

LAW OF MONGOLIA ON CITIZENS' HEALTH INSURANCE

CHAPTER ONE

GENERAL PROVISIONS

Article 1. Purpose of the Law

The purpose of the present Law shall be to determine forms and scope of health insurance, to regulate relations arising in connection with insurance by health insurance and payment of premium, the creation, distribution and spending of the health insurance fund between the insurance and health institutions, state, citizens and juridical persons.

Article 2. Legislation on health insurance

Citizens' health insurance legislation shall consist of the Constitution, Social Insurance Law, Social Security Law, Health Law, the present Law and other acts of legislation enacted in conformity therewith.

Article 3. Definitions

3.1. For purposes of this law:

3.1.1. "insurance policy" means contract concluded by insurer with insured and health institution;

3.1.2. "insurer" means a juridical person conducting citizens' health insurance activities in accordance with legislation in the territory of Mongolia;

3.1.3. "insured" means the citizen who has insured his health by virtue of law or on the basis of a policy by paying regularly premiums to insurer to protect own health and for possible damage to health;

3.1.4. "health insurance fund" means funds reserved by way of accumulating from premiums and other sources from insured to insurer with the purpose of paying health organisations to receive health care services and to pay for the operational expenses of insurance organisation;

3.1.5. "health insurance premium" means regular and compulsory payment by insured or on behalf of insured to insurer with the purpose to have insurance;

3.1.7. "additional insurance" means voluntary simultaneous insurance by insured in two or more insurances;

3.1.8. "insurance period" means period for which insurance policy is valid;

3.1.9. "payment method" means payment mechanism of financing health organisations;

CHAPTER TWO HEALTH INSURANCE SYSTEM AND MANAGEMENT

Article 4. Health insurance and its forms

4.1. Citizens' health insurance (hereinafter referred to as "insurance") is a socio-economic measure of payment of insurance premium by the citizens, state and business entities and organizations in procedures prescribed by law, creation of the insurance fund in advance, and payment of the costs of out-patient and in-patient medical care services for insured therefrom.

4.2. The state and juridical persons shall be responsible for the health insurance premium on the grounds and in procedures prescribed by this law.

4.3. Health insurance shall have compulsory and voluntary forms.

4.4. Citizens may be insured by additional insurance.

4.5. Compulsory insurance activities may be conducted by state insurance organisation (hereinafter referred to as "insurance organisation).

4.6. Voluntary, additional insurance may be conducted by insurance carriers of any form of ownership.

Article 5. Insurance Council

5.1. Ad hoc Health Insurance Council (hereinafter referred to as "Insurance Council") shall be set up under the National Insurance Council.

5.2. The Insurance Council shall exercise the following powers:

5.2.1. to monitor the usage and spending of health insurance fund;

5.2.2. to approve upper limit of price of drugs that are under the discount from health insurance fund that included in essential drug list:

5.2.3. to draft proposals concerning the insurance legislation, insurance activities, payment methods and forms and submit them for consideration to the relevant bodies;

5.2.4. to make recommendations on matters related to insurance;

5.2.5. to approve model insurance policy and certificate.

5.3. The Insurance Council shall consist of equal number of representatives from each of the following:

5.3.1.3 persons representing employer;

5.3.2. 3 persons representing insured;

5.3.3. 1 persons from each state central administrative bodies in charge of health, financial, and social care matters representing Government.

5.4. National Social Insurance Council shall approve the membership and Regulations of the Insurance Council in consultation with above representatives

5.5. The Insurance Council shall have its affiliated ad hoc councils attached to the aimags and capital city Governors. Insurance Council shall approve the composition and Regulations of the affiliated councils.

Article 6. Scope of insurance

6.1. The following citizens of Mongolia shall be due to compulsory insurance:

6.1.1. employees of business entities, institutions and organizations;

6.1.2. owners of business entities and sole proprietors;

6.1.3. children under 16 (general secondary school students under 18);

6.1.4. students of professional schools;

6.1.5. citizens for whom their pension is the only income;

6.1.6. mothers (fathers) taking care of their babies under the age of 2 (twins under 3);

6.1.7. persons on regular military service;

6.1.8. herdsmen;

6.1.9. citizens specified in Article 12 of the Public assistance Law;

6.1.10. convicts serving sentence;

6.1.11 Citizens of Mongolia other than those specified in paragraph 1 above.

6.2., Foreign nationals and stateless persons may be insured on voluntary basis.

6.3. Under the family coverage of insured specified in paragraphs 1.1, 1.2 ,1.8, 1.11 above may have insured their children under 16 (general secondary school students under 18);

6.4. The National Insurance Council will approve the regulation regarding family members covered by insurance specified in paragraph 3 above and procedure for such insurance on the basis of proposals from state central administrative body in charge of medical matters and Insurance Council .

