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Chapter

Toward Universal Health Coverage: The Role of Health Insurance System

Diriba Feyisa

Abstract

Health insurance is one of the instruments to achieve universal health coverage, which is not only the major goal for health reform in many countries but also the priority objective of World Health Organization. It provides financial security against healthcare costs and lessens the risk of incurring medical debt. There is an increasing understanding that poverty is exacerbated by ill health. Developing nations have recently increased the usage of various health insurance schemes to improve access to healthcare for low-income households to stop the negative downward circle of poverty and illness. These models help all countries regardless of income level can set out on the path to universal health coverage through a mix of different prepayment and risk-pooling mechanisms, tax-funding, and social health insurance. Right policies are necessary to achieve UHC. Concentrating on providing strong coverage for a clearly defined basket of services is well preferable to shallow coverage for every service with a high patient cost-sharing ratio. Health insurance system must be designed from the outset to be financially sustainable, which includes looking into ways to increase revenue sources and giving priority to the efficient use of resources.

Keywords: universal health coverage, health insurance system, healthcare financing, financial protection, out-of-pocket expenditure, access to healthcare

1. Introduction

Health is essential for leading a fruitful social and economic life [1]. Due to their direct impact on their ability to work, individuals’ well-being is crucial for ensuring the welfare of the household as a whole, especially that of children [1]. Good health is the desired state for the wellness of human beings and to prolong economic, social, and political development pursuing a healthy society and global fastening. Healthcare access affects an individual’s entire health condition, such as physical, mental, and social, as well as the overall quality of life [2].

According to the World Health Organization (WHO), access to healthcare services is a fundamental human right for every individual, and it is the responsibility of the government to make sure that these services are acceptable and readily available at all times [3]. Accessibility to healthcare services has various aspects that are influenced
Health Insurance

by service availability, the quality of patient care provided at health facilities, geographical connectivity, and economical mobility [3].

With significant regional diversity, there are combinations of health financing system consisting of public (tax-based systems, health insurance funds, and external funds) and private (mostly in the form of out-of-pocket payments) for financing healthcare worldwide. Prepayment model health financing systems are crucial for financial risk protection (FRP), which guarantees that people access healthcare without experiencing economic difficulties and are used by most high-income and middle-income nations. However, in low-income nations, these models are frequently inadequate and hence, many are excessively reliant on out-of-pocket payments, which put households at an elevated risk of financial difficulty and inequities in health outcomes [4, 5]. One hundred and fifty million individuals worldwide experience financial hardship due to the cost of healthcare services [6]. About 400 million individuals lack access to healthcare, and 8 million people lost their life due to preventable diseases, resulting in a loss of 6 trillion USD in economic productivity in low- and middle-income countries (LMICs) [6]. The sustainable development goals (SDGs) were adopted by world leaders in 2015, and these leaders strived toward achieving universal health coverage, which includes financial safeguards and access to inexpensive, high-quality critical medications [6].

The World Health Organization defines universal health coverage as the provision of preventive, curative, and rehabilitative health services without causing financial hardship when getting these services [7]. This process is challenging as it requires identifying the crucial elements that improve or degrade coverage, services, and reducing inequalities due to the abundance of players and the complexities of interactions that affect health coverage [8]. Therefore, to achieve the aims of UHC, strategies should be defined, formulated, and entrenched in various aspects of health financing policy environment. In this sense, the core of UHC is financial security, and enhancing safety net is a major goal of health financing policy. The framework, actions of key parties, and level of health outcomes are all defined by the type of healthcare financing used.

As a result, the finance model for healthcare is intimately and inextricably related to the delivery of health services, and it also serves to establish the upper limits of the system’s capacity to meet the overarching objective of accelerating national economic growth [9]. Healthcare financing includes not just how to raise the necessary funds to meet a country’s healthcare demands, but also how to assure fairness, affordability and accessibility of healthcare services, and financial risk mitigation. How health systems are financed largely determines whether people can obtain needed healthcare and whether they suffer financial hardship at the instance of obtaining care [10, 11].

