Impacts of Vietnam's Health Care System Reform on Efficiency and Equity of Health Care Services

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In the period of centrally planned economy in Vietnam during 1975-1985, health care services were provided free or highly subsidized by public health sector. However, hospitals were under-financed so health care services were free but inefficient and in low quality. In 1989, the Ministry of Health introduced a reform in the health sector, which included legalization of private businesses in pharmacies and clinics as well as applying fees on public services and drug prices. Financial burden on the poor is the critical concern. The 1993 Health Insurance Schemes and other policies were expected to improve the equity and efficiency of the health care system but did not gained much benefit yet, mainly because of bad management. Therefore, the major objectives of this paper are three folds. First, we review the consequences of economic transition and health care reform literature. Second, we discuss the achievements and failures of health care policies. And finally, we investigate the national strategy for the health sector in the context of sustainable development.

1. Consequences of economic transition and reform in health care services

The transition from centrally planned economy to market-driven economy was accelerated after the 6th Party Congress introduced the so-called *doi moi* policy in 1986. The economic reform has achieved great successes since then; however, Vietnam also suffered three negative impacts of economic transition including high inflation, declining in state control over resources, and increasing gap between the rich and the poor (Sepehri et al, 2004). When public health sector was under-funded, public health services were deteriorated and ethical issues in health care, which were unsolved became more severe. Rich patients need higher quality services while poor patients have to wait in a long queue for careless treatments. The two main problems are poor public investment and inefficient distribution of health services. In 1989, Ministry of Health (MOH) introduced the major reform in health sector included liberalization of the pharmaceutical industry and health services, and applying user charges on health services in public health centers (Segall, et al, 2002). The reform creates the mix public-private health system so people have a wider of choice of health care and releases the burden of public health care system. The pay-for-fee basis leads to discrimination between a rich patient and a poor one on the ability to pay. Low salaries have made health staffs perform their duties without full responsibilities. Some health staffs have collusion with private clinics or have their own "out of office hours" clinics. Patients have to transfer from public hospitals to these clinics for "better" treatments. According to Adams (2005), Vietnam achieved several impressive achievements in health care but also suffered serious problems including low public expenditure on health sector and health care costs borne by households with cash payment basis. Hospital charges, together unofficial payments are a financial burden to the poor and limit their access to health services.

2. Achievements and failures of health care system

a. Health insurance (HI)

HI, introduced in 1993, is expected to give more benefits to patients, especially the poor ones because it releases patients' financial burden, creates additional revenues for health care sector, and distributes the financial burden among population. However, HI card- holders are discriminated by health staffs because not all of drugs and treatments are accepted, the total values of prescriptions are limited, and administration procedures are complicated. As a result, some patients do not use HI cards for better treatment. In addition, the Health Insurance Association seems to be irresponsible in using the premiums collected from card- holders. Almost VND2 trillion (US$127 million) of the premiums remained unused in 2003 while many hospitals and clinics remained in need of upgrades VNS (2005). Disadvantages and discrimination related to HI hold back the developing of voluntary HI.

b. Drug price control

Foreign-invested enterprises contribute over 60% of total prescription drugs available in Vietnam while related regulations are unclear. These enterprises have a monopoly power to set up high prices so drug prices increase significantly over years. Other reasons of high drug prices in Vietnam are the illegal commissions paid to doctors from distributors, and inefficient distribution chains. To control drug prices, MOH issues the remarkable policy that prevents foreign drug companies from raising drug prices without permissions from MOH (VNS, 2005). However, drug prices in Vietnam are still high as compared with the purchasing power of working-class citizens.

c. Health care seeking patterns

According to Khe (2004, p.44), self-treatment is the first choice of many patients, it accounts for 50.7% of health care actions taken, and 93% of drug vendors sell medicine without prescription (Tu et al, 2004). Some doctors receive commissions from pharmacies so they only give prescriptions with the medicines sold by those pharmacies (Khe, 2004, p.44). This situation leads to waste of money and increases the problem of antibiotic resistible microorganisms. Overload of public hospitals, lack of knowledge, financial burden, and deterioration of work ethics also make wrong health seeking patterns of both doctors and patients more serious.