Article 7. Health care services provided to insured

7.1. The following health care services shall be provided to insured:

7.1.1. out-patient care services;

7.1.2. in-patient care services.

7.2. Out-patient and in-patient care services shall be provided to insured as provided in law by licensed and accredited health facilities of all ownership.

7.3. The state central administrative body in charge of medical matters shall approve the list of care services specified in paragraphs 1 and 2 above and list of health institutions providing such care services on the basis of proposals from Insurance Council.

Article 8. Percentage and amount of insurance premium and collection procedure

8.1. Percentage and amount of the insurance premium to be paid by insured shall be determined in the following way:

8.1. The Government annually shall determine the percentage and the amount of the insurance premium to be paid by insured specified in Articles 6.1.1 of this law, which shall not exceed 6 percent of their salary and wages and other similar income;

8.1.2. the income from which the insurance premium is due of insured specified in Article 6.1.2 of this law shall be determined by insurance organisation on the basis of their tax statement to tax authority;

8.1.3. The National Insurance Council annually shall determine the insurance premium of insured other than those specified in Articles 6.1.1 and 6.1.2 of this law, based on the minimum salary and wages and on the proposal from Insurance Council.

8.2. Insured shall pay his/her insurance premium in the following procedure:

8.1.1. Business entities, organizations and institutions shall pay minimum 50 per cent of insurance premium paid by insured specified in Article 6.1.1 of this law, and the remainder shall be paid by insured themselves.

8.2.2. The insurance premium of insured specified in Articles 6.1.4 of this law shall be included in their tuition fees and shall be collected by the teaching institution and paid to the insurance fund on the basis of policy concluded with insured.

8.2.3. Bag and horoo governors shall collect health insurance premium from insured specified in Article 6.1.8 that is not under the 6.1.1. and 6.1.2. of this law and pay to the insurance fund on the basis of policy concluded with insured.

8.2.4. The state shall be responsible for insurance premium of insured specified in Articles 6.1.3., 6.1.5, 6.1.6, 6.1.7, and 6.1.9 of this law.

The budget governors of respective levels shall remit the insurance premiums from the state centralized and local budgets within each month.

8.2.5. Correctional facilities shall pay the insurance premium of convicts.

8.3. Insured under 6.1.11. and 6.2. shall conclude policy with the insurer for payment of the premium and for provision of out-patient and in-patient health care services.

8.4. The insured specified under article 6.1.4. 6.1.8. AND 6.1.11 WILL PAY THEIR PREMIUMS ONCE A YEAR, AND 6.1.1.,6.1.2., 6.1.3., 6.1.5., 6.1.6., 6.1.7., 6.1.9., 6.1.10 PAYS ON A MONTHLY BASIS.

8.5. . The insured specified under article 6.1.4. 6.1.8. AND 6.1.11 WILL HAVE ENTITLEMENT OF BENEFITS AFTER HAVING PAID MONTHLY PREMIUMS OF NOT LESS THAN 12 MONTHS.

Article 9. Insurance fund

9.1. Income of the insurance fund shall consist of the following sources:

9.1. 1. health insurance premium paid by insured;

9.1. 2. health insurance premium paid by employers;

9.1. 3. bank interest accumulated on the savings of the fund balance;

9.1. 4. fine imposed for delay in payment of health insurance premium;

9.1.5. insurance premium provided from the state centralized budget of the citizens whose premium is paid by the state;

9.1.6. other sources.

9.2. Insurance fund shall be spent under conditions and in the procedure prescribed in the law on the following activities:

9.2.1. cost of out-patient and in-patient health care services to insured;

9.2.2. drug cost discount specified in 12.8 this law

9.2.3. operational expenses of the health insurance organisation.

Article 10. Insurance policy

10.1. Insurance policy shall specify in details the amount and the payment schedule for of the insurance premium, type, kinds and quantity of the treatment and service to be provided to insured, its result indicators, the upper limit of treatment cost to be paid from the insurance fund, rights, obligations and liabilities of the parties, terms and conditions of the contract.

10.2. Insurance policy shall be reviewed and approved by the aimag, capital city affiliated health insurance council.

Article 11. Insurance certificate

11.1. Insured having concluded the insurance policy shall be given insurance certificates.

11.2. Insurance certificate is an official document certifying that from one side insured have had his health insured, and from the other side the insurer has insured the health of insured.

11.3. Insurance certificate shall be valid under the condition that the premium payment according to the insurance policy is recorded each time.

