

Key Note Address
Hon'ble Health Minister, Lyonpo Zangley Dukpa
Strategic Options for Sustainable Health Financing in Bhutan
25th - 27th January 2010
Tashi Namgyel Resort (opposite Airport), Paro

Honourable Members of Parliament, Dashos, Experts from the World Bank, WHO, Mc Kinsey & Co., UN Representatives and Ladies & Gentlemen

1. I returned from my tour in India on Saturday. I would like to share with you what I expressed to CEOs and senior management teams of the hospitals in India where we refer our patients. I told them that “We are referring our patients to your hospitals not because we are rich, not because we can afford but because our belief in GNH, philanthropic philosophy, humanity, altruism and spiritualism. As the number of patients, who are referred outside the country, has been spirally increasing, we are concerned about the sustainability and therefore I have come here to seek your advice on how we can achieve cost effectiveness without compromising the quality of services.” I was happy that they suggested to us the areas in which we could reduce costs.

2. Healthcare service is one of key means to making Bhutan a GNH Society. Thus, our benevolent Monarchs have ensured through sound and persistent policies and philosophies that health care service is provided free of cost on the basis of equity and justice. As you are aware, we have been providing free health care service from primary health through secondary to tertiary level of health care. Notwithstanding numerous and various challenges facing us, we are proud to say that we have one of the best healthcare systems in the region, the system that is functioning, the system that is providing access to all Bhutanese irrespective of their socio-economic backgrounds. This has been possible due to the far sighted

leadership of our successive Kings as well as the support of development partners. Let me also put on record that our health workers of all ranks both past and present have done wonderful job. The investment made by the Government in the education and training of the health workers including doctors has not gone waste as is evident from the fairly good system we have developed over the years. I always say and I must say today also. A BHU in a remotest village manned by at least two health workers has adequate stock of essential drugs and vaccines, which are maintained at the right temperature by a kerosene lit refrigerator. Indeed, Bhutan was privileged to receive the inaugural GAVI Award for best performance in child health and immunization programme (95% plus coverage).

3. Like in any other countries, as we move up the ladder of socio-economic development, the expectations of people also go up. Bhutan is no exception. Similarly, in this age of information and technology, there are advanced medical equipments, instruments and technologies that facilitate accuracy of investigations, diagnosis and treatment. This comes with the cost. This is why, I believe, the cost of curative component of health has been sky-rocking across the world. The high cost of technologically facilitated treatment is compounded with the double burden of diseases. Bhutan has seen in the recent years the increasing growth of lifestyle related diseases. Should we, because of the cost, deprive our people of such wonderful technologically facilitated health care service? Certainly not.
4. While the best of the best healthcare services are available in the world, these services, I believe, are not accessible to the majority of people due to

its cost and commercialization. This is why, I believe, we have a functional health care system that caters to people from all walks of life.

5. As regards the health care financing, I have to pretend to be an expert in front of true experts from the World Bank, WHO, and other international agencies as well as financial experts from Bhutan. I understand from my reading including the World Bank's book that there are broadly three patterns or models of health care financing across the world. The National Health Service (NHS) in UK is a good example of state-run or publicly funded system. As in the case of Scandinavian countries, the UK uses tax finances to pay for 80% of its health care spending. In Germany and some European countries, social insurance schemes bear most of the financial burden. The US relies on private insurance, paid mostly by employers. I do not intend to elaborate on each of these systems nor do I feel competent to talk about them in front of the healthcare financing experts. What I wish to say is that we should be mindful of the attributes of each of these systems and also the debates that are taking place, especially in America.
6. In the afternoon of last Saturday, that is two days ago, I was watching VOA Channel on my TV the speech delivered by President Obama in the Ohio Town Hall on the topic "Economy and Jobs". As regards his health care reform, he highlighted on the absence of control mechanism on private insurance companies and how the armies of lobbyists tried to protect insurance companies. He expressed his concern about the healthcare of 47 millions of people who are not insured and those 7 million people who have lost jobs in the last two years and therefore their insurance schemes. He added that the reform was to protect this group of people and the lower middle class through real meaningful insurance reform. One N.J. Kurian in his article titled "Financing Healthcare in

