International Labour Organization

Social Protection in Action: Building Social Protection Floors for All

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Viet Nam: Social Health Protection and the COVID-19 pandemic

Summary

Given its population of nearly 100 million people, the high population density of its major cities and the limited capacity of its health sector to absorb a massive increase of inpatients in intensive care, the emergence of the COVID-19 pandemic could have been disastrous for Viet Nam's public health system. However, for more than two years Viet Nam had one of the lowest COVID-19 incidence rates in the world and the current COVID-19 mortality rate stands relatively low, at 35.58 deaths per 100,000 inhabitants. Gross domestic product has continued to grow, by 2.9 per cent in 2020 and 2.6 per cent in 2021, making Viet Nam one of the top performing economies globally in 2020 and 2021.

Viet Nam's efforts to battle the COVID-19 pandemic were made possible thanks to its pre- existing social health protection system, which is based on the universality of protection based on social solidarity and a system of high-quality public service providers, both guiding principles of Recommendation No. 202.

Main lessons learned

- The success of a responsive social health protection system lies in its ability to ensure that health systems are prepared for potential crises and that they are able to adapt to changing circumstances. Viet Nam was able to rapidly contain its successive COVID-19 waves thanks to its health surveillance system and the rapid roll-out of its vaccination campaign. The country was also able to provide immediate financial protection from healthcare costs thanks to the presence of a well-established and nearly universal health insurance scheme. The scheme required only small adjustments to respond to the COVID-19 pandemic, which were put in place relatively easily.
- The capacity to mobilize and pool financial resources from various sources plays an important role in responding to increased and exceptional needs in time of crisis, as demonstrated by the COVID-19 Vaccine Fund established by the Prime Minister. In Viet Nam, the social health protection financing mix, including both social contributions to health insurance and a large share of government subsidies in the overall health budget, helps to guarantee a certain level of revenues to the health sector when a crisis occurs, as well as to support the stability of the social health protection system.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

This note presents a successful country experiences of expanding social protection.

- In times of public health crises, it is important for a social health insurance scheme to be complemented by a comprehensive and integrated social protection system that protects people in cases of sickness, unemployment and dealing with containment measures such as lockdowns, thereby reducing the risk of contagion and the resulting need for intensive care. In Viet Nam, the COVID-19 crisis highlighted the facts that access to sickness benefits was insufficient, as it excluded workers in informal employment, and that vulnerable workers did not receive sufficient protection due to fragmented social assistance programmes, with limited coverage.

Key COVID-19 social health protection responses

Early and decisive multisectoral actions for pandemic prevention and containment

A key enabling factor of Viet Nam's success in containing the COVID-19 pandemic was the early and decisive action of top leadership, even before the WHO declared COVID-19 a Public Health Emergency of International Concern. A national steering committee for COVID-19 control was established promptly and a multisectoral response plan was developed, spearheaded by Deputy Prime Minister Vu Duc Dam. Taking a clear stance to prioritize public health over economic growth, preventive and containment measures and their results were communicated regularly and transparently by the Government, increasing public trust and leading to strict adherence to imposed measures. The Government's strategy focused on prevention, adopting a strict and large-scale testing- tracing-isolating approach. Viet Nam reached 1,000 tests for each positive case at the end of December 2020, with up to three layers of contacts being traced. Viet Nam also carried out rigorous isolation measures requiring mandatory quarantine, initially in government camps only, for all those who tested positive and most of their first-layer contacts. The Government also responded to local outbreaks by implementing commune-level lockdowns and closing non-essential businesses and schools, and it closed its boarders to foreign visitors from February 2020 to January 2022. Despite the slow take-off of its vaccination campaign, by January 2022, 70.3 per cent of the population had received a full course of vaccination, with up to 1,000,000 doses administered daily.

Emergency measures embedded in the national health system

Along with its pandemic containment efforts, Viet Nam strives to provide access to healthcare to those infected and has embedded several emergency measures in its national health system. Viet Nam's previous experiences dealing with pandemics, including the SARS epidemic in 2003 and human cases of avian influenza between 2004 and 2010, led to a well-established health surveillance system. This enabled Viet Nam to quickly implement its testing-tracing-isolating strategy in response to the COVID-19 pandemic.