2. Health financing and insurance system

The WHO created a framework for health financing that emphasizes the need for financing strategies to be assimilated into national health policies and service delivery plans [12]. Healthcare financing in LMICs and people’s access to vital quality healthcare are dependent on OOPs, despite ongoing worldwide consensus over the need to enhance national health financing systems to build sustainable and all-encompassing policies. These obstacles to access are a major cause of preventable mortality [13].

To preserve and improve human wellbeing, health systems highly depend on health financing. Healthcare financing is the function of health system involved
with the mobilization, accumulation, and funding to meet the health demands of the people, collectively and individually, in the health system [9]. Health insurance remains an imperative policy strategy for improving health outcomes at this crucial time, when many countries are pursuing the third sustainable development goal (SDG) of safeguarding healthy lives and promoting well-being for all at all ages [7, 14]. As a result, health insurance ensures that no one has to choose between getting medical care and going without for the sake of a lack of money [15, 16]. The World Bank has stated that several nations’ sustainable development goals (SDGs) consider health insurance as a crucial component [17].

To guarantee that everyone has access to quality healthcare; the goal of health finance is to make funds accessible and to set the appropriate economic incentives for providers [11]. The health financing system frequently focuses on three inter-connected essential features. The first is revenue collection: mobilizing sufficient resources from internal and external sources (such as prepayment schemes, government taxes, OOP payments, and donor funds). The second feature is risk pooling: the concentration and equitable distribution of prepaid economic resources to provide FRP across all beneficiaries, and pooled funds that can be derived from tax and donor funds. The third is fund allocation: allocating funding to health service providers will ensure that the public has access to adequate and effective services.

General tax income, social insurance, voluntary insurance, charity donations, and individual out-of-pocket costs are the five ways that health expenses are financed. To really achieve the intended advantages, countries’ health benefit packages (HBPs) must be structured around the three essential components of the health funding system. Coordination between various funding sources is essential for attaining UHC given nations’ health finance structures are typically combinations of public (tax-based, health insurance funds, and outside help) and private mechanisms (OOP) [7, 18].

The payment for healthcare at the time-of-service use is reduced and healthcare financing provides universal coverage of publicly supported essential health services. Additionally, by providing cross-subsidies from the wealthy to the poor and from the well-off to the ill, universal health funding would improve equity. Health financing and insurance reforms are being pushed in the favor of prepaid sources using general taxes, health insurance, or a combination of measures. However, development varies among nations, with public financing predominating in high-income nations and private expenditure being prevalent in LMICs [19].

Most nations are dedicated to building a strong health insurance system to achieve universal coverage. However, there is ongoing discussion over the relative merits of various types of health insurance (Table 1) [20]. The United Kingdom, for example, has developed a tax-based national health system that covers every resident [21].

Social health insurance on the other hand relies on employees contributing a percentage of their salaries to a health insurance fund that is used to refund affiliates’ health expenditures [20–22]. Social insurance programs are mandatory insurance systems that are contributed to by employers and employees. Germany has created an extensive system of health, pension, long-term care, and insurance schemes for its inhabitants, providing a minimal degree of financial security that is frequently used as a benchmark for social insurance systems and advances the aspects of preventive care, primary prevention, resource, and financing decisions [23].

Private health insurance mostly appeals to the wealthy portions of the population and provides health plans that cover a certain list of medical issues in exchange for a renewable premium [20, 24].
Health Insurance

Organizations and/or employees may choose to obtain insurance from private companies voluntarily to reduce the possibility of monetary losses brought on by disease or the price of healthcare. Large portions of society in several nations have their health needs covered through voluntary insurance programs rather than social insurance programs. For instance, around two-thirds of the active population in the United States is covered by voluntary insurance.

Community-based health schemes are widespread in low- and middle-income nations and are frequently intended to help the underprivileged. In many nations, these programs are also utilized to raise additional funds to maintain disjointed health systems or diverse funding systems [20, 25].

Out-of-pocket funding for public health projects might not produce the best results. First, by eliminating the very obstacles to engagement that out-of-pocket costs offer, numerous healthcare businesses aim to boost disease management and promote health initiatives. Second, paying for healthcare out of pocket reveals what people are prepared to pay for a service and the amount they consume at that cost.

3. Universal health coverage

The 2030 Agenda for Sustainable Development was endorsed by the UN General Assembly in 2015 [26]. The 2030 Agenda emphasizes the significance of strengthening comprehensive and coherent methods to ensure that “no one is left behind” in obtaining universal health coverage (UHC). The agenda includes 17 sustainable development goals (SDGs) that must be accomplished [26].

