

HEALTHCARE FINANCING AND REIMBURSEMENT: A GLOBAL REVIEW OF MAJOR TOPICS AND TRENDS

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LAWS AND REGULATIONS ON HEALTHCARE FINANCING AND REIMBURSEMENT

1. Please provide a bird's-eye view on the healthcare economy, indicating, in general terms, the role of the government (public healthcare) and private actors (private healthcare).

Government role in healthcare

The Thai government plays a significant role in the healthcare system, primarily through three major public insurance schemes:

- *Civil Servant Medical Benefit Scheme (CSMBS)*: This scheme covers government employees, retirees, and their dependents. The CSMBS is government-funded and provides coverage that includes medical services, such as inpatient and outpatient care, as in the scope of CSMBS cover.
- *Social Security Scheme (SSS)*: This scheme covers private sector employees and is funded by the government. The SSS includes a range of medical services, such as inpatient and outpatient care, as within the scope of the Social Security Act BE 2533 (1990).
- *Universal Coverage Scheme (UCS)*: This scheme is funded by tax revenue and provides healthcare coverage for the population not included in the other schemes, such as the CSMBS or the SSS. It offers essential preventive, curative, and other coverage, as stipulated in National Health Security Act BE 2545 (2002).

The Thai government is responsible for Thailand's overall healthcare policies, funding, and regulations.

Powers and responsibilities

- *Central government (such as National Health Security Office, Comptroller General's Department)*: Establishes national healthcare policies, lists essential medicines under the healthcare scheme, allocates budgets, and monitors and assesses healthcare policies.
- *Local governments (Such as Provincial Public Health Offices)*: Implement healthcare policies, monitor and license hospitals, and ensure the delivery of healthcare services at the local level.

Other players

In addition to government and private insurers, other entities also contribute to healthcare funding in Thailand:

- *Private health insurance:* Private health insurance is an alternative option to the public system, providing additional coverage for services not fully covered by government schemes or ensuring faster access to care given in hospitals.
- *Patient support groups:* These groups advocate for patient rights. They play a crucial role in raising awareness about specific health conditions and supporting patients through advocacy and direct support.
- *International aid:* Some healthcare funding comes from international organisations and foreign aid, particularly for public health initiatives and disease prevention. This aid can come in the form of financial support, medical supplies and expertise to help improve healthcare infrastructure and services.

2. Please provide a high-level overview of the legal framework regarding healthcare financing and reimbursement.

Structure of the pertinent law

The healthcare system in Thailand is governed by several regulations and schemes:

- National Health Security Act BE 2545 (2002): This act established the UCS, providing healthcare access to all Thai citizens.
- Social Security Act BE 2533 (1990): This act provides benefits to employees in the formal sector.
- Civil Servant Medical Benefit Scheme (CSMBS): This scheme offers government workers and their dependents health coverage.

Relevance of industry codes and private norms

- The National Health Security Office (NHSO) sets the guidelines and standards for healthcare providers under the UCS.
- Private healthcare providers often follow additional industry standards to maintain quality and safety.

Relevance of negotiations between healthcare providers and payers

- Negotiations are essential for determining reimbursement rates and service coverage.
- Associations such as the Medical Council of Thailand and the Hospital Association of Thailand play a significant role in negotiations regarding government funding under the relevant scheme.
- These negotiations ensure that healthcare providers are compensated fairly, and that patients receive necessary services.

3. What are the key regulators and supervisory bodies regarding healthcare financing and reimbursement?

Agencies of the central government

- *Ministry of Public Health (MOPH):* Oversees public health policies, regulations, and the overall healthcare system.

- *National Health Security Office (NHSO)*: Manages the UCS and sets guidelines for healthcare providers.
- *Social Security Office (SSO)*: Administers the SSS for formal sector employees.
- *Comptroller General's Department*: Oversees the CSMBS.

Specialised bodies, industry organisations, and competition authorities

- *Medical Council of Thailand*: Regulates medical professionals and ensures standards of practice.
- *Hospital Association of Thailand*: Represents hospitals and healthcare providers, participating in negotiations and policy discussions.
- *Health Insurance System Research Office (HISRO)*: Conducts health technology assessment (HTA) research and provides recommendations on healthcare policies.
- *Office of Insurance Commission (OIC)*: Regulates private health insurance providers and ensures compliance with insurance laws.

Role of courts

- The Administrative Court plays a crucial role in resolving disputes related to healthcare financing and reimbursement.
- The courts ensure legal compliance and protect the rights of patients and healthcare providers.
- Judicial review can be sought for decisions made by regulatory bodies, ensuring fairness and accountability.

