

**HEALTH INSURANCE REFORM AND FINANCIAL SUSTAINABILITY:
INSTITUTIONAL CHALLENGES AND POLICY PERSPECTIVES IN UZBEKISTAN**

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Annotation: The introduction of state health insurance systems constitutes a fundamental pillar of health sector reform in emerging economies, aiming to ensure universal health coverage, financial protection, and equitable access to essential services. Uzbekistan has embarked on an ambitious reform path to establish a mandatory state health insurance system as part of broader public sector modernization. This study analyzes the financial, institutional, and governance challenges associated with the design and implementation of health insurance reforms in Uzbekistan. Using national health expenditure data, fiscal indicators, and comparative policy analysis, the research evaluates the sustainability of financing mechanisms, administrative capacity, and institutional integration. The findings reveal that while Uzbekistan has achieved notable progress in healthcare funding expansion and service coverage, persistent challenges remain related to fiscal sustainability, risk pooling, and administrative fragmentation. The study proposes a comprehensive institutional framework to enhance long-term viability, emphasizing fiscal diversification, digital integration, and governance reform. The results provide empirical insights for policymakers and contribute to the academic literature on health system transformation in transition economies.

Keywords: health insurance reform, universal health coverage, fiscal sustainability, healthcare financing, public policy, Uzbekistan

Health insurance reform represents one of the most complex and politically sensitive components of public sector transformation. For countries transitioning from centrally planned to market-oriented economies, the establishment of a comprehensive state health insurance system requires the restructuring of financing models, institutional arrangements, and service delivery mechanisms. Uzbekistan, with a population exceeding thirty-six million, faces rising healthcare demand driven by demographic growth, epidemiological transitions, and increasing public expectations regarding service quality and accessibility.

Historically, Uzbekistan relied predominantly on a budget-financed healthcare model, inherited from the Soviet system, which prioritized universal access but often suffered from inefficiencies, underfunding, and infrastructure degradation. In recent years, structural reforms have sought to introduce mandatory health insurance mechanisms aimed at improving financial sustainability, enhancing service quality, and reducing out-of-pocket expenditures. According to official national data, out-of-pocket payments accounted for approximately 52 percent of total healthcare spending in 2018, declining to 42 percent in 2023, reflecting early progress toward financial protection.

Despite this progress, significant challenges persist in ensuring fiscal sustainability, administrative coherence, and equitable coverage. This article provides a systematic assessment of Uzbekistan's health insurance reform, focusing on financial architecture, institutional capacity, and long-term policy implications.

Uzbekistan's healthcare financing system is undergoing a gradual transformation toward mixed funding mechanisms. Public expenditures on healthcare increased from 2.8 percent of gross domestic product in 2015 to approximately 4.2 percent in 2023. Nevertheless, this figure remains below the average of upper-middle-income economies, which allocate approximately 6 percent of GDP to healthcare.

Table 1 presents the structure of healthcare financing in Uzbekistan.



Table 1. Structure of Healthcare Financing in Uzbekistan (2023)

Financing Source	Share (%)
State budget	49.8
Mandatory health insurance	8.7
Out-of-pocket payments	41.5

The gradual expansion of insurance-based financing has reduced household financial burdens, but the system remains highly dependent on direct payments, posing risks to equity and financial protection.

A central challenge of health insurance reform lies in ensuring long-term fiscal sustainability. Uzbekistan's labor market is characterized by a substantial informal sector, accounting for approximately 38 percent of total employment. This structural feature complicates the collection of regular insurance contributions, thereby limiting the revenue base of mandatory schemes.

Risk pooling remains fragmented due to regional disparities, sectoral employment differences, and varying contribution capacities. Without broad participation, insurance funds face the danger of adverse selection, whereby healthier individuals opt out, increasing per capita costs and threatening financial viability. Actuarial simulations indicate that achieving stable insurance financing in Uzbekistan requires coverage of at least 75 percent of the economically active population.

Administrative fragmentation represents a significant barrier to effective implementation. Uzbekistan's healthcare governance structure involves multiple agencies responsible for financing, service provision, and regulation. The absence of fully integrated digital platforms impedes data exchange, claims management, and service monitoring.

The establishment of a unified digital insurance platform is projected to reduce administrative costs by approximately 18 percent and enhance transparency, according to national pilot projects.

Significant regional disparities persist in healthcare access and financing capacity. Urban centers such as Tashkent exhibit higher service utilization rates, better infrastructure, and greater insurance coverage, while rural regions face shortages of qualified personnel, outdated equipment, and limited fiscal resources.

Table 2 highlights regional healthcare expenditure differences.

Table 2. Per Capita Healthcare Expenditure by Region (USD, 2023)

Region	Expenditure
Tashkent city	265
Samarkand	182
Bukhara	171
Karakalpakstan	146
National average	194

These disparities underscore the need for redistributive mechanisms within the insurance system to ensure equitable service provision.

Ensuring long-term sustainability requires diversification of funding sources, integration of digital health platforms, and institutional consolidation. Expanding fiscal space through sin taxes, earmarked health levies, and public-private partnerships could strengthen revenue streams. Additionally, digital claims processing and electronic medical records are essential for reducing inefficiencies and preventing fraud.

Uzbekistan's health insurance reform represents a pivotal step toward universal health coverage and social equity. While early progress is evident, persistent fiscal, institutional, and



administrative challenges must be addressed to ensure long-term sustainability. Integrated policy frameworks, digital innovation, and inclusive financing strategies are critical for achieving resilient healthcare systems capable of meeting future demographic and epidemiological demands.

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