



## Protecting the Health Status of the Poor During the Financial Crisis in Mongolia

### Health Care Status of the Poor

For many years, Mongolia's health system depended almost entirely on centrally managed and hospital-based health services. As a result of the breakup of the Soviet Union in the early 1990s, health services in the country deteriorated and were unable to meet the needs of most of the population at the levels provided under the era of socialism.<sup>1</sup> In most cases, the poor and those living in rural areas are the worst affected by health system failures.<sup>2</sup>

In fact, Mongolia's poor are spending a higher proportion of their income on health care than the wealthy, and an estimated 20% postpone seeking health care or do not follow prescribed regimens of care due to lack of funds.<sup>3</sup> The incidence of underweight children, under-5 mortality, stunting, wasting, anemia, and rickets was estimated to be high in Mongolia compared with other Asian countries, particularly among the poor.<sup>4</sup> This problem continues to persist considering that health insurance coverage in Mongolia is steadily declining, thus limiting access to services, especially for those poor and unregistered groups of the population, who have migrated from rural to urban areas. Also, the poor capacity of the health insurance system, or the Ministry of Health, to act as a purchaser of services has meant that the quality of health services has deteriorated.<sup>5</sup>

The major barrier to accessing health care for the poorer sections of Mongolia's society is the level of out-of-pocket costs, such as co-payments, user fees, and informal payments. The delivery of health services is especially expensive in Mongolia due to the country's extremely low population density over a vast territory. The rural nomadic and peri-urban (*ger* district) households, for instance, are those most likely to be living in poverty, and they are the hardest to

access. One of the biggest public health challenges confronting the Government of Mongolia is reaching out to the more disadvantaged households, which have a lower educational level and limited access to health information.<sup>6</sup>

### Government Initiatives

The collapse of the Soviet Union in the early 1990s caused Mongolia's economy to move toward a market system.<sup>7</sup> Improving access to health services is one of the highest priorities for policy makers.<sup>8</sup> In line with the government's commitment to provide equitable and good quality health services to all citizens, health reform programs were launched in 1995 that included the introduction of a health insurance fund, and training in general practice, and inclusion of the principles of primary health care in the medical school curriculum.<sup>9</sup> In fact, Mongolia spends more on health care than any other transition country.<sup>10</sup>

Despite the government's concerted efforts to improve health services, the following challenges remain crucial: (i) disparities in health and weaknesses in primary health care; suboptimal quality and misdistribution of human resources; (ii) inadequate investment for the health sector; (iii) inadequate health sector preparedness and response for health security; (iv) persistent high

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prevalence of some communicable diseases, such as sexually transmitted infection, viral hepatitis, tuberculosis, and pneumonia; and (v) environmental degradation, poor access to potable water, and inadequate sanitation facilities.<sup>11</sup> The health services require more fundamental reforms to develop a three-tier system in which primary health care and preventive services would form a foundation, with referral to rationalized secondary and tertiary levels of care, supported by associated training, management assistance, policy advice, new equipment, and the provision or rehabilitation of health service infrastructure.<sup>12</sup>

### **ADB Partnership with Mongolia**

The Asian Development Bank (ADB) has provided several projects to the Government of Mongolia for health reform programs and projects.<sup>13</sup> In 2009, ADB provided a grant assistance of \$3 million to Mongolia for Protecting the Health Status of the Poor during Financial Crisis Project. The project will provide the poor population better access to health services.

The objective of the project is to protect the health of the poor in Mongolia during the financial crisis. The project intends to (i) ensure targeted poor households' access to health services during the financial crisis through the implementation of the medicard program, (ii) contribute to the prevention of malnutrition among poor households through the targeted distribution of micronutrients, and (iii) document and analyze the

experience and propose policy reforms to lower financial barriers that prevent the poor from accessing health services. About 50% of eligible poor households are expected to benefit from the medicard program and at least 15,000 children below 3 years old in the project *aimags* will receive micronutrients during the prescribed period.<sup>14</sup>

The project addresses the issue of improper targeting of beneficiaries by improving targeting method, including unregistered households, and broadening involvement of stakeholders in implementation. One project component is to design the medicard program to cover primary and hospital care, and provide capacity development to ensure the proper implementation of the program. This component will also help fine-tune and apply a proxy means test to identify poor households eligible for the program.<sup>15</sup>

The project also includes project management and policy development. It will monitor and support the implementation of the medicard program and the prevention of malnutrition in poor households during the financial crisis, facilitate institutional coordination, and support policy development based on the result of the medicard program. The success of the implementation is expected to lead to policy reforms, especially as the implementation of such a targeting tool is reinforced by the inclusion of a policy measure in ADB's Social Sectors Support Program to support the government in protecting social sectors during the financial crisis.<sup>16</sup>

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## **Endnotes**

- <sup>1</sup> ADB. 2008. *Performance Evaluation Report: Mongolia—Health Sector Development Program*. Manila.
- <sup>2</sup> World Bank. 2007. *The Mongolian Health System at a Crossroads: An Incomplete Transition to a Post-Semashko Model. Working Paper Series 2007-1*. Washington, DC.
- <sup>3</sup> PRSP I background report. Quoted in World Bank, 2007, endnote 3.
- <sup>4</sup> ADB. 2009. *Proposed Grant Assistance to Mongolia for Protecting the Health Status of the Poor during the Financial Crisis*. Manila.
- <sup>5</sup> Bolormaa, T. et al. 2007. *Mongolia: Health System Review. Health System in Transition*. World Health Organization (WHO), on behalf of the European Observatory on Health Systems and Policies.
- <sup>6</sup> Endnote 5.
- <sup>7</sup> Endnote 1.
- <sup>8</sup> Endnote 5.
- <sup>9</sup> Endnote 1.
- <sup>10</sup> Endnote 2.
- <sup>11</sup> WHO. 2009. *Mongolia: Country Cooperation Strategy at a Glance*. [www.who.int/countryfocus/cooperation\\_strategy/ccs\\_mng\\_en.pdf](http://www.who.int/countryfocus/cooperation_strategy/ccs_mng_en.pdf)
- <sup>12</sup> Endnote 1.
- <sup>13</sup> ADB. 2009. *Asian Development Bank and Mongolia: Fact Sheet*. [www.adb.org/Documents/Fact\\_Sheets/MON.pdf](http://www.adb.org/Documents/Fact_Sheets/MON.pdf)
- <sup>14</sup> Endnote 4.
- <sup>15</sup> Endnote 4.
- <sup>16</sup> Endnote 4.

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