

VIETNAM'S HEALTH SECTOR AND SERVICES TRADE LIBERALIZATION



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Outline

- Public, private, FDI sectors
- Financing health care
- Performance (achievements & challenges)
- Policy priorities
- Vietnam's WTO negotiation

Public Sector

4 levels

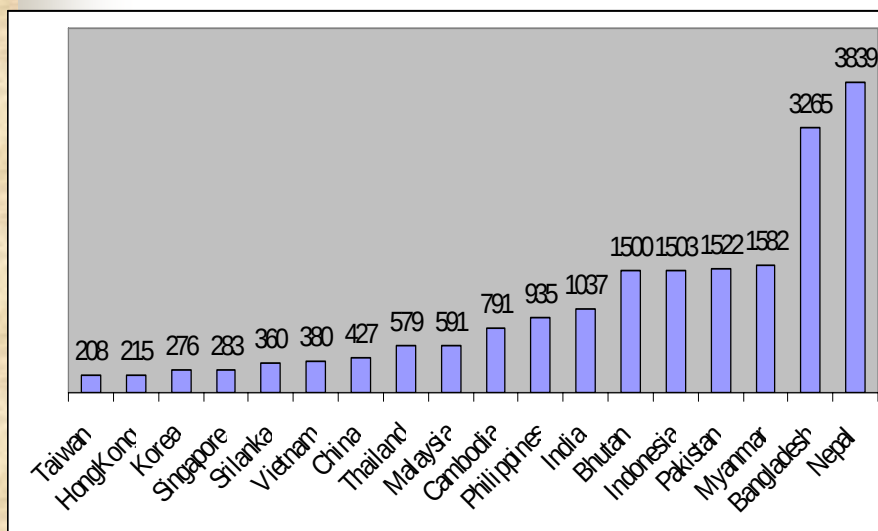
- Central level
- Provincial level
- District level
- Communal level

Public hospitals by level and specialty, 1997

Type/level of hospital	Facilities		Beds		Average size (beds/facilities)
	Number	% of total	Number	% of total	
Central	17	2.08	8,104	8.30	479
- General	10	1.22	5640	5.75	564
- Specialty	7	0.86	2500	2.55	357
Provincial	197	24.11	47,560	48.47	241
- General	91	11.14	32046	32.66	352
- Specialty	65	7.96	11794	12.02	181
- Traditional Medicine	41	5.02	3720	3.79	91
District (all general)	525	64.26	37,452	38.17	71
Non – MoH (all general)	78	9.55	4,965	5.06	64
All hospitals	817	100.00	98,117	100.00	120

Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

Persons per hospital bed, selected Asian countries, 1995



Source: World Bank *et al* (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

Private sector

- Since 1986, private provision of health services was allowed.
- The official rationale for allowing private provision was that this would meet (excess) demand that the public sector was unable to fulfill, and make fuller use of health workers who had retired from the public sector.
- Since 1989, the government has implemented numerous laws, ordinances, and decrees which govern the private health sector (e.g. Ordinance on Private Medical Practice)

Number of private health facilities, by type (Oct-1998)		
No	Type of facilities	Number
Private health facilities		
1	General hospitals	4
2	Maternity homes	264
3	Polyclinics	98
4	Consulting rooms of general practitioners	7005
5	Specialized clinics	3423
6	Dental clinics	2305
7	Lab tests and functional exploration	240
8	X-ray examination	197
9	Cosmetic surgery	42
10	Infirmary	5569
11	Rehabilitation and nursing care	125
12	Family planning services	550
13	Foreign-invested health facilities	5
Private pharmaceutical facilities		
14	Private pharmacies or drug outlets	5192
15	Sales agents for pharmaceutical companies	8822
TOTAL		33850

Foreign sector – Market access

Allowable forms of health care:

- Hospital (policlinic & specialty)
- Polyclinic & specialty units
- Maternity unit
- Paraclinical unit

Allowable forms of investment:

- Business Cooperation Contract
- Joint-venture
- 100% Foreign Invested Enterprise

Foreign sector – Entry conditions

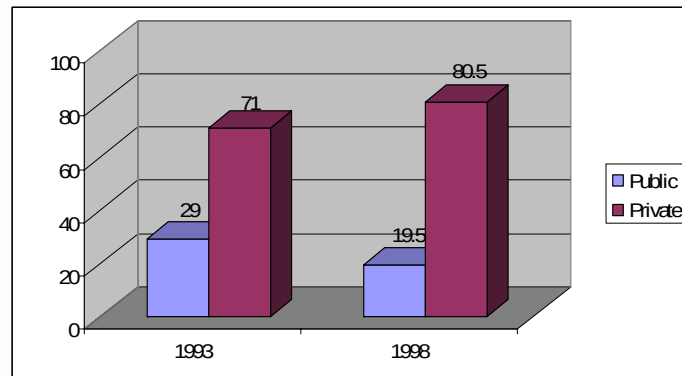
The following conditions should be met by foreign health service provider in order to obtain license from MOH :

