



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Health

No: 0476 /MOH
Vientiane, 16 May 2018

Instruction of the Minister of Health
On contribution collection, payment mechanisms and calculation of service fees of the
National Health Insurance

To: - National Health Insurance Management Committees at central, provincial and district levels
- National Health Insurance Bureaus, Provincial Health Offices, Vientiane capital;
- District Health Offices, Health Insurance at provincial and district level;
- Central hospitals, Regional hospitals, Provincial hospitals, district hospitals and health centers countrywide.

Subject: The mechanism on contribution collection, payment, calculation of service and administration fees of the National health Insurance in public health facilities.

- Based on the Decree No 96/PM on March 9, 2017 on the organization and operation of the Ministry of Health;
- Based on the Decree No 470/Gov. on October 17, 2012 on the National Health Insurance;

Minister of Health issues following instructions:

1. National Health Insurance Fund (NHI) is a fund integrating community-based health insurance scheme (CBHI), health equity funds for poor (HEF) and Free delivery & CU5 health care fund (FMNCH) and health benefit funds of the national social security fund (civil servants (SASS) and private company (SSO)).

Currently NHI has integrated 3 funds: CBHI, HEF, FMNCH and uninsured Lao citizen or persons who have private health insurance by using contribution collection, payment mechanisms and calculations of service fee rates of the National Health Insurance at public health facilities in accordance with this Instruction.

Health benefits Fund under the National Social Security Fund (SASS, SSO) uses contribution collection mechanism as stipulated in the Social Security Law, and will use the same payment mechanisms as of the National Health Insurance Fund when related transfer had been completed.

2. Definition of NHI insured members at health facility.

- 2.1** All Lao citizen using service at main contracted health facilities (health center, district hospital, regional hospital, provincial or central hospital and any specialized hospital, where concerned District Health Insurance Bureau is located and having been contracted to be main contracted health facility), except those having Social Security Fund membership card, must have the evidence proving or identify that he/she is a Lao citizen covered by the District Health Insurance

Bureau. Those evidences could be one of following documents: family book, ID card, Passport, certificate from village chief or any official certificate paper to prove for being Lao citizenship as evidence to use for getting health serviced at the public health facilities;

- 2.2 Former patients can use evidences that the hospital already has or issued for such as: patient ID in database, consultation logbook, discharge paper...no need to have above mentioned documents (2.1).
- 2.3 For those families not having yet their family books, concerned units are urged to mobilize them towards having them accordingly and in the meantime District Health Offices are urged to collaborate with health centers and chiefs of villages in verification and issuing certificates to those households to be used as evidence for accessing health services at the public health facilities.
- 2.4 For Lao citizen migrating from one province to another with resettlement authorization but not having yet family book, chiefs of villages should issue provisory residence certificate to them to be eligible for access to NHI services in the province where they currently live. If they don't have resettlement authorization, they should be encouraged to go for it or bring copy of old family book from previous village in order for chief of new village issue him/her a temporary certificate.
- 2.5 When NHIB issue the NHI card, the above documents are not needed. For those who have the NSSF card can use/access the health services accordingly at the public health facilities.

3. Contribution collection from insured at the time of service at public health facilities:

- 3.1. Patient using OPD and IPD services at health centers/small hospitals must pay a contribution 5,000 kip/visit. Health center type A which upgrade and provide high services equal to district hospital type B which is approved/authorized by the MOH will operate as the district hospital type B regulation;
- 3.2. Patient using OPD service at main contracted district/community hospitals must pay the contribution 10,000 kip/visit and IPD patient must pay the contribution 30,000 kip/visit. In case that the patient has already paid the contribution for OPD 10,000 and then was admitted, he/she must pay the additional of 20,000 kip only;
- 3.3. Patient using OPD service at main contracted provincial, regional hospital must pay a contribution of 15,000 kip/visit and IPD patient must pay a contribution of 30,000 kip/visit. In case that the patient has already paid the contribution 15,000 kip for OPD and then was admitted, he/she must pay the additional copayment of 15,000 kip only;
- 3.4. Patient using OPD service at main contracted central hospital, specialized hospital pay a contribution of 20,000 kip/visit and IPD patient must pay a contribution of 30,000 kip/visit. In case that the patient has already paid the contribution 20,000 kip for OPD and then was admitted, he/she must pay the additional of 10,000 kip only;
- 3.5. In case that the patient has attended OPD and was admitted to a main contracted district hospital failing to treat him/her, and was referred to a district hospital type A or a provincial hospital or a regional hospital or specialized hospital or central referral hospital, contracted referral hospital must not collect contribution for OPD or IPD form the patient anymore.
- 3.6. Collection of contribution is exempted for following insured using the services: patients in the list of poor households approved annually by district authorities in accordance with the Decree 348/Gov. dated 16/11/2017, pregnant women, children under 5 in accordance with the Decree 273/Gov. dated 19/08/2014, monks and novices, and eligible people with National Social Security Fund membership card. For CBHI insured that have paid their contribution in advance and are still eligible, contribution must not be collected from them unless their eligibility is expired.