4. Has there been a change with healthcare financing and reimbursement as a consequence of the Covid-19 pandemic?

Increased direct involvement/government spending

- The Thai government significantly increased its spending to support the healthcare system during the pandemic.
- Special funds were allocated for Covid-19 testing, treatments and vaccination programmes.
- Additional resources were directed towards strengthening healthcare infrastructure, including hospitals and medical equipment.

Shifts in budgets

- Budgets were reallocated to prioritise pandemic response efforts at that time.
- Funding for other healthcare services and programmes was adjusted to ensure sufficient resources for managing Covid-19.

Fast-track funding

- The government introduced fast-track funding mechanisms to expedite financial support for healthcare providers.
- Emergency funds were made available to address urgent needs quickly, such as purchasing medical supplies and expanding hospital capacity.

- These measures helped to ensure that healthcare providers could respond effectively to the rapidly evolving situation.

5. Who has access to the healthcare system as a patient on the one side and as a medical service provider/supplier of medical goods on the other side? What are the conditions of admission?

Patient access

- *General access:* All Thai citizens have access to healthcare services under the UCS, regardless of age, nationality, or residence.
- *Non-residents and foreigners:* Non-residents and foreigners can access emergency medical services but may face limitations for non-emergency treatments. They often rely on private health insurance or out-of-pocket payments (self-payments).
- *Special cases:*
 - Emergency treatment for non-residents: Non-residents can receive emergency treatment. Treatment and follow-up care may require private insurance or self-payment.

Healthcare providers' access to public funding/reimbursement

- *Registration requirements:* Healthcare providers must be registered with the National Health Security Office (NHSO) to receive reimbursement under the UCS.
- *Compliance with standards:* Providers must comply with the guidelines and standards set by the NHSO and other regulatory bodies to qualify for public funding.
- *Special provisions:*
 - Treatment of residents abroad and emergency cases for non-residents: Foreign citizens who are legally working in Thailand are included in the SSS. For travellers, there is no government scheme, which means they have to make all payments themselves or seek reimbursement through their private health insurance.
 - Drug store funding/reimbursement: Drug stores are included in the reimbursement scheme when purchasing medicine.

HEALTH INSURANCE FINANCING AND COVERAGE

6. How are health insurance carriers financed? How are premiums determined?

Mandatory or optional insurance

- *UCS:* This is a mandatory scheme for all Thai citizens who are not covered by other schemes. It is funded through general taxation.
- *SSS:* This scheme is mandatory for formal sector employees, with contributions from employers, employees, and the government. Funding is received from social security deductions from employees' paycheques each month.
- *CSMBS:* This is mandatory for government employees. It is funded through general taxation.

- *Private Health Insurance*: Optional and available for those who require additional coverage not included in public schemes.

Government involvement in determination of premiums

- *UCS*: Funded by the government through general taxation, with no direct premiums paid by individuals.
- *SSS*: Premiums are determined by the government, with contributions set as a percentage of the employee's salary, shared among the employer, employee and the government.
- *CSMBS*: Fully funded by the government, with no premiums paid by beneficiaries.
- *Private health insurance*: Premiums are set by private insurers but must comply with the regulations set by the Office of Insurance Commission (OIC).

Judicial review of premiums

- Rates and adjustments for public schemes, such as the SSS, are subject to review by the authorities to ensure fairness and sustainability.
- Disputes regarding premium rates or changes can be brought before the courts, which ensure compliance with legal standards and protect the rights of insured individuals.

7. How is coverage of medical services by health insurance carriers regulated? Are there differences in coverage for in-person medical appointments and telemedicine appointments?

Freedom of insurance carriers to define coverage

- Private health insurance companies have the flexibility to define the scope of coverage for their policies. However, the scope must comply with the regulations set by the Office of Insurance Commission (OIC) to ensure fairness and transparency.
- Public schemes such as the UCS and the SSS have predefined coverage determined by the government.

Involvement of the government in defining coverage

- The government plays a significant role in defining the coverage for public health insurance schemes. For more information, see Q3.

Special cases

- *Telemedicine*: The coverage for telemedicine services was implemented during the Covid-19 pandemic and is currently implemented for other diseases. Public schemes like the UCS and SSS have adapted to include telemedicine consultations, ensuring continued access to healthcare.
- *Orphan drugs*: Coverage for orphan drugs, which are used to treat rare diseases, is subject to specific regulations and approvals. The NHSO and other regulatory authorities are responsible for considering the necessity and cost-effectiveness of these treatments.

