

## A Study on Medical Welfare in Vietnam



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**ABSTRACT:** Medical welfare are services provided to people with little or no fee, for the sake of a standardised health care for the general public. There are many methods are being implemented to achieve the goal of health welfare in Vietnam. These methods are being adopted simultaneously, including: (i) Investing in input resources to reduce costs; (ii) Incorporating public health services that are not provided by the private sector; (iii) providing support with health insurance and medical assistance. Healthcare welfare policies have exerted their effects on developing the national healthcare system. But, which require new modification and rectification for the sake of remarkable achievements in the future.

**KEYWORDS:** Medical welfare, public health services, health insurance, public investment, economics

**JEL codes:** P26, P48, H54, I18, R53

### 1. INTRODUCTION

Medical welfare are services provided to people with little or no fee, for the sake of a standardised health care for the general public.

Despite having achieved significant milestones, the medical welfare system in Vietnam is yet to fulfill people's healthcare needs, especially those of low-income people. The medical welfare system is crucial to the poor. People with high-income can afford domestic or international private health services, meanwhile, the low-income population can only rely on what the public provides - the medical welfare system. Demand for medical care is much more significant than what the medical system can provide, which leads to overloads for public hospitals.

In recent years Vietnam's low-income population's healthcare demand is enormous. However, due to their income status, they are put at a disadvantage in accessing medical care. They will not get legitimate benefits from healthcare without the help of the state medical welfare system. Therefore, currently, many methods are being implemented to achieve the goal of health welfare in Vietnam. These methods are being adopted simultaneously, including: (i) Investing in input resources to reduce costs; (ii) Incorporating public health services that are not provided by the private sector; (iii) providing support with health insurance and medical assistance.

### 2. METHODOLOGY

#### 2.1. Research context

The healthcare sector requires a lot of labor with specific and high quality characteristics, including maintaining and improving knowledge and skills, and the capacity to satisfy the increasing demand for health care and protection. This requires more attention from the Government in planning and coordinating health human resources than in other sectors if welfare policies are to be implemented.

Medical equipment and infrastructure of welfare facilities is also an area that the Government is interested in, as it requires considerable investment and directly affects the quality of health services in general, and welfare medical service in particular.

In the health welfare policy for the community, the state focuses on the provision of health services in three areas: (i) primary health care and preventive medicine, (ii) development of medical examination and treatment network, and (iii) population control- family planning, reproductive health care. These are services provided for free or at minimal costs to these are services

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that are provided free of charge or at very low cost to prevent disease, take care of future generations, or advocate important healthcare knowledge. These services are usually not provided by the private sector since they are ineffective and not profitable.

The Vietnamese government considers health insurance to be a good model for implementing current health benefits. In 1992, Vietnam Health, the advent of health insurance was considered to be an innovation, which abolished the old model of health care during the war and the subsidies period that were no longer suitable. The State cannot subsidize the entire cost of medical examination and treatment for the group of people with special circumstances and, by extension, the entire population in accordance with the goal of inclusive health care. In fact, the State can only focus on basic services, with the resources from the general public. Health insurance did not only ensure the goals of the social welfare system, but also attribute responsibility to the all citizens.

### 2.2. Research method

Research Subject: The subject of this research is analyzed the the goal of health welfare in Vietnam.

Qualitative Research Methodology: This research used a qualitative research methodology based on theoretical background and previous studies.

## 3. RESEARCH RESULTS

### 3.1. Investing in input resources with a view to cutting costs

Nowadays, public health facilities mainly provide medical welfare services, and are the major providers of the country. In public health facilities, the state invests in input resources to reduce the cost of output services to ensure medical welfare achieves the predetermined goals. These resources include:

*First*, human resources development

One of the important and guiding documents is Resolution 46/NQ-TW (Politburo, 2005) on the protection, care and improvement of people's health in the renovation period. The healthcare systems' objectives are "reducing mortality and morbidity; improving health; increasing longevity; improving the quality of future generations; contributing to enhancing the quality of life as well as human resources; forming a synchronous health system from central to grassroots levels and the people's health-preserving habits; meeting the requirements of industrialization, modernization, national construction and defense" (Politburo, 2005). Besides, strategic solutions regarding medical human resources are "Consolidating medical staffs in terms of quality, quantity, and structure; rearranging networks; expanding and upgrading training establishments; meeting the demand for medical staffs in line with the health development plan; focusing on training health managerial officers, especially hospital managers; developing and implementing reasonable remuneration policies for health officers as well as staffs; staffs rotation; encouraging physicians to work in far-flung or underprivileged areas" (Politburo, 2005).