- 3.7. For those eligible of the National Social Security Fund for military and police, using services at hospitals and health centers under health sector, procedure of related sector's social security schemes must be followed, fees for service should be charged and related document should be issued for asking reimbursement from concerned sector.
- 3.8. For non Lao citizen have to pay full/actual amount of the services defined by the hospital.

4. Services covered and not covered by NHI:

4.1. Services covered by NHI:

- 4.1.1. All NHI insured members can use all services including high cost services and for chronic diseases available at public health facilities within the country including: additional diagnostic examinations (laboratory, cardiology, radiology, ultrasound, CT scanner, MRI,...), drugs, medical equipment, documents, treatment costs, normal room charge, other medical services;
- 4.1.2. Health facilities must provide to insured all items of drugs and equipment in the National list of essential drugs for each level of facilities as well as specialized drugs used by the hospitals. In case of running out of stock for any drug and equipment item and the patient has to buy it outside, the facility has to reimburse him/her. Essential drugs list and specialized drugs used in hospital should be shown at the board to allow the patients see clearly.
- 4.1.3. Insured bitten by animals (dog, cat,... without owner), or by poisonous animals will be covered by NHI depending on type of services given: overall OPD capitation or IPD case-based for each level of hospitals; NHI won't cover OPD service at not contracted main hospital, thus insured should be recommended to use the service at main contracted hospital; the patient should be referred if the main contracted hospital is not capable to treat him/her.
- 4.1.4. Work accident, traffic accident without counterpart or with counterpart but no car insurance will be covered by NHI depending on type of services given: OPD at main contracted hospital – overall capitation; referred OPD – case-based capitation, and case-based for IPD for each level of hospitals;
- 4.1.5. NHI will cover transportation cost in justified referring patient from a contracted hospital as follow:
 - 4.1.5.1 Severe case for emergency and needs to be transferred by ambulance;
 - 4.1.5.2 Case of death or not be able to cure needing transfer back home for poor person;
 - 4.1.5.3 Healthy discharged NHI patient, which is not in the poor list needs to pay by him/herself;
- 4.1.6. Admitted patients, pregnant women and children under 5 in the list of poor households approved annually by district authorities in accordance with the Decree 348/Gov. dated 16/11/2017, will receive food allowance and transport allowance for round trip home - hospital (amounts listed in the table 4);
- 4.1.7. Services outside covered area within the province:
 - Health centers/Small hospitals: Insured can use services at other health centers/small hospitals (even they are health centers/small hospitals relevant to other districts) in the vicinity or which are convenient for use, and must pay a contribution of 5,000 kip/visit as in his/her own covered area;
 - Community hospitals/district hospitals: Insured of NHI for OPD can use the service only at main contracted health facilities such as: community hospital/district or provincial or

central or regional hospital or specialized center. If beyond the capacity of the main contracted facility, the patient should be transferred to a referral hospital per hierarchy, up to central hospital on the top. District Health Insurance Bureau where the hospital is located will reimburse the OPD costs based on the rates given in this Instruction. NHI won't cover transportation cost for OPD to that referred hospital except for poor patient which identified by the district authority;

- For IPD admission, insured can use services at all districts within the province or at the provincial hospital voluntarily, no need to have a referral letter and no need to inform his/her own district health insurance bureau (DHIB), and treatment costs will be reimbursed by the DHIB where the hospital is located by following established case-based payment, insured must pay contribution for IPD not more than 30,000 kip/visit, NHI won't cover the transportation costs for IPD in community hospital of other districts or provincial hospital.

