

**Minutes of**  
**The ILO-WB-Thai Joint Workshop on Modeling Development of**  
**Sustainable Health Care Financing, CDP-H Project**  
**11-12 June 2007, Bangkok, Thailand**

**BACKGROUND**

Healthcare Reform Project Phase II funded by EU was hosted in National Health Security Office. One of the Project's main activities is to conduct modeling of long term needs on healthcare financing in Thailand, given different scenarios and underlying assumptions. The work on modeling is conducted by experts from International Labour Organization and coordinated by National Health Security Office.

At the same time, the Country Development Partnership in Health by Thai MOPH and the World Bank, in its program of work, there is a component on "sustainable financing healthcare and modeling of total resource requirement".

In this context, there is a need to avoid duplications between the two projects while maximize the synergies to the benefit of the policy design in healthcare financing in Thailand. It is decided to organize a joint workshop among key stakeholders in Thailand and international partners including ILO, and World Bank.

The International Health Policy Program (IHPP-Thailand), Ministry of Public Health, with support from the World Bank and the Ministry organized a Workshop on "Modeling Development of Sustainable Health Care Financing" at Holiday Inn Silom Hotel, Bangkok during 11-12 June 2007.

**OBJECTIVES**

The objectives of the workshop are three folds

1. To clearly spell out what Thai health policy makers wish to see in the arena of long-term financial sustainability of health care.
2. To investigate the international partners and experts contributions on the modeling of total health care resource requirement.

3. To discuss on the fiscal space and how to explore the viable policy option.

There were the total of 45 participants from multi-stakeholders which composed of 2 from Ministry of Commerce, 1 from Bureau of the Budget (BoB), 2 from the Comptroller General's Department (CGD), 2 from Social Security Office (SSO), 1 from Bureau of Registration Administration, 1 from National Economic and Social Development Board (NESDB), 1 from Thailand Development Research Institute Foundation (TDRI), 3 from Fiscal Policy Research Institute (FISPRI), 4 from Faculty of Medicine, Naresuan University, 2 from National Statistical Office (NSO), 1 from Health Information System Development (HISO), 2 from National Health Security Office (NHSO), 2 from the World Bank, 1 from European Commission, and 7 from International Health Policy Program. In addition, 2 experts from National Health Security Office (NHSO), 1 from Health Insurance System Research Office (HISRO), 3 from International Health Policy Program (IHPP), 3 from International Labour Organization (ILO), and 3 experts from the World Bank joined the workshop as resource persons.

See the agenda of the meeting in annex I, and list of participants in Annex II, Powerpoint presentations in Annex III.

## **METHODS**

The two day workshop is conducted by Viroj Tangcharoensathien, director of IHPP and Toomas Palu, task team leader of CDP-H, World Bank. There were power point presentations by key partners, followed by questions and answers as well as general discussion. The conductor wraps up and concludes the outcome of the discussion of each session, and finalize the way forwards at the end of the workshop.

## **RESULTS**

### **Day one 11 June 2007**

There were actively discussions and participation by all Thai and international participants over the two days. The workshop had a simultaneous interpretation of Thai to English and English to Thai, and felt there are free flows of speeches and discussion especially by Thai participants who are not fluent in English.

On the first day, in the welcoming session, brief remarks were given by Toomas Palu of the World Bank, Hiroshi Yamabana of International Labour Organization, and Taweessri Greethong of NHSO. They described the expectations from the workshop, and looked for active participations. This followed by self-introductions of all participants.

**Session 1** was on “What do we expect on healthcare financing?” was presented by Dr. Viroj Tangcharoensathien. He walked through 5 expectations from health care financing which were

- Prevention of the catastrophic health expenditure and impoverishment thereof,
- To achieve vertical equity,
- To ensure a large pool of risk sharing,
- To achieve health system efficiency,
- To be able to contain cost in the long run.