With a balanced and reasonable human resource development policy, ensuring the achievement of basic human resource targets; The Government develops and promulgates a master plan on the network of medical staff training institutions; developed standards, quotas and reasonable medical human resource structure to strengthen the contingent of medical staff. This is also considered to be a welfare policy as it helps promote the quality of medical human resources with state's support (Ministry of Health, 2009). The Government promulgates a financial mechanism to support the development of health human resources, and to train healthcare staffs for disadvantaged and mountainous areas in the Northern and Central provinces, the Mekong Delta and the Central Highlands under an election system. The policy of talent training and technology transfer training for medical facilities is aimed at building a team of qualified medical staff to meet the increasing requirements of the people for medical services quality. The government also implements a financial mechanism to invest in establishing and upgrading medical human resources training institutions in the country as well as encouraging other economic sectors to train the medical labor force (Ministry of Health, 2011).

In order to ensure the effective implementation of policies to attract and maintain medical human resources, the Government has stipulated a preferential allowance system according to occupations for civil servants and employees at public health facilities. In addition, there are policies on allowances and incentives for health cadres, officers working in areas with extremely difficult socio-economic conditions. Accordingly, the preferential allowance for medical staff to work in these areas is 70% of salary and other incentives such as academic support, professional training allowance, travel allowance.

All of the above policies help strengthen and expand the human resources networks to provide medical welfare services to localities.

*Secondly*, support the medical equipment and infrastructure

Regarding pharmaceutical field: For medical welfare services, pharmaceutical products are extremely important because they are supplied in accordance with treatment regimens. In order to achieve the provision of free or low-cost services, health

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care facilities need to be proactive in terms of pharmaceutical resources. Vietnam has taken a series of measures to promote and improve domestic medicine production capacity, and prioritise high-tech dosage methods. The medicinal areas and the facilities producing pharmaceutical chemistry materials are going to be planned and developed. The medicine circulation, distribution and supply network will be consolidated and developed to proactively provide regularly and sufficiently high-quality medicine at reasonable prices and stabilize the market for preventive and curative medicines for the people. Research and production of vaccines and medical biological products are promoted in order to meet the needs of preventive health care services. Besides, the management of pharmaceutical production and supply is also becoming more and more strict to ensure the effectiveness of welfare policy for people in this field.

Medical equipment is considerably invested in the national medical system, especially in public health facilities and medical welfare services facilities. Equipment of high demand is aided for domestic production by providing research and development support, preferential mechanism for import tax on components for assembling and producing domestic medical equipment (Government, 2010).

Health infrastructure receives a great deal of investment from the national budget. Public hospitals are continuously invested with projects to build, renovate and upgrade in order to reduce overloads in upper level hospitals' medical welfare services: Project of building, renovating and upgrading district general hospital and inter-district regional general hospital using Government bond capital and other legal capital sources for the period 2008–2010 (hereinafter referred to as Project 47) (Prime Minister, 2008); Project "Investing in construction, renovation and upgrading for hospitals specializing in tuberculosis, mental, oncology, pediatrics and general hospitals of special conditions in mountainous areas in using government bonds and other legal capital sources in the period 2009-2013 (referred to as Project 930) (Prime Minister, 2009). "The hospital overload reduction project in the period 2013-2020 which states that investment in upgrading, expanding hospital infrastructure to increase the amount of hospital beds for oncology, surgery - traumatology, cardiology, obstetrics and pediatrics"; Project "Invest in constructing 05 new central and tertiary hospitals in Ho Chi Minh city". This policy motivates the medical system to be fully equipped, and capable to serve the essential needs of people without too high cost of medical expenses.

In addition, policies are also implemented to increase investment, upgrade, consolidate and complete the provincial preventive healthcare services, establish district preventive healthcare centers. In addition to the hospitals, the state also cares about investing in the infrastructure of commune health stations from capitals raised by government bonds. Welfare policies for the medical infrastructure focus mainly on expanding the commune medical system, ensuring that all people have easy access to healthcare services, and developing domestic production of equipment and pharmaceutical products (Prime Minister, 2007). It is obvious that in Vietnam's medical welfare policies, the approach towards investment in health infrastructure is correctly guided and implemented, which aligns with goals of universal health care and expanding beneficiaries of medical welfare.

