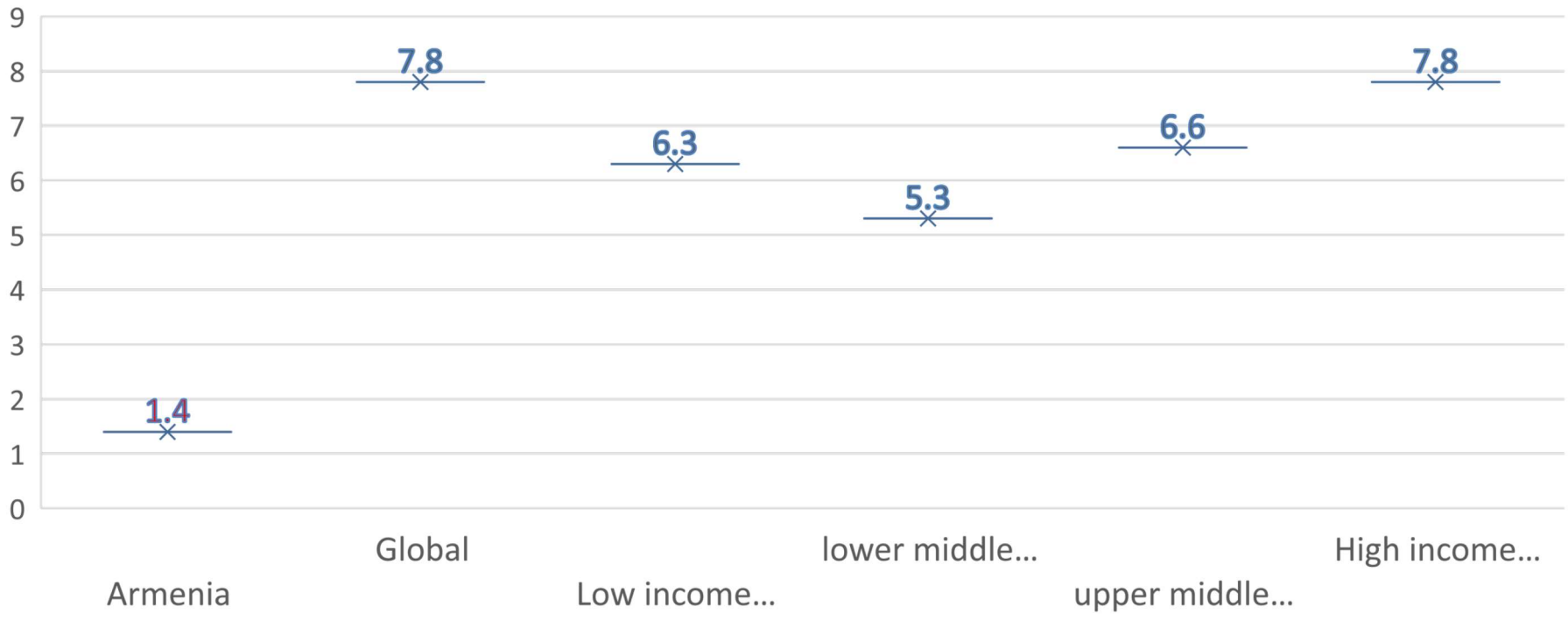
Insurance

- Some public institutions as part of social package (CBA)
- Some private companies as part of social package
- Self-funding with limited services

Self-Funding

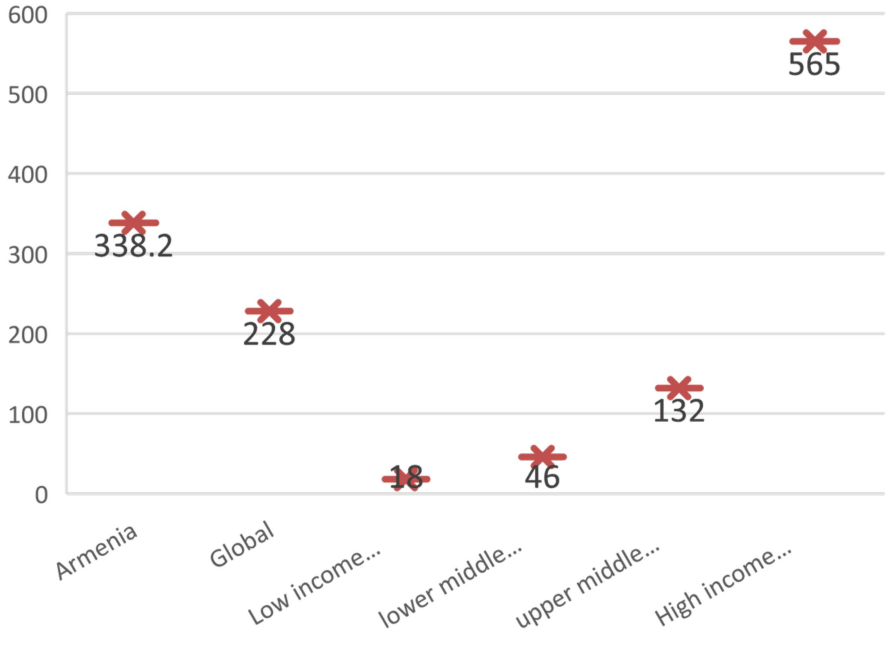
- All medical institutions provide paid services and patients not included in the previous two groups pay from their own pocket (**≈ 85%** of healthcare expenses are paid out-of-pocket)

