



CHAPTER 5

IDENTIFICATION AND ANALYSIS OF INSURANCE ELEMENTS

The literature reveals a variety of approaches to health insurance which might be characterized as insurance schemes. For example, in Thailand there are seven forms of insurance; children under 12 years funded from taxation (21% of population, free care for low income funded from taxation (19%), civil servant scheme providing coverage for many services (10%), social security and workers insurance which requires a contribution by employee and employer (7%), an government funded scheme for the elderly (6%), health card (5%) and private insurance (0.3%). In addition 31% of the population have no health insurance or, as the government argue provide their own insurance.

But each of these invariably consists of a number of elements, some determined by the insurer, some by government and some by the consumer. Within each element there are often several alternatives. It is very difficult to compare schemes when the context and elements within each scheme differ.

5.1 Identification of elements

To facilitate analysis and ultimately evaluation of health insurance schemes, the key elements, or variables, evident in all schemes were identified, based on the theory of insurance and experiences from both developed and developing countries.

1. source of contributions
2. basis of premium charged
3. ownership of insurance agent
4. insurance type
5. insurer's goals
6. population to be insured
7. types of services covered by insurance
8. health institute providing service
9. types of curative services covered by insurance
10. nature/extent of any part payment
11. mechanism for paying supplier

5.2 Identification of alternatives

The eleven elements listed above describe the broad variables. But within each of these broad variables there are invariably a number of alternatives. It is the alternatives which, in large measure determine the nature of the insurance scheme which is used.

Element 1 : Sources of contributions (premium) Alternative No.

Alternatives

- government subsidy (1)
- collective funds (2)
- individual payment (3)
- mixture of (1) + (2) + (3) (4)
- mixture of (1) + (3) (5)
- mixture of (2) + (3) (6)

Element 2 : Basis of premium charged:

Alternatives

- a fixed rate for each insured (1)
- a rate for each group insured in terms of:
 - * age (2)
 - * income (3)
 - * probability of utilizing health services (4)

Element 3 : ownership of insurer

Alternatives

- state-owned (public) (1)
- private (2)
- cooperative (Sino-foreign) (3)

Element 4 : Insurance type

Alternatives

- compulsory (1)
- voluntary (2)

Element 5 : Insurer's goal

Alternatives

- for-profit (1)
- not-for-profit (2)

Element 6 : Population to be insured

Alternatives

- whole population no matter what age they are (1)
- insured group in terms of age (2)
- insured group in terms of sex (3)
- insured group in terms of age and sex (4)

Element 7 : Type of services covered by insurance

Alternative

- preventive care services (1)
- curative care services (2)
- promotive care services (3)
- mix of (1) + (2) + (3) (4)

If the services to be insured are only concerned with the curative care services, then this element should be considered:

Element 8 : Health care institute providing services

Alternatives

- village health clinic (1)
- township health center (2)
- county hospital (3)
- higher hospital than county's level (4)
- all levels (5)
- a selected mix (6)

Element 9 : Curative services to be covered by insurance

Alternatives

- outpatient services (1)
- inpatient services (2)
- specific diseases (3)
- specific services/treatment (4)

Element 10. Nature/extent of any direct payment

Alternatives

- part payment (fixed charge) for all services (1)
- part payment for all services (2)
- payment beyond a basic service level (3)

Element 11 Mechanism for paying supplier

Alternatives

- Fee for service (1)
- Per capita payment (2)
- Negotiated fees for activities (3)
- Salary (4)

5.3 The selected element set

As emphasized at beginning, the research is a methodological study. An important procedure is using MCA to select the most appropriate alternative within each element. Obviously, this step is completely similar to all elements above. That is to say, it is not possible to fully review all the eleven elements and their alternatives although each can have a powerful effect on health care consumption and supply. For the purpose of this study, eight elements are selected (Table 5.1), which provide a broad range of factors and illustrate the issues involved in the process.

Table 5.1 Elements Selected for Study

No.	Name
1.	Source of contributions
2.	Basis of premium charged
3.	Ownership of insurance agent
4.	Insurance type
5.	Insurer's goal
6.	Population to be insured
7.	Types of services covered by insurance
8.	Health care institution providing services

From Table 5.1, we can see Element 9: curative services to be covered by insurance; Element 10: nature/extent of any direct payment; and Element 11: mechanism for paying supplier are excluded from the selected set of elements. The set of alternatives listed under curative services (9) is essentially standard and is considered to be a subset issue of Element 7; thus it was decided to limit consideration to selection of type of service to be covered. The nature / extent of any direct payment (10) is dependent on the premium rate (2) and thus was considered also to be a subset question. Concerning mechanism for paying supplier (11), since in China almost all hospitals are State-owned and hospital doctors receive a standard salary; patients pay fees to the hospital. Although this situation may change in future, in view of the current absence of choice, it was decided to exclude this element from the present analysis.