Chapter 6
Does Everyone in Turkey Benefit from Health Services with General Health Insurance?

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Abstract General health insurance was instituted with the aim of reducing the burden of health financing which fell upon the state, yet has ended up increasing it. The system was constructed with the aim of creating additional financial resources, but caused an important responsibility for the collection of unpaid premiums. Around 4.5 million people who do not work with general health insurance and who have not had means tests have received a high premium rate and indebted themselves, and since they cannot pay these, they cannot benefit from health services. On top of this, these people's debt increases with interest for non-payment. On the other hand, many citizens who reach 18 have to enter the general health insurance system, and yet they increase their premiums since they do not have the information to make informed choices; they only learn of their debts when they visit their doctor or a hospital. General health insurance has not been explained well to the public, and it has been implemented without enough information being distributed, so it does not seem that meeting its aim of allowing those without enough money to access health services will be possible. This paper sought to answer the question of whether everyone in Turkey benefits from health services with the general health insurance.

6.1 Introduction

Health insurance is a type of risk insurance in which a person's costs felt necessary in cases of sickness, accidents at work, occupational illnesses and general accidents are met for the examination, diagnosis, treatment, analysis and medicine prescribed by a doctor, according to the conditions of the social security institution, the level of subscription to a social security institution or the general conditions of the insurance policy in question. With health insurance, people pay premiums or contributions whilst they are healthy and thus participate in paying for the costs and losses of

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income associated with their illnesses, accidents, or incidents which leave them unable to work. For this reason, one of the ways in which fees for health services are funded other than taxes and direct payment is through premiums taken from those who are insured.

There are two ways in which health insurance in our country functions:

1. General health insurance. A branch of insurance that ensures the financing of costs encountered through health risks and in the protection of primary health. With general health insurance the aim is to provide an insurance system financing a state-guaranteed suite of health services which are equal, protective, diagnostic, quality, fair and easy-to-access for the whole population of the nation and resident foreigners.
2. Private health insurance. This is optional health insurance in which agreements are made according to the terms and conditions of the policies of private insurance companies. Private health insurance provides security in addition to that given by general health insurance.

Developing countries such as Turkey have an important social and economic responsibility for health insurance aimed at ensuring financial provision for health services and so the Social Insurance and General Health Insurance Law number 5510, which went into operation in 2008, brought in a new model of health organization. In the general health insurance model, which is generally in place in developed western countries, a large portion of the financing of health services is ensured through premiums taken no matter whether the individual benefits from the health services or not.

6.2 Health Insurance as a Method of Health Financing

In order to deliver health services, it is impossible to avoid increases in health costs. Increases in health costs are inevitable in Turkey, just as it is all around the world. In Turkey, increase in health costs can be attributed to the following causes:

- As in other countries we have an aging population
- Technology in the health sector is expensive and develops fast
- Patients and health providers wish to benefit from the latest technology.
- Chronic illnesses are on the rise
- Services are easy to access
- Sources of information have become easier to access
- People needing health services gradually want more from their health services

The trend towards increasing health expenditures create a problem with financing the cost of healthcare. Ensuring that all individuals benefit, that sources of income are created in order to ensure the continued provision of health services, that different financial methods are used and these sources are made efficient use of, are all important considerations in the provision of health services. The sources of

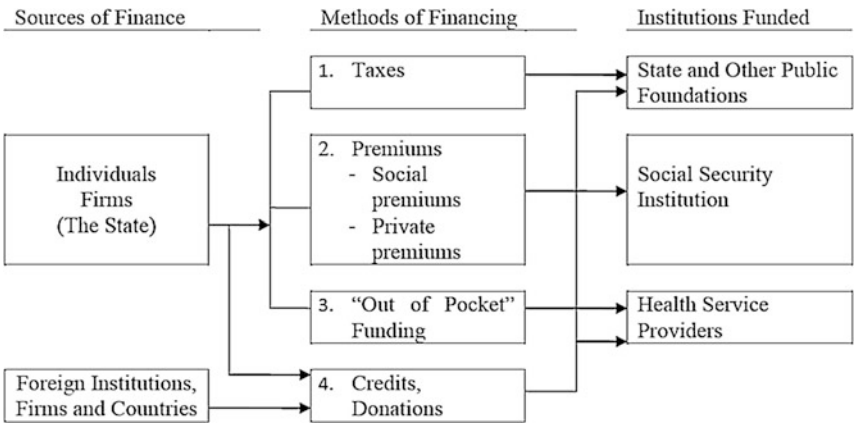

Fig. 6.1 Methods of health financing (Source: Adapted from Çelik [2, p. 170])

financing for health services are, as is often repeated in economics, the economic decision makers, who we can name individuals, firms and the state. When individuals wish to access health services the most important sources of the financial means are payments from their own pockets, the taxes they pay to the state or premiums paid for health insurance to the Social Security Institution. Firms are also a source of financing through the taxes and insurance premiums they pay and even the donations and other help they provide to health institutions. The state is a source of financing for health services through its contribution to insurance premiums and its creation of additional resources for health services outside of taxes. Aside from the above, there are also international organizations as well as foreign countries and institutions which provide credit or donations as a source of funding for health services.

