



International  
Labour  
Organization

## ► Terms of References

# **Analysis of administration and governance options for the management of the Social Health Protection system in Lao PDR**

Building Social Protection Floors for All -  
Support to the Extension of Social Health  
Protection in Asia

March 2024

## ► Background

Lao PDR 9th National Socio-Economic Development Plan (NSED) for 2021-2025 sets as a priority inclusive economic growth, benefiting all members of society under the overall objective of graduating from least developed country status. Inclusiveness must be an integral part of growth to reduce the inequality gap and further reduce poverty. At the same time, continued economic growth means that the government's fiscal capacity is expected to improve over the medium to long-term, enabling a gradual creation and expansion of social protection for the most vulnerable groups.

The Government of Lao PDR is therefore committed to gradually aiming for universal coverage in social protection, according to the available resources and the given socio-economic context, and to working towards building a much-needed social protection floor that protects all Lao people from socioeconomic shocks, environmental disasters and vulnerabilities. In April 2020, the Lao government adopted the National Social Protection Strategy (NSPS), to expand on achievements and better address implementation gaps in social protection as well as to prepare for responses to future challenges, the NSPS is directed by its vision, goals and strategic objectives, and is characterized by the different activities prescribed for its implementation. This strategy covers the three pillars of 1) health insurance, 2) social security and 3) social welfare. In December 2021, the Lao government promulgated the Prime Minister Decree on Organizations and Functions of National Social Protection Commission, which will be the leading standing entity for the implementation of the NSPS. The provincial commissions are now being established.

The Government of the Lao People's Democratic Republic (Lao PDR) made a strong commitment to provide social health protection for the entire population in its Health Sector Reform Strategy 2014-2025. Through this framework, the Government is aiming to ensure equitable access to health care services for all and protect households from catastrophic health expenditure, while moving towards achieving Universal Health Coverage (UHC) by 2025.

Over the past decades, the social health protection system has been reformed and expanded gradually. First, two schemes were initiated under the Ministry of Labour and Social Welfare (MLSW), one for the formal sector including civil servants, and the other for enterprises' employees and their dependents. The compulsory plan for government officials was first launched in 1995 and revised in 2005. This scheme was managed by the State Authority for Social Security (SASS) with a view to provide social security

including health protection. In 2001, the Lao Social Security Organization (SSO) was launched aiming to provide social security, including health benefits, to workers in the formal private economy.<sup>1</sup> These two schemes are contributory, with contributions shared by employers and employees. Both SSO and SASS were established as semi-autonomous bodies under the MLSW. They were later merged under one umbrella and managed by the SSO, under the oversight of the MLSW as per the Law on the National Social Security System issued in 2018.<sup>2</sup> The target population under this formal public and private employment scheme only accounts for around 20 per cent of the total population.

In order to extend coverage to those in informal employment and their dependents, the Government implemented various initiatives over the years:

- A voluntary health insurance scheme (Community Based Health Insurance) was implemented under the oversight of the Ministry of Health (MOH) in 2002. This scheme was launched as a pilot and gradually extended in most provinces.
- In addition, the MOH introduced a health protection scheme for the poor and vulnerable known as the Health Equity Fund (HEF) in 2004, mostly under the initiative of and with financial support from donors. This scheme not only provided health care benefits, but also other benefits such as daily allowance and transportation fees for the poor.
- Additionally, in 2010 the Free Maternal, Neonatal and Child Health (FMNCH) policy was implemented to provide free care for children under 5 and free maternal care for pregnant woman, including delivery, ante-natal care and post-natal care. This was formalized as per Government Decree No 273 on subsidies for delivery and health care for children under 5, issued in 2014.

At the end of 2017, the Ministry of Health shifted from a community- contribution approach to the provision of public subsidies. The public subsidies allowed a rapid increase of population coverage, which reached up to 94 per cent as of 2023. The system was not rolled out to Vientiane Capital,<sup>3</sup> where the CBHI system remained active to provide a voluntary option to access financial health protection. This signaled the end of the CBHI approach, with the exception of Vientiane. Through the expansion of the NHI scheme, the free MCH scheme was also merged under the NHI Bureau, while the free MCH scheme in Vientiane Capital still provides benefits to target populations in nine districts of the province.