Based on the proposed expectations, empirical evidence indicates that most of these expectations were met, with a moderately low expenditure level in Thailand, total health expenditure (THE) of approximate 3.49% of GDP in 2005, and high proportion of public source of finance 64% of THE.

**Session 2** was on “Cost Pressures and Cost Control in Health Systems: International Experience” given by Magnus Lindelow, World Bank. He highlighted the vital role technology advancement, its adoption and use on healthcare cost increase. Increase in healthcare cost was the result of both demand and supply side determinants. Whereby a comprehensive intervention on demand side such as copayment, cost sharing, deductibles; and supply side interventions such as provider payment methods that send proper signals towards efficiency would be useful. Managing the adoption and use of health technologies were important, but limited experiences were drawn.

**Session 3** was on “An overview on healthcare financing project models” by Joseph Antos, World Bank expert. He proposed basis and international experiences on modeling healthcare expenditure that could be useful for the application to the Thai settings. For sure, modeling must be objective, transparent, and ensure that modeling is part of policy making processes. In addition, he shared experience of the United States Medicare’s long term fiscal crisis, and highlighted that the uncertainty increases with longer projection period, the less aggregated fiscal indicator.

**Session 4** was on “modeling for sustainable health financing in Thailand” by Wolfgang Scholz, ILO - Social Security Department. The conceptual approaches in modeling healthcare financing was proposed, this included population and labour supply module, economy model and healthcare expenditure model. When the total population in each scheme multiplies by frequency of contact (either outpatient or inpatient) to healthcare services and cost per contact by single age of the beneficiaries, the summation of these expenditures would be the total expenditure of each scheme. Based on reliable assumption of different parameters, that future forecast is possible. The most difficult part is the cost per contact. Cost can be classified as labour and non-labour operating expenses. From this analysis, pressure on cost would be able to analyze. His presentation raised several debates and questions from the floor. For example, there were discussions on short and long term argument of the modeling, determinants of cost pressures, and its decomposition; concern of the measurement of technology advancement in the model. These points were well taken.

**Session 5** was on “Long term financing of universal healthcare coverage in Thailand 2003” a study conducted by IHPP (Walaiporn Patcharanarumol et al) and ILO (Michael Cichon), presented by Taweetri Greetong of NHSO. She walked through slowly on the methodological approach, assumptions of different parameters in the model. The models are consisted of demographic model, economic models, health budget model and government model. The results were presented based on policy scenario such as include the spouse and child dependants of Social Security workers to be covered by Social Health Insurance, introduction of additional health tax. The presentation introduced much debates, agreement and disagreement on the results of the modeling, especially on the role earmark tax from tobacco and alcohol to Universal Coverage scheme.

After this session, the first day meeting adjourned when each group of stakeholders both national and international participants were assigned with home work on how the modeling exercise in Thailand would proceed.

## **Day two 12 June 2007**

**Session 6** was on “preliminary work on demographic and economic models of 3 insurance schemes” by Thawon Sakunphanit of NHSO. He highlighted the ongoing work, together with 3 public insurance scheme managers. The participants noted with satisfaction on the

achievement of beneficiary registry, especially by the Ministry of Finance Comptroller General Department for Civil Servant, the pensioners, and their dependants (including parents, spouse and not more than 3 children age below 18). It took almost 10 years to achieve national dataset on CSMBS beneficiary registration. The dataset was an important entry point for future healthcare financing modeling. The work with Ministry of Commerce on medical price index, a subset of general consumer price index was criticized. It does not represent the actual changes in price of medical care, as it only captures self-prescribed drugs by households. Much to be done in the measurement of cost pressure and projection of cost than quantity of service utilization.

**Session 7** was on “current work on modeling from the respective schemes” by Thai and ILO modeling team. Wolfgang gave an indicative timeline that by the end of September 2007, the project will start to conduct modeling and hopefully finished by April 2008, however, the conductor requested the team to accelerate the results around end January or February 2008, so that the result will be synchronized with the upcoming general election in Thailand, so that political parties in the election campaign would use the results of modeling healthcare expenditure to formulate political agenda on “health sector”. This is a “window of opportunity” so that evidence would be translated into policy. It is expected that the modeling project would be finished and hand-over to Thai partners by end of June 2008.

