



How much protection does PhilHealth provide Filipinos against health shocks?

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Shocks, Traps, and Nets:
Pressing Needs and and Present Seeds of Social Protection

A Joint Forum of NEDA, PCED, and UPSE
15 April 2013

Coping with health shocks

- In 2011, 36 percent of Filipino households reported experiencing health shocks (e.g., illness and injury) in the past year
- 67 percent of these households reported not having any form of coping
- Of those who said they coped with the shock, fewer households used formal coping mechanisms such as government programs
- Only about 3 percent of households that faced health shocks said that they coped through PhilHealth



Policy questions



- Why is PhilHealth infrequently used as a coping mechanism despite official reports indicating widespread coverage?
- How much financial protection then do Filipino families get from PhilHealth?

PhilHealth Official Reports

- In 2011, about 82 percent of the entire Philippine population were enrolled under the National Health Insurance Program.
- PhilHealth reimbursed a total of 3.9 million claims, with an average value of 8,197 pesos



An Alternative Assessment



- A 2008 study by UPecon's Health Policy Development Program proposed the use of a summary measure of financial risk protection provided by social health insurance (estimated with 2008 PhilHealth data)
 - Benefit Delivery Rate (BDR)
- For this presentation, we estimated the same measure using data from a 2011 nationwide survey
- Survey funded by the Health Equity and Financial Protection in Asia (HEFPA) project

Definition of the BDR

- The **benefit delivery rate (BDR)** is a summary measure of social health insurance performance that reflects
 - ✓ The capacity of social health insurance to cover/enrol the target population (*coverage rate*)
 - ✓ The accessibility of social health insurance benefits to beneficiaries who utilize health care (*claim rate*)
 - ✓ The magnitude of social health insurance benefits relative to medical expenditures (*reimbursement rate*)

PHILHEALTH VALUE CHAIN

Enroll

Claim

Reimburse



Motivating the BDR

- The BDR puts together the performance measures in each step of the PhilHealth value chain:

$$\text{BDR} = \text{coverage rate} * \text{claim rate} * \text{reimbursement rate}$$

- The BDR is the average reimbursement rate for the general population needing health care

Example 1: Reimbursement rate is 36%

- Coverage rate =100%
- Claim rate=100%
- BDR = 36%

Example 2: Reimbursement rate is 36%

- Coverage rate is 50%
- Claim rate is 59%
- BDR is $50\% \times 59\% \times 36\% = 11\%$

- ✓ The 36% reimbursement rate is expected for only 29% of the population who used health care



BDR Accounting Framework

- Coverage rate = number of PhilHealth beneficiaries / population
- Claim rate = number of claims / number of PhilHealth beneficiaries who used health care
- Reimbursement rate = value of reimbursement / total medical expenditure among PhilHealth beneficiaries who received a reimbursement



Description of Data

- Nationwide random survey
- Conducted in January-April 2011
- N=2,950 households and 15,012 individuals
- The household survey contained the following information blocks
 - socioeconomic and demographic characteristics
 - income and expenditures
 - assets and housing amenities
 - self-assessed health status
 - health service utilization and health insurance
 - participation in government programs
 - shocks



Inpatient BDR, by sector



	Coverage Rate	Claim Rate	Reimbursement Rate	BDR
ALL (N= 15,012)	51.16%	58.56%	36.46% ←	10.92%
<i>By PhilHealth membership sector</i>				
Poor (N=3,399)	45.69% ←	55.38%	44.27%	11.20% ←
Formal sector (N=3,970)	65.65% ←	65.03% ←	35.00%	14.94%
Informal sector (N=9,199)	50.00%	56.27%	37.34%	10.51%
OFWs (N=306)	71.86% ←	46.08% ←	30.17%	9.99% ←
<i>By demographic group</i>				
Elderly (N=656)	51.56%	71.35% ←	40.82%	15.02%
Children (N=6,768)	51.19%	62.48%	39.27%	12.56%
Women of reproductive age (N=5,815)*	50.49%	55.74%	36.14%	10.17% ←