Article 12. Treatment cost payment of insured

12.1. Variable treatment costs of out-patient and in-patient health care services to insured shall be established by the state central administrative body in charge of medical matters based on the study performed by the insurance institution and proposal from the National Insurance Council.

12.2. Costs of out-patient and in-patient health care services to insured to be paid according to monthly plan to the health facilities on the basis of prospective payment with adjustment at the end.

12.3. Family group practices are paid on the basis of capitation.

12.4. In the event of transfer of an insured from one referral level to another or from a private hospital to a state-owned or partially state-owned one as instructed by physician, a differentiated treatment cost rates shall apply in the inter-hospital accounts.

12.5. If a citizen insured with compulsory insurance other than those specified in Articles 6.1.3, 6.1.5, 6.1.6, 6.1.7, and 6.1.9 of this law or voluntary insured pays 5 percent copayment at soum level hospital, 10 percent copayment at the aimag/distict hospitals and regional diagnostic and treatment centres and 15 percent copayment at the tertiary level hospitals respectively of inpatient variable costs.

12.6. Insured shall be responsible themselves for the following treatment costs:

12.6.1. cosmetic services and therapy;

12.6.2. additional treatment and services provided on own request;

12.6.3. examinations and services necessary for a health evaluation;

12.6.4. immunisation services for persons on official and private trips abroad;

12.6.5. certain kinds of orthopaedics;

12.6.6. choice by citizens of medical care services at tertiary level bypassing referral system, in cases other than emergency and life-threatening situations;

12.6.7. ambulance services for transportation of patients to the capital city and aimag airports, railway stations or home at their request.

12.7. The state central administrative body in charge of medical matters shall approve the list of orthopaedics specified in paragraph 6.5 above, list of diseases under 6.6. that require emergency health care services and of life-threatening diseases.

12.8. In case insured purchased from pharmacies drugs under prescription by the family (soum, bag) doctor in charge included in the list of essential drugs, certain percentage of its cost shall be provided from the insurance fund.

12.9. The Insurance Council shall approve and regularly announce the list of essential drugs specified in paragraph 8 above and percentage of its cost to be paid from the insurance fund.

12.10. In case the insured specified in Articles 6.1.1 and 6.1.2 of this law becomes unemployed, the insurer shall pay his/her treatment cost for the period equal to 25 percent of his/her total insurance period.

12.11. The Insurance Council shall annually establish the upper limit of treatment costs to be provided to insured specified in Article 6.1 of this law.

12.12. Insured may have additional insurance for the purpose of reimbursing the expenses for which they are responsible themselves specified in paragraph 12.5. and 12.6. above.

12.13. Costs shall be paid from the insurance fund provided insured received care or services from a health facility operating in the territory of Mongolia.

Article 13. Reimbursement of the cost paid from the insurance fund

13.1. The following persons shall reimburse the cost paid from the insurance fund:

13.1.1. in case insured's health suffered due to criminal offence, the person concerned;

13.1.2. in the event that the post-treatment or post-injection complication has been proven to have occurred due to wrongful actions of medical professionals or health institution the health institution concerned.

CHAPTER THREE

MISCELLANEOUS

Article 14. Professional inspection over insurance activities

14.1. The insurance state inspectors will exercise the power to control over the implementation of this law quality and outcome of services provided by health organisations financed from health insurance and activities of health insurance.

14.2. Professional inspection authority and state inspectors shall exercise inspection over insurance activities.

14.3. The Government shall approve the Rules of health insurance inspection.

Article 15. Liability for violation of the health insurance legislation

15.1. If a business entity, or organization, or a budget governor fails to transfer the insurance premium within time specified in this Law or the insurance policy, they shall compensate to the insurer the premium and a fine in the amount equal to 0.3 per cent of the relevant premium per day and in case of concealment of salary and wages fund or similar income, or deliberate understating thereof the premium due to the concealed or understated income shall be compensated and a fine in the amount equal to the income shall be imposed.

15.2. If voluntary insured fails to pay the insurance premium in time specified in the insurance policy, he/she shall be subject to the liability provided in the respective policy.

15.3. In case of evasion from paying the treatment cost and reimbursement specified in Article 13 of this law the matter concerning compensation shall be settled in court.

15.4. If an insurer delays payment due to a medical institution, he/she shall execute the payment and pay to the medical institution a fine in the amount equal to 0.1 per cent of the relevant payment per day.

15.5. Complaints and disputes related to the implementation of 15.1., 15.2. and 15.4 above shall be settled in court.

Article 16. Entry into force

16.1. This Law shall enter into force on January 1st., 2003.