4.1.8 Services outside covered area in other provinces:

- Health center/Small hospital level: Insured can use services at other health centers/small hospitals of other province, located in the vicinity or which are convenient for use; both provinces must be covered by NHI and the patient must pay a contribution of 5,000 kip/visit; If the cross-area service is significant (whole village), both provinces should agree together in written on the calculation of capitation. If small hospital/health center in the province can provide the health services as the community hospital type B which approved by MOH, NHI will pay as IPD case based rate as defined for the community one. Insured who are not in the area covered must pay contribution for IPD not more than 30,000 kip/visit;
- Community hospitals/district hospitals: for IPD case, insured of NHI can use the service at all public health facilities in any province where NHI is implementing and no need for referral documents and no need to inform his/her own district health insurance bureau (DHIB), and treatment costs will be reimbursed by the DHIB where the hospital is located by following established case-based payment, insured must pay contribution for IPD not more than 30,000 kip/visit, NHI won't cover the transportation to insured person except for those who are in the list of poor which certified by the district authority.
- For health facilities in Vientiane Capital which are not covered yet by NHI, in case of referral or the insured go directly by his/her own from provinces for OPD or IPD admission, insured must inform his/her own DHIB within 72 hours; Insured has to pay the service bills by his/her own and bring back service proof (discharge letter and paid bills) to his/her own DHIB for reimbursement which will be paid in amount as defined in this Instruction, if the total amount of the services is smaller than is defined in this instruction, the actual payment which shown in the paid bills should be paid back to the insured but OPD won't be covered by NHI;

4.1.9 Health care services abroad of insured should follow the following:

- 4.1.9.1 NHI insured and eligible suddenly getting sick while travelling abroad, needing health care services abroad, won't be covered by NHI but NHI will cover if the insured come back to the country and continue treatment;
- 4.1.9.2 SSO and SASS members working officially abroad can have health care services abroad for IPD and should be follow the regulation and mechanism of NSSF first, once NSSF transfer the health benefit to NHIB there will be specific instruction for this case;

4.1.9.3 NHI insured and eligible can admit to hospital abroad if authorized or certified by contracted central referral hospital as transferred patient to be treated abroad, but his/her own DHIB must be informed within 72 hours; Insured has to pay first for treatment costs and bring back service proof (discharge letter, bills paid) for reimbursement requesting from his/her own DHIB, in case-based capitation amount defined in this Instruction;

4.2. Services not covered by NHI:

4.2.1 Admitted insured needing special room must pay by him/herself the difference from normal room rate as charged by each hospital;

4.2.2 NHI will not cover commercial drugs requested privately by the patient (the patient must pay by him/herself), specialized drugs that the hospital does not use and do not belong to the list of essential drugs of any level of facilities;

4.2.3 Insured bitten by animal whose owner is known, the owner should pay 50% of the treatment costs (even it is his/her own pet or other insured's);

4.2.4 Working and traffic accident if the counterpart has to be responsible; if there is insurance, the insurance company will be responsible and NHI will not cover;

4.2.5 NHI won't be responsible for service charge in case of accidents resulted from drinking or consuming alcohol, injuries from theft, robbery, and other cases under penal codes which were not judged yet must be the responsibility of the patient;

4.2.6 NHI won't cover for service charges already paid for by vertical projects such as: malaria, tuberculosis, AIDS,...However if any service is not covered by projects, it will be covered by NHI and paid by types of services defined in this instruction;

4.2.7 NHI won't cover for services charged by village drug kits and village health workers;

4.2.8 NHI won't be responsible for service charge for private need such as plastic surgery, artificial teeth, teeth arrangement, glasses, artificial lens not linked with cataract surgery, surgery for gender change, sterilization requested, self-harm, request for additional service, chose doctors by his/her own which can cause to have high service cost...

4.2.9 NHI won't be responsible for service charges of private sector: pharmacies, clinics, services abroad that are not officially transferred cases, private hospitals in the country except contracted referral hospital having specific agreement case by case with the Ministry of Health.