Outpatient BDR, by sector



	Coverage Rate	Claim Rate	Reimbursement Rate	BDR
ALL (N= 15,012)	51.16%	12.37%	49.32%	3.12%
<i>By PhilHealth membership sector</i>				
Poor (N=3,399)	45.69%	13.61%	50.00%	3.11%
Formal sector (N=3,970)	65.65%	13.65%	50.00%	4.48%
Informal sector (N=9,199)	50.00%	14.45%	49.32%	3.56%
OFWs (N=306)	71.86%	0.00%	0.00%	0.00%
<i>By demographic group</i>				
Elderly (N=656)	51.56%	0.00%	0.00%	0.00%
Children (N=6,768)	51.19%	11.83%	49.32%	2.99%
Women of reproductive age (N=5,815)*	50.49%	19.62%	-	-

Weighted BDR, by sector



	Outpatient BDR	Outpatient Weight	Inpatient BDR	Inpatient Weight	Overall BDR
Overall BDR (N= 15,012)	3.12%	24.06%	10.92%	75.94%	9.05%
<i>By PhilHealth membership sector</i>					
Poor (N=3,399)	3.11%	34.38%	11.20%	65.62%	8.42%
Formal sector (N=3,970)	4.48%	25.34%	14.94%	74.66%	12.29%
Informal sector (N=9,199)	3.56%	20.86%	10.51%	79.14%	9.06%
OFWs (N=306)	0.00%	35.91%	9.99%	64.09%	6.40%
<i>By demographic group</i>					
Elderly (N=656)	0.00%	19.71%	15.02%	80.29%	12.06%
Children (N=6,768)	2.99%	35.86%	12.56%	64.14%	9.13%
Women of reproductive age (N=5,815)*	-	13.56%	10.17%	86.44%	8.79%

Policy Simulations

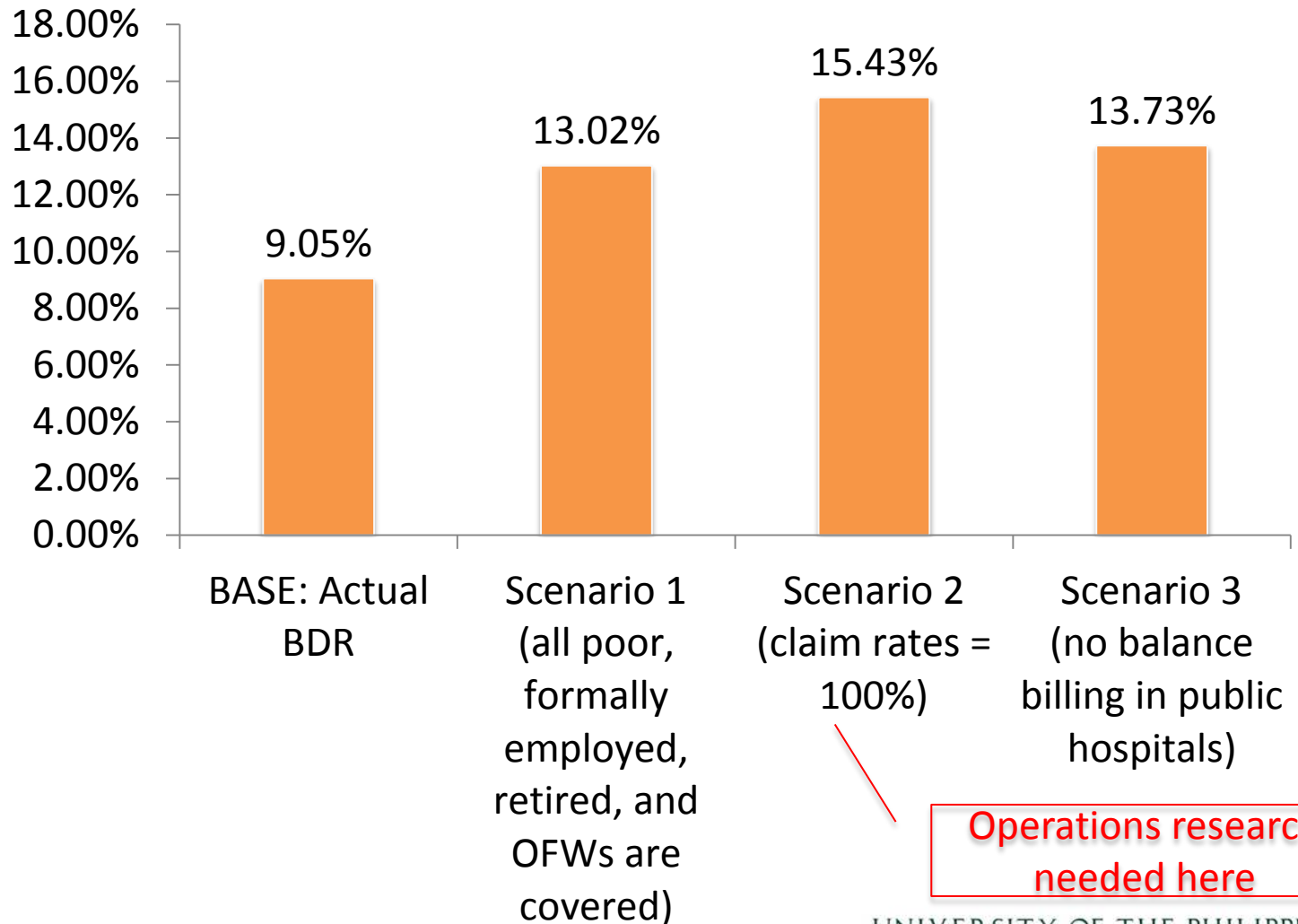
(current design + effective implementation)



