Republic of Palau (BELAU) Healthcare Financing

Gregorio Ngirmang, Minister of Health of the Republic of Palau
Palau Island

- More Than 340 Islands
- 9 inhabited islands
- 189 Square Miles of Land
- Capital: Melekeok
Understanding the Healthcare Fund (HCF)
Palau’s Healthcare Fund (HCF) is modeled after Singapore’s successful Medisave (est. 1984) and Medishield (est. 1990) programs.
History

The Palau Health Care Fund was established in 2010 following the adoption of the National Health Care Financing Act (RPPL No. 8-14) by the Palau Senate in April 2010. The statute had been discussed and prepared during 2008 and 2009 by a National Steering Committee, comprising key national stakeholders including the Minister of Health, the Social Security Administrator, and representatives of the Palau National Chamber of Commerce and the Ministry of Finance, with support provided by the Asian Development Bank (ADB) in the context of a technical assistance project on ‘Sustainable Heath Care Financing Reform in Palau’.
Steering Committee

Seciliil Eledebechel
Former Delegate, and Current Chief of Staff for the Office of the President

Stevenson Kuaritei, M.D.
Former Minister of Health

Greg Ngirmang
Social Security Administrator/Current Minister of Health

Nick Ngwal
Former Health Services Administrator

Francis Remengesau
Chamber of Commerce

Ken Uyehara
Chamber of Commerce

Mary Frances Vogt
Private Insurance Representative

Haruo Willter
Formerly with U.S. Department of Interior

Victor Yano, M.D.
Former Minister of Health

TECHNICAL ASSISTANCE (TA):

Multiple expert analyses financed by the Japan Special Fund, as administered by:

Asian Development Bank (ADB)
Using What Works in the Current System

The healthcare financing system has been kept purposely simple in order to minimize administrative costs and to avoid having to create an additional bureaucracy to manage the system.
HCF Governing Committee

- Ministry of Health:
  - Care provider, approves off-island referrals, uses performance indicators

- Ministry of Finance:
  - Represents national government, governmental interests, budget

- Governor's Association
- Chamber of Commerce
- Social Security Administration:
  - Collection, investments, claims, administration of funds
“National Healthcare Financing Act” enacted into law

May 7, 2010

Employers transmit employee shares, along with a matching employer share of 2.5%

October 1, 2010

Employers start to withhold 2.5% of employee’s wages

January 1, 2011

April 1, 2011

Benefits begin
Two Components

Medical Savings Account (MSA)

National Health Insurance (NHI)
Contributions ➔ Benefits

- Employee 2.5%
- Employer 2.5%
- 5%
- Medical Savings Account
- National Health Insurance
- Administrative expenses

(Up to half a percent allowed)
MSAs can be Used to Pay for:

- Outpatient medical services
  Belau National Hospital (BNH), Community Health Centers (CHCs) and Private Clinics

- Prescribed medication
  Belau National Hospital (BNH), Community Health Centers (CHCs) and Private Clinics

- Premiums for private health insurance

- Copayment for NHI-covered inpatient treatment
Benefits under NHI

- Inpatient medical services (except hemodialysis)
- Approved off-island medical services (except hemodialysis)
- Round-trip airline fare for approved off-island medical services
- Portable, not employer-based
Co-Payment for INPATIENT TREATMENT

National Health Insurance: 80%

Co-Payment: 20%

Ceiling: $200 - $400 depending on income
Co-Payment for
APPROVED OFF-ISLAND REFERRALS

National Health Insurance: 80%
Co-Payment: 20%

Ceiling: $1,000 - $4,000 depending on income
Who Can Use my Benefits?

**INSURED DEPENDENTS:**
- Spouse
- Dependent Children – under 18 years of age, or 22, if still in school

**Medical Savings Account (MSA)**

**DESIGNATED BENEFICIARIES:**
- Additional Family Members

**National Health Insurance (NHI)**

How they can access your MSA
- Patient must *always* show their SS card or driver’s license
## Statistics: Enrollment

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Percentage of people enrolled under HCF</td>
<td>87.2%</td>
</tr>
<tr>
<td>Number of people enrolled under Government Subsidy</td>
<td>1,464</td>
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<tr>
<td>Number of people with a Medical Savings Account</td>
<td>12,852</td>
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<tr>
<td>Number of people covered under National Health Insurance</td>
<td>15,263</td>
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<tr>
<td>Number of people authorizing their MSA to pay for their private insurance</td>
<td>330</td>
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Challenges

• As the program is only a few years old, service integration and institutional development is still on-going given the program is coordinated through multiple governmental agencies in particular clinical service delivery through Palau’s only hospital, the Belau National Hospital. In addition, currently the governance is mutually operated through the Board of the Palau Social Security as well as the Healthcare Fund. This often makes decision making on policy redundant and slow.

• Other challenges include integrating health promotion, maternity care, expansion of other services excluded from the HCF scheme such as dental, rehabilitative and palliative …etc. However, the HCF is flexible whose regulations can be adjusted to accommodate change and adapt to the every changing needs for modern healthcare.
The main target of HCF is to provide comprehensive healthcare coverage that is sustainable. Based on efficient management, proper financial planning and cost effective implementation, the HCF is financially sound with extra cash flow to expand and diversify healthcare services. Mandatory audits and annual reporting requirements are included in the Legislation that established the HCF.

A mandatory actuarial assessment is also required to not only evaluate but also provide guidelines on establishing reforms and improving service delivery of the HCF. Now, that the HCF is financially viable and secure, it can look to expanding coverage to at risk groups to achieve Universal Health Coverage.
Lessons Learned

• All Palauans are guaranteed free or subsidized healthcare as stated in its Constitution. And generally, healthcare delivery was adequate for roughly a population of twenty thousand, whose level and standard of care was high for Pacific Island Countries, with Palau spending a high percentage of its GDP ranking the national roughly 18th in the world. However, maintaining such a level of expenditures on healthcare without a mechanism to ensure financial viability would prove unsustainable in the long-run.

• As such, the HCF was created to ensure healthcare coverage would not only be universal, it would be financially sustaining for future generations to come. More importantly it empowered citizens to wisely invest in their health, rather than rely on the government entirely for health subsidies.

• Now that, the HCF despite its infancy, is financially secure, it can gradually expand its health services, fill gaps and improve health service delivery as the nation grows and adapts to the every changing healthcare needs of the people.
MESULANG: Thank you

QUESTIONS