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Social Health Protection,
a path to fight against inequalities

Fact sheet 2

Incorporation of free-of-charge policies in a single national system of Social Health Protection/Universal Health Insurance

The issue

Faced with a population that cannot access health care for financial reasons, many countries have embarked on free-of-charge care for target groups, i.e. people with medical conditions considered as a priority. Such a free-of-charge policy attempts to provide free access without distinguishing between those who can and cannot contribute and does not hint at a **universal** social protection concern.

Quite often operational problems are linked to this policy due to a lack of decentralised management and a lack of available public funds. The groups targeted by the free health care policy are, in principle, major consumers of health care services.

Such policy of free access is commendable, but inequalities are noticed in the way all people are taken into account:

- Free-of-charge services for patient or disease groups do not take into account the potential contributory capacity of patients to benefit from these services and care.
- They protect against costs linked to the targeted condition, but do not take into account the full range of health problems that beneficiaries of a free allowance might encounter. For example, a pregnant woman who is protected against pregnancy complications has no protection against the consequences of a car accident.
- There is no solidarity/equitable distribution between beneficiaries and non-beneficiaries and the issue of the poor who lack on access to any care is not considered.
- No pooling of free-of-charge resources with other resources that can improve access for the whole population to the services and care they need.
- Free-of-charge services for patient or disease groups constitute a counter-incentive to mass enrolment in health insurance (adverse selection).
- The free-of-charge services will help more affluent people who already have access to health services because they can afford to travel to the service and spend time in the health facility.
- Especially when several donors introduce different free-of-charge schemes, the system becomes fragmented, having perverse effects on the management of the whole.
- If funding is lacking or reimbursement is delayed, the quality of services deteriorates and the system can collapse.

In contrast, **universal social health protection seeks to protect the entire population with health insurance for those who can contribute (pay into it) and social assistance, or even free care, for the poor**. In this framework, everyone who can contribute (pay in) increases the revenues, while the poor are enrolled in health insurance through a 100% subsidy of their contribution by the State.

In such a system, solidarity between the rich and the poor is optimal and people who would otherwise have benefited from a free-of-charge policy targeting groups with certain medical conditions would be protected on the same basis and under the same conditions as the rest of the population.

Free access for poor families clearly takes precedence over free access for targeted groups, who in principle can contribute for their protection.

Typology

Based on the above discussion, a typology of free-of-charge policy emerges according to target groups and in a clear order of priority, at least for category 1:

1. Individuals and families living in **poverty** (no financial resources for nothing).
2. A group of people with the same **expensive disease**, such as breast cancer. The population as a whole could be considered poor when faced with such a severe and expensive disease to treat.
3. **People of a certain age or gender or with a certain medical conditions** (pregnant women, young people, children under 5, the elderly, etc.).

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Why free-of-charge services?

For individuals and families living in poverty it is a question of compensating for their precarious situation which does not allow them to access services and care.

For (**2**) and (**3**), the free-of-charge funds manager either wants to improve the use of a service (family planning, HIV, pre-school consultation) or the use of an expensive service (cancer, renal failure...)[1].

The operational difficulties of a free-of-charge policy for poor families or individuals outside UHI

- The difficulty of selecting eligible persons.
- The poor are often selected following top-down surveys that are costly and stigmatising and show many false positives and negatives. The process does not take into account that poverty is relative and can change over time.
- Where the conditions are not met at the level of the health care facility, the health care system often does not accept to apply the free-of-charge policy.
- For health facilities, the difficulties of managing the system are often complicated by the fact that treating the poor requires parallel management.
- Delayed reimbursement due to a centralised control and reimbursement system jeopardises the financial viability of health facilities.
- A fund financed solely by a donor cannot guarantee sustainability.
- The level of reimbursement for a free-of-charge service/care should be commensurate with the provider's expectations, as people receiving assistance may not get the same quality of care.

1 | There are also partial exemptions, often for preventive treatments or benefits (HIV, TB, Family Planning, vaccines).

Free-of-charge services in practice in a health care system supported by a Social Health Protection system

- A financially weak state should opt for a mixed financing of Social Health Protection based on duties, taxes, subsidies from donors and contributions from the population.
- The contribution component aspect should be compulsory (at least in the long term and for those who can afford to) to ensure that no one is left behind.
- The insurance system may consider exempting only the poorest people from contributing and from Out-Of-Pocket payment which will then be subsidised.
- Need for an intensive and continuous communication programme reaching out to the population, especially in the case of a transition from free-of-charge to UHI.

This fact sheet is part of a series of 8 fact sheets

1. The role of health-care performance pricing in the organisation of Social Health Protection/Universal Health Insurance
2. Incorporation of free-of-charge policies in a single national system of Social Health Protection/Universal Health Insurance
3. Contracting process
4. The role of advocacy for health service users and the whole population in a SHP/UHI framework
5. Role and engagements of states in SHP
6. Operationalising and professionalising a single national SHP/UHI Insurance system
7. Options for the organisation of Social Health Protection (SHP) and Universal Health Insurance (UHI)
8. Building universal health insurance that maximises equity: risk analysis and mitigation measures, a decision support tool

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