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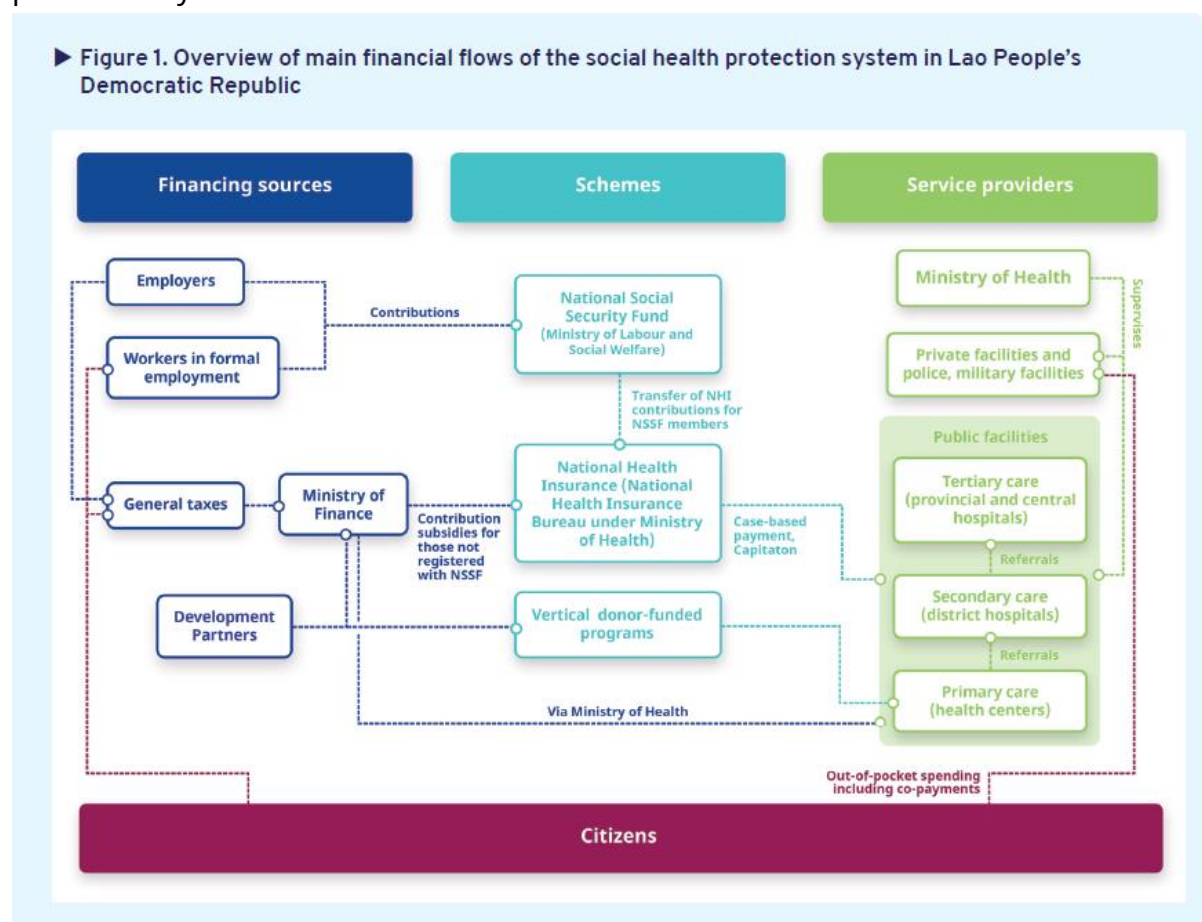
<sup>1</sup> CBHI Data Report, 2011.

<sup>2</sup> Law on Social Security, 2013; Law on Social Security (amended version), 2018.

<sup>3</sup> Vientiane Capital refers to a province, including the capital city Vientiane, which is divided into 11 districts, with more than 400,000 inhabitants in total.