Health Expenditure to GDP are constant for past 20 years

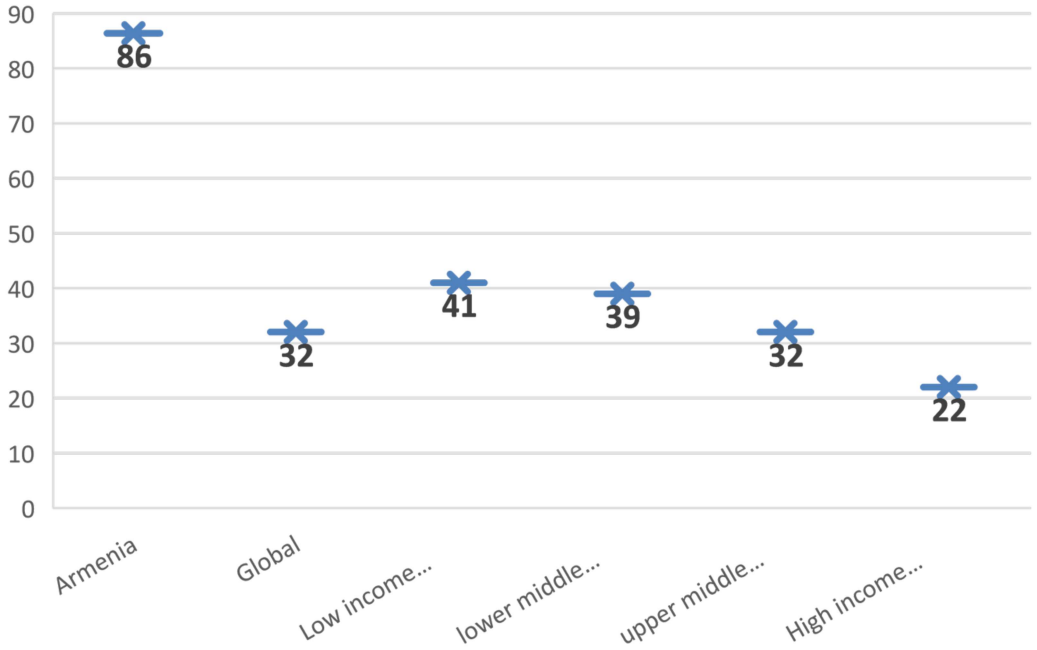


Out-of-pocket (OOP) is more than 80% in Armenia

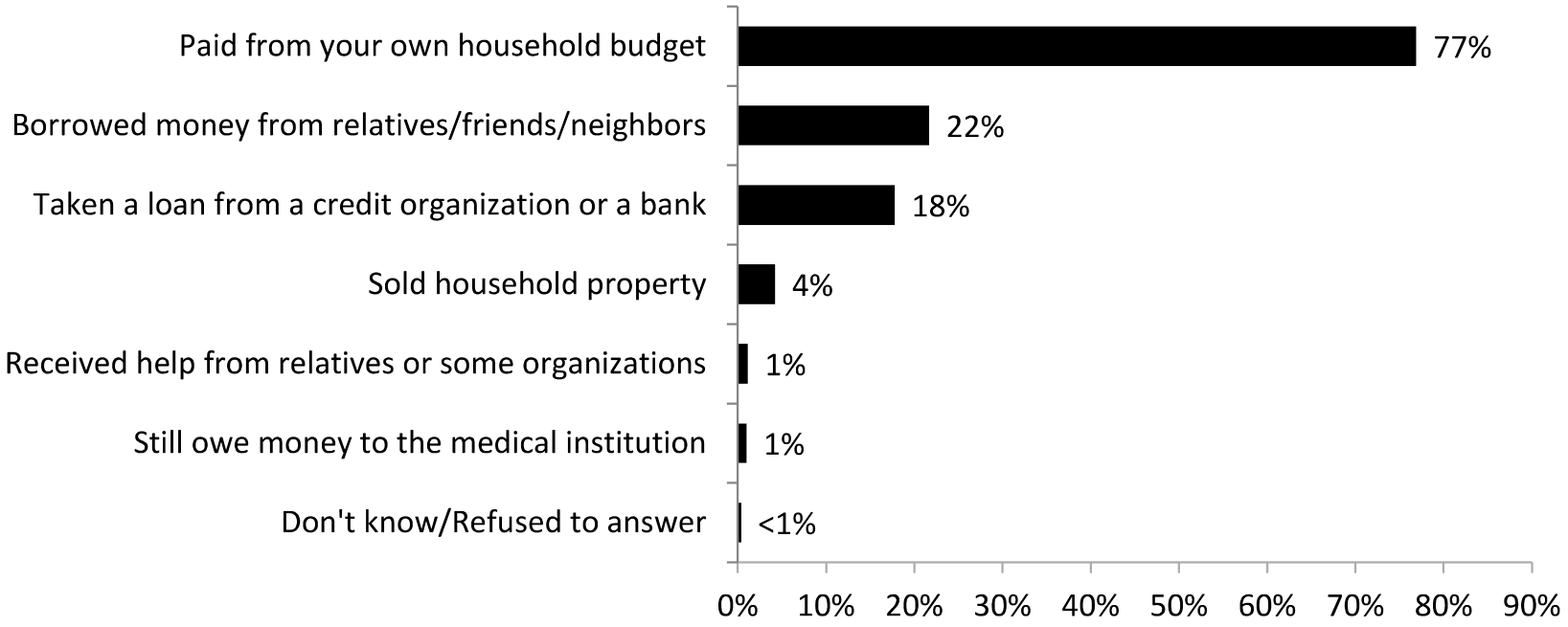
Per capita OOP expenditure, $



OOP in Outpatient expenses, %



As a result, in the absence of financial protection, a large part of the population borrow money to pay for health services or by selling real estate



**Those who applied for medical care and most frequently paid for it.*

Transformation towards providing Basic Benefit Package (BBP) available to the entire population, decreasing fragmentation, increasing financial protection

Financing

- Increasing the volume of funding from the state budget
- Implementation of a mixed funding model with the different sources
- Improvement/modification of financing mechanisms