- There is a particular demand of the Vietnamese and foreign people residing in Vietnam and foreign invested enterprises can meet the demand
- Enterprises can meet all requirements on location, equipment, and other necessary conditions according to Ministry of Health's regulation
- *Managers* of the enterprises must meet professional requirements and must have practice certificate issued by the Ministry of Health
- *Doctors, medical personnel* working in these enterprises must have professional certificates suitable to the assigned duties and must have specialty practice of at least 3 years.
- The enterprises must have plan to transfer technology and train Vietnamese personnel.

Foreign investment in health sector (by October 2003)

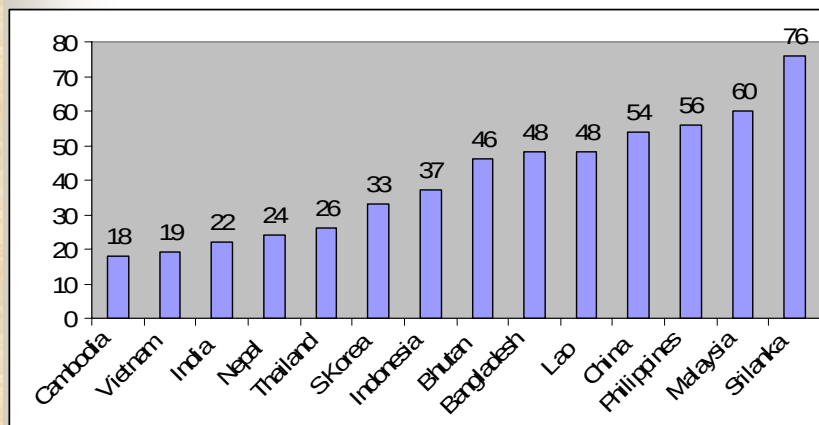
Type of investment project	Number of investment projects	Registered value (million USD)
Hospital, medical exam unit	15	200
Pharmaceutical	28	221
Medical equipment, device	45	45
Total	88	466
Source: Ministry of Planning & Investment of Vietnam		

Public-private shares in financing total health expenditure (%), 1993-1998



Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

Public spending on health as a percentage of aggregate health spending, selected Asian countries (%), 1990s



Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

Public spending on health

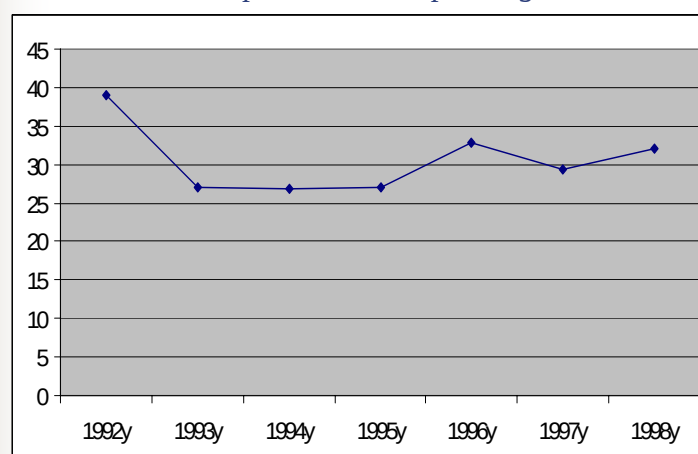
(1991-1996), Asia

Public spending on health					
Per capita (US\$)		As % of total government expenditure		As % of GDP	
Bangladesh	2.4	Pakistan	3.5	Myanmar	0.4
Nepal	2.4	Myanmar	4.0	India	0.7
Pakistan	3.1	India	4.4	Indonesia	0.7
India	3.7	Indonesia	4.7	Pakistan	0.8
Laos	4.3	Srilanka	5.4	Nepal	1.2
Vietnam	5.8	Malaysia	6.5	Bangladesh	1.2
Indonesia	6.2	Philippines	6.8	Malaysia	1.3
Cambodia	7.2	Nepal	7.1	Philippines	1.3
China	8.1	Vietnam	8.5	Laos	1.3
Srilanka	9.2	South Korea	10.0	Srilanka	1.4
Philippines	12.3	Thailand	10.5	Vietnam	1.7
Thailand	28.7	Cambodia	22.6	South Korea	1.9
Malaysia	49.7	China	26.3	Thailand	2.0
South Korea	136.7			China	2.1
				Cambodia	2.2

Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

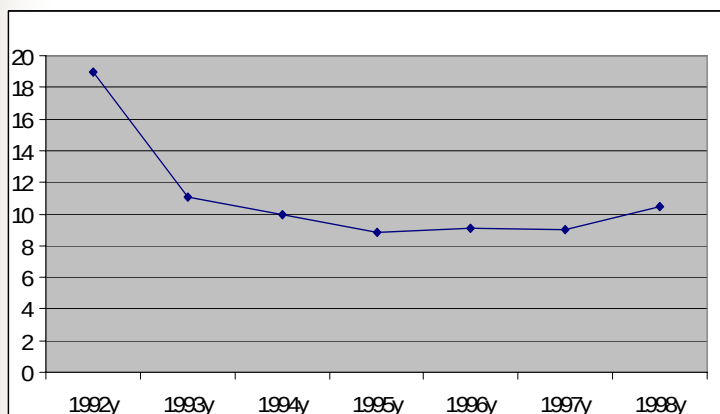
Productivity of public health spending, 1992-1998:

Service consultations per million (constant 1994) VND of public health spending



Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

Productivity of public health spending, 1992-1998:
Inpatient days per million (constant 1994) VND of public health spending



Source: World Bank et al (2001), Vietnam – Growing Health: A Review of Vietnam's Health Sector.

**Productivity of public health spending
1992-1998**

Health service consultations have not kept pace with public health spending between 1992-1998

Two possible explanations:

- Real decline in the productivity or efficiency of public health system
- Reflect other factors:
 - Improvement of quality of public sector inpatient and outpatient contacts over time (more drugs, medical supplies, better-trained health workers, etc)
 - Increase of in the number of preventive health activities

Achievement

- Impressive gains in health indicators during the last three to four decades
- Reduction of infant, child and maternal mortality to levels that are typically observed in countries that have two or three times the per capita income of Vietnam
- This achievement is made for the most part, without much external assistance.

Infant, child and under-five mortality rates, 1979-1993

Period	Infant mortality	Child mortality	Under-five mortality
1979-83	54.8	28.8	82.1
1984-88	46.0	24.9	68.7
1989-93	44.2	10.8	55.4
% decline, 1979-83 to 1989-93	19.3	62.5	32.5

Source: World Bank *et al* (2001), *Vietnam – Growing Health: A Review of Vietnam's Health Sector*.

Challenges

- ***Increased inequality in health opportunities:*** The better-off sections of Vietnamese society have been more able to take advantage of opportunities in the health sector, while the poor have lagged behind
- ***Limited coverage of the health insurance program:*** about 12% of the population
- ***Heavy reliance on hospitals for treatment:*** hospitals which are not the most cost-effective facilities to treat the types of diseases that prevail in Vietnam, are overutilized relative to primary health facilities, particularly among the better-off segment of the population.
- ***Dangerously escalated levels of antibiotic resistance in the population:*** due to self-medication

Policy priority in future

- Subsidize properly the poor and expand coverage of the health insurance program in order to ensure access of the population, especially the poor, to health services.
- Reduce excessive and irrational use of drugs in the population by allowing sale of antibiotic and other special drugs only on the basis of physician's prescription.
- Set up appropriate structure between community health care and hospitals by increasing scope of community health system (preventive, environment sanitation, protection of mothers and newborn, etc) and declining properly curative sector.

Vietnam's WTO negotiation

The Second Offer (April 2003):

- BCC, Joint-venture, 100% Foreign Invested Enterprise.
- Minimum investment capital for a hospital is 20 million USD, a polyclinic is 2 million USD and a specialty is 1 million USD

In comparison?

- ***With other sectors*** (banking, telecom, maritime services, etc):
Health services are ***highly open*** that does not require foreign equity limit and transition period
- ***With Status quo***:
Almost the same level of openness.



Pros of openness

- Share some health care burden with public hospitals which are now overloaded
- Bring quality services to the local population and foreigners who live and work in Vietnam
- Transfer techniques, technology and provide professional training to the Vietnamese



Cons of openness

- At this stage, no motivation is found for the protection of health services in Vietnam, since the demand is huge and remains unmet by the existing health facilities.
- Foreign presence thus does not put much threat to the local service providers, both private and public.

Thank you for attention!

