



# Public healthcare insurance premiums reduced in Turkey

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*Turkey has recently reduced public healthcare insurance premiums and extended the period during which young people are covered under their parents' insurance. Both policies are expected to reduce the number of households who do not have access to healthcare services due to their failure to pay their insurance premiums.*

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## Description

In 2008, Turkey adopted new legislation introducing a universal public healthcare insurance system as part of a set of major healthcare reforms. The new premium-based insurance aiming at universal coverage was fully implemented by 2012. Insurance premiums for workers and civil servants—and their dependents—have been deducted automatically from their wages; 12.5 percent of their income, of which 60 percent is paid by the employer. For the unregistered self-employed and workers as well as unemployed, premiums are determined through means-testing. The government pays the premiums for people whose per capita income is less than one-third of the gross minimum wage, while people on higher incomes pay according to a sliding scale. Prior to recent changes, monthly premiums in 2017 were 71.10 Turkish Liras (TRY, €18) for people with a per capita income less than the gross minimum wage, 213.30 TRY (€54) for people with a per capita income up to twice the gross minimum wage, and 426.60 TRY (€108) for people with a higher per capita income. People who did not apply for means-testing were automatically considered to be in the top income bracket.

Public healthcare insurance covers people under the age of 18 even if their parents are not insured. Up until 2016, students younger than 25 were also covered whether or not their parents

were insured. After that age, they were subject to means-testing. Furthermore, if they lived with their parents, the total household income (i.e. the parents' and children's income together) was used in means-tested calculations to determine the premium level. Hence, for instance, unemployed individuals living at home could end up having to pay the highest level of insurance premiums because of the level of their total household income. Failure to pay resulted in becoming indebted to the state, and then having no access to public hospitals and having to pay the full cost of healthcare services in private hospitals until the debt was paid off.

During the last 12 months, two policy measures have been adopted to reduce non-take-up, i.e. the number of households not having access to healthcare services because of their failure to pay their insurance premiums ratio. First, in 2016, the coverage for young people as dependents was extended by two years following graduation; until 20 and 25 years of age for high school and university graduates respectively. Second, in 2017, premiums were simplified and significantly reduced. The monthly premium is now set at 53 TRY (€13.5) regardless of the income bracket (except for people with a per capita income less than one-third of the minimum wage, whose premiums are still paid by the government). Furthermore, debts from previous years

have been recalculated at a rate of 53 TRY (€13.5) per month instead of the earlier high rates (ranging from 71.10 to 426.60 TRY [€18 to €108]—as mentioned above).

## Outlook & commentary

Changes were made to the healthcare insurance scheme due to the significant number of individuals who failed to make their premium payments; many did not even apply for means-testing. According to the Social Security Institutions, some seven million people (about nine percent of the population) had failed to pay their premiums by 2016 and five million of them (about six percent of the population) did not go through means-testing (Bülbül, 2015). An amnesty in 2016 to pardon the late fees and interest payments on old debts proved inadequate to remedy this situation. As there are no studies on this, one could only speculate either that the accumulated debt proved to be significant especially for low income households or that some households expected further amnesties on premium debts.

The new premium scheme is more affordable and hence may ease

access to healthcare services. Indeed, Erus et al. (2015) found that a lack of healthcare insurance is prevalent among poor households, which can result in catastrophic health expenditure.

New graduates will also find help in the new scheme. Earlier, they faced the possibility of paying high premiums even if they lived with their parents and had no income at all. As a result, they either lacked insurance or became even more dependent on their parents.

Nonetheless, a monthly premium of 53 TRY (€13.5) could still be prohibitive for low-income households. For instance, a single-earner household with two dependents and an income barely above the means-testing threshold would have to allocate almost three percent of its income to premium payments.

Finally, we should note that while the recent changes benefited people who failed to pay their premiums, it has been unfair to those who had been paying their premiums regularly. This may cause some to avoid making premium payments in the hope of further reduction in premiums in the future.

## Further reading

Bülbül, O. (2015). 7 milyon kişinin prim borcu için son test tarihi 31 Mart (Deadline for premium debt of 7 million people is March 31st). *Aksam newspaper*, March 24, 2015.

Erus, B., Yakut-Cakar, Calı, S., Adaman, F. (2015). Health Policy for the Poor: An Exploration on the Take-Up of Means-Tested Health Benefits in Turkey, *Social Science & Medicine*, 130:99-106.

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