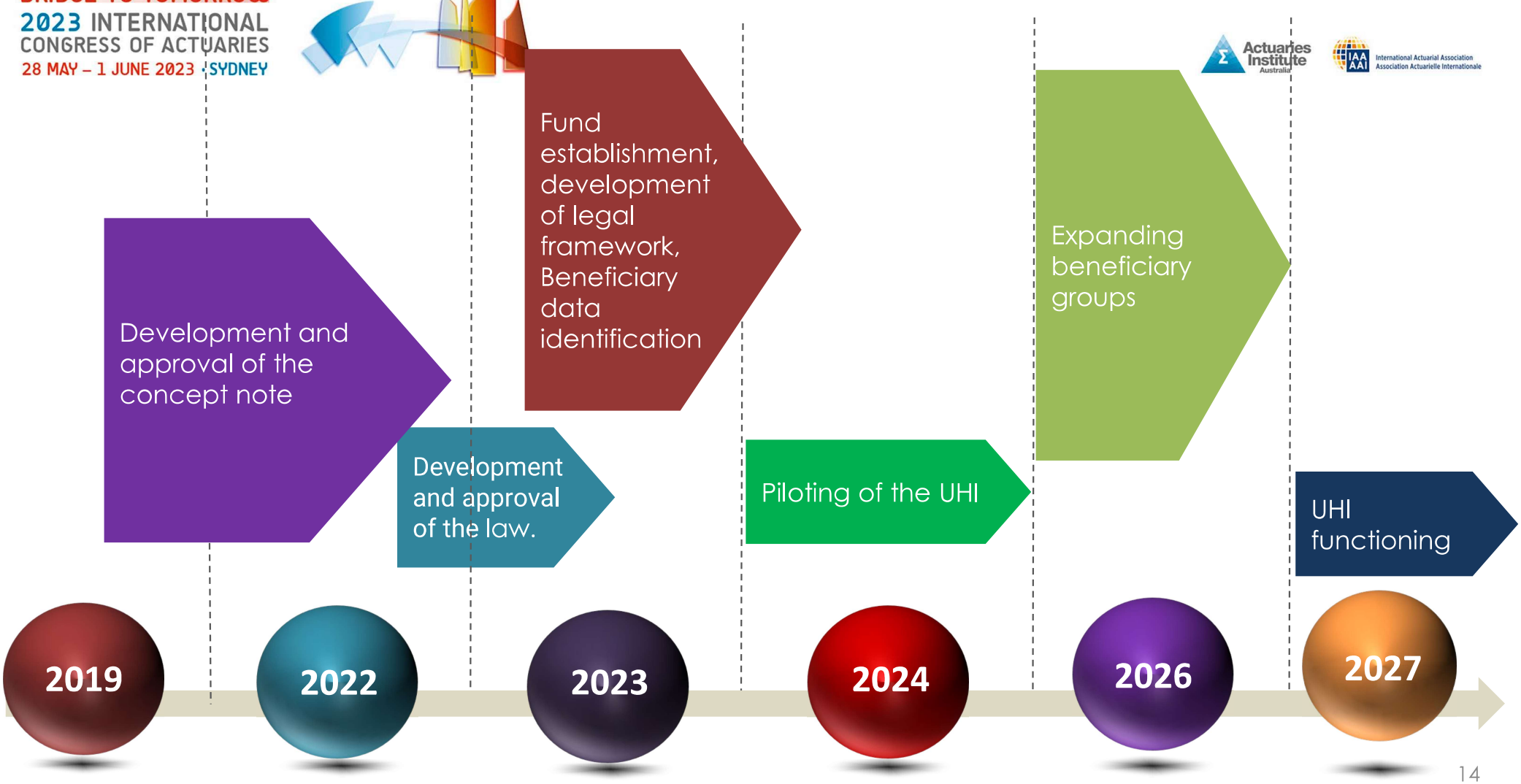
Function

- Improving health system management functions
- Separation of Functions; Health policy, Service Provision Financing

Governance

- Formation of an efficient structure responsible for financial resources calculation and spending
- Improvement of health information system
- Improving the quality of care

Steps and Timelines for Universal Health Insurance Implementation


Development and approval of the concept note
Development and approval of the law.
Fund establishment, development of legal framework, Beneficiary data identification
Piloting of the UHI
Expanding beneficiary groups
UHI functioning
2019
2022
2023
2024
2026
2027

Reforms for improvement of different Healthcare functions will be started before UHI implementation and continued during UHI functioning

- Health system management
- Ensuring adequate resources of the health system (human, pharmaceutical and technological)
- Provision of health services
- Health information system
- Quality of Healthcare

Financial Framework

- Increase in annual allocations from the state budget and ultimately reaching at least 4% of GDP
- Implement the financial policy based on the need to increase the financial protection of the population

Approach

- Approve the phased Universal Health Insurance (UHI) introduction option
- Pilot the UHI for population groups determined by the state providing the same benefits package as well as allow the employees to join the system by piloting it for beneficiaries of social benefits package in 2024
- Starting from 2027 the UHI system will operate on a mandatory basis

Implementation

- Approve the concept note, draft and pass the law; approve secondary legislation
- UHI capacity building
- Develop insurance packages for the insured and uninsured where the basic services (BBP) will be included in the coverage for the insured
- Agree on the methodology for premium calculation and approve payment methods; clarify how the financial resources will be managed

Results

- Reduced health spending by the population
- Increased financial protection for the population
- Improved access to essential health services
- Improved care
- Reduced burden of diseases that are the main causes of mortality, morbidity and disability
- Strengthened human capital – improved productivity, reduced potential economic losses due to illness
- Improved socio-psychological condition of the population

Actions realized during the UHI designing process

Interagency working group was formed

Experts of different international organizations were involved in the works

A costing study was conducted, medical organizations, consultants of the Ministry of Health, representatives of medical associations were involved.

Evaluation of healthcare information systems, quality of medical care, medical education and human resources systems, pharmacy distribution and prescription system was carried out, based on which strategies for their improvement and implementation steps were developed.