HOSPITAL SECTOR

8. How are services provided by hospitals in the stationary (inpatient) and ambulatory (outpatient) settings financed and reimbursed?

For healthcare services in Thailand's hospital sector, both inpatient and outpatient settings are primarily financed through a combination of public and private funding mechanisms. There are four main public health financing schemes:

Universal Coverage Scheme

This is the largest public health financing programme in Thailand, covering the majority of the population. Under the UCS, all citizens are eligible for free or highly subsidised healthcare services, including inpatient and outpatient care, which are provided by public hospitals. This system is funded through taxes, with a capitation-based payment system for hospitals, meaning they receive a fixed amount per patient regardless of the actual number of services provided. Inpatient and outpatient services under UCS are reimbursed based on a set fee schedule or through global budgets allocated to hospitals. The reimbursement under the UCS is provided by the government to hospitals based on the number of registered patients at each hospital. The current reimbursement rate is THB3,844.55 per patient.

Social Security Scheme

This scheme primarily covers formal sector employees, with contributions from both employers and employees. It provides coverage for inpatient and outpatient care at designated hospitals, including both public and private facilities that have contracted with the Social Security Office (SSO). The reimbursement under the Social Security Scheme (SSS) is provided the budget to hospitals based on the number of registered patients at each hospital. The current reimbursement rate is THB1,808 per patient.

Civil Servant Medical Benefit Scheme

This scheme covers government employees and their dependents, providing comprehensive healthcare services. Hospitals are reimbursed for inpatient and outpatient services based on an established fee schedule or negotiated rates with the government. The reimbursement for inpatient care may also involve a fee for service or case-based payment model, depending on the type of service provided.

Private health insurance plans

Private health insurance in Thailand typically finances and reimburses inpatient and outpatient services on a fee-for-service basis, with payment structures dependent on the terms of the policy. Private hospitals are reimbursed directly by insurers for services rendered, with potential co-pays, deductibles, and limits on coverage depending on the specific insurance plan.

9. How are the prices of such services determined? How is economic efficiency controlled?

In Thailand, the determination of healthcare service prices and the control of economic efficiency are influenced by a combination of free pricing in the private sector, government-set pricing in the public sector, negotiations between insurers and hospitals, as well as the role of various associations. Below is a breakdown of these mechanisms:

Free pricing (private sector)

In the private healthcare sector, prices for medical services are largely determined by free pricing. This means that private hospitals set their own prices for both inpatient and outpatient services. Prices are influenced by factors such as hospital reputation, service quality, location, and competition within the market. However, the Medical Facility Act (Sanatorium Act), Section 32, stipulates that the licensee of a medical facility must display the rates for medical treatment, service charges, and the rights of patients.

Price setting by the government (public sector):

In the public sector, the government plays a significant role in price setting, especially under the UCS, SSS and the CSMBS. Prices for healthcare services under these schemes are largely controlled through government-regulated tariffs and fee schedules. These are designed to ensure equitable access to healthcare and contain costs.

- For inpatient services, hospitals receive a fixed payment (capitation) or per-diem rates for the care of UCS patients, meaning the government allocates a certain budget per patient or case, regardless of the number of services provided.
- For outpatient care, similar government-set fees apply, and hospitals are reimbursed according to a fixed fee schedule for consultations, treatments, and diagnostic tests.
- Additionally, the government uses systems like diagnosis-related groups (DRGs) for certain inpatient care, where hospitals are reimbursed based on the diagnosis and treatment provided, rather than the actual services rendered.

Negotiation between government/insurers and hospitals

In both the public and private sectors, negotiation plays a key role in setting the prices and reimbursement rates for healthcare services:

- *Public hospitals:* The government negotiates with public hospitals to set the rates for services under the UCS, SSS and CSMBS. These negotiations are aimed at controlling costs while ensuring that hospitals are adequately funded. The hospitals are reimbursed based on predefined rates set by the government, with additional performance-based incentives in some cases.
- *Private insurance companies:* Private health insurers negotiate rates with both public and private hospitals. Insurers may negotiate bulk pricing agreements with hospitals, agreeing on discounted rates for insured patients. In this context, the insurer and hospital may also agree on service-level agreements and payment terms, including co-payments or deductibles for patients.
- *Private hospitals:* Private hospitals, in turn, negotiate reimbursement rates with private insurance providers. These agreements set the amount the insurer will reimburse for various services, and the remainder (if applicable) is often paid by the patient, either out-of-pocket or as part of the co-payment.

