

Iranian Health Financing System: Challenges and Opportunities

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Abstract: Health financing system in our country does not obey any scientific and defined pattern and different governmental, private and charity sectors participate in this system. In this study Iranian health financing system is investigated as well as its existing challenges and opportunities from experts' points of view. This study has been conducted in a qualitative method and Delphi technique has been used to provide a group of health system, budgeting, finance and insurance experts' views in two rounds. Consensus was obtained after a level of 70% agreement on each question. The most important opportunities based on consensus of participants' views on health system financing have been provided using two-round Delphi in three main dimensions as follows: Dimension of legal and policy making opportunities, dimension of organizational capacities opportunities and dimension of process opportunities. In addition, the most significant challenges based on consensus of participants' views on health system financing have been provided in nine main dimensions as follows: policy, credit, injustice, inefficiency and ineffectiveness, inappropriate allocation, financing, insurance, economic and executive challenges. In order to eliminate challenges and improve opportunities of health sector financing in Iran, the present experts have suggested the intersectoral and extrasectoral interventions as a necessary point that can help accessing more equitable health financing system in the near future.

Key words: Financing • Health System • Challenge • Opportunity

INTRODUCTION

Health is an absolute right belongs to whole society and health care sector is one of the most significant service sector and its indices are considered as one of the main criteria for any country development and social welfare. Therefore, imperative matter of funds allocation for health care system must be fundamentally revised and the funds growth of services should be proportionally accompanied with national income increasement as well as other socio-economic sectors growth [1].

Meanwhile, healthcare service costs have increased rapidly in the world due to extensive developments in medical sciences and technology, rate of population

growth, lifestyle and consumption pattern change, increase access to healthcare services and appearance of emerging and reemerging diseases [2]. Accordingly, healthcare services financing in order to compensate growing costs of these services is one of the most important issues in the field of health economics. On the other hand, due to high cost of healthcare system infrastructures such as education and training expert human resources, medical equipment, healthcare facilities and physical space, limited resources in the country should be distributed in healthcare according to principles of economics, accurate and academic planning and base on need and reasonable evidence [3].

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However, despite of the importance of public finance for healthcare, this method in low income countries due to low tax rates often limits public financing to the extent that the average national income tax in developing countries and high income countries were 18% and 48% respectively. In low income countries, tax funds often finance 40% -50 % of total healthcare costs and social insurances cover 10% - 15% of the expending whereas out of pocket payments constitute 40% - 50% of health financing [4].

An efficient financing system in healthcare sector aims to provide sufficient resources for public access to public health and personal healthcare so that every individual in the society could afford the costs of received services without economic pressure. Despite governments and international organizations efforts, the basic health needs of many people in the world are still unmet [5]. Nowadays most of countries are trying to improve health systems and meet the needs especially in politically and socially sensitive situations and rapid economic developments and health financing system plays role as a pillar in order to achieve short term, medium term and long term health objectives and improve health systems [6]. There are different ways of resources supply and collection. The method of financing which a country opts depends on the history, culture, existing organizational entities and determined objectives [7]. Though in recent years Iran health system has faces lots of developments, extent of country, uneven distribution of population, cultural diversity and different climatic conditions have been the affecting factors in inequality and different people access to healthcare [8].

Health financing system in the country does not obey any scientific and defined pattern and different governmental, private and charity sectors participate in this system. In this regard, the role of governmental and private sectors in most cases is more important because insurance premiums, investments, government subsidies and private investment income are the main ways to finance healthcare that make the overall legal status of government very powerful in decision making, however, influence of dynamics of private sector makes it unstable.

According to what was said, in this study Iran health financing system is investigated as well as its existing challenges and opportunities from experts' points of view.

