
- article reviews health-financing reforms in seven countries in southeast Asia that have sought to reduce dependence on out-of-pocket payments, increase pooled health finance, and expand service use as steps towards universal coverage
- Laos and Cambodia have mostly relied on donor-supported health equity funds to reach the poor; reliable funding and appropriate identification of the eligible poor are major challenges
- Thailand, the Philippines, Indonesia, and Vietnam use social health insurance financed by payroll tax for formal sector employees
- alternative payment methods have implications for provider behavior and financial protection
- two approaches for financial protection of the non-poor outside the formal sector: contributory arrangements and tax-financed schemes
- fiscal space and mobilization of payroll contributions are important in accelerating financial protection
- expanding coverage of good-quality services and ensuring adequate human resources are important for universal coverage
- institutional capacity to generate evidence and inform policy is essential
- development of universal health coverage policy needs to look at coverage and financing for specific population groups: formal sector employees, the poor and vulnerable, informal sector employees, the rest of the population
• formal sector employees can get financial protection through payroll-financed social health insurance or tax-funded arrangements

• the poor and vulnerable need highly subsidized arrangements from the general budget

• informal sector employees remain a challenge; there is a mix of contributory arrangements (Philippines and Vietnam) and tax funding (Thailand)

• efforts are needed for adequate financial risk protection and appropriate mix of provider payments methods

• progress on three areas is needed:
  – extension of population coverage of health insurance schemes or other forms of prepayment (breadth)
  – specification of which types of services should be provided and ensuring their availability and quality (depth)
  – improving financial risk protection (height)

• key dilemma in resource-poor settings: provision of high level of service and financial protection for a small group of the population vs extension of high level of population coverage with restricted services and financial protection

• seven countries with varying levels of income and coverage
  – two low-income countries with low coverage (Laos and Cambodia)
  – three middle-income countries with more than 50% coverage and policies for universal coverage (Indonesia, the Philippines, and Vietnam)
  – two middle-income countries with universal coverage (Malaysia and Thailand)

• variation in fiscal space and poverty incidence, at the bottom end Laos and Cambodia need donor funding to support access for the poor

• private health expenditure has a dominant role in financing healthcare

• little government budget is allocated to healthcare

• low coverage in Laos and Cambodia; medium coverage in Indonesia and Vietnam; high coverage in Thailand, the Philippines, and Malaysia

• large uninsured population and high out-of-pocket expenditures put uninsured people at risk of impoverishment or forfeiting care
• two common financing approaches: social health insurance for formal sector employees and general tax finance for the poor and vulnerable

• coverage of the informal sector is a major challenge ("squeezing the middle")