### 3.2. Providing public health services that are not provided by the private sector

Vietnam considers preventive health care executed by the state as one of the important health benefits, which mainly gravitates towards the goals of universal health care. These executions includes: (i) Completing the organizational model and consolidating the grassroots medical network specializing in providing medical welfare services; improving the competence of commune clinics, completing the construction of district hospital, upgrading provincial and central hospitals (ii) Promoting preventive health care against major disease; controlling and reducing HIV transmission; reducing the rate of malnourishment in children; improving food quality and secure food safety. Thence, the Ministry of Health has implemented a series of projects related to preventive health care to advocate education in media as well as health education, inhibit health risks related to environment, lifestyle and control diseases and harmful effects of unsanitary; strongly develop preventive health care, complete the organizational model and strengthen the grassroots medical network.

The policy of the State is to develop a network of health welfare service providers in the direction of fairness, efficiency, and quality improvement. To be specific, the policy includes:

Completing the organizational model and strengthening the grassroots medical network; enhancing the capacity of commune health clinics; ensuring that people with health insurance have access to medical examination. and treatment; Implement well the policy of medical examination and treatment for policy beneficiaries, the poor, children and ethnic minority people, and the elders (Prime Minister, 2013a).

Renovating the operating mechanism, especially the financial mechanism of public health facilities with a view to operate independently, publicly and transparently; Strongly encouraging the combination of traditional treatments and modern medicine.

Overcoming overloads in public hospitals; standardizing medical service, hospital quality in line with regional and international standards; improving medical ethics, repelling the negativity in healthcare services; increasing capacity and finalising or updating hospitals infrastructure at all levels; modernizing tertiary hospitals, establishing more advanced and specialized

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hospitals in big cities, strongly endorsing investors in all economic sectors to establish high-quality specialized healthcare facilities that operate according to market principles and provide welfare services.

Promoting population control- Family planning and reproductive healthcare. The 11th National Party Congress set the goal of "maintaining the replacement fertility rate as well as achieving gender balance, and improving the population quality"; "population growth rate maintains stable at around 1%"; "Attending to reproductive health, maternal and child health, sharply reducing malnourishment in children, contributing to improving the quality of the population". The Government implemented the Vietnam Population and Reproductive Health development strategy for the period 2011-2020, provided support to local population control officials, and issued many instructions of execution documents (Prime Minister, 2011).

Besides, the government of Vietnam specified that medical information systems must be developed by state agencies and governed by the state. This is a crucial task for medical activities, especially community healthcare. The Ministry of Health consolidated statistical organizations to effectuate the functions and tasks stipulated in the Law on Statistics. The Regulation on Health Statistics, enacted under Decision No. 379/2002/QĐ-BYT of the Minister of Health (Ministry of Health, 2002a), is the legal basis for collecting and processing medical statistical information, stipulates the functions, duties and attributions of medical facilities in the implementation of noting and reporting procedures; in better attributing duties of managers and officials as well as in building the health statistical information system.

The government is particularly interested in applying modern technology to the health statistics system with extensive investment policies with the state budget. This is one of the most influential policies to the national healthcare system in general and public health welfare in particular, which helps synchronize the medical statistics implementation and ensure the quality of data, and manage the hospital's statistical data system via a common management software (Ministry of Health, 2002b).

Health information is disseminated in a diversified and appropriate format. The Government also implements a policy of information technology facilities and computing equipment to serve the dissemination of health information to every household in the country, including disadvantaged areas to ensure that all citizens have the necessary information about disease and disease prevention as well as healthcare benefits that they are entitled to.

However, even when the policy for establishing a public healthcare information system was quite adequate, the implementation phase faces many obstacles. Investment budget for the healthcare information system is very insufficient and infrequent. According to Directive 28/1998/CT-TTg (Prime Minister, 1998), the Ministry of Finance is responsible for allocating fundings for investigation, collection and processing of statistical data in the annual budgets of Ministries and branches. However, currently, in the annual budget allocation plan of all healthcare levels, including the central level, there is no budget line dedicated to healthcare statistical information, which makes it difficult to conduct periodic surveys as well as organize training courses, procure equipment, apply techno – scientific achievements in health statistical information, or even print forms, especially in underdeveloped provinces and disadvantaged areas.

The lack of a stable budget, especially the investment budget for the information investigation system makes it difficult for the information collection system to conduct periodic surveys. Even large-scale surveys on basic health data depend on fundings from international aid organizations, or on surveys conducted by the General Statistics Office. Health surveys are not included in the National Statistical Survey Program, which results in insufficient statistical indexes required in the industry.

