



ISSN Online 2617 - 5800



**Stratford**  
Peer Reviewed Journals & books

## **Catastrophic Health Expenditure, Insurance Coverage and Household Poverty in Vietnam: A Literature Based Review**

**Hoh Dang & Hoang Nguyen**

**ISSN: 2617-5800**

# Catastrophic Health Expenditure, Insurance Coverage and Household Poverty in Vietnam: A Literature Based Review

<sup>1\*</sup>Hoh Dang & Hoang Nguyen<sup>2</sup>

<sup>1</sup>School of Economics, Vietnam University

<sup>2</sup>School of Economics, Vietnam University

\*Corresponding Author's Email: [hdang@gmail.com](mailto:hdang@gmail.com)

**How to cite this article:** Dang, H. & Nguyen, H. (2019). Catastrophic Health Expenditure, Insurance Coverage and Household Poverty in Vietnam: A Literature Based Review, *Journal of Economics*, Vol. 3(1), 24-31.

## Abstract

In Vietnam, troubles of high out-of-pocket expenses on health, bring about disastrous health and wellness expense as well as resulting impoverishment for prone groups, has actually been at focus in the past years. Since OOP payment can result in impoverishment, it has no risk merging advantages and as a result brings about injustice in health care usage. Home direct out-of-pocket (OOP) health expense as a share of the total health and wellness expenditure has actually been always high, varying from 50% to 70%. The high share of OOP expense has actually been linked to different injustice problems such as disastrous health and wellness expenditure (homes need to decrease their expense on other needs) and impoverishment. The purpose of this study was to undertake an empirical review on catastrophic health expenditure, insurance coverage and household poverty in Vietnam. Literature based review was adopted in this paper. The results showed that there are several problem of economic protection in Vietnam. Lots of households, specifically those coming from deprived teams, encountered catastrophic health expenditure and/or were pushed right into poverty due to health care repayments. It was likewise concluded that economic security influence of the nationwide health insurance schemes was still moderate. Offered the findings, to achieve global insurance coverage via efficient health funding, the federal government of Vietnam should commit to both keeping the state budget for health and wellness and also to increase the protection of health insurance with promoting the execution of the Regulation on Medical Insurance. Significantly, there is a strong demand to reinforce financial defense offered through the medical insurance. Additionally, company payment approaches ought to be reformed as well as administration capability of health insurance mechanism need to be strengthened. There should be continuous health and wellness policy reform must think about making use of WHO-recommended actions like the justness in economic payment index, along with considering the behavior elements of health care investing. Hardship relief plans ought to help in reducing the dependence on OOP to fund health care. Moving toward global health and wellness protection could likewise be a promising option to protect homes from the tragic economic impacts of health care settlements.