These methods for health financing in Turkey may be divided into four main groups:

- Financing through taxation
- Financing through Insurance premiums
- Financing through "out-of-pocket" payments
- Financing through other methods (Fig. 6.1)

6.2.1 Financing Through Taxation

One of the most important sources of financing for health expenditure is tax revenue. The state collects direct and indirect taxes in order to provide the financial means for public services. In other words, some degree of purchasing power flows from the private to the public sector. The state uses these resources collected through taxation to finance public spending. It is possible for the state to use taxes collected from the

people through legal compulsion to pay for public services. The state procures the following from its health expenses budget, of which the most important source is tax revenue:

- Premium expenses for poor, temporary village guards, and olympic and European champion sportspersons supported by the state,
- Expenses for preventative health services,
- Expenses for the training, accommodation, equipping and educational support of doctors and other health workers,
- Hospital expenses,
- Expenses for personnel, buildings and equipment,
- Investment expenses, etc.

6.2.2 Financing Through Insurance Premiums

An insurer is an institution which prevents and distributes the impact of socio-economic disasters through pooling together many people threatened with the same risk and reimbursing individuals or institutions up to an agreed monetary value for the material damage arising from chance risks, in return for a defined premium.[1]

From the perspective of social security, insurance can be divided into two groups: social insurance and private insurance. Types of social insurance are put into practice with a material contribution from those benefitting from the insurance. This material contribution is called a premium, and social insurance is also known as the premium-based social security system.

Social insurance is an expression of the principle of compensation for losses as a form of aid against the risks encountered within a society or group.[2] Social insurance is an insurance system which relies on the power of the state to cover the needs of those who professional, physiological and socio-economic risks have left with lowered income or earnings. To put it another way, social insurance is an institutional, compulsory form of insurance which aims to protect the labor of economically weak and working people, make their future more secure, and thus to ensure social security within social life.[3] On the topic of health, social insurance has been put in place for the entire population through General Health Insurance by the Social Security Institution. This General Health Insurance encompasses the diagnosis, treatment, medicine and healthcare costs, etc. resulting from sickness, occupational illnesses and accidents at work.

Private insurance compliments the activities of social insurance. Private insurers help to provide social security based on the idea of helping one another. Private

[1]Güvel, E. A. and Güvel, A. Ö., Sigortacılık, Ankara, 2004, p. 26.

[2]Talas, C., Sosyal Ekonomi, Ankara, 1979, p. 12.

[3]Çubuk, A., Sosyal Politika ve Sosyal Güvenlik, G.Ü. Yayınları, 31-4, Ankara, 1986, p. 186.

insurers have economic objectives in providing insurance and measure their profit in monetary terms. Private health insurers, provide health insurance for illness, health and travel health, as well as life and non-life plans.[4] Premiums collected from social health insurance or private health insurance are all financial resources used for the health expenses of the Social Security Institution.

6.2.3 "Out-of-Pocket" Financing

Individuals can directly make payments for the use of health services from their own pockets. These payments can be grouped into direct payments, user contributions, and unregistered payments.

Direct payments are made for services outside the scope of social security, such as plastic surgery, private doctor appointments, etc. Patients can benefit from health services outside the scope of social security as well as services which are difficult to access or which have long waiting lists through a direct payment.

A contribution is demanded from the user for health services in order to create more resources. The contribution creates additional income, prevents the extreme or unnecessary use of services and substitutes for sources of public financing. Typical unregistered payments are when the patient or his/her friends or family give closed-envelope payments give by the patient or patients' friend or family was a "knife Money" or gifts for surgeons, gifts or etc. in order to affect those providing the services or persuade them to carry out services provided within the scope of social security in a certain way.