The Government introduced a range of measures in response to the COVID-19 pandemic, whose rapid and frequent developments unfortunately made it challenging to hold systematic tripartite engagement on which measures to enact. Additional financing was provided by the Government for COVID-19 prevention and care. The existing social health protection scheme implemented by Viet Nam Social Security (VSS) provided access to healthcare to over 90 per cent of the population. This protection was complemented using special government budgets. Those who were not covered – nearly 10 million people – could receive COVID-19 healthcare services directly from health facilities and fully subsidized by the Government. In terms of prevention measures, central government and provincial budgets funded most expenditures, including those related to the testing- tracing-isolation strategy. The cost of procurement and distribution of COVID-19 vaccines – estimated at US$1.1 billion – was partially covered through the COVID-19 Vaccine Fund launched by Prime Minister Pham Minh Chinh on 5 June 2021 (Viet Nam 2021a). The Government provided an initial contribution of US$630 million, with the remainder being raised by individuals and enterprises as a collective effort. In its first month, the fund managed to raise US$332 million from individuals, national and multinational enterprises operating in the country. These funds were further complemented through bilateral cooperation, with China and Japan donating vaccines, among other countries. Among the secured doses, Viet Nam has received a total of 45 million doses through the COVID-19 Vaccines Global Access (COVAX) facility.

An attempt to provide a comprehensive social protection response

In addition to the health response, the Government of Viet Nam was also quick to try to address the economic impacts

of the COVID-19 crisis on households and enterprises through two successive COVID-19 relief packages. As early as April 2020, the Government issued a number of policies, including cash transfers for poor and near-poor households, current social assistance beneficiaries and informal economy workers and the provision of wage subsidies for formal sector workers. Complementary measures were also introduced to reduce the burden on businesses affected by the crisis, such as wage credits and postponement of social security contributions. The first COVID-19 pandemic relief package, known as Resolution 42/NQ-CP of 9 April 2020, was financed through central and provincial state budgets for a total amount of 62 trillion Vietnamese dong (US$2.7 billion) (Viet Nam 2020a). However, the implementation of this first relief package faced challenges in reaching those in informal employment, accounting for 67.5 per cent of the labour force (ILO 2021a). As a result, only 40 per cent of the first relief package had been disbursed by November 2021.

A second relief package, known as Resolution 68/NQ-CP of 1 July 2021, was implemented in early July 2021 for a total amount of 26 trillion dong (US$1.13 billion) in support measures (Viet Nam 2021b). Learning from the challenges of the first relief package, Resolution 68 revised the eligibility criteria and simplified procedures to access benefits (at the cost of putting less focus on the most vulnerable groups of the population, in particular those in informal employment). This led to a bigger share of the relief package being disbursed – nearly 100 per cent.

How did the health insurance scheme respond and what are the impacts?

The social health insurance scheme aims to cover all residents, regardless of employment status and citizenship, as stipulated in the 2008 Law on Health Insurance (Viet Nam 2008) and its amendment (Viet Nam 2014). Its legal and effective coverage has increased progressively since the establishment of the scheme, with the gradual extension to additional groups of population. This was made possible by the high-level commitment of the Government to finance the scheme, which relies on a mix of public funds and contributions from employers and workers in the formal economy, as well as from households in the informal economy. Thanks to its large coverage prior to the crisis, the scheme reduced financial hardship caused by health issues for the vast majority of the population.

However, the COVID-19 pandemic has challenged the long-term sustainability of the scheme. The loss of employment and working hours may reduce the ability of workers to contribute, while the reduction of general tax revenues has placed additional pressure on government subsidies. In 2020, a total of 32.1 million people aged 15 and over were found to have been negatively affected by the COVID-19 pandemic, either in terms of unemployment, staggered working hours, income decreases or working hour decreases, among others (GSO 2021a). By the end of 2021, this led to the labour force participation rate reaching its lowest level in 10 years (GSO 2021b). It is further estimated that unemployment will increase from 1.2 million persons in 2021 to 1.3 million persons in 2022 (ILO 2022). If left unaddressed, these changes in the labour market could lead to significant reductions in contribution revenues for the health insurance scheme.

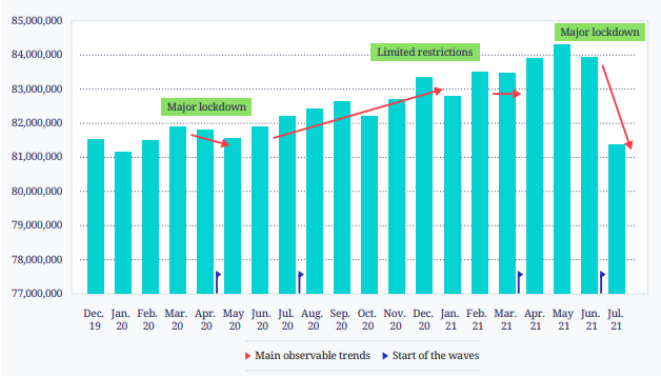
Somewhat counterintuitively to the economic crisis, annual membership of the health insurance scheme increased from 89.95 per cent in December 2019 to 90.85 per cent in December 2020 and to 91.01 per cent in December 2021 (see figure 1). However, this overall increase hides temporary decreases in coverage during lockdowns in response the four COVID-19 waves that affected Viet Nam. For instance, during the first wave in 2020, membership decreased by 0.41 per cent or 335,365 members. Most of those who dropped out were workers in the formal economy,[1] although a small share continued to be affiliated to the scheme as part of their unemployment insurance. This seems to indicate that the integrated VSS system has the potential to provide continued protection to laid-off workers by allowing them to shift their membership group in response to their circumstance.