Role of associations (insurers and hospitals)

Associations representing healthcare providers, insurers, and hospitals play an important role in shaping the healthcare pricing landscape in Thailand. Key associations include:

- *Thai Health Insurance Association (THIA):* This association represents private health insurers and works to ensure that the insurance industry operates efficiently and fairly.

It collaborates with the government, hospitals, and other stakeholders to address issues such as pricing, reimbursement models, and regulatory frameworks.

- *Private Hospitals Association of Thailand (PHAT)*: This association represents private hospitals and aims to set standards for service delivery, pricing, and quality. It works with insurers and the government to negotiate reimbursement rates and pricing for hospital services, ensuring that private hospitals maintain financial viability while providing high-quality care.
- *Government agencies and regulatory bodies*: In addition to these associations, government agencies like the Office of Insurance Commission (OIC) are responsible for overseeing insurance regulation, price-setting in the public sector, and ensuring that reimbursement models are fair and sustainable.

Definition of tariffs

Tariffs refer to the predefined rates set by the government or negotiated between insurers and hospitals for medical services. In Thailand, tariffs are used to control the cost of care within the public health system. They apply to both inpatient and outpatient services provided under public health insurance schemes like UCS, SSS and CSMBS. These tariffs are designed to standardise pricing and limit the financial burden on patients and the government while ensuring healthcare providers are reimbursed fairly.

- In the public sector, these tariffs are set by the Ministry of Public Health and related government bodies. Tariffs cover a wide range of medical services, from doctor consultations to diagnostic tests and hospital stays.
- In the private sector, tariffs are less standardised, with private hospitals setting their own prices based on market demand and their agreements with insurance companies.

HEALTHCARE PROVIDERS IN PRIVATE PRACTICE

10. How are services provided by physicians, therapists, laboratories and other service providers financed and reimbursed?

The financing and reimbursement of services provided by physicians, therapists, laboratories and other service providers are generally financed either out of pocket by individuals or private health insurance.

Role of healthcare professional councils

Various professional councils represent healthcare providers in private practice, including the Medical Council of Thailand, Nursing and Midwifery Council, Pharmacy Council, Medical Therapist Council and the Physical Therapy Council. These councils help establish guidelines for pricing, ethical practices, and quality standards. They may also assist in the negotiation process between providers and insurers to ensure fair reimbursement rates.

Associations for diagnostic laboratories, such as the Thai Association of Clinical Pathologists, may also engage in negotiations with insurers to set appropriate reimbursement rates for laboratory services. These associations work to standardise pricing across private providers and maintain high-quality standards for diagnostic tests.

11. How are the prices of such services determined? How is economic efficiency controlled?

Economic efficiency in the healthcare system, particularly in private practice, is largely controlled through a combination of market competition, self-regulation and agreements between healthcare providers and insurance companies.

However, the government does influence pricing through regulations, especially for services provided under public health insurance schemes. Negotiations between insurers and healthcare providers further influence the prices for insured patients, and associations like the Thai Medical Association and the Private Hospitals Association play a significant role in setting standards and negotiating tariffs. While private healthcare providers have flexibility in setting their prices, they often align with industry standards and market competition.

PHARMACEUTICALS AND MEDICAL DEVICES

12. How are pharmaceuticals and medical devices financed and reimbursed?

In Thailand, pharmaceuticals and medical devices are financed and reimbursed through a combination of the public and private systems.

Public healthcare system

The public healthcare system in Thailand primarily operates through three main universal health coverage schemes, which are the UCS, SSS and CSMBS.

Private healthcare system

In the private healthcare sector, pharmaceuticals and medical devices are generally financed through private insurance or out-of-pocket payments. Private insurers negotiate with pharmaceutical companies and medical device manufacturers to set reimbursement rates and access for their clients.

Private health insurance

Insurers typically negotiate with hospitals to set reimbursement rates for pharmaceuticals and medical devices. These negotiated rates are often lower than the retail prices, providing cost savings to both the insurer and the insured. Insurers may also establish a formulary that limits the range of reimbursed pharmaceuticals and medical devices. Policy holders may be required to co-pay for certain products that fall outside the insurance coverage.

Out-of-pocket payments

For individuals without health insurance or for products not covered by insurance, out-of-pocket payments are a significant way that pharmaceuticals and medical devices are financed. The prices of medical devices and pharmaceuticals in private hospitals and clinics can vary depending on the market and negotiations between healthcare providers and suppliers.