**Session 8**, the final session on the way forwards conducted by Viroj. He invited all key stakeholders to present their views, including HISRO, Dean of Naresuan Faculty of Medicine, NHSO, MOF CGD, NSO from the national partners, ILO and the World Bank for international partners.

The discussion on the way forward highlights the following key issues:

- There is a need to build up and sustain capacity among Thai partners in the 3 insurance schemes on the modeling of healthcare financing.
- There are two approaches as regard to modeling:
  - Short term modeling e.g. 1-2 years based on historical projection of utilization and cost of services, to facilitate the estimate of capitation in UC scheme and SHI. At the same time to investigate the fiscal capacity of these insurance schemes.

- The medium to long term modeling would be useful especially when the policy choices are taken into account, for example what would be the total expenditure of CSMBS when the scheme maintain fee for services in paying hospitals? In addition, it would be very useful to see the impact of ageing population. The ageing population would be a major problem facing NHSO in the long run, when the retired Social Security workers are no longer protected by the Social Health Insurance, they are automatically transferred to be covered by UC scheme. This results in an increasing proportion of ageing members in the UC Scheme, especially when the formal employment grew, more young adults members would be transferred from UC scheme to the SHI. This is a systematic “Cream Skimming”
- There is a need for better understanding on the cost pressure, for example changes in ageing and case-mix (which is the different side of the coin) from chronic non-communicable diseases that requires life time long term expensive treatment would put heavy strains on the healthcare costs. The pressure on cost would be a result of increase in utilization, unit cost and intensity of services provided.
- Evidence indicates that the services quantity is not much a problem, as database from hospitals and national representative household survey, notably Health and Welfare Survey (HWS) and Socio-Economic Survey (SES) conducted by the National Statistical Office are adequate as data input for the modeling. However, the cost of services by different level of care, and breakdown by labour and non-labour operating would be more difficult. This requires priority attention to improve database on cost of services.
- There is a need to improve the measurement and strengthening the existing database as a strong foundation in modeling.
- There is some progresses made by CSMBS, for example the development and maintenance of beneficiary registry, the payment reform for inpatient with the application of individual hospital base rate for payment per relative weight. This was criticized that it would widen the inequity gap.
- A few missing target populations are the state enterprise and their dependants and the local government officials such as municipalities who were covered by the employer. This can be piggybacking with the CSMBS registry and payment reform.

## CONCLUSION

Based on discussion from Session 8, the conductor concluded the following:

The policy objectives of healthcare financing modeling are

1. Capacity building and sustaining capacity in modeling in the 3 public insurance schemes. This includes improvement of national database, measurement and coordination.
2. Short term regular modeling to serve the administrative objectives of capitation estimations by the insurance schemes. At the same time, there is a need for long term modeling, by taking into account different policy choices.
3. A better understanding on the cost pressure, such as that from ageing members, changes in casemix.

Role and responsibility by ILO and Thai team: it is concluded that Wolfgang and his partners would take the lead on modeling of healthcare financing, by working closely with the 3 public insurance schemes. On the non-scheme expenditure, IHPP will contribute to the estimate of household out of pocket payment, though methodology is not clear yet, and further consultation is required.

Role and responsibility by the World Bank and IHPP under CDP-Health: it is concluded that the CDP-H would not duplicate the efforts provided by ILO and the Thai Team. However, the CDP-Health is expected to provide better understanding on the cost pressure, and the fiscal spaces.

Role and responsibility by HISRO: It is concluded that Samrit Srithamrongsawat, director of HISRO would be responsible more on the clinical outcome variation as a results of cost variation and payment methods across 3 public insurance schemes, and efforts towards the harmonization and minimize the gap of inequity across the 3 public insurance schemes.