<table>
<thead>
<tr>
<th>Type of health insurance</th>
<th>Financing sources</th>
<th>Finance management</th>
<th>Underlying values and principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>National health insurance</td>
<td>General taxes</td>
<td>Public sector</td>
<td>Equity: equal access to health services for everyone</td>
</tr>
<tr>
<td>Social health insurance</td>
<td>Payroll taxes from employers and employees</td>
<td>Social security agency, national health fund, sickness funds</td>
<td>Solidarity: equal access to health services to all members of insurance fund</td>
</tr>
<tr>
<td>Private voluntary health insurance</td>
<td>Premium payments from individuals or employers/employees</td>
<td>Commercial insurance company, for-profit or nonprofit organization</td>
<td>Principle of equivalence: health service provision with respect to ability to pay</td>
</tr>
<tr>
<td>Community health insurance</td>
<td>Premium payments from individuals or communities</td>
<td>Community or association</td>
<td>Constitute both part component of solidarity and principle of equivalence</td>
</tr>
</tbody>
</table>

Source: Authors’ own construct following various literature reviews.

Table 1. Major types of health insurance and health financing mechanism.
Universal health coverage (UHC) articulates that everyone should have access to high-quality medical care that meets their requirements without experiencing economic difficulties. It asserts that a wide range of essential services is provided to the public in a way that is well connected with other social goals [17, 27]. Universal health coverage (UHC) as devoted to by the United Nations affiliate in the SDGs, can contribute to health equity if it is appropriately premeditated and realized [28, 29]. To achieve the overarching goal of good health and wellbeing for all people as well as other important healthcare targets in the SDGs, such as mortality reduction and the prevention of premature mortality from noncommunicable diseases. It is imperative that the two unmistakable goals of UHC; achieving equitable access to high-quality essential healthcare services and ensuring social financial risk protection be met [12]. WHO Report of 2019 called for all health systems to move toward universal coverage, defined as “access to adequate healthcare for all at an affordable price” [28]. Everyone wants access to high-quality, reasonable healthcare. The goal of UHC is to ensure that everyone has access to the medical services they require without facing financial hardship. Universal health coverage (UHC) seeks to improve health and community development, prevent disease from pushing people below the poverty line, and provide people the chance to live longer, healthier lives [15, 29, 30]. The objectives of UHC are to make sure that everyone has access to high-quality healthcare, to protect everyone from risks to the public’s health, and to prevent

### Table 2

**Summary of universal health coverage.**

<table>
<thead>
<tr>
<th>Target groups</th>
<th>All people, including the poorest and most vulnerable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Full range of essential health services, including prevention, treatment, hospital care, and pain control.</td>
</tr>
<tr>
<td>Accessibility</td>
<td>Costs are shared among the entire population through prepayment and risk-pooling, rather than shouldered by the sick. Physical accessibility, financial affordability, and social and cultural acceptability.</td>
</tr>
<tr>
<td>Key aspects of the right to health</td>
<td>The right to health contains entitlements health services, goods, and facilities that must be provided to all without any discrimination. All services, goods, and facilities must be available, accessible, acceptable, and of good quality.</td>
</tr>
<tr>
<td>Countries requirement</td>
<td>Pursuing policy reform political leadership and a clear strategic vision.</td>
</tr>
<tr>
<td>Core Tenets</td>
<td>Prioritize the poorest, increase reliance on public funding, reduce, if not eliminate, out-of-pocket spending, and develop the health system.</td>
</tr>
<tr>
<td>Approach</td>
<td>There is no one-size-fits-all approach. Countries are taking different pathways: strategies will depend on local circumstances and national dialogue.</td>
</tr>
<tr>
<td>A framework for action</td>
<td>Financing (more and better spending and effective financial protection), services (people-centered services, quality, and multisectoral action), equity (targeting the poor and marginalized and leaving no one behind), preparedness (strengthening health security) and governance (political and institutional foundations for the UHC agenda).</td>
</tr>
<tr>
<td>Impact</td>
<td>Improved health status, improved household financial wellbeing, increased responsiveness, and better health security.</td>
</tr>
<tr>
<td>Challenges</td>
<td>Poverty</td>
</tr>
</tbody>
</table>

Sources: Authors’ own construct following various literature reviews.
everyone from falling into poverty because of illness, whether from out-of-pocket medical expenses or from lost income when a family member becomes ill. To reduce extreme poverty by 2030 and increase shared prosperity in lower- and medium-income countries (LMICs), where the majority of the world’s poor reside, it will be crucial to provide universal access with quality and without financial obstacles (Table 2) [16, 31, 32].