- Scenario 1:
 - All poor, formal workers, OFWs, and retired are covered.
- Scenario 2:
 - The poor, formal workers, OFWs, and retired have a 100 percent claim rate
- Scenario 3:
 - No balance billing in public hospitals
- Scenario 4:
 - Scenarios 1 and 3
- Scenario 5
 - Scenarios 1,2, and 4

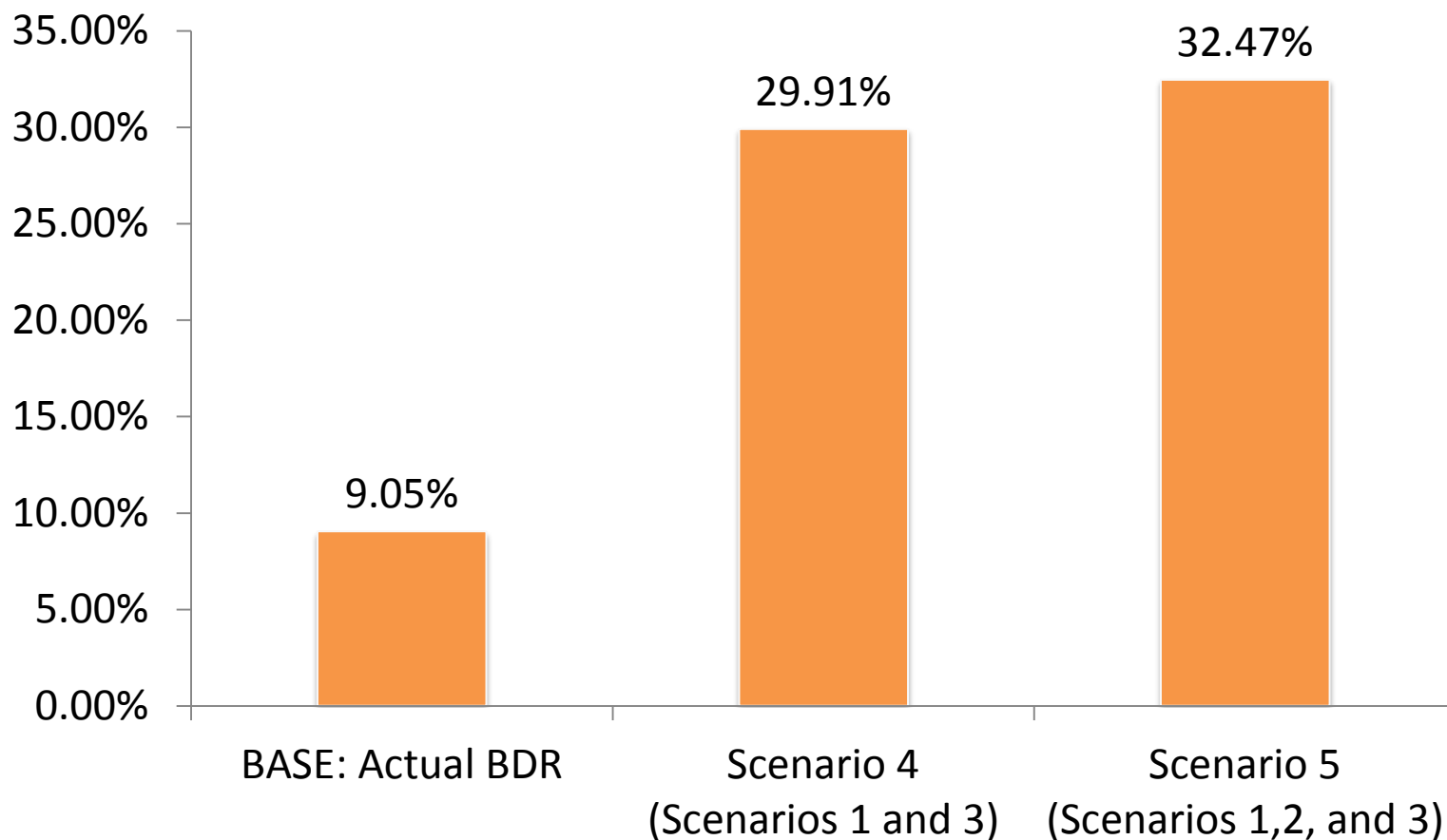
Policy Simulations

(current design + effective implementation)



Policy Simulations

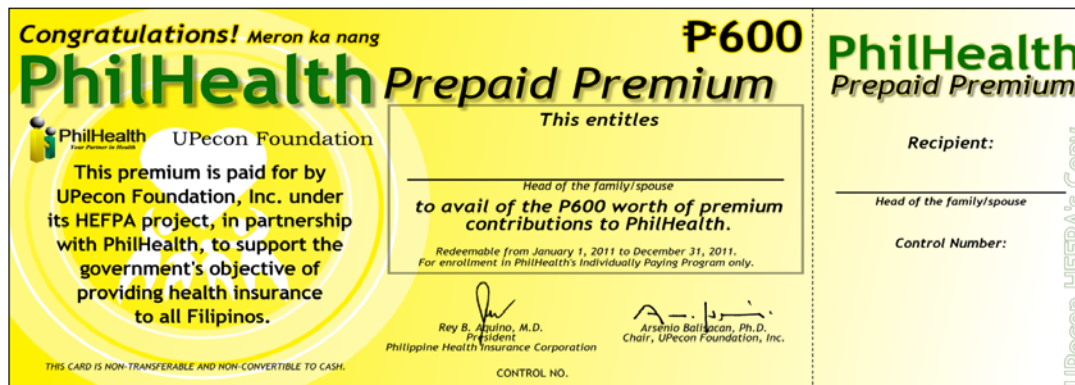
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Policy Simulations