MATERIALS AND METHODS

This study was conducted in a qualitative method and applying Delphi technique. Delphi technique is a structured process for distilling and collecting informed

judgments from a group of experts on a subject or question [9], regardless of objectives all methods of Delphi hold a number of characteristics in common that is also true in this study:

- All Delphis use panel of experts for collecting data: Experts on healthcare system, health budgeting and finance, health policy and health insurance, participated in this study Delphi panel.
- All Delphis are conducted in writing: In this study a designed checklist was used in order to obtain mentioned experts' opinions on the most important challenges and opportunities in healthcare system finance.
- All Delphis systematically attempt to produce a consensus of opinion: In this study Delphi process was stopped after achievement of consensus at a level of 70% agreement.
- All Delphis guarantee the anonymity of the experts: In all steps of data collection and analysis Delphi participants' name and specifications were preserved.
- All Delphis use iteration and controlled feedback to converge on consensus or divergence: In this regard, the study participants were allowed to revise their opinions and evaluation all the opinions after reading colleagues' opinions.

A process was executed in order to apply Delphi technique in the study as follows:

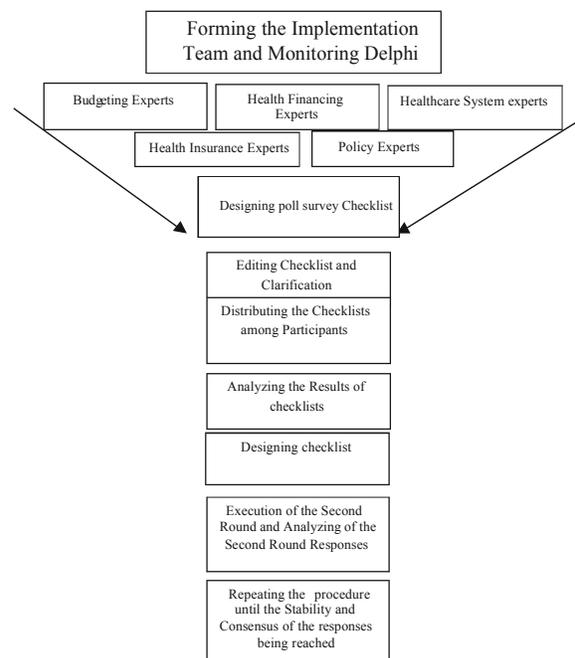


Fig. 1: Steps of Delphi Method

It was intended to omit ambiguous in the questions if possible in order to increase strengths and robustness of the results and enough time was devoted to every sessions in order to possible discuss and review the opinions. Meanwhile, Delphi panels consisted of leading experts in the mentioned fields of the study in order to achieve most reliable consensus to the extent that every Delphi round was hold with the presence of 15 mentioned experts. A one hour orientation session was also hold before the official start of sessions in order to reach

agreement on key words and create a common language between experts that helped to facilitate and accelerate the affair process in the sessions.

RESULTS

Findings from the study in two separate parts as opportunities and challenges in healthcare system financing were agreed by the participants as follows:

Table 1: Experts consensus-based dimensions and sub dimensions as the most important opportunities in healthcare system financing

Dimensions of opportunities	Experts consensus-based subdimensions
Legal and policy making dimension	Principles 3, 29 and 43 of Iranian constitution concerning healthcare financing through government, insurance and public contribution. The existence of legal system and structure for setting tariff Public health insurance the existence of legal backing for the entities autonomy. Multiple legal backings for establishing book. Civil Service Management Code Law of fourth and fifth development plan concerning article 20 of the law of fifth development plan concerning universities autonomy. The constitution frequent emphasis concerning public access to healthcare services. Legal backing for establishing public health insurance Board of trustees law and finance and trade regulations. Tax and trade laws with laissez-faire approach Fifth plan policy objective concerning reduction population share of health expenses (premiums and out of pocket payments) to 30% through quantitative and qualitative development of health insurances Policies of Article 44 concerning public-private partnerships and cooperative development. Legal development of network of donors and public contributions Emphasis on Healthy people-centered approach to sustainable development in macro policies. Development family medicine plan in all urban and rural areas. Target orientation of subsidies
Organizational capacities dimension	Existence of experienced insurer organizations in healthcare sector. The existence of supreme council of health and its provincial working groups. Government commitment to solve problems of deprived people. Establishment of independent units in terms of cost. Sufficient human resources. Having NHA information of last 10 years. Existence of internal and external auditors in universities and standard financial reports.
Process dimension	Sufficient accuracy for recording financial information. Low health costs in compare with world tariffs . Proportional Social Security Fund premiums with salary. Insurance coverage of more than 90% population.