d. Health care for the poor

Poor people are those most suffered illness, they found that 20% of population at the poorest level has to pay 23% of their expenditures for health care services, while the fund of Health Insurance for Poor People is not enough to provide health insurance cards to all poor people (Tu et al, 2004). There is a "medical poverty trap": because of financial difficulties, poor people delay treatment until their illness become so severe that they have to seek for health care at the higher level of the health system, which is more expensive. There is a vicious circle: poverty breeds ill- health, ill-health maintains poverty (Khe, 2004). The two main obstacles in providing free health care services to the poor are the shortage of fund for the Health Insurance for Poor People and the failure of the commune health centers to provide essential health services because of the lack of both equipments and staff.

e. Sex education and abortion

In Vietnam, sex education is still a controversial topic. Some specialists in educational sector resist sex education in high schools. Without proper knowledge, they easily suffered from pregnancy and sexual transmission diseases. In recent years, sex education is included in education programs. However, according to Pastoetter (2005), much of opposition to sex education comes from teachers, who are reportedly too embarrassed to discuss intimated sexual matters with their students.

Abortion rate of Vietnam is one of the highest rates worldwide. It is estimated that the number of abortion cases is over 1 million per year (Johnson, 2004), and 86% of these women used public health services for undertaking an induced abortion, while the others used private services (Dzung, 2001). Unmarried women often chose private services because of their confidentiality. Approximately 5% of the maternal deaths were attributed to induced abortion at home, performed by a non-medical person (WHO, 1999). Abortion has many side effects on physical and mental health of women. Therefore, sex education helps prevent both unwanted pregnancy and sexual transmission diseases.

f. Strategy for people's health care and protection 2001-2010

According to Minister of Health Do Nguyen Phuong, the main goal of Vietnam health policy is to develop the primary health care system towards the efficiency and equity orientation (Phuong, 2000). Funds for developing health care system are from three sources: (1) government budget, (2) private financing (user fees, health insurances premiums, payments for drugs), (3) foreign aid (grants, loans). The state budget is only US$ 8 per capita so the health care system must depend on other sources for developing through socialization process. In the social point of view, the primary healthcare has biggest rate of return because it creates more benefits with lowest cost. Vice Minister of Health Nguyen Thanh Truyen also emphasizes the main objectives of health policy is that every citizen can benefit from primary health care and have access and utilization of good quality services. Truyen (2000) and Phuong (2000) mentioned the equity in health care is that people can access health care and special care should be given to veterans, children, the old, disabled, and poor people.

Vietnam's health care system has been achieving some initial successes in free healthcare for children under six, HIV/AIDS patients, and other national programs aiming to help improve the health of elderly people, women, the disabled, and people in rural and remote areas; some of them are funded by State budget, others by foreign aids.

3. Conclusions and recommendations

MOH has tried their best to maintain the dominance roles of public health sector in order to provide essential health care services for people, especially poor people with limited income. With the additional resources from private and foreign sector, the overall efficiency of health care services is improved. However, health care centers at commune and district levels are not well invested so the hospitals in upper levels are overload. Health insurance has provided to a small proportion of population and its fund is not well managed. As a result, most of poor people can't get access to quality health services because of financial burden. Legal system related in health care services is inadequate and unstable, bribery in public health services, monopoly of foreign invested enterprises are the main causes of many ethical issues in health care sector. The health care system should be continuously reformed in three aspects.

First, public health services should be improved to take the key roles in primary health care including health protection and diseases prevention as well as other essential care and treatment. Commune health centers must be upgraded and incentives must be offered to doctors working in these clinics.

Second, universal health insurance must be developed. It requires eliminating discrimination against HI card- holders and more campaigns. If the remained problems are unsolved, the voluntary health insurance scheme can not attract more people.

Finally, laws and regulations related to health care must be investigated and supplemented to encompass all aspects of health sector. Professional ethics in health care services should be beefed up and included in the legal system as well as codes of ethics of hospital and health care centers. ■

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