Building from the initial period of implementation of the NHI scheme, the Law on Health Insurance No. 60/NA was promulgated on 25 January 2019.<sup>4</sup> Along with this, the merging of the segmented social health protection schemes introduced by Decree 470/PM was further materialized.<sup>5</sup> The Law is now implemented nationwide, under the oversight of the National Health Insurance Bureau, MoH. In this new NHI model, the Lao Social Security Office (LSSO) keeps the mandate of registering formal economy workers and their dependants, and to collect contributions accordingly. The NHIB is in charge of claims review, payment to health facilities and the overall management and administration of the scheme. An exception lies in Vientiane Capitale, where the subsidized NHI is not implemented. Instead options are given to inhabitants of Vientiane Capitale to either register to the LSSO, if falling under the scope of the Law on social security or to the Community-Based Health Insurance scheme.

The figure 1 below provides an overview of the current financial flows of the social health protection system in Lao PDR<sup>6</sup>.



<sup>4</sup> Law on Health Insurance No. 60, dated 13 Dec 2018.

<sup>5</sup> Decree 470/PM on National Health Insurance Fund of 2012, available at: <file:///C:/Users/admin/AppData/Local/Temp/433970.pd>

<sup>6</sup> ILO. 2021. Extending social health protection: Accelerating progress towards Universal Health Coverage in Asia and the Pacific.

In the framework of the revision of the Law on Health Insurance and the Law on Social Security, the National Assembly requested that various institutional models for the governance and administration of the Health Insurance scheme be considered. This consultancy aims to support the Ministry of Labour and Social Welfare, and the Ministry of Health to reply to this request. Notably, the review is expected to feed national policy discussion on whether or not the current institutional model should be modified to meet the objectives of building a universal and sustainable social health protection system.

The review will analyse and suggest appropriate administration and governance models which are the most susceptible to address the following priorities:

- Creating a set-up conducive to financial sustainability, considering the mix financing sources, the desired level of risk pooling (or the absence of it) and the need for high-level political support;
- Supporting the progressive autonomy of the health insurance fund;
- Bolstering administrative and operational cost-efficiency, avoiding duplication of functions;
- Moving towards a separation of the functions related to provision and purchasing of health care services;
- Making the most of limited resources for administering the scheme, including shortage of expertise in financial management, claims administration, reporting, compliance
- Guaranteeing transparency and accountability
- Guaranteeing members rights and their effective financial protection to access quality health services
- Enabling effective participation of social partners and community representatives in decision making and implementation.

### ► **Objective of the assignment**

The review of institutional options to publicly govern and administrate the national health insurance scheme of Lao PDR aims to identify the most suitable arrangements that align with the country's social health protection priorities, institutional capacities, and socio-economic context, while promoting equity, efficiency, and sustainability in the provision of social health protection to the population of Lao PDR.

### ► **Scope of work/Specific tasks**

The international consultant is expected to carry-on the following tasks:

**Task 1. Produce a short inception report** (5-8 pages) outlining the consultant's understanding of the existing national health insurance framework, national priorities and scope of work. It will propose a methodology, including a participatory approach to engage stakeholders throughout the review process.

**Task 2: Analyse the current governance and administrative model of health insurance in Lao PDR, its strengths and weaknesses, with regards to its intended objectives and available resources.** The analysis will take into account the overarching goals of the national health insurance scheme, as stipulated in national social protection strategy and Health Sector Reform Strategy 2014-2025, on improving access to healthcare, reducing financial barriers, enhancing healthcare quality, and ensuring financial sustainability of the scheme. It will encompass the following dimensions:

- **Governance:** assessment of the clarity and coherence of the organizational structure in facilitating effective decision-making and coordination, including the adequacy of distribution of responsibilities and allocation of resources to ensure the following functions:
  - Policy setting: responsibilities for the establishment of policies and guidelines that dictate how the national health insurance systems operate. This involves decisions regarding coverage, eligibility criteria, benefits structures, contribution and subsidies settings, provider payment mechanisms, etc.
  - Regulatory oversight: oversight of the health insurance by regulatory bodies or governmental agencies. This concerns the development of rules and regulations to ensure fair and ethical practices, protect members, and ensure sustainability of the system and compliance with established regulatory framework.
  - Strategic planning: this encompasses strategic planning for the long-term sustainability and effectiveness of the health insurance system. This includes setting goals, assessing risks, and making decisions to adapt to changes in the social protection landscape.
  - Stakeholder engagement: Engagement mechanisms and relationships with various stakeholders, including policymakers, healthcare providers, social partners, community advocacy groups, to gather input, address concerns, and collaborate on improving the social health protection system.
- **Administration:** review of the distribution of responsibilities and overview of the current capacities to ensure the following functions