5. Reimbursement/payment mechanisms to health facilities:

5.1. For OPD, capitation will be paid to all level of health facilities and should be transferred to national treasury account of the provincial and district level on the first week of each quarter. The calculation of the capitation rate to main contracted health facilities is based on the population and utilization rate, therefore, Insured is eligible for OPD at main contracted hospital only;

5.2. For IPD, case-based payment will be paid which defined detail in this instruction, NHIB will first advance money 80% of the amount reported of the health facilities of the end of the quarter, which will be transferred to national treasury account of the provincial and district level latest by date of 15 of the first month of the next quarter. After verification process is done, the adjust of the amount will be done based on the approval and verified that the report is accurate by provincial and district national health insurance management committee team not more than 40 days process;

5.3. DHIB has to summarize utilization at main contracted hospitals and calculate the total reimbursement amount disaggregated for insured within the district, other districts and provinces, to request reimbursement from PHIB and NHIB at latest not more than 15 days of the next month;

- 5.4. Pooling is kept at central level; PHIB and DHIB will receive only the amount for reimbursement and authorized administration cost for PHIB and DHIB;
- 5.5. For small hospital type B (health centers): for OPD, ANC-PNA, IPD and delivery will be reimbursement as the capitation payment mechanism;
- 5.6. For small hospitals type A having capacity to provide service as community hospital type B, reimbursement methods will be capitation payment for OPD and case-based for IPD;
- 5.7. For main contracted hospitals: community/district or provincial or regional or central hospital and specialized centers: for OPD patient overall system capitation method will be used, and for IPD patients case-based capitation will be used;
- 5.8. For contracted referral hospitals or specialized hospitals at central level: for both OPD and IPD case-based capitation will be used;
- 5.9. In case of patient having been consulted and treated at a contracted community/district hospital failing to treat him/her and was then transferred to a contracted or not contracted district type A or contracted referral provincial hospital or regional hospital in provinces covered by NHI, concerned DHIB where the hospital is located will calculate reimbursement amount as case-based capitation mentioned in this Instruction based on service proof (referral letter);
- 5.10. For health facilities including central hospital in Vientiane capital which NHI is not yet implemented, should follow and implement based on the contract, regulation and CBHI mechanism and NSSF for those who are eligible and insured person of the scheme. For those who are not yet covered by any insurance in Vientiane capital must pay full amount of health services, once Vientiane capital establish the NHI and the hand-over of health benefit from NSSF to NHIB, there will be instruction in implementing the scheme specifically;
- 5.11. Provider payment method for some high cost services:
 - 5.11.1 High cost diagnostic technology (CT scanner, MRI...) in case of main contracted hospital, NHI is covered for OPD capitation and IPD case-based payment. In case of referral OPD, OPD capitation for high cost diagnosis should be used; If it is requested by insured, he/she must pay by him/herself;
 - 5.11.2 Hemodialysis should be reimbursed with the rate for IPD based on the admission with unlimited number of time;
 - 5.11.3 Brain surgery, bone surgery for metallic support, heart surgery are paid by case-based for high cost surgery;
 - 5.11.4 Chemotherapy is to be reimbursed in case-based capitation (chemicals used should be the essential ones, for the one requested by the insured he/she should pay the difference in price);

6. The calculation of NHI service fees/rate.

- 6.1. Calculation of overall OPD capitation for each level of hospitals and health centers. The calculation of the capitation will depend on 4 indicators:
- 6.2. Average service costs from the cost study of OPD & IPD services in 2014-2015;
- 6.3. Target insured, health center level covers only each health center's coverage area, main contracted hospital covers the whole area of the district where the hospital is located;
- 6.4. Utilization rate for insured in previous year, total number of patients using services in previous year divided by the number of insured; at health center, the number of patients of the health center divided by the number of insured in health center's

