



Photo credit: Ayenew Haileselassie, Abt Associates

Council Approves Contribution According to Capacity to Pay For Community-Based Health Insurance

The national council of community-based insurance, chaired by Deputy Prime Minister and Foreign Minister Demeke Mekonnen, has approved sliding scale contribution for CBHI and the revenue distribution across tiers of pools to be implemented nationally starting from the 2017 budget year (2024/25). The decision was made at a meeting held at Skylight Hotel in Addis Ababa on Monday, January 1, 2024. The meeting was attended by the council members, including government ministers, presidents of regional States, mayors of city administrations, regional health and finance bureaus, regional heads of Prosperity Party, and the Ethiopian Health Insurance Service.

When CBHI was launched in 2010 in 13 woredas in four regions of the country, there was a uniform contribution across all woredas. During scale up, there was differentiated contribution amount in agrarian, urban and pastoralist woredas of a region. More recently, woredas made independent decisions to set contribution amounts to a level that is deemed sufficient to cover their annual expenditures with their annual revenues. Currently, contribution amounts range from 240 birr (USD 4.26) to 3,500 birr (USD 62) per household per year in various parts of the country. The sliding scale was introduced for two reasons:

Council Approves Contribution According to Capacity to Pay For Community-Based Health Insurance

(1) the current contribution amount may not be affordable for some households as fixing the same rate puts greater burden on lower income households; and (2) the variation in contribution amounts across regions and woredas affected the integration of primary pools to form bigger pools that have sufficient risk distribution capacity; the sliding scale will standardize contribution nationally according to income.

According to the sliding scale contribution to be implemented in 2017 EC, the government will make the full payment of 720 birr for low-income households in urban and rural areas annually. Middle-income rural households will pay 1,260 birr, and middle-income urban households will pay 1,310 birr, while high-income rural households will pay 1,710 birr and high-income urban households will pay 1,930 birr.

Demeke said that it was encouraging that over 1,000 woredas in the country were implementing CBHI in Ethiopia. He said the focus of CBHI to date was on geographic and population coverage, and that more work is needed to strengthen it.

The Deputy Prime Minister, Demeke Mekonnen said “regions and city administrations should accept the principle that people will pay according to their capacities and work with regional health bureaus to implement the sliding scale without exacerbating the burden of subsidy on the government. For the regions of the country that have been devastated by war and drought, we will collaborate to find a solution for reviving CBHI and implementing a sliding scale contribution similar to the other woredas.”

On the same day, the National Council also endorsed the revenue sharing between regional (including zonal and woreda) and federal CBHI pools out of the total resources mobilized for the program. The regional and federal pool will share the resource in the ratio of 80:20 in agrarian regions and city administrations, while the share will be 89:11 in developing regional states. These pools could be formed in the next budget year; the roadmap is currently under preparation.

Minister of Health Dr Lia Tadesse thanked the National Council members for the success achieved in CBHI, which is implemented in 1,022 woredas with membership from about 12 million households. She said the role of the members of the Council will remain important in strengthening the implementation of CBHI.

The USAID Health Financing Improvement Program provided technical support in studying the contribution amounts for each income level and the revenue distribution across tiers of pools.

Article from **Health Financing**, a newsletter produced by the **USAID Health Financing Improvement Program**. The Program collaborates with the Ethiopian government to further strengthen health financing functions and systems to support universal health coverage of quality primary health care services for Ethiopian citizens with reduced financial barriers. Abt Associates implements the Program in collaboration with core partners Breakthrough International Consultancy, the Institute for Healthcare Improvement, and Results for Development, and resource partner Harvard School of Public Health. Cooperative Agreement No.: 72066319CA00001. [USAID Health Financing Improvement Program \(hfip-newsletter.com\)](http://hfip-newsletter.com)

This document is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the authors and do not necessarily reflect the views of USAID or the United States Government.