Letter to Editor

Moral hazard in Home Health Care in Iran: Recommendations for Policymakers

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Dear Editor

Home health care (HHC) has been one of the growing industries in health systems in recent years. It is an extension for primary health care to help countries to reach Universal Health Coverage.[1] In Iran, however, it is a tradition for families to care for chronic and end-of-life patients in their homes. Modern HHC officially began in 1999, by approvement of the bylaw for the establishment of HHC centers by the Ministry of Health and Medical Education (MoHME). HHC centers in Iran are active as private sectors and the main method of payment system is out-of-pocket payment by the users, so, over the past 20 years, these centers, as well as people, have faced financial challenges.

The results of a study in Iran showed that high costs of services for patients, ineffective financing policies, lack of insurance coverage for services and costs, lack of credit, and special budget for centers that provide services were identified as the main economic challenges of HHC.[2]

During Iran's Health Transformation Plan, MoHME renewed the bylaw for HHC services in 2016 and the tariffs for HHC were approved by Iran's cabinet in 2017 and, according to the executive regulation of Nursing Services Tariff Making ACT; it was ratified by the cabinet in 2021 that all health insurance companies have to cover nursing services in all settings including HHC.[3]

Insurance coverage would encourage consumers to consume more by reducing the price of services compared to when they pay all the costs personally. Moral hazard refers to the demand for additional services due to insurance coverage. Insured people, due to the payment of all or part of the costs by insurance companies, have no incentive to reduce consumption and savings and usually request more services. Health care providers, on the other hand, could create induced demand and prescribe more services than the need of patients. Both of these behaviors are called moral hazard. Decreased well-being, inefficient use of resources, and increased health costs are some of the negative consequences of moral hazard.[4]

Studies on the moral hazard in HHC are limited. A study which aimed to assess the moral hazard in long-term care insurance coverage in home and nursing homes showed strong evidence of moral hazard in the HHC compared to nursing homes. The possibility of more elasticity in HHC was considered as one of the reasons for this situation.[5]

Health insurance companies are constantly setting rules and regulations to control the costs incurred by consumers and providers' moral hazard. Strategies for controlling moral hazard

include supply-side and demand-side strategies. Supply-side strategies focus on service providers and demand-side strategies focus on consumers and service recipients.

Studies in Iran health system show the existence of moral hazard in all health insurance systems,[6] so there are some concerns about moral hazard in HHC services when insurance coverage starts. Hence, it is necessary for policymakers to predict and design appropriate measures to prevent it, so that health resources are used efficiently. Accordingly, we suggest the following consideration for minimizing moral hazards in HHC in Iran:

1- Implementation and integration of HHC in Electronic Health Record
2- Development of clinical guidelines for common health conditions in HHC
3- Eligibility assessment according to clinical guidelines for HHC
4- Application of cost-sharing schemes such as co-payment, coinsurance, etc. to HHC while considering equity principles
5- Use of global and value-based payment system for HHC

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