

MEASURES FOR EQUITABLE AND EFFECTIVE UTILIZATION OF HEALTH CARE RESOURCES

by MECon. ĐÀNG MINH HIỂN

The Resolution of the Party Central Committee's fourth plenum has laid down targets for the country's health sector: "...decreasing illness, better health, increasing life expectancy, and stronger race".

Health economics researchers over the world

have introduced rather similar concepts about the efficiency and equitability in health financial administration as follows:

Efficiency: evaluated by comparing the values of resources invested with the results of providing health services in regard to fulfilling planned targets with

reasonable costs and minimum wastes.

Equitability: indicated by equal supply of health services (within limited costs) to the persons suffering the same level of malady. In other words, those requiring more health care will be more satisfied. However, equitability does not mean

egalitarianism, similar quality of health service for those with different levels of sickness. Equitability also includes priority or more care given to the disadvantaged in the society.

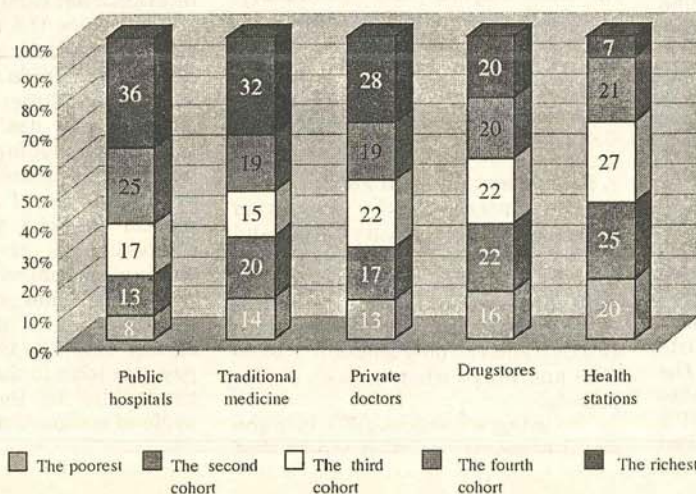
To reach the equitability and efficiency in health care is really a tough problem to all countries worldwide, especially when the resources for health care are inadequate as in Vietnam.

Table 1: Total public expenditures (including hospital charges and health insurance)

Year	Treatment (%)	Prevention (%)	Family planning (%)	Other	Total (%)
1991	70.55	11.29	3.52	14.64	100.00
1992	70.12	19.02	4.39	6.48	100.00
1993	73.85	13.02	5.76	7.37	100.00
1994	65.59	18.37	8.90	7.13	100.00
1995	66.22	14.88	8.10	10.80	100.00
1996	65.82	17.30	7.90	8.99	100.00

Source: Ministry of Finance

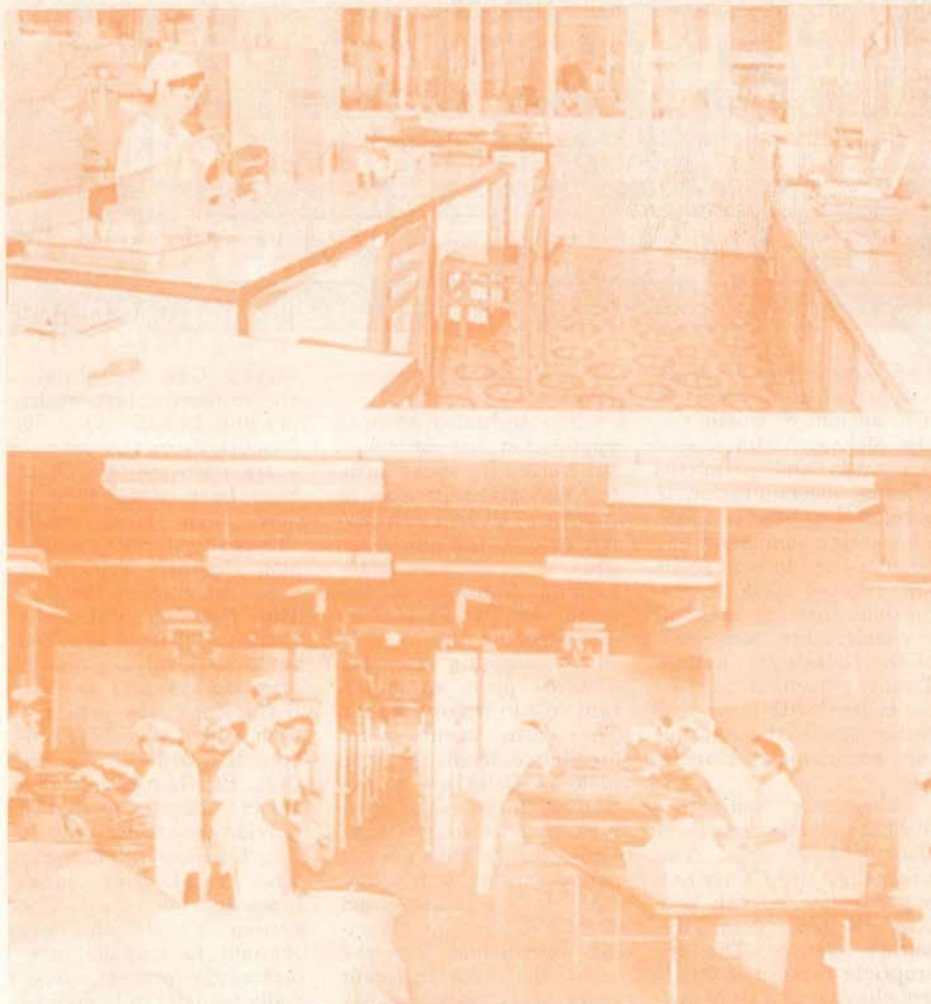
Figure 1: Percentage of using health services by cohort