In terms of the finances of the scheme, revenues and expenditures were not significantly impacted by the COVID-19 crisis in 2020 and the first half of 2021. The scheme's revenues per capita increased from 2018 to July 2021 but decelerated between 2020 and 2021. At the same time, expenditures for healthcare (in both absolute and per capita terms) decreased, possibly due to a drop in healthcare

[1] For the purposes of implementation, the population is classified into six social health insurance membership categories, depending on the source of their contribution to the scheme. Groups are entitled as follows: "Employer-Employee"; "Fully Paid by the State", "Partially Paid by the State", "Social Insurance", "Households", "Relatives of National Defence and Public Security". Most workers in formal employment belong to the Employer-Employee group.

utilization during lockdowns, a general fear to visit health facilities during COVID-19 and the Government's support in paying for COVID-19 related care.

Figure 1. Evolution of membership in Viet Nam's health insurance scheme



▶ Source: Author's elaboration based on VSS data.

As mentioned earlier, the health insurance scheme categorizes affiliated persons. Among other things, households residing in a number of communes that have been identified as vulnerable are eligible to receive a full subsidy. In mid–2021, Viet Nam revised the list of eligible communes, dropping the number of the most-disadvantaged communes (so called area III communes) from 1,935 for 2016–2020 to 1,551 for 2021–2025. This resulted in a 36.1 per cent drop in the membership group "Fully paid by the State". While the Government enacted these changes in response to improved socio-economic indicators in these communes, further data and analysis is crucial to identify whether affected households have been able to remain protected by continuing their affiliation to the social health insurance scheme, paying for their own contributions.

Challenges and way forward

With a strong surveillance system and social health insurance scheme already in place before the pandemic, Viet Nam managed to efficiently contain the epidemic and provide adequate financial protection in case of ill health and sickness. The Government's mass testing-tracing-isolating strategy, as well as the rapid implementation of restriction measures and the strict adherence of the population, helped contain the COVID-19 pandemic until most of its population was vaccinated.

Additional public funds were also mobilized to provide social health protection to those uncovered. In addition, the existence of income-support social protection schemes (unemployment insurance, cash transfers and so on) reduced the risk of members failing to meet their contributions to the health insurance scheme in case of loss of income.

While Viet Nam's success in reducing the spread of COVID-19 was a determining factor of the resilience of its social health insurance scheme, the scheme's capacity to protect against future crises may be challenged by gaps in the portability of rights. The affiliation to the scheme is organized in groups, with formal sector workers being part of the employer–employee group. In case of lay-off, those who benefit from unemployment insurance continue to be protected by the health insurance scheme. Those who are not entitled to unemployment insurance lose their automatic affiliation and may register under the household group, paying their own contributions. However, the lack of an automatic fallback system increases the risk of drop out for this group. Lastly, low-income households who would be eligible for a partial or total subsidy of contributions are only identified on a yearly basis and paying contributions in the meantime may not be affordable to them.

Under the social health insurance scheme, revenues per capita differ by groups, with the employer-employee groups paying the most. For example, revenue per capita from the unemployment insurance group represents only 80 per cent of the average contribution of the formal employee group, while the households group represents only 20 per cent. A potential shift of beneficiaries away from the employer-employee group towards lower- revenue groups could lead to a significant drop in revenue for the health insurance scheme.

A potential drop in revenue could be challenging for the health insurance scheme, which has already been drawing on its reserves since 2016 in response to budget deficits. In addition, the costs of care are expected to rise over the years to come in light of Viet Nam's rapidly ageing population, the increased prevalence of both communicable and non-communicable diseases and the increased availability of technologically advanced but expensive treatment options. The Government is seeking to improve the sustainability of its health insurance scheme through a revision of the health insurance law in 2022. The revision is also expected to address implementation challenges and to facilitate the expansion of coverage in order to reach the country's objective of providing effective coverage to 95 per cent of the population by 2025.

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