6.2.4 Other Methods of Financing

Among the sources of finance used for the nation's health expenses it is possible to include foreign firms, organizations, international health organizations and foreign countries. In particular organizations such as the European Union and NAFTA and members of the G-8 give credit to projects aiming to develop health services. The World Bank and the European Investment Bank contribute to the health expenses through grants which designate credit for education in developed countries in order to allow more effective provision of public services such as health services. The citizens, firms and religious organizations of foreign countries donate health materials or the necessary buildings, plots and land for the provision of health services.

[4]Orhaner, E. Sigortacılık. Ankara, 2014, p. 319.

Table 6.1 Basic indicators of health expenditure

	2009	2010	2011	2012
Total health expenditure				
Million TL	57,911	61,678	68,897	76,278
Million US	37,493	41,067	41,091	42,332
Health expenditure per person				
TL	804	845	932	1019
US	521	563	556	566
Total health spending/GDP (%)	6.1	5.6	5.3	5.4
State health expenditure/Total health expenditure	81	78.6	79.6	76.8
Private sector health expenditure/Total health expenditure	19	21.4	20.4	23.2
Household health expenditure/Total health expenditure	14.1	16.3	15.4	15.4

Source: Adapted from TÜİK [10]

6.3 Indicators of Health Expenses and Sources of Financing in Turkey

Public sector health expenditures represent the total of the health spending of central government, social security institutions and their local administrations and other public bodies. As seen in Table 6.1, the public sector can also be considered as the state's health expenditures in general. In 2012, it made up 76.8 % of total health expenditures.

Health expenditures financed by the private sector, in contrast, increased to 23.2 % in 2012. The health expenditures of the private sector represent the total of household health expenditure plus other health expenses. Household expenditures here equal 'out-of-pocket' payments. Out-of-pocket payments made up 15.4 % in 2012.

6.4 General Health Insurance

General Health Insurance is a form of insurance which covers financial expenses incurred due to health risks and the protection of primary health for all people in the country including foreigners. The law which put this into place was No. 5510, the Social Insurance and General Health Insurance Law, passed through the Turkish Grand National Assembly on 13.05.2006, but with some articles postponed by the Constitutional Court.

General health insurance is an important type of health organization known worldwide. This model largely takes health premiums directly and indirectly from those who benefit from the health services. With General Health Insurance, which was put into practice in Turkey on 01.01.2012, health was for the first time dealt with in a comprehensive fashion, and important changes were made to the social security system.

The following were the reasons why a general health system was necessary in Turkey:

(a) Preventative health expenses were being overlooked and large share of health spending was related to treatment. It was possible to reduce spending on treatment expenditure by increasing the importance of preventative health services.
(b) The inequalities observed in the provision of health services. There were not enough hospitals and doctors for rural areas. Medical equipment, technology, medical information and skills, and hospital beds were concentrated in large cities.
(c) The services and service levels available at different social insurance institutions differed according to who was benefitting from them. The treatment given to those who had worked in the public sector for many years was different to that given to ordinary social insurance beneficiaries. In the same way, the insurance for small businessmen (Bağ-Kur) did not provide the same health services as the insurance for general service users (SSK) and retirees.
(d) In Turkey, the proportion of the budget devoted to health is very low. The share of the public sector of health expenditure has decreased and the share of the private sector has increased.
(e) The health system was composed of many health service units which had no communication or relation to another, causing much confusion.
(f) It was difficult for citizens in rural areas to access specialist treatment, since the doctors, hospitals, assistant health personnel, health personnel and equipment was at specialist hospitals in the cities.
(g) The proportion of people needing to make 'out-of-pocket' payments increased due to the implementation of new capital circulation rules in public hospitals.
(h) Due to the lack of a working referrals system, university hospitals were providing diagnosis and treatment instead of education and research.

6.4.1 The Scope of the General Health Insurance

Every resident in Turkey and foreigners with residential permission and who had resided for more than 1 year became part of the compulsory general health insurance system as of 01.01.2012. Those covered by the existing social security system – the SSK, Bağ-Kur and Emekli Sandığı – continued to be able to benefit from their existing insurance schemes without paying new premiums or taking a means test.

With General Health Insurance, those with (state-issued, means-tested) Green Cards or no health insurance at all became part of the health insurance system. Those with Green Cards or no health insurance could apply to be means tested by their regional Social Aid and Solidarity Foundations,

and according to their income situation[5] they would either benefit from premium-free or premium-based health insurance.