**Key words:** *Catastrophic Health Expenditure, Insurance Coverage, Household Poverty, Vietnam*

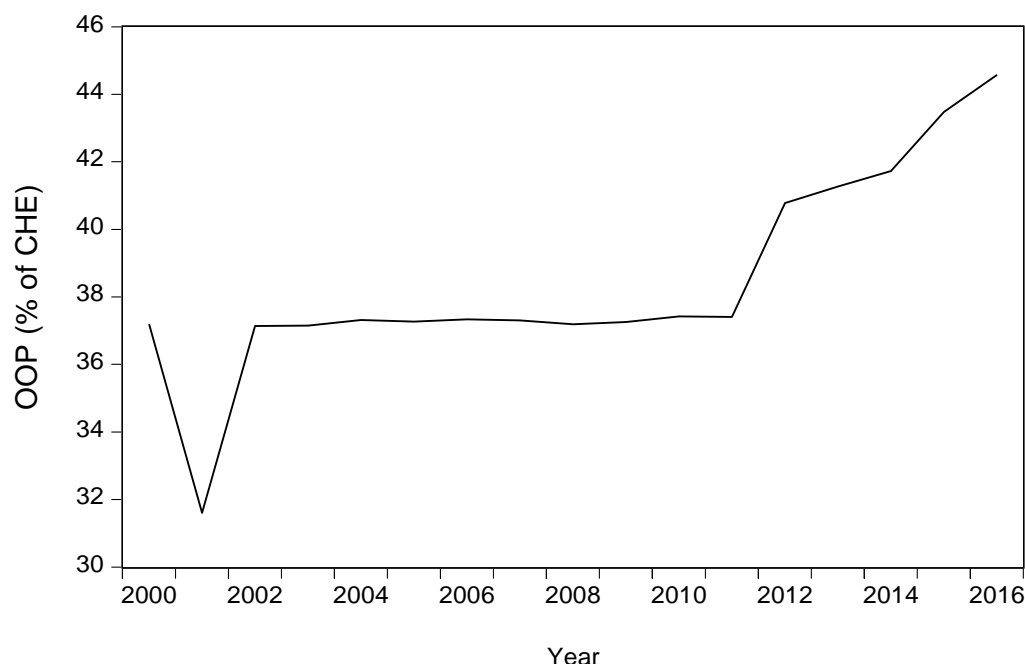
## **1. Introduction**

Out of pocket payments (OOP) describe how an household can be driven into poverty by spending their resources to cover medical bills (Ahmed, Szabo, & Nilsen, 2018). Households from around the world experience catastrophic health and wellness repayments yet people in low-income nations (LICs) are primarily impacted (WHO, 2016). The World Health And Wellness Company (THAT) approximates that internationally over 150 million people sustain tragic health and wellness expense while over 100 million are pushed into hardship due to OOP health settlements (WHO, 2016). Many low- as well as middle-income nations including Vietnam is battling the trouble of destitution. Economic defense ensures that houses do not deal with monetary hardship and also become poverty-stricken while seeking medical care from medical facilities.

In Vietnam, troubles of high OOP expenses on health, resulting to tragic wellness expense as well as resulting impoverishment for prone teams, has gone to focus in the past years (Löfgren, 2014). Given that the starting in 1993, the Government of Vietnam has actually been introducing a collection of medical care policies to raise prepayment in the health and wellness field and also therefore better safeguard the population from the monetary effects of illness (Ahmed, Szabo & Nilsen, 2018).

Most household utilize their savings to cater for helath expenses in Vietnam (Van *et al.*, 2013). Since OOP repayment can cause impoverishment, have significant negative impacts to the quality of life (Khammarnia, Keshtkaran, Kavosi & Hayati, 2014). Hence, excessive expenditure on medical expenses has a direct impact on households' quality of living.

In Vietnam, household's utilization of OOP as a means of meeting medical expenses has been rising and averagely ranging 51% to 73% (Van Minh, Phuong, Saksena, James & Xu, 2013). The greater portion of OOP expenses has been connected to various inequality challenges such as excessive out of pocket expenses on health and level of poverty. Figure 1, shows OOP expenditures measured as current health expenditures in Vietnam.



**Figure 1: Current health expenditures in Vietnam**

**Source: WHO, 2016,**

The rate of expenditure on health and household poverty in Vietnam were lowest in 2001 31.6% but rose in the subsequent years to reach highest in 2016 at 44.6% (World Health Organization, 2016). An analysis by Khan, Ahmed and Evans (2017), out of pocket expenditures on health has been rising in Vietnam since 2000.

Like several other developing nations, Vietnam is currently employing three primary choices to finance national healthcare expense that include nation's budget, insurance premiums as well as direct out-of-pocket repayments by citizens (Van Minh, *et al.*, 2013). Of the health and wellness funding means, government and insurance agencies act a vital role in safeguarding public health and making certain equity in healthcare in Vietnam (Kien, Minh, Ngoc, Phuong, Ngan & Quam, 2017). Current information revealed that state allocate wellness as a portion of the nation's aggregate health budget (without medical insurance) was 10.2% in 2008, as well as had to do with 25% of aggregate health expenditures (Ministry of Health of Vietnam, 2010).

### **Insurance Coverage in Vietnam**

National medical insurance was presented in Vietnam in 1992 as solutions to aid set in motion resources and produce a better means to alleviate the adverse impact of individual charges (Globe Health and wellness Organization, 2011). Officially, Vietnam has two nationwide insurance coverage plans a mandatory system and a volunteer scheme. However, insurance medical cover in Vietnam is still low at 27% (Hoang, Oh, Tran, Tran, Ha, Luu & Nguyen, 2015). And for those household who have subscribed to insurance premiums, continuous payment of annuity has been a problem (Olson, *et al.*, 2016).