Table 2: Experts consensus-based dimensions and sub dimensions as the most important challenges in healthcare system financing

Dimensions of challenges	Experts consensus-based subdimensions
Political challenges	The economic policy makers have applied the mechanisms of laissez-faire in health sector inappropriately and unfortunately it has resulted in government share reduction in health financing rather than utilizing the power of the private sector in the provision of health services. Policy makers' excessive reliance on mechanisms efficiency of laissez-faire in health sector. Reduce the role of government in financing its sovereign duties such as health, public education, housing and public transportation. Failure to adhere to macroeconomic policies in health sector concerning priority of health among other policies by department policy-makers of distribution of public resources. Limitation of the possibility of quality control of payment-for-service system (payment system control is based on inspecting, not performance evaluation). The low share of primary health care of health care expenses (about 7%) in compare with world standards.
Credit challenges	Gradual decline in the share of health sector of social affairs category funds slightly low government share of health sector expenses. The mismatch between public funds and the volume of current and required activities. Reduction of health programs funds in the last ten years such as family adjustment, mother and child care, environmental and occupational health programs, despite declaration of policy of "health priority over treatment". Budget line allocation for the same programs to multiple systems (likely because of parallel and overlapping tasks between systems).
Injustice	Lack of horizontal and vertical justice in the health insurance coverage of population, service and financial issues. Health share unfair distribution of public/state funds of health sector. Unfair population participation in financing. Severe unfairness in employees payment system within and between the various executive systems and costly payment system. Unfair tariffs between various medical specialties. Catastrophic index of 3% in Iran (the acceptable word level is below 1%).

Table 2: Continued

Inefficiency and Ineffectiveness	Ineffective mechanisms of funds attraction and allocation in health sector. Ineffective mechanism and process of setting and receiving insurance premium per capita. Ineffective direction of resources toward the groups with the greatest health needs. Incompetence in insurer organizations in the timely payment of insurance claims and at the same time unjust order of reimbursement of health care services units' claims by insurances. Poor technical efficiency despite spending more than developed countries in second and third levels of health care services system for inpatient services (about 57%) inefficient systems of monitoring and handling complaints and financial abuse by providers in health sector.
Inappropriate allocation	Allocation and distribution path of health financial resources is complex, fragmented and uncoordinated (public and private paths).
Financing challenges	The existence of unclear and informal direct payments parallel to formal direct payments by the population (insurance premium and out of pocket). Uncertain mechanism for premium collection from villagers and self employed persons. Reduction of the role of social insurances in financing imposed costs to health sector. Affluent and high income groups are covered by private insurances and make small financial contributions (while receiving services). Increase direct payments by population for the benefit of health, especially among rural and female-headed households, families with more than 65 year member and 5-person households and more. Low income groups spend most of their direct payment on the medicines while high income groups spend more share on elective services such as dentistry services.
Insurances challenges	The insurance system is disease oriented (lack of health oriented insurances). Inappropriate definition and obligations range of basic and supplemental health insurance. Failure to comply with scientific frameworks and efficient mechanism in service pricing. Scattering risk pooling and resources accumulation funds in current situation. Not being part of the population covered by health insurance. Lack of comprehensiveness of insurance coverage in terms of payments. Not real per capita health care insurance and tariffs. The existence of multiple and discrete insurance funds. Unlike the Social Security Organization in which premium is percentage of workers' salary (30%), premium in Health Care Insurance Organization is a fixed amount in some cases such as self-employed insurance and of rich and poor alike to be received. High level of social security premium in Iran (30%) according to regional and international norms (15%) that results in increase the cost of goods and services production and reduce the willingness of the private sector to create jobs. Poor compliance with insurance philosophy concerning pooling and sharing the risk of poor to rich and patient to healthy. Launching health insurance organization. Lack of sufficient guarantee of government's share fulfillment in insurance financing.
Economic challenges	Disproportion between growth of goods and services prices in health sector and other sectors. Disproportion between inflation rate and health sector funds in the society.
Executive challenges	Contradictory statistics for the population without health insurance coverage (10-26 percent). Decentralized and uncoordinated decision making system in health system financing. Disproportion between responsibility and authority of main players in health system financing. Weakness of the media in culture building and inefficient supervision over the manner of logical financial interaction between patient and service provider. Inappropriate and costly advertisement of specialized health services in national media and other audio and video and digital media. Intervention of other organizations in health system financing and funds distribution. Lack of compensation from other sectors and development agents for damage to health sector. Lack of integrity and inconsistency in health care system. Low skilled human resources in order to activities implementation, decision making, policy making/ governance and optimal management in health financing. Purchasing service from the private sector by the governmental agencies at manifold rate of approved tariff (rising inequality and separation of governance from people).