The implementation of general health insurance encompasses some vulnerable groups without condition[6]:

- All children up to the age of 18
- Those requiring nursing by others for health reasons
- Emergency cases
- Cases of work accidents and occupational injuries
- Contagious diseases requiring notification
- Health services required for personal protection or the prevention of substance dependency dangerous to human health
- All types of medical care and treatment related to motherhood, whether in-patient or out-patient
- Assistance relating to precautions to prevent disaster which would affect ordinary life, and health services for those needing to look after those with general health insurance in a time of war

With the implementation of general health insurance, 1.7 million people not covered by any form of social insurance, 9.1 million people with Green Cards, 650,000 privates, NCOs and reserve officers (as of 2013), and those with private health insurance schemes were all able to benefit from general health insurance.[7]

With general health insurance, all the members of society ought to benefit from health services in a universal and effective way against the risks of illness which might arise in the future, without worrying about their costs or whether the services are available. For this reason, those covered by the insurance can seek help from any health institution, whether public or private.

[5]If a family's per person monthly income is less than a third of the minimum wage, all the members of that family can benefit from the health system without making any payments. Indeed, the state will pay premiums for each individual separately. Premiums for 2014 are the following:

- If a family's per person monthly income is less than a third (357 TL) of the minimum wage (1071 TL), then the state will pay its premiums.
- If a family's per person monthly income is between 357 TL and 1071 TL the monthly premium per person is 42.84 TL
- If a family's per person monthly income is between 1071 TL and 2142 TL, the monthly premium per person is 128.52 TL
- If a family's per person monthly income is over double 1071 TL, then the monthly premium per person is 257 TL

Those who do not have their means tested will be assumed to be earning over double minimum wage per person and will be assessed for 257 TL.

[6]See Karakaş, İ., Genel Sağlık Sigortası Uygulama Rehberi, Ankara, 2008, p. 32.

[7]Uras, G. 74 Milyona Sağlık Sigortası Başarıdır. Milliyet (27.12.2011) p. 8.

6.4.2 Conditions for Use of General Health Insurance

To be able to use General Health Insurance, these conditions must be in place:

(a) – Those considered insured under Law No. 5510 clauses 4/a, 4/b and 4/c
  – Those who choose to insure themselves
  – The citizens of foreign countries who have obtained residence permits and who are not legally insured by a foreign country (in a reciprocal fashion)
  – Those receiving unemployment payments under Law No. 4447 and similar laws on temporary employment
  – Citizens who do not have the right to health insurance in another country and those looking after members of the above groups who have paid their general health insurance premiums and do not have more than 30 days outstanding from the year preceding their request for health services.

(b) Those considered insured under clause 4/b of the general health insurance Law No. 5510 and who do not have the right to health insurance in another country, and those who have to look after them, in addition to the conditions of (a), must not have more than 60 days of debt relating to premiums outstanding when they apply for health services.

(c) When those who have become insured by their own choice, those foreign citizens who have residence permissions, those who are not covered by insurance in a foreign country or those who are their careers apply for health services, they must not have any debt relating to premiums on the date on which they apply.

For those with General Health Insurance and those who are full-time careers to be able to benefit from health services, they show either their identification (population) cards, a driver's license, marriage certificate, passport or Social Security Institution official health card. Those in emergency situations may show their documents after the emergency has ended.

6.5 The Evaluation of General Health Insurance

The implementation of general health insurance is expected to bring certain improvements. These are the expected outcomes of the measure with the general insurance:

(a) Revenues for health spending will increase

(b) Sources of revenue will be centralized

(c) The financing of the health system will be primarily covered from insurance premiums, and secondarily through a public contribution. For this reason the most important means of increasing health revenue will be increasing insurance premiums

(d) With general health insurance, the whole population plus foreigners living in the country will form an insurance arm which finances the provision of preventative, medicinal, quality and easy to access health services. This insurance will also be secured by the state

(e) Unorganised distribution of funding sources will be replaced by an efficient funding source.
(f) Referrals will be put more effectively in place and will no longer be a source of waste
(g) A competitive environment will be created between healthcare providers, who will endeavour to improve the quality of their services
(h) There'll be a reduction in the number of negative basic health indicators, and a reduction in the difference between Turkey and foreign countries which have better health care systems.