The protection of health insurance in Vietnam rose from 17% of the population in 2002 to 60% in 2010. Medical insurance premiums made up 19% of complete wellness expenses in 2009 (Ministry of Health of Viet Nam, 2011). Government of is devoted to attaining universal health cover by 2021 (Ministry of Health of Vietnam & Health Partnership team, 2012). A high occurrence of devastating health and medical expenses and also impoverishment is an indication of an absence of financial defense for houses, which is crucial goal of global wellness coverage (World Health and wellness Organization, 2010). Hence in order to proceed in the direction of the objective of universal protection in Vietnam, it is essential to comprehend the size of devastating expenditure, its hardship impact as well as connected variables.

## **2. Empirical Review**

According to Ahmed, Szabo and Nilsen (2018) both the degree of OOP family healthcare expenditure and also the proportion of families struggling with impoverishment as the result of such settlements were higher in the Mekong Delta region contrasted to rest of Vietnam. Though the arise from the numerous regression analysis revealed that households in the Mekong Delta area were significantly much less likely to deal with CHE, they were dramatically most likely to be ruined as a result of OOP health care expense. Current health expenditure remains high in the region a phenomenon that has driven many household into poverty.

Löfgren (2014) kept in mind contrasting results from cross-sectional studies with a panel research over a complete year in which the participants were interviewed once on a monthly basis, the estimates of disastrous investing differ greatly. The monthly price quotes in the panels study are half as huge as the cross-sectional quotes; the latter additionally having a recall period of one month. Among the senior houses, tragic health costs and impoverishment are located to be issues three times as huge as for the whole population. Most households in Vietnam fund their medical expenses using out of pocket resources that expose them to poverty in case of excessive OOP.

Van *et al.* (2013) carried out a research study on monetary concern of home out-of pocket wellness expense in Viet Nam. It was found that numerous families sustained economic disaster and/or were ruined due to out-of-pocket health repayments. The percents of homes dealing with tragic expense as well as impoverishment stayed high over the time between 2002 and also 2008. Nevertheless, decreases in both catastrophic expenditure as well as impoverishment were observed from 2008 to 2010.

Tran, Tran, Nathan, Ngo, Nguyen, Nguyen and Tran (2019) carried out a study on disastrous health and wellness expenditure of Vietnamese individuals with gallstone conditions-- a case for medical insurance policy revaluation. The occurrence of catastrophic health expense (CHE) in people dealing with GSD was 35%. The proportion of households suffering from GSD and covered by any form of insurance was 41.2%. Percentages of people with and without medical insurance that sought outpatient therapy were 30.6% and 81.6%, specifically. Patients that had some form of insurance were less likely to be driven into poverty compared to the uninsured households.

Nguyen, Khuat, Ma, Pham, Khuat as well as Ruger (2012) embarked on a study on the impact of health costs on house abilities and also source allowance in rural households in Vietnam. The study performed a 2008 survey covering 697 households, on consumption patterns as well as health and wellness treatments for the previous twelve month. Catastrophic health spending has driven many households into poverty in Vietnam.

Xu, Evans, Carrin, Aguilar-Rivera, Musgrove as well as Evans (2017) performed a research, securing households from disastrous health and medical spending. Surveys in eighty-nine countries covering 89 percent of the globe's populace indicate that 150 million individuals around the world endure economic catastrophe each year since they pay for health services. Excessive healthcare expenditure was high, ranging from practically 0 percent in the Czech Republic, Slovakia, as well as the UK to greater than 10 percent in Brazil and also Vietnam.