BBP formation and Actuarial calculation carried out

Macro modeling was conducted to assess the impact on revenues, a survey was conducted to assess willingness to pay, and a tax policy assessment was conducted.

- Definition of insured population groups

- Definition of basic benefit service packages (BBP)

- Assessment of BBP by insured population groups

- Equity of accumulation

- Efficient governance, accountability and effectiveness

Premium calculation and size adjustment

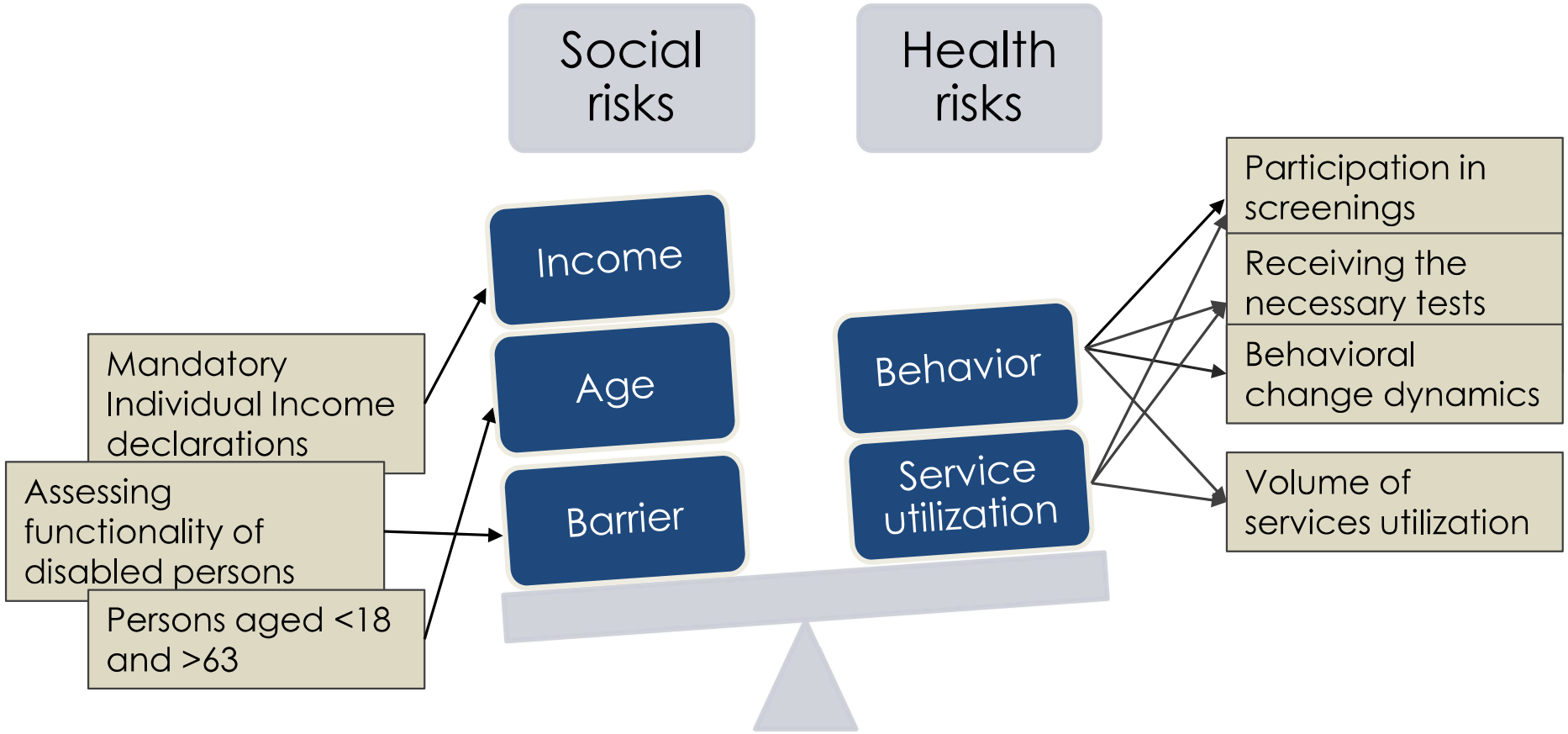
Calculation based on approved methodology

- Costing of the approved package
- Defining risk factors (access, age, inflation, etc.)

Size adjustment

- Behavioral risks impacting on health
- Service utilization risks
- Social risks

Balancing the size adjustment of the calculation



THANK YOU!