The Most important opportunities in order to finance healthcare system based on the participants' opinion consensus during two Delphi rounds were presented in three main dimensions as follows:

- Dimension of Legal and policy making opportunities
- Dimension of Organizational capacities
- Dimension of Process opportunities

Accordingly, the most important challenges in order to finance healthcare system based on the participants

opinion consensus during two Delphi rounds were presented in nine main dimensions in Table 2 as follows:

DISCUSSION AND CONCLUSION

The studies suggested that Iran government play the most prominent role in health sector financing. The government commitments include at least 10% of social security funding, playing employer role in state employee insurance and armed forces insurance, payment of almost the entire cost in rural insurance and urban inpatient

insurance, payment of 70 to 100 percent of the resources in certain classes insurance, payment of a portion of health insurance premiums in Emdad Committee health insurance and direct payment of budget to governmental centers of providing services [10]. However, despite the high insurance coverage, the insurance organizations have no fundamental role in pooling and managing health sector resources. Since there is no apparently particular policy concerning selecting combination of interventions in the way of health sector financing, the services providers play a special role in selecting interventions due to their impact of determination of policies and resources [11]. Hence in the event of loss of resources, the insurer organizations are asked for or provide a lower level of services quality and this vicious circle eventually results in weakening the insurance role in Iran that in turn is a factor toward reduction of fair contribution in health sector financing [12].

On the other hand, World Health Organization in 2000 ranked Iran 93rd and 112th among 191 countries of the world, respectively, in terms of health status and equity in health financing [13]. Moreover, the World Health Organization report in 2006 suggested that 50 percent of health spending at that time and across the country, is paid out of pocket [14].

In this regard and in order to eliminate challenges and improve opportunities of health sector financing in Iran, the present experts have suggested the intersectoral and extrasectoral interventions as a necessary point that can help accessing more equitable health financing system in the near future. Respective interventions can include health market adjustment and control, efficient regulation, payment system reform for service providers, physicians and institutions from fee-for-service approach to pay-for-performance approach, increase the Ministry of Health stewardship, create prerequisites and reform of systems of rationing, family medicine, referral and health insurance, private sector participation, reduction the tenure of the government, separation between finance, provision and control functions, separation this multiple responsibility from the Ministry of Health and Social Security Organization, reform management information system, create an integrated system by the use of total cost of services in tariffs calculation rather than per capita or budget system and so on that the details of that requires a separate investigation.

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