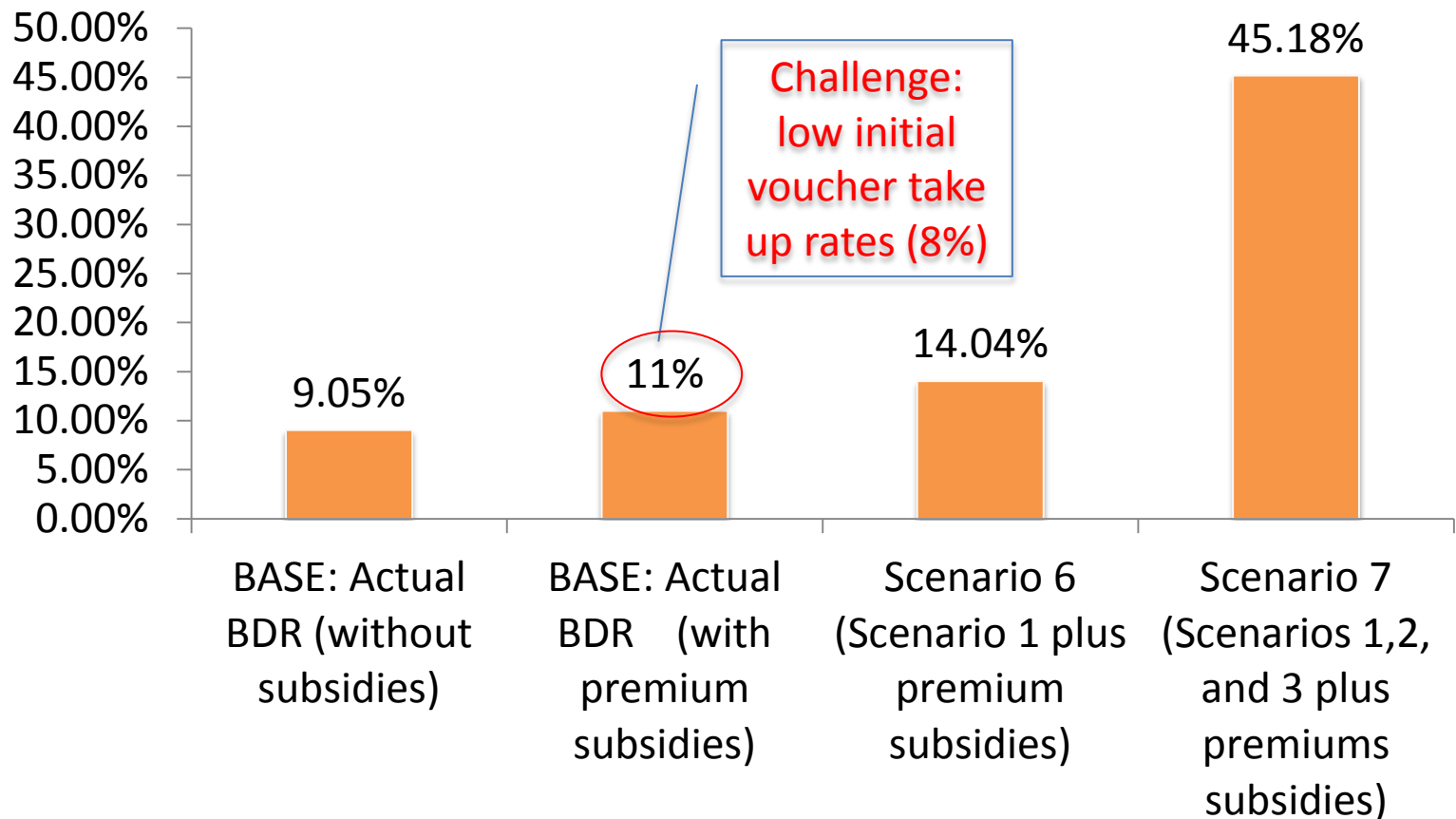
(current design + premium subsidies)

- Expand informal sector enrollment by introducing premium subsidies through vouchers
 - HEFPA experiment from 2011-2012
 - Insurance subsidies amounted to 50 percent of premiums



Policy Simulations

(current design + premium subsidies)



Potential BDR, given current premiums

Maximum BDR=31%,
if actual coverage rate, claim rate,
BUT with fully utilized premiums

	Average household annual premium*	Average household annual claims	Average HH Claims/ Average HH Premiums
All (N=1,814)	2383.02	2019.16	85%
By PhilHealth membership sector			
Poor (N=316)	2019.02	1224.92	61%
Formal sector (N=929)	2777.01	2057.62	74%
Informal sector (N=1,434)	2348.35	1983.06	84%
OFW (N=101)	3438.18	125.21	4%

*Based on reported premiums and premium policies (if premiums are not reported)



Summary

- Financial protection provided by NHIP continues to be scant (9.05%)
- Who has the least financial protection from the NHIP?
 - The poor
 - The OFWs
- Who enjoys the most financial protection from the NHIP?
 - The elderly
 - The formal worker
- Low BDR: weaknesses in all 3 areas
 - In 2010, only about half of the population were covered by the NHIP
 - Low claim rates (46 – 71 % for inpatient care)
 - Low reimbursement rates (30 – 44% for inpatient care)
- Policy implications
 - Low lying fruit: effective implementation (maximum BDR = 32%)
 - Higher hanging fruit: premium subsidies (maximum BDR = 45%)
 - Current premiums fully utilized plus current coverage and claims (maximum inpatient BDR is 31%)





THANK YOU

PhilHealth Reserves, Premiums, and Benefit Payments