To date, the Ministry of Health has only organized a National Health Survey in 2002 with financial support from Sweden's Sida. Since then, due to lack of funds, next periodic surveys were never conducted. Many other statistics available in Healthcare depend on surveys that international organizations aided, such as the DHS, SAVY, MICS, World Health Surveys, which had not been included in the National Statistical Survey Program. There are still many more statistical indicators needed for healthcare system management that were not collected from these surveys.

Therefore, there remains volatility and insufficiency in human resources for statistical work; around 80% of whom have not been trained, especially those working in statistics and information in the hospital sector (about 90%). The number of officials that take information and statistics as secondary duties is high, over 50%. Data is gathered from various sources and there are also significant differences among sources, which results in many issues for users.

Information sharing within the healthcare sector and between the healthcare sector with other relevant sectors has not been performed frequently and methodically. The current available statistics Ministry of Health's websites are inadequate, provided the numerous available sources (Health Statistics Yearbook, National Health Account, Data of annual hospital inspection, data of preventive healthcare, data of medical offices with excellent practice). Health statistics on the website of Central institute for Medical Science Information (CIMS) has not been updated since 2009. The root of this issue is the absence of a policy to disseminate information to stipulate which agencies can publish data and what data is published at all levels. Annual healthcare statistics are published quite late in the year, which is an obstacle in applying up-to-date information in planning and supervising healthcare programs.

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### 3.3. Providing direct support to disadvantaged people through health insurance and medical relief

After many modifications, amendments and supplements, Resolution no 21-NQ/TW dated November 22nd, 2012 was issued, which marked a significant breakthrough in complementing the target to develop universal healthcare insurance, and created a premise for more involvements of local governments in the healthcare insurance mission (Politburo, 2012). On March 29th, 2013, the Prime Minister signed Decision No. 538/QĐ-TTg, approving the Project that envisions health insurance for the 80% of population by 2020 with a better system of policies and laws on health insurance, which had been promoted to amend and supplement the Law on Health Insurance (Prime Minister, 2013b).

Based on the principle of Health Insurances, the State will provide support to disadvantaged citizens so that they can have Health insurance cards and be provided healthcare services in medical facilities in the Healthcare Insurance system (including medical welfare services institutions and medical facilities offering health services according to market principles). In specific:

The State shall cover at least 50% of fees for people of disadvantaged households.

The State will cover at least 50% of the fees for students, undergraduates of disadvantaged households and at least 30% of the fees for other groups of students, undergraduates.

The State will cover at least 30% of the fees for individuals of agricultural, silvicultural, pisciculture, and salt-making households with medium living standards.

The State will cover 100% of the fees for individuals of poor households, ethnic minority in remote areas with economic difficulties, elderly people over 80 years old, children under 6 years old, orphaned children, forsaken children, the disabled unable to work, mentally ill patients, people suffering from HIV/AIDS who are unable to work, families with more than two severely disabled offspring, etc.

Medical relief activities are also one of the forms of healthcare welfare that receive great deal of attention from the Government together with the participation of all citizens of all levels and political- social organizations. In Vietnam, the medical relief policy is institutionalized into legal regulations to monitor medical relief services and is being constantly improved.

The disadvantaged group of people can be provided Health insurance cards or exempted from hospital expenses if they go to public healthcare centres according to stipulation of the State. Those who are issued a free health insurance card are entitled to all the benefits of health insurance like others. In addition, they are also subsidized to buy common medicines.

Emergency medical relief groups include: individuals and households who are suffering from consequences of disasters, or force majeure and needing medical attention will receive emergency medical relief. These people will be treated in public health centres and reliefs offered will be specified in particular circumstances. Emergency medical relief will be supplied once with cash or objects, depending on their conditions and risks they are facing.

## 4. CONCLUSION

Healthcare is one of the top fields of priority in Vietnam as it directly affects the health of the labour as well as economic-social goals of the nation. The Government takes part in the healthcare sector by implementing a unified healthcare managing system, implementing welfare policies, and continuing to fulfill international commitment. Vietnam always highly respects, consults and applies experiences of other countries, many of which have been summarized and recommended by the World Health Organization and other international organizations. Typically, the implementation of the health-related Millennium Development Goals (MDGs); reinforcing health system in 6 components; innovating the conception and approach to primary healthcare; mobilizing and utilizing financial sources to achieve “universal healthcare service coverage”; elucidating goals of the pharmaceutical industry and applying “excellent-practice” standards; improve efficiency of healthcare workers; strengthening the healthcare information management system; utilizing medical equipments reasonably.

In the past few years, healthcare welfare policies have exerted their effects on developing the national healthcare system. However, health and welfare services are currently confronting a number of difficulties, which require new modification and rectification for the sake of remarkable achievements in the future.

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