

Summary from Health Financing and Planning Technical Working Group 2024



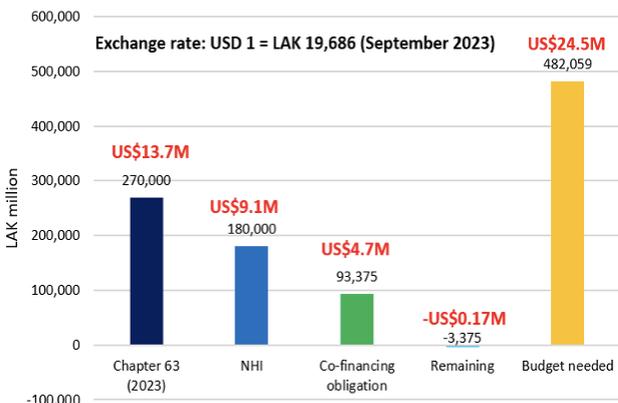
1. Progress (including good examples in the box below)

- ODA management guidelines for the Health Sector were being finalized. Most participants in the TWG meeting on 28 August 2024 agreed on the ODA Management Guidelines and proposed to the MOH Steering Committee to approve and disseminate.
- The health sector focused on close coordination with related sectors at the central and sub-national levels, among south-south cooperation, social organizations and development partners; the health sector receives financial support and technical assistance. These provided enabling conditions for the health sector to implement the MOH’s priority interventions.
- There is some progress made in the implementation of the National Health Insurance (NHI) scheme. Using the social registry, the NHI membership card for the poor was issued in Xayabouly province in March 2024 and extended to all provinces by August 2024. The NHI Law revision made progress including establishing the Steering Committee on 3 Mar 2023 and consultation meetings with central and provincial levels; there will be high-level meetings on the final draft of the revised NHI Law in the coming months, aiming to be finalized by mid-2025.

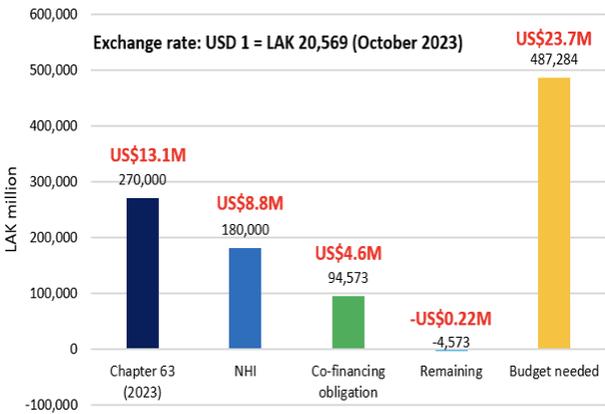
2. Challenges

- Inadequate government budget for the health sector and limited fiscal space for health under the current economic crisis with high inflation rate and kip depreciation have been a challenge to improve infrastructure, purchase medicines and medical products, implement the national health insurance scheme, and implement strategic health interventions, and improve the quality of health care and service delivery. Health taxes and the hospital autonomy strategy with accountable mechanisms to protect the poor have been considered to mobilize more domestic resources for health.

The budget allocation of Chapter 63, 2023



The budget allocation of Chapter 63, 2024



Source: Presentation from the Department of Planning and Finance, Ministry of Health at Health Financing Technical Working Group meeting on 14 February and 12 October 2023.

- The country currently faces more challenges in the context of donor transition (e.g., Gavi from 2026 and Global Fund without exact transition timelines identified), requiring a much higher level of domestic funding for health and strategic engagement with donors, esp. co-financing requirements. Sustaining contributions to fulfil co-financing requirements in USD is challenging. Existing 2023 budget allocations – in Lao Kip – for vaccines, medicines and test kits have continued to depreciate against USD. The cost in Lao Kip has increased 30%.
- Financial management for timely disbursement and execution has not been effective and efficient. Therefore, the delayed health insurance reimbursement to health facilities has affected service delivery, especially at sub-national levels.

3. Priorities

- Improve sustainable health financing for preparing for a smooth donor transition (particularly Gavi transition from 2026) to achieve universal health coverage and other Sustainable Development Goals, requiring strategic engagement with development partners.
- Strengthen the financial sustainability of NHI scheme by increasing domestic government budget for health and NHI reforms ensuring faster reimbursement to health facilities through moving towards a semi-autonomous agency of NHIB with reserve fund.
- Finalize a draft 10th Health Sector Development Plan 2026-2030 including a set of indicators with enhanced TWG mechanism for joint planning, implementation and monitoring with development partners in the health sector.

4. Gaps in support

- Increase the government budget allocation for NHI scheme and conduct the reform of it through the revision of the NHI Law and relevant regulations/policies to improve the sustainability of it.
- Address the renewal of the Investment License Agreement (ILA) by the end of 2024 to enable the enforcement of the health tax increase according to the Tax Law and relevant regulations; support MOH and relevant ministries (e.g., MOF) in strengthening alcohol and sugar-sweetened beverages taxes in the coming years.

Box. Good examples of progress in health financing and planning TWG

1. Tobacco tax issues

Health taxes can generate much-needed revenue for national development priorities, and health benefits, with tobacco taking almost 7000 lives per year in Lao PDR. For tobacco tax especially, the Government has until 31 December 2024 to negotiate any amendments to ILA and should notify Lao Tobacco Limited of any modification or non-renewal as soon as possible. Based on the PMO's advice, the Ministry of Planning and Investment set up a working group with MOH, MPI, MOF, MOJ, and other relevant ministries to address ILA issues in late June 2024. With support from WHO, UNDP, UNRCO, World Bank, and SEATCA, the first meeting between ILA working group and the law firm for initial level analysis was held in late August 2024.

2. Issuance of the NHI membership card for the poor

There are ongoing efforts by NHIB/MOH to identify the poor using social registry under the Ministry of Agriculture and Forestry (MOAF), which NHIB can use for the copayment exemption policies for the poor. Using the social registry, the NHI membership card for the poor was issued in Xayabouly province in March 2024 and extended to all provinces by August 2024. MOU between MOH and MOAF for the social registry should be established to create a formal mechanism for the list of the poor and update it regularly.