Universal health coverage ranges of comprehensive services, including prevention, promotion, treatment, rehabilitation, and palliative care would progressively expand to reduce the unmet health needs, as no or few countries can afford to instantly finance a full set of services to all people [11, 12, 33]. UHC encompasses different health system components, including service delivery, financing policy, information system, infrastructure, health workforce, drug supply management, and governance (Figure 1) [11].
The road to UHC is not easy; each nation already has some systems in place, and in order to progress to UHC, each nation must strengthen those systems [11, 33]. Nevertheless, each nation must make progress in at least three different areas in order to meet the UHC objective: the first is the percentage of persons covered by pooled funds, the second is the range of accessible, and the third is cost-sharing from aggregated funds (Figure 2) [33].

Government ought to make important policy decisions as they proceed along these dimensions in order to improve effectiveness, be fair, and address other issues [10]. These decisions entail balancing how much of the population is addressed, the scope and types of care provided, and the cost covered by the aggregated money to achieve complete coverage in each dimension. Coverage along all three dimensions is achieved through risk pooling, health insurance, and/or government-financed provision of services (the blue cube within the UHC cube) [9].

Access to healthcare is used to measure whether people are receiving the services they need or not. It includes the physical availability and accessibility, economic affordability, and psycho-social acceptability of health services by the people. Accessible services also increase responsiveness, decrease health inequality, and improve health outcomes [31, 34]. According to WHO, about one-third of the world’s population is without the access to medicines they need, mostly in Asia and Africa [4, 35].
HealthInsurance

Globally, millions of people suffer and die due to lack of money to pay for healthcare while others suffer by paying more catastrophic payments. Accordingly, World Health Organization (WHO) recommends moving away from direct, out-of-pocket payments to using prepaid mechanisms to raise funds for health [12]. Every year, 100 million people are pushed into poverty because they have had to pay directly for their healthcare [19, 36, 37].

Today, a key element of national health strategy in numerous middle-income countries is achieving financial protection from risks related to family OOP expenditures on healthcare [38]. Financial risk protection represents the trade-off between funding essential requirements like schooling, nourishment, and housing on the one hand and paying for necessary health services on the other [4, 15]. A key goal of health insurance during era of universal health coverage is to reduce financial risks caused by high out-of-pocket health spending as the result of households’ catastrophic healthcare payments that consume a large portion of their overall budget, eventually pushing them into poverty where they must take out loans or sell assets to pay for healthcare [4, 7, 37].

4. Health insurance system as a means of attaining universal health coverage

For many nations, health insurance is an integral component of the sustainable development goals (SDGs) [39]. In accordance to a 2017 World Health Organization (WHO) report, half of the planet’s population cannot benefit from relevant health services, whereas about 100 million people per year are forced into chronic poverty as a consequence of medical expenses. Additionally, 800 million individuals spend roughly 10% of their family income on healthcare [7].

Fifty-eight (58) WHO World Health Assembly member nations resolved to expand their health-financing systems by increasing the role of prepayment for medical services while reducing direct payments, which were considered among the obstacles to accessing medical services [30]. Among the prepayment schemes, community-based health insurance (CBHI) is one that pools risks across different population groups so that the financial burden of catastrophic illnesses is significantly reduced for the individual [40]. CBHI reduces out-of-pocket expenditure and improves cost recovery, and it appears to be the most appropriate insurance model for informal sectors [40–42]. Balancing these three dimensions while emphasizing the quality and equity of the health services, is essential to achieving UHC [33].

