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Tied to the economic, political, social and demographic aspects of the country, health care in Lebanon is definitely one of the most challenging sectors to deal with. Besides its 3 percent contribution to gross domestic product, the health care system, and mostly hospitalization, suffers from various deficiencies: inequitable spending at the expense of the Lebanese households, inefficient public health care coupled with inflated private services, and numerous financial shortages and burdens deriving from inflows of refugees escaping the war in Syria.

Given the specialized services provided by hospitals from diagnosis and treatment to intensive care, hospitalization is one of the primordial constituents of the Lebanese health care system. Hence, hospitals can best reflect the several deficiencies in Lebanon's health sector. While the latest World Bank data revealed that Lebanon's health spending and transfers were estimated at \$3.12 billion in 2014, hospital care spending hit the \$1.3 billion mark, which is almost 40.3 percent of the total health bill and 2.8 percent of the GDP.

In terms of financing agents, the Health Ministry is the biggest spender on hospitalization in Lebanon. According to the latest national health accounts in 2012, the ministry allocated \$287 million (23 percent of the total hospitalization bill) to private and public hospitals with the former grasping 80 percent of the budget. Households came second with a share of 21.8 percent (\$272 million) and were followed by each of the National Social Security Fund contributing to 16.9 percent of the bill, the private insurance companies (15.0 percent), the Army (8.7 percent) and the Civil Servants Cooperative (6.8 percent). However, Sleiman Haroun, president of the Syndicate of Private Hospitals, revealed that "total hospitalization expenditure reached \$1.7 billion in 2015, of which 53 percent were covered by all public insurers (i.e. the Health Ministry, NSSF, cooperative of public employees, Internal Security Forces, Army, etc.) and the remaining \$800 million were covered by private insurance, mutual funds and out-of-pocket payments from individual patients. As for the Health Ministry alone, its annual budget for hospitalization was \$282 million."

Elevated Cost for Households

Despite the existence of numerous spenders, Lebanese households are bearing a substantial stake of the health bill. In fact, health's share averaged 7.7 percent of households' expenses in 2012. Out-of-pocket yearly hospital services totaled \$386 per household (22.95 percent of their health expenses), standing second after expenses on pharmaceutical products (50.83 percent). Households also pay for health insurance averaging \$93 per year, which is an additional financial burden.

The considerable stake of uninsured Lebanese households is another alarming reality amid the insufficient hospitalization budget allocated by the Health Ministry. As a matter of fact, the share of uninsured is estimated between 35 percent and 45 percent of the Lebanese population. These households are usually treated at the expense of the Health Ministry at both private and public hospitals. Worth noting, the Health Ministry allocates a yearly budget per hospital to admit uninsured patients, upon discretion of the health minister. Once the budget per hospital is totally disbursed, usually by mid-month, private hospitals tend to either accept emergency cases bearing the risk of delayed payments by the ministry, or transfer them to public institutions which cannot turn any patient away. When asked about the substantial number of

uninsured patients, Dr. Walid Ammar, director-general of the Health Ministry, stated that “health coverage in Lebanon is universal; however, the ministry needs some time to procure the expenses above the ceiling, estimated at \$40 million in 2015, hence the delayed payments.”

Hospitals’ Current Status

In case of hospitalization providers, the comparison between public and private hospital care highlights the extent of difficulties at public facilities. State hospitals, constituting near 18.6 percent of total hospitals (24 public hospitals) mainly suffer from three types of problems: managerial, financial and political. Boards of directors at public hospitals are highly politicized as they are appointed by government decrees. Hence mismanagement leads to obsolete equipment and frail maintenance. In addition, unmet commitments by health guarantors, especially the Health Ministry, led in public hospitals to frequent cases of unpaid employees’ salaries and lack of basic care for patients. According to the president of the Lebanese Order of Physicians, Dr. Raymond Sayegh, “It became common practice for hospitals and other agencies to postpone the payments due to doctors, which is being worsened by the lack of an efficient health policy in Lebanon.”

The lack of proper means at public hospitals led patients to resort to private hospitals to get a better quality of service even if it meant incurring higher tariffs and increased commuting to reach trusted hospitals. In fact, patients have the option of receiving medical services at public hospitals for a 5 percent contribution of the bill versus a higher payment of 15 percent at private hospitals. The remaining amount should be covered either by health guarantors for insured patients or by the Health Ministry when the patient is uninsured.

The escalating number of Syrian refugees bolstered demand for hospitalization amid constant supply. In fact, the additional demand of displaced Syrians is negatively impacting the quality and delivery times of services, in addition to subjecting hospitals to financial hardship. Ammar noted that “unlike private hospitals, public hospitals must admit Syrian refugees as Lebanese nationals; hence they are the most to bear the additional financial burdens.” Ammar also added “the health cost of Syrian refugees is estimated at \$300 million, of which \$60 million to \$70 million originates from hospitalization.” On a different note, a 75 percent subsidy is usually provided by the United Nations refugee agency for eligible outpatient and inpatients with life-threatening conditions. The biggest concern of Lebanese hospitals is the remaining 25 percent that should be covered by the displaced Syrians themselves. In fact, without a full coverage authorization from the Health Ministry or a support from nongovernmental organizations, many Syrian patients fail to pay the remaining hospital fee, heavily weighing on hospitals’ finances.

Several Reforms Were Undertaken, Others Could Be Considered

While concerns may arise due to the current aspects of hospitalization, in 2014 the Health Ministry tackled the inefficiencies in private-sector hospital contracting through a new contracting mechanism based on key hospital performance indicators. According to World Bank sources, this is a major policy reform that will improve the efficiency of public spending on hospital care.

Other suggested reforms to improve hospitalization include involving nonprofit organizations in the day-to-day supervision of public hospitals’ operations, or even privatizing the management or engaging in public-private partnerships so as to bring efficiency gains through increased competition and improved performance.

Health cards for uninsured patients are another suggestion that could ensure extra funds to the ministry. Haroun, from the Syndicate of Private Hospitals, explained that “the gap between the actual hospital bill and the amount covered by the Health Ministry could be filled through the issuance of health cards for an annual fee of \$150 per uninsured patient. If 2 million citizens are uninsured, the ministry can procure an additional income of \$300 million.” This solution, which is expected to improve social justice for all Lebanese and provide year-round access to hospitalization, was proposed to Parliament but not approved yet due to the previous political stalemate.

In order to temper the hospital crisis over the long term, the government should promote preventive health care. The uneven allocation of resources in favor of curative health is costing the government much more than if it would focus on cheaper preventive care. Preventing illness is a beneficial step as it will definitely ease the burdens of hospitals while reducing the government's and patients' payments. The World Bank has indicated that the Health Ministry is moving in that direction to shift the care model more toward prevention and primary health care by supporting and developing the network of primary health care centers. The World Bank is collaborating with the Health Ministry in piloting a program that targets vulnerable Lebanese affected by the influx of Syrian refugees, with a subsidized package of primary health care services.

Finally, hospitalization in Lebanon is no different than the other economic activities in terms of dependency on local and regional political and security circumstances. However, the sector is still promising and reforms can be put in place especially that the country is still performing better than many of its regional peers. In fact, Lebanon scored 6.8 out of 7 in terms of health according to the 2015 World Economic Forum.

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