India” published in the newspaper THE HINDU (page 10, January 16, 2010) said, “...the most important legislative measure initiated by Mr. Obama so far is the health reform legislation, titled the Patient Protection and Affordable Care Act. It was reported that the US pharmaceutical lobby has spent an average of \$600,000 a day over the last six months lobbying against the Bill, mostly to curry favour with Congressmen and Senators.” Bhutan cannot afford to be in a similar mess or scenario now and in the future.

7. When we talk about private or corporate health insurance schemes, I get allergy to the disease that is inflicted on the people, especially the poor, by private insurance companies. In Bhutan, some corporations inadvertently create a different class in the Society through higher pay packages and perks in the name of corporateness and independence. They will be first one to avail the opportunity to insure for the health of their employees at the cost of revenue generation to the Government. Such factors may be considered during your deliberations.

8. We, Bhutanese in general, fail to learn lessons from the mistakes we make. PCS was introduced in the civil service with good intention to bring about improvement in work culture or performance of civil servants. PCS was good for the commercial companies but not necessarily good for civil servants. And what works for a big country may not necessarily work for a small country due to a stark difference in terms of characteristics or attributes of big and small countries. Anyway, no paradigm or model for healthcare financing is panacea. One can however, adapt some of the aspects of the systems of others to one’s system. Some experts intoxicated by their beliefs in particular systems or theories try to transplant them in a

foreign or alien soil. This could be catastrophic if we do so for our system that is working or functioning.

9. I have given enough doses of my views on healthcare financing directly or implicitly. I do not, in any way, intend to give some sort of impression that our system is perfect. We want our system to be dynamic and it has to be that way. Therefore, there will always be rooms for improvement or even reforms. But, if and when we talk about the fundamental or structural changes in a system, especially where it is working, it must be adequately argued or supported by a body of empirical evidences. The system should not be changed for the sake of changes.

10. Bhutan is concerned about the sustainability of healthcare finance.

- Perceived this problem, the Royal Government of Bhutan has launched the institution of Bhutan Health Trust Fund in 1998 to meet the cost of essential drugs and vaccines. The initial target of USD 24 millions has now been achieved and we are in the process of setting a new target.
- The MOH has encouraged private sector to establish some basic diagnostic services such as X-Ray, especially on the border areas.
- Patients do buy some drugs on their own, and some people access healthcare from hospitals outside the country at their own expense.
- All employees make 1% of health contribution from their pay and deducted at source.
- People even in rural areas do share the cost of treatment in terms of transportation, sharing the cost of construction of ORC and RWSS as well as other indirect expenses.

- As reflected in the 10th FYP, we will encourage the private sector to set up private tertiary hospitals in the country.
- We are planning to offer choices to people in the form of “off hours clinics” on payment basis.
- We are planning to expand herbal steam services in all district hospitals on cost sharing basis. At the moment, the work load for Drungtshos in many district hospitals is minimal.
- We are putting in place procedures and mechanism to reduce cost in terms of resource utilization, men, money and materials and also time management.

The change in cost sharing of healthcare, I believe, must take place in an incremental dose, which can be easily digested and keep increasing the doses depending upon many factors. The relationship between the economic growth and provision of free social service can be deduced from our King, who said time and again “We have to have a dynamic and strong economy in order to achieve GNH.” Your deliberations should be guided by these words of wisdom.

This workshop on health financing or workshop on financing an organization is the first of its kind in the country. The Ministry of Health has adventured to have such workshops on the sacred cow in the interest of the people of this country. I hope you will come up with the ideas or recommendations that are practical and implementable. As a politician, I would also like to request to bear in mind the political perspectives while making recommendations. I wish you and the workshop a big success.

I now declare the workshop open.

Tashi Delek