- covered area; for main contracted hospital, total number of OPD patients in the year of the district where the hospital is located divided by the total number of insured in the district;
- 6.5. Type of health facilities (See detailed calculation in the table 3).
 - 6.6. Calculation for IPD patient without surgery, delivery, each category of surgery in both main contracted hospitals and referral hospitals is case-based rates per category. For referral hospitals, case-based capitation rates are also used for OPD patients. The rates are calculated based on the cost study per disease category in 2014-15 in some sample hospitals nationwide (see detailed calculation in the table 2);
 - 6.7. Any service not included in this payment mechanism, NHI won't be responsible for the reimbursement (see details in the table 2);
 - 7 Transportation and food allowance.
 - 7.1 All target members of NHI will benefit transport allowance from main contracted hospital to referral hospital as follow:
 - 7.1.1 Emergency case with intensive care must be transferred by ambulance, the calculation of fuel cost for round trip, DSA for driver, accompany doctor or nurse must base on regulation of the Ministry of Finance. For district without ambulance, other vehicles can be used to transfer, and the calculation of fuel cost must use the same tariff as for ambulance.
 - 7.1.2 Transportation for the poor including pregnant and child under 5 in the list of poor approved annually by district authorities (for minor case, normal rate of transportation will be used for the patient and one accompany, for severe case or death ambulance will be used and calculations are made based on regulation of the Ministry of Finance);
 - 7.2 NHI insured patient without emergency and intensive care but must be transferred to referral hospital due to incapacity of treatment of main contracted hospital, NHI won't cover his/her transportation, the patient has to pay by him/herself;
 - 7.3 Food allowance: patient including pregnant women and children under 5 in the list of poor annually approved by district authorities admitted more than 24 hours at district hospitals will receive food and transport allowances as defined in this instruction (see details in the tables 5);
 - 8. Split of administrative budget between PHIB and DHIB for general administration purpose, audit and meetings of District Management Committee (DMC) and Provincial Management Committee (PMC) should be done as follow:
 - 8.1 Administrative budget is to be calculated from the premium equals to 10% of service fees of each facility;
 - 8.2 The 10% amount is to be divided for PHIB 3% and DHIBs 7%;
 - 8.3 Catchment district of the provincial is to be divided for PHIB 4% and DHIB 6% the PHIB and DHIB at catchment area of the province will work together for monitoring and follow up the health services of the provincial contracted hospital of DHIB catchment area quarterly basic. All payment on monitoring and verification and organizing the district health insurance committee meeting would be the responsibility of the district level;
 - 8.4 For Vientiane Capital, once NHI is implemented, administrative cost will be defined specifically;
 - 9. Capacity building for NHI system.

- 9.1 NHI is one of the health financing reform and is one of the health sector reform based on the government policy in order to achieve UHC which authorize/approved by the National Assembly to ensure "everyone can access to basic health care", including the financial protection and effectiveness" by 2015 for Lao and by 2030 for global;
- 9.2 In order to achieve above mentioned, it is necessary to strengthen the health insurance system, health insurance scheme consists of 4 main factors: insured person, health facilities, health insurance bureaus and concerned authorities (vertical, horizontal and national health insurance management committee);
- 9.3 Insured person: it is necessary for information and level of understanding of the scheme accordingly and accuracy to allow them to use the right services and follow the regulation of the scheme appropriately. Aims to be benefit for their health condition and at the same time is aims to reduce the spending of the health facilities in order to improve the health services quality. Therefore the NHI promotion and awareness campaign and provision of health education in various of method is the priority activity and needed and need involvement from every sectors.
- 9.4 Health facilities: Every investment needs high profit, but profit in this concept is the profit for the people's health and the resources is always limited and never sufficient. Therefore, the main role and responsible of the health facilities is to utilize the existing resources effectively, efficiency and high benefit. The purchasing process should follow the regulation of MOF, spending and health provision appropriately, recording and reporting should be cleared and transparent and timely. Honest on providing services and the most important thing is always aware that being involved in NHI is the politic task and honor duties for all staff in the health facilities. To do this, the level of understanding of the NHI is needed, especially for health workers at the health facilities. And the important is to provide training on NHI to health providers in terms of behaviors of health providers as well as the high responsibilities on service provision, avoid un-necessary health service provision inside and outside of the health facilities;
- 9.5 National Health Insurance Bureaus: The role of NHIB is to implement the NHI scheme, especially the role on fund allocation to the health facilities based on the number of population, health service utilization and monitoring and verification of NHI implementation accuracy. Therefore, health insurance bureaus in each level should be active and strength in terms of quantity and quality, staff allocation should operate based on the appropriate structure, effective, capacity, equity, experience, working manner and have more responsibilities in implanting as assigned tasks, understand clearly on any registration, theory and other tools on NHI implementation deeply. Follow policy to health facilities and issued person accuracy and appropriately.
- 9.6 Organization authority: is the national health insurance management committee has the role to guide the concerned factors in implementing the NHI effectively in order to achieve the UHC, convincing and providing the understanding of each factors into NHI implementation in one system based on policies and regulation of NHI, provide facilities and problem solving timely, NHI promotion to people to clearly understand and commit to be involved in NHI implementation.
10. National Health Insurance Management Committee at central, provincial and district levels, HIBs, PHOs, DHOs, central hospitals, regional hospitals, provincial hospitals, district hospitals, health centers and concerned stakeholders countrywide are urged to inform all concerned parties and implement in accordance with each own responsibilities.

11. This Instruction replaces the Note No 902/DoF., dated June 4, 2014. All regulations in contradiction to this Instruction are abolished. This Instruction is valid from the date of its signature.

Minister

16 May 2018