

Egypt: Universal Health Insurance Law

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On 11 January 2018, the much anticipated Universal Health Insurance Law No. 2 of the year 2018 (the 'Universal Health Insurance Law') was promulgated. The promulgation of the Universal Health Insurance Law comes as part of the Egyptian government's recent attempts to restructure and reform the healthcare sector by introducing improved and effective policies, refining subsidy reallocation, and launching various healthcare initiatives, such as the nationwide screening that took place earlier this year. It is expected that the universal insurance programme brought forth by the Universal Health Insurance Law will revamp the ineffective and outdated health insurance system currently in place, by way of generating and properly injecting and allocating public funds in the healthcare sector. The most prominent changes to expect from the new health insurance programme are universal inclusion and access to affordable health care services. The primary aim of the Universal Health Insurance Law is to provide universal coverage and to grant access to Egyptians who had limited access to healthcare, or none at all, under the previous health insurance scheme. Accordingly, the Universal Health Insurance Law provides for the compulsory enrolment of all Egyptian citizens residing in Egypt in the universal health insurance programme.

1. Implementation

The Universal Health Insurance Law will be progressively implemented across Egypt, with the aim of covering all Egyptian governorates by 2032. The implementation process will take place over six phases, each phase focusing on a different geographic area (i.e. a cluster of governorates). The first phase includes Port Said, and the last phase of the implementation process will cover Cairo, Giza, and Qalyoubeya. The first phase has already been launched in Port Said, where the trial programme started on 1 July of this year. The purpose of implementing the programme gradually is to allow ample time for each governorate to prepare and improve the quality of healthcare services provided to Egyptian citizens, and in order to allow the regulatory authorities overseeing the implementation of the programme time to assess and rectify the shortcomings of such implementation, so as to enhance such implementation during the subsequent phases. The implementation of the programme will be funded from various sources by way of imposing taxes and fees on different industries and sectors.

2. Regulatory Authorities

The Universal Health Insurance Law introduced three new independent regulatory authorities, which will oversee the effective implementation of the universal health insurance programme. Those regulatory authorities are as follows: (i) the General Authority for Accreditation and Health Control (the 'GAAHC'); (ii) the General Authority for Healthcare (the 'GAHC'); and (iii) the General Authority for Universal Health Insurance (the 'GAUHI'). Those regulatory entities are subject to the supervision of the Ministry of Finance and the Central Auditing Organization.

1. The GAAHC is a public services authority, which is subject to the supervision of the President. The primary role of GAAHC is to monitor transparency, set healthcare quality standards, and to supervise the compliance of healthcare service providers with national and international standards. Additionally, the GAAHC will also select the service providers to include within the programme's network. Private and public healthcare providers are under an obligation to obtain an accreditation certificate from GAAHC within three years from the effective implementation of the universal healthcare program in their respective governorate.
2. The GAHC is a public services authority with an independent budget, which is subject to the supervision of the Ministry of Health and Population (the 'MOHP'). The main role of the GAHC is to regulate the healthcare service providers and supervise the provision of healthcare services.
3. The GAUHI is an economic authority with an independent budget, which is subject to the supervision of the Prime Minister. The main role of the GAUHI is to finance the universal health insurance scheme through the collected funds and to manage such funds. The GAUHI will invest such funds based on a pre-determined investment strategy. The GAUHI will also be involved in financing medical services and pricing medical services.

3. Funding

The Universal Health Insurance Law imposes fees and contributions on various sectors and industries, as well as on natural persons and corporate entities, in order to finance the universal health insurance programme. The GAUHI will co-ordinate with and solicit the assistance of different authorities, including the MOHP, the tax authorities, the Ministry of Transport, and the Ministry of Interior to collect such taxes and fees on its behalf.

The Universal Health Insurance Law determined nine sources of funding, and the most significant sources

are the following:

a. Corporate Social Contribution

The most prominent change brought about by the Universal Health Insurance Law is the introduction of a new corporate tax imposed on all Egyptian corporate entities. Such corporate tax amounts to 0.25 percent of revenues, payable by all Egyptian companies, calculated based on the tax returns presented to the competent tax authority. It is worth noting that such corporate social contribution is not deductible from a corporate entity's income tax. Unlike other taxes and fees, companies in all governorates (irrespective of the Universal Health Insurance Law implementation phase under which the company's location falls) will start paying such corporate tax based on the tax returns submitted as of April 2019.

b. Individuals

Under the Universal Health Insurance Law, individuals subject to the provisions of the legislation will pay their contribution in accordance with brackets determined by the law, irrespective of whether such individuals are subject to the provisions of any other applicable social insurance laws. Such contribution applies to, amongst others, all employees, members of the liberal professions (i.e. independent professionals such as physicians and lawyers), and their family members (i.e. spouses, children, dependants). As for unemployed individuals or those deemed unable to afford payment of such contribution, the government will cover their contribution by paying five percent of the minimum monthly wage on their behalf. Employers, on the other hand, will pay a monthly contribution amounting to four percent of the employee's insured salary.

c. Additional Sources of Funding

The Universal Health Insurance Law will also derive funding by imposing: (a) an EGP 0.75 (approximately US\$0.043) fee on each cigarette packet, subject to an EGP 0.25 (approximately US\$0.015) increase every three years; (b) a 10 percent tax on tobacco products (save for cigarettes); (c) a fee amounting to EGP 1.00 (approximately US\$0.058) on each vehicle passing through a highway toll station; (d) an annual fee amounting to EGP 20.00 (approximately US\$1.16) from individuals extracting or renewing their driver's licence; (e) an annual fee ranging between EGP 50.00 (approximately US\$2.9) and EGP 300.00 (approximately US\$17.4) on individuals/entities extracting or renewing vehicle licences, depending on the vehicle's engine capacity; (f) a fee varying between EGP 1,000 (approximately US\$58) and EGP 15,000 (approximately US\$87) from clinics, healthcare centres, pharmacies and pharmaceutical companies subscribing to the universal healthcare scheme; and (g) a fee amounting to EGP 1,000 (approximately US\$58) on each bed upon issuance of a licence to open a hospital or a medical centre.

4. Beneficiaries

With respect to beneficiaries, the Universal Health Insurance Law seeks an all-encompassing reach and implementation, making enrolment mandatory for all Egyptian nationals residing in Egypt (excluding military personnel); while enrolment remains optional for Egyptians nationals residing abroad.

5. Implications of the Universal Health Insurance Law

The introduction of the Universal Health Insurance Law is a significant stride forward for the healthcare sector in Egypt. The Egyptian healthcare sector is characterised by an ever-growing gap between public and private funding; such a gap also highlights the discrepancy between the quality of healthcare services and healthcare providers in both sectors. It is expected that the inclusive nature of the Universal Health Insurance Law will grant access to better healthcare services to the wider population when compared to the previous ineffective regime. However, the implementation of such an ambitious programme will not be without its challenges, which will hopefully be overcome during the prolonged implementation process. Moreover, although the implementation of the programme is still in its early stages, it is undeniable that the new universal health insurance scheme will have a significant impact on the private healthcare sector, given the involvement of the new regulatory authorities in pricing and regulating healthcare services. Such involvement by the regulatory authorities may decrease the profitability of the healthcare services provided by the private sector. On the other hand, well-prepared private service providers may benefit from more stable contracts and an increase in the volume of patients. Investors will be closely monitoring the implementation of the universal health insurance regime and assessing its implications on the private sector.

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