1. Facts of using health care resources

What is the efficiency of public expenditures in the Vietnamese health sector as compared to selected countries? The more the government spends on public health, the higher the people's life expectancy. A research unveils there are close relations between life expectancy and per capita public expenditure on health in medium and low income earning countries over the world. Vietnam is almost on the regression line in the analysis. This shows Vietnam has correspondence between life expectancy and public spending on health care. Nevertheless, some countries lie above the regression line. Therefore, Vietnam may improve its efficiency in public expenditures on health by changing its policies and reallocating budget but not requiring huge funds for health care.

The structure of public spending on health: based on resource and functions (disease treatment, prevention and family planning). Expenditures on dis-



ease prevention include funds for programs preventing contagious diseases and training physicians for mountainous villages. Budget for disease treatment is mainly given to hospitals, health centers and stations. Table 1 indicates the spending on treatment is much higher than that on prevention.

In addition the survey on the access to public services shows it is not equitable and the cost of public health services is not reasonable, especially in public hospitals in big cities. These hospitals are installed with modern facilities and equipment funded by the Government but the charge is only a part of service fee (if sufficiently calculated in accordance

with the market mechanism). Nevertheless, this is also good progress of the health sector in the course of modernizing its medical technologies to keep up with regional countries. This hospital charge is rather high for the poor but very low for the rich when they are provided with the same health service.

2. Solutions

From the analysis of Table 1 and Figure 1, we would like to suggest the following solutions:

(1.) Regarding the public expenditures on health based on sources and functions as indicated in Table 1: The allocation is not perfect. The current model of public spending on health remains ineffective because the funds for

disease prevention are much lower than those for treatment. As a result the tasks of disease prevention should be given priority because it brings great benefits to the community. Furthermore the funds will be allocated directly to local health stations where it is easier for the poor to make access to public health services. In regard to disease treatment, individuals may find better treatment in accordance with their financial capacity. The expenditures on disease prevention have good effects on the whole community and reduce the ratio of infected persons, furthermore only state budget can cover these expenses. One of important messages in the health sector is that disease pre-

vention must be the top priority for the public funding due to its great benefits to the society while individuals and the private sector cannot pay for these activities.

(2.) Although the budget priority given to disease treatment is not an extraordinary thing because it is prevailing in other developing countries, such an allocation is both ineffective and unequitable. This spending model is unequitable because most of expenditures on treatment are concentrated on hospitals but surveys in Vietnam reveal most of persons using hospital services are in the cohort of high income earners (Figure 1).

As a result, in addition to increasing more resources for disease prevention, the Government is required to create favorable conditions for making equitable access to public health services. Although in 1993, the Government and the health sector concentrate their efforts on settling health insurance to the poor, the result remains limited if there is no change in the structure of hospital charges. It is suggested that the hospital charge should be the real market price, that is, total costs of implementing a health service, but the payment will depend on the Government's social policy. As such, when public hospitals provide services for the rich, they are able to offset their costs, moreover the state budget allocated to them is not paid for the rich. The equity and efficiency is thus implemented when using public finance in the health sector.

In short, to overcome all difficulties and using public finance equitably and effectively for health care are important tasks of the Vietnam's health sector because its consistent target is to make great efforts to improve the people's health. ■