### **3. Findings**

Results are described based on empirical evidence by different scholars on OOP, insurance coverage and household poverty. According to Ahmed, Szabo and Nilsen (2018) both the level of OOP family medical care expense and the percentage of households struggling with level of poverty in Vietnam. Though the outcome indicated that homes in the Mekong Delta region were significantly less likely to experience CHE, they were substantially most likely to be ruined as a consequence of OOP health care expenditure. Medical cover had significant cushion against catastrophic health expenditures among households in Vietnam. According to Löfgren (2014) many households are driven into poverty because of spending their available resources on medical cover. Insurance uptake among most Vietnamese is low at 27%.

Further, Van Minh, Phuong, Saksena, James as well as Xu (2013) exposed that there were troubles in healthcare financing in Vietnam numerous houses experienced catastrophic health and wellness expenditure and/or were pushed right into destitution due to healthcare payments. The issues were prevalent in time. Catastrophic expenditure and also impoverishment troubles were extra common among the houses that had much more elderly people and also those situated in backwoods. Importantly, the monetary defense aspect of the nationwide health insurance plans was still moderate. It was additionally found that lots of families sustained financial catastrophe and/or were ruined because of out-of-pocket health settlements. According to Tran, Tran, Nathan, Ngo, Nguyen, Nguyen and Tran (2019) prevalence of catastrophic health expenditure (CHE) in patients suffering from Gall Stone Disease was 35%. The percent of people that were covered by medical insurance and in jeopardy for CHE was 41.2%, significantly greater than that of those noninsured (15.8%). Percentages of individuals' insured and uninsured for outpatient treatment were 30.6% and 81.6%, respectively. To conclude, a substantial variety of Vietnamese people with GSD were located to be at risk of CHE, specifically those from reduced income groups. Medical insurance was found to not be able to provide enough protection from CHE for GSD people, as those with medical insurance exhibited higher possibility of experiencing CHE compared to those without.

Nguyen, Khuat, Ma, Pham, Khuat and Ruger (2012) noted that considerable medical expenditures can require households to lower consumption of things required for everyday living as well as long-lasting health, depriving them of the capacity to lead financially stable as well as healthy lives. It was also discovered that compared to houses without inpatient

treatment and also with reduced levels of outpatient therapy, families with inpatient treatment and also greater levels of outpatient therapy reduced financial investments in fundamental capabilities, as shown by reduced consumption of food, education and learning as well as production ways. Xu, Evans, Carrin, Aguilar-Rivera, Musgrove as well as Evans (2017) insurance coverage cushion households from extreme poverty resulting from OOP, ranging from essentially 0 percent in the Czech Republic, Slovakia, and the UK to more than 10 percent in Brazil and Vietnam.

#### **4. Conclusions and Policy Implications**

The impacts of medical care expenditures on intake patterns could well develop or intensify destitution and inadequate health and wellness, specifically for low revenue homes. Excesses Health expenses has driven many households into poverty in Vietnam. Health and wellness plan should reform the OOP system that triggers this economic and social problem. Empirical review suggested that the economic security ability of health insurance plans in Vietnam need to be improved and broadened to reduce impacts of household poverty as a result of excessive OOP. Medical cover can help cushion households from medical care catastrophic expenses.

The Vietnam Household Living Standards Survey rounds and Ministry of Health in Vietnam has been encouraging households to subscribe of medical covers. However, subscriptions of medical insurance covers among Vietnamese have been very low.

The outcome for showed that there are lots of challenges facing medical cover protection in Vietnam. Countless homes, especially those originating from disadvantaged teams, encountered terrible wellness expense and/or were pressed right into destitution because of healthcare settlements. It was similarly finished that financial defense influence of the national health insurance systems was still modest. Basing on the study outcomes, to attain universal defense by means of effective wellness funding, the federal government of Vietnam have to dedicate to both keeping the state allocate wellness and to increase the protection of clinical insurance via advertising the implementation of the Regulations on Medical Insurance Policy. Significantly, the need to strengthen economic safety and security supplied using the health insurance. Much better, agencies in charge of insurance provision need to partner with government to enhance insurance coverage to the people.

The results proposed that endeavors to rethink medical coverage repayment limit, particularly for intense sicknesses and considering the shifting inclinations of individuals with various illness seriousness, ought to be directed by wellbeing authority. There ought to be progressing wellbeing strategy change ought to consider using WHO-suggested measures like the decency in money related commitment record, just as contemplating the conduct parts of medicinal services spending.