UHC is, arguably, one of the most important aspects of equitable and fair access to healthcare services relevant to the needs of individuals. UHC program adoption has been reliant on a robust leadership of the party, detailing a variety of specific legislative, financial, and social tools all packed together that make the intervention successful and relevant from a long-term system integration viewpoint. Acquiring finances, pooling resources, and procuring services and benefit plans are some of the tasks involved in financing healthcare [43, 44].

However, achieving UHC is a journey of gradual realization in which everyone must advance on a variety of levels, including the scope of available services like medications, medical supplies, health professionals, infrastructure, and information as well as the percentage of covered cost and individuals [45, 46]. Therefore, to make progress, many stakeholders must be committed to working together and have the capacity to recognize and overcome hurdles. Health financing restructuring is
vital and should be aimed at providing everyone with access to healthcare, offering
financial protection, enhancing health outcomes, lowering the financial risks associ-
ated with illness, and boosting equity financing to overcome the current financial
constraints to receiving medical care [12].

5. Policy implications

The United Nations sustainable development goals (specifically goal 3) and WHO's
universal health coverage agenda, which is central to better health and well-being
for all, delivering gains across 2030 sustainable development agenda that pledges to
leave no one behind and realize improvement in health outcome, necessitates sub-
stantial changes in how each country finance both public health and the larger health
system [17].

Ensuring that individuals are protected from the financial effects of illness, paying
for healthcare as well as promoting the best use of available resources is the primary
role of health insurance in meeting UHC goals. This is especially difficult given that
both emerging and developed nations must increase healthcare services coverage to
people that are not originally insured in order to attain these goals [7, 33].

As out-of-pocket payments are decreased; government agencies, insurer institu-
tions, and private foundations are pressed to raise the resources dedicated to healthcare
systems due to increment of insured individuals and expansion of health services cover-
age. The WHO has suggested a number of measures with the goals of boosting income,
reducing obstacles, and improving efficiency to relieve this financial burden [33].

Boost the effectiveness of collecting money through strengthening revenue collec-
tion infrastructure and movement away from black and grey markets to a more stable
environment where tax avoidance is minimized. This will boost the amount of money
that government have at their disposal to finance population health.

For many reasons, UHC means the distinction between providing finance and
privation of health services. It has been demonstrated that nations with expanded
healthcare coverage have improved health indices and stronger overall socio-econo-
mic development. Since most of the voters demand access to inexpensive and high-
quality health services, supporting a UHC agenda can result in significant electoral
dividends for political leaders.

It is simple to forget that progress toward universal health coverage (UHC), is
a political task that entails negotiations among different priority groups in society
over the distribution of health benefits and resources to be consumed to gain such
benefits as there are several complicated technical issues encountered on the way.
Generally, moving toward achieving UHC offers health, economic, and political
benefits [27, 47].

6. Conclusions

In conclusion, universal health coverage in terms of healthcare insurance function
is physical and financial access to essential healthcare which are of good quality for all
persons in the community. This implies protection against catastrophic expenditure
on healthcare services are needed, services of good quality will be geographically
accessible, and the costs of health services will not hinder people from using them or
will not impoverish their families.
Effective healthcare finance solutions are essential, yet they are still difficult to implement sustainable health services. Realization of UHC is supported by appropriate health funding solutions that protect against financial risk.

Achieving effective and equitable UHC has a strong potential to improve and extend people’s lives, reduce inequality, and potentially lead to economic growth. Failing to do just that may lead to deteriorating population health outcomes. UHC is more crucial than ever considering the unusual advent of the coronavirus disease 2019 (COVID-19) pandemic. Healthcare access and quality remain a challenge worldwide and efforts ought to make improve these issues through UHC are pivotal.

Conflict of interest

The author declares no conflict of interest.

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>CBHI</td>
<td>community-based health insurance</td>
</tr>
<tr>
<td>FRP</td>
<td>financial risk protection</td>
</tr>
<tr>
<td>HBP</td>
<td>health benefit package</td>
</tr>
<tr>
<td>LMICs</td>
<td>low and middle-income countries</td>
</tr>
<tr>
<td>OOPs</td>
<td>out of pockets</td>
</tr>
<tr>
<td>UHC</td>
<td>universal health coverage</td>
</tr>
<tr>
<td>SDG</td>
<td>sustainable development goals</td>
</tr>
<tr>
<td>SHI</td>
<td>social health insurance</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
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