- Operational management: day-to-day tasks such as managing enrolment, collecting contributions and other sources of fundings, verifying and processing claims, handling members inquiries and complains, managing relations with healthcare providers.
- Financial management: monitoring and ensuring compliance with payments (contributions, government allocations), financial planning (developing budgets, forecasts, and strategies to ensure the financial sustainability of the health insurance system); risk pooling; risk management (assessing and mitigating financial risks associated with claims, investments, and other factors); financial reporting (compiling and analyzing financial data to produce reports for stakeholders, regulators, and internal decision-making); compliance and regulatory reporting (ensuring adherence to financial regulations and reporting requirements imposed by relevant authorities); investment management
- Regulatory Compliance: ensuring compliance with regulatory requirements set forth by governmental agencies. This includes adhering to laws such as the Law on Health Insurance and the Law on Social Security and other sub-Laws.

**Task 3: Produce a typology of possible alternative governance and administrative models,** relevant to the context of Lao PDR, addressing the key priorities mentioned above, and in consultations with key stakeholders (particularly Ministry of Health, Ministry of Labour and Social Welfare, Lao Federation of Trade Unions, Lao National Chamber of Commerce and Industry).

**Task 4: Propose a simplified governance and administration models (two models selected by stakeholders)** with an analysis of their strengths and weaknesses with regards to indicated priorities, current capacities and applicability to the national context. For each model, the analysis will describe the same administrative and governance dimensions considered under Task 2. For each model, the review will provide an analytical description of the distribution of responsibilities for the organization of core governance and administration functions, including implications for risk pooling. It will specify the requirements for effective implementation, and will take into consideration the current resources available.

**Task 5. Produce a final report** encompassing the full scope of work described under Tasks 1 to 4, and providing recommendations to guide policy discussions at national level.

## ► Expected products and timelines

- Product 1. Inception report, in line with Task 1, by 8 April 2024
- Product 2. Final report, in line with Tasks 2 to 5, by 30 June 2024

The timeline is indicative and may be adjusted based on consultant and partners availability.

The international consultant will be supported by the Programme Manager, with expertise on social health protection, for the overall guidance throughout the consultancy, and by the National Project Coordinator for the screening and compilation of relevant documents and publications, translation and interpretation work and the coordination of meetings with stakeholders.

## ► Required profile

The service provider is required to have the following qualifications:

- University level academic qualifications in social science, social policy, social protection, public administration, international development or other relevant fields
- At least 10 years of demonstrated experiences of relevant work on social security administration, preferably as a part of a social security institution
- Experience and knowledge of working on institutional and organizational diagnosis for social security in developing countries; experience in Asia is an added advantage
- Good report writing and communication skills
- Ability to produce high quality deliverables in a timely manner, in English language.

## ► Attestation for having adequate medical and accident insurance

The service provider must be aware that the ILO accepts no liability in the event of death, injury, or illness of the staff under the Service provider.

The Service provider must attest that he/she is adequately covered by insurance for these risks.

In no circumstances shall the Service provider be covered by any ILO insurance. It is the Service provider's own responsibility to take out, at their own expense, any personal insurance policies that are considered necessary, including a civil liability insurance policy.



## ► Submission of technical and financial proposals

Applicants must email the following information to Marielle Phe Goursat [goursat@ilo.org](mailto:goursat@ilo.org) and Oulayvanh Sayarath [Sayarath@ilo.org](mailto:Sayarath@ilo.org) with a subject "Application: Analysis of administration and governance options for the management of the Social Health Protection system in Lao PDR" no later than **March 27, 2024**. Proposals must include Curriculum Vitae; and proposed fees (unit cost and total number of days). The ILO will assess applicants' ability, experience, and proposed fee for the selection of the international consultant. The ILO will contact selected or shortlisted candidates only.