Poverty mitigation arrangements should help lessen the dependence on OOP to back social insurance. Pushing toward all inclusive healthcare cover could likewise be a promising choice to shield family units from the disastrous expenditure on medical expenses. Vietnamese Government started universal healthcare programmes which however, face significant challenges like insufficient medical facilities.

## 5. References

- Ahmed, S., Szabo, S., & Nilsen, K. (2018). Catastrophic healthcare expenditure and impoverishment in tropical deltas: evidence from the Mekong Delta region. *International journal for equity in health*, 17(1), 53-66.
- Aregbeshola, B. S., & Khan, S. M. (2018). Out-of-pocket payments, catastrophic health expenditure and poverty among households in Nigeria 2010. *International journal of health policy and management*, 7(9), 798-806.
- Hoang, V. M., Oh, J., Tran, T. A., Tran, T. G. H., Ha, A. D., Luu, N. H., & Nguyen, T. K. P. (2015). Patterns of health expenditures and financial protections in Vietnam 1992-2012. *Journal of Korean medical science*, 30(Suppl 2), S134-S138.
- Khammarnia, M., Keshtkaran, A., Kavosi, Z., & Hayati, R. (2014). The household health spending and impoverishment: findings from the households survey in Shiraz, Iran. *Bangladesh Medical Research Council bulletin*, 40(2), 58-62.
- Khan, J. A., Ahmed, S., & Evans, T. G. (2017). Catastrophic healthcare expenditure and poverty related to out-of-pocket payments for healthcare in Bangladesh—an estimation of financial risk protection of universal health coverage. *Health policy and planning*, 32(8), 1102-1110.
- Kien, V. D., Minh, H. V., Ngoc, N. B., Phuong, T. B., Ngan, T. T., & Quam, M. B. (2017). Inequalities in household catastrophic health expenditure and impoverishment associated with noncommunicable diseases in chi Linh, Hai Duong, Vietnam. *Asia Pacific Journal of Public Health*, 29(5\_suppl), 35S-44S.
- Löfgren, C. (2014). *Catastrophic health expenditure in Vietnam: studies of problems and solutions* (Doctoral dissertation, Umeå universitet).
- Ministry of Health of Viet Nam (2010). Health Care Financing Fact Sheet. Available from: [http://www.wpro.who.int/vietnam/sites/dhs/health\\_financing/](http://www.wpro.who.int/vietnam/sites/dhs/health_financing/).
- Nguyen, K. T., Khuat, O. T. H., Ma, S., Pham, D. C., Khuat, G. T. H., & Ruger, J. P. (2012). Effect of health expenses on household capabilities and resource allocation in a rural commune in Vietnam. *PLoS One*, 7(10).
- Olson, Z., Staples, J. A., Mock, C., Nguyen, N. P., Bachani, A. M., Nugent, R., & Verguet, S. (2016). Helmet regulation in Vietnam: impact on health, equity and medical impoverishment. *Injury prevention*, 22(4), 233-238.
- Tran, B. X., Tran, T. D., Nathan, N., Ngo, C. Q., Nguyen, L. T., Nguyen, L. H., ... & Tran, T. T. (2019). Catastrophic health expenditure of Vietnamese patients with gallstone diseases—a case for health insurance policy revaluation. *ClinicoEconomics and outcomes research: CEOR*, 11, 151-158.
- Van Minh, H., Phuong, N. T. K., Saksena, P., James, C. D., & Xu, K. (2013). Financial burden of household out-of pocket health expenditure in Viet Nam: findings from the National Living Standard Survey 2002–2010. *Social science & medicine*, 96, 258-263.



- WHO, (2016). Out-of-pocket expenditure (% of current health expenditure). Available at: <https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS>.
- World Health Organization. (2011). A health financing review of Viet Nam with a focus on social health insurance. *Geneva, Switzerland: WHO*.
- Xu, K., Evans, D. B., Carrin, G., Aguilar-Rivera, A. M., Musgrove, P., & Evans, T. (2017). Protecting households from catastrophic health spending. *Health affairs*, 26(4), 972-983.