It is however important to note that having everyone benefit from the health insurance in a country is a toll order and tough asking given that the program presents a complex terrain. This complexity is imbedded within people's perceptions of the ideal health insurance package compared to what the policy makers have put in place. The complexity is then worsened by the internal contradictions within the program that may end up leaving some citizens excluded. The existing positives and negatives of the general health insurance measure are listed below:

6.5.1 Positive Outcomes of General Health Insurance

(a) From 2012 with the general health insurance measure, 85.3 % of the population and in 2014 all people will come under the scope of health insurance. Healthcare for 18 year olds and under without condition has already begun.
(b) Health service providers are working to increase their health service capacity and quality.
(c) The private sector has seen an increase in health investment.
(d) All residents in Turkey have the same rights to health services.
(e) The introduction of a General Practitioner system for entry has made access to the healthcare system easier.
(f) As public insurance is now the only buyer of medicine in the market, medication spending has become more efficient and the number of middle-men has decreased.
(g) The Social Security Institution has increased the number of private hospitals through signing agreements for them to provide in-patient and out-patient services. In this way, the burden on public services has been shared with the private sector, and the number of alternatives available to the consumer has increased.
(h) The general health insurance system has reduced the complexity of the health insurance sector, making unified norms and standards in provision possible.
(i) While the treatment costs in the Social Security Institution has increased, medication costs have decreased.
(j) The implementation of general health insurance together with state incentives has encouraged some hospitals to open new branches in different places and become chain hospitals.

(k) Following the implementation of general health insurance, professional business methods were introduced into public health institutions in order to prevent a loss of institutional income.

6.5.2 Negative Outcomes of General Health Insurance

(a) Individuals have to become part of general health insurance whether they want or not. The Social Security Institution must pay premiums every month according to income for all those apart from those insured under 4/a, 4/b and 4/c or who are not entitled to coverage. When premiums remain unpaid they gain interest, and the state imposes an interest rate higher than the market rate.[8] In this case, those who do not pay their premiums can only access their basic human right to health in cases of emergency.
(b) The burden of health expenses on the budget will increase due to the wide scope of general health insurance. Where it is impossible to limit expenses, the debt on premiums will not be paid by people with insurance; the financing for the health expenses will transfer to the state.
(c) The public have still not been effectively informed about issues such as referral networks, receipts and the share of each contributor. Mistakes might occur due to their lack of knowledge, such as paying too much to the wrong institution.[9] Primary and secondary health services have not been introduced properly by health service providers.
(d) With the introduction of general practitioners, general practitioners will collect statistics about prescriptions, referrals and advice services. However, general practitioners will put emphasis on primary health care treatment.
(e) Financial costs for health services have increased. Increased health costs have led to an increase in the costs of health insurance. As private hospitals have increased their prices due to increased investment for competitiveness has caused an increase in premiums.
(f) Precautions need to be put in place to ensure that the government does not treat patients unnecessarily or spend excessively. However, a performance-related pricing system increases health expenses.
(g) In Turkey, there are around one doctor for every 3,500–4,000 people (2013 figures). This number outside Turkey is doctor per 1,200 people.[10] The caseload of doctors can be a reason for ineffective referrals, leading to a preference for sending people directly to secondary and tertiary healthcare at hospitals, which increases costs.

[8] Bayer, Y. Genel Sağlık Sigortası Çöküyor. Hürriyet Gazetesi (05.02.2014).

[9] Kavuncubaşı, Ş-Yıldırım, S., Hastane ve Sağlık Kurumları Yönetimi, Ankara, 2013, p. 41.

[10] Accessed from http://www.ailehekimligi.gov.tr address in 20.06.214.

(h) The implementation of a performance-related pricing system has created an inconsistency between doctors, patients and health institutions. Patients increase their demands for health services due to their lack of knowledge, or else institutions and doctors may create artificial demand in order to make profit.
(i) The problems with the actuarial balance which some believed general health insurance would solve nonetheless continue and it may be difficult to continue general health insurance from a financial perspective.
(j) Not enough attention is being paid to payment methods such as global budgeting which consider the scope and quality of health services.

6.6 Conclusion

General health insurance was instituted with the aim of reducing the burden of health financing which fell upon the state, yet has ended up increasing it. The system was constructed with the aim of creating additional financial resources, but created an important responsibility for the collection of unpaid premiums. Around 4.5 million people who are not working with general health insurance and who have not had means tests have received a high premium rate and indebted themselves, and since they cannot pay these, they cannot benefit from health services. On top of this, these people's debt increases with interest for non-payment. On the other hand, many citizens who reach 18 have to enter the general health insurance system, and yet they increase their premiums since they do not have the information 0HL8-BJ9C-QVY3-BCXL to make informed choices; they only learn of their debts when they visit their doctor or a hospital. General health insurance has not been explained well to the public, and it has been implemented without enough information being distributed, so it does not seem that meeting its aim of allowing those without enough money to access health services will be possible. Before general health insurance was put into place, they used to find the money for treatment in one way or another, but now they cannot access hospitals or general practitioners without first paying their debts, and so their right to benefit from health services is effectively removed. As one of the characteristics of social states, government should provide the right of benefiting from health services for all citizens.

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