13. How are the prices of pharmaceuticals and medical devices determined? How is economic efficiency controlled?

In Thailand, the prices of pharmaceuticals and medical devices are determined through a combination of government regulation, market forces and negotiations between various stakeholders, including the government, healthcare providers, insurers and pharmaceutical

companies. Economic efficiency in the healthcare sector is controlled through regulatory mechanisms, price negotiations and cost-control measures.

For the determination of prices, two perspectives can be considered as follows.

Government regulation and price controls

The Thai government plays a significant role in determining the prices of pharmaceuticals and medical devices, especially those that are covered under public health schemes. The Food and Drug Administration (FDA) and Ministry of Public Health (MOPH) oversee the regulation of prices, ensuring that products are affordable for the population.

For both drugs and medical devices regulated by the government. The prices covered under public health schemes may be set through negotiations with suppliers, or they may be based on publicly available pricing guidelines.

Market-driven pricing in the private sector

In the private sector, prices for pharmaceuticals and medical devices are generally determined by market forces, such as supply and demand, competition, and agreements between manufacturers, wholesalers and retailers.

For the economic efficiency control, the Health Intervention and Technology Assessment Program (HITAP) is an autonomous research institute in Thailand providing evidence to support Thailand's universal coverage benefits package for medicines, health services, programmes and procedures, and vaccines through collaborations with policy makers such as the National Health Security Office and the Thai Ministry of Public Health. HITAP is a key body in Thailand that evaluates the cost-effectiveness of medical technologies, including pharmaceuticals and medical devices. HITAP's recommendations help the government decide which products should be included in national health programmes, ensuring that public funds are spent efficiently.

LITIGATION INVOLVING HEALTHCARE FINANCING AND REIMBURSEMENT

14. Please provide a high-level overview of major litigation topics and landmark cases regarding healthcare financing and reimbursement.

In Thailand, healthcare financing and reimbursement have seen various legal challenges and landmark cases over the years, addressing issues such as government-funded healthcare, insurance coverage, the pricing of medical services and access to treatment.

Universal Coverage Scheme and government funding

One of the central themes in healthcare financing litigation in Thailand revolves around the Universal Coverage Scheme (UCS) scheme, established in 2002. The UCS system provides universal access to healthcare services for all Thai citizens, funded through public resources, primarily from taxes. However, issues have arisen regarding the scope of coverage, the quality of services and the adequacy of funding. A significant case in this area was initiated by patients under the UCS scheme, who filed lawsuits over the inadequacy of services or the denial of coverage for certain treatments. This case drew national attention, as it involved the National Health Security Office (NHSO) and complaints from patients who were denied access to certain medications and treatments under the UCS scheme. The court ruled in favour of

expanding access to some treatments under the UCS, ensuring that patients receive comprehensive care.

Legal challenges to reimbursement policies

Disputes regarding reimbursement policies and the criteria used to determine eligibility for specific medical services have been ongoing. These cases often involve claims from patients who are denied coverage or reimbursement for medical procedures that they believe should be covered. One such case involved a patient who sought reimbursement for a high-cost procedure under a private health insurance policy. The insurance company denied the claim, citing that the procedure was not part of the standard policy coverage. The court ruled in favour of the patient, emphasising that insurance companies must not arbitrarily exclude medically necessary treatments and must adhere to the principle of fairness in claims processing.

RECENT DEVELOPMENTS AND TRENDS

15. What are the recent developments and trends for the next few years? Please outline any unresolved issues, proposed changes, or trends for healthcare financing and reimbursement and briefly indicate how these may foreseeably affect the medical sector in the near future.

Recent developments and trends in healthcare financing and reimbursement in Thailand reflect ongoing efforts to improve the efficiency, accessibility and sustainability of the healthcare system. Several unresolved issues, proposed changes and emerging trends are shaping the sector, and they are expected to have significant effects on both healthcare providers and patients.

- The Thai government continues to enhance the UCS to provide comprehensive healthcare access to all citizens. This includes improving services under the 30-baht scheme (UCS programme), with plans to increase the scope of coverage and address gaps in service quality.
- Private health insurance is expected to grow in importance, especially as more people seek supplementary coverage beyond what is offered under UCS. The industry is moving toward co-payment models rather than full reimbursement, where patients share part of the cost of their medical care.
- Digital health technologies, including telemedicine, are expected to continue expanding in Thailand, particularly as part of the government effort to improve access to healthcare in rural or underserved areas.