

Social Security for the Elderly in Vietnam Today

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Abstract: Currently, Vietnam is one of the countries with the fastest aging population in the world. This has been posing challenges to ensuring social security for the elderly, including proper economic conditions (income), access to social services and healthcare. Most elderly people neither have pensions nor receive social allowances or health insurance cards. Meanwhile, they have high needs for medical examinations and treatment and have to pay more for healthcare. This has entailed an urgent need to extend social security for the elderly in Vietnam in the context of increasing aging population nowadays.

Keywords: social security, elderly, aging population, Vietnam.

1. Introduction

Over the past 30 years, the ratio of elderly people in Vietnam has increased significantly. According to the intercensal population and housing survey on 1 April 2014 [2, p. 35], the numbers of senior citizens aged from 60 and 65 and above both had the tendency to grow over the past three decades. In the period from 1989 to 2014, the ratio of over 60-year-old people increased by 3.1% (from 7.1% in 1989 to 8.0% in 1999; to 8.7% in 2009 and 10.2% in 2014); meanwhile, that of the 65-year-olds and older was increased by 2.4% (from 4.7% in 1989 to 5.8%, 6.4% and 7.1% in 1999, 2009 and 2014 respectively). This was also the period with the fastest growth rate of the over 60-year-old people. In the viewpoint of the United Nations and other international organizations, in 2011, Vietnam became a population aging country (in 2011, the ratios of people above

65 reached 7%; of those above 60 reached 10% [14]). It is predicted that the ratio of the over 60-year-old people will reach 17.5% in 2030 and 27.9% in 2050 [15].

In addition to the indicators on the population of people over 60 and 65 years old, the population aging index also provides a clear trend of Vietnam's population aging. Since 1989, the country's aging index has increased continuously by 25.1%. For example, the index was 18.2% in 1989, 24.3% in 1999 and 35.5% and 2009, and reached 43.3% in 2014. [2, p. 35].

According to the General Statistics Office, the aging index will increase by 141% in 2044 and 158% in 2049 [12, p. 17]. This means that Vietnam's aging index will increase by 104.7% in the next 35

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years (a four-fold increase compared to the period of 1989-2014).

Another characteristic of the current aging process in Vietnam as well as in the upcoming period is the rapid aging process in the elderly group, meaning that the number of elderly people tend to rise.

In the period from 1979 to 2009, the ratio of people aged 70 and over recorded a rapid growth, which was also higher than the rising ratio of those aged between 60 and 69. It is expected that this will even grow faster in the upcoming years. According to forecasts, by 2049, the ratio of people over 70 years old will be twice or even three times the current figure. As such, Vietnam has been regarded as one of the countries with the fastest aging population in Southeast Asia, ranking only after Singapore and Thailand.

Thus, it can be seen that Vietnam, even though it barely reached the golden population time, is now already confronting the issue of population aging. The bigger the proportion of the elderly, the larger the burden of social insurance costs and healthcare for this group it becomes. This presents significant challenges to the assurance of social security for the elderly now and in the years to come. Population aging is an achievement of the development process, and a result of a better economic life, better healthcare, education and nutrition, etc. On the one hand, population aging reflects the success of population-related policies and improved living standards, but on the other hand, it imposes challenges to the social security for the elderly. This article provides an analysis of the status of social security for the elderly in Vietnam today (from the aspects of the

social security policy, economic life and healthcare) as well as some proposed solutions/recommendations to ensure adequate social security for this population group.

2. Social security policies for the elderly in an aging population

In Vietnam, social security in general and social security for the elderly in particular have been addressed in legal normative documents since early days. First of all, it has been enshrined in the Constitution. Article 14 of the 1946 Constitution stated: "Citizens who are old or disabled, unable for labor are to be supported" [17]. Article 32 of the 1959 Constitution provided: "All laborers have the right to receive material support when they are getting old, falling sick or losing work capacity. The State shall gradually expand social insurance organizations, social assistance and healthcare to ensure that laborers can enjoy the right" [17]. Articles 59 and 74 of the 1980 Constitution stated: "Workers, civil servants when retired, getting old, falling sick or losing work capacity shall be entitled to social insurance" and "The helpless elderly and disabled shall be supported by the State and society" [17]. The 1992 Constitution clearly stated "Children/grandchildren have the obligation to respect and to take care of their parents, grandparents", "The helpless elderly, disabled and orphans shall be supported by the State and society" [17]. Particularly, the 2013 Constitution confirms that: "Citizens have the right to social security", "The elderly shall be respected and cared for by the State, family and society to promote their role in the cause of national construction and defense" [17].

Social security for the elderly is also addressed in many laws, ordinances,

decrees and decisions. The Law on People's Health Protection (1989) stipulated that priority is to be given to the elderly with regard to health examinations and treatment", favorable conditions are to be provided to the elderly in sports and physical exercises, resting and entertainment. The Labor Code (1994) defined the term "the elderly" and established the working conditions for laborers and the retirement scheme. The Ordinance on the Elderly (2000), the Law on the Elderly (2010), the Law on Social Insurance (2006) and Decree No. 05/CP stipulated on social allowances for lonely and helpless elderly persons. Decree No. 136/2013/ND-CP stipulated on social assistance policies for targeted beneficiaries of social protection (including the elderly). The Party Secretariat issued Directive No. 59-CT/TW on the caring for the elderly on 27 September 1995. Also, Vietnam has developed action plans on the elderly, most notable of which is the National Action Program on Vietnamese Elderly People for the 2005-2010 period.

Many policies have been enacted by the Party and the State with the aim of ensuring social protection for the elderly. However, the policies have not yet covered all the existing elderly while their implementation has shown things to be improved (e.g. the minimum income is not yet ensured, the healthcare system and social services have not yet met the demands of the elderly).

3. The economic life of the elderly

According to the Vietnam Household Survey in 2006 and the National Survey on the Elderly in 2011, a large part (over 30%) of the elderly in Vietnam relied on their children's support. Another large part of them lived on their own earnings. The ratio of the elderly living on their

pensions and allowances accounted for only 25%. Others lived on other financial sources, such as their earlier savings or assistance from their spouse, siblings, neighbors, etc.

In 2015, only 26% of the elderly received pensions. The results of the surveys indicate that the ratio of Vietnam's elderly persons receiving pensions is relatively small, accounting for only a quarter of the entire elderly population. If taking into account those who receive other social allowances, the total figure would increase by 1.586 million, among whom 97,000 are between 60-79 years of age, and 1.48 million are over 80 years old [16]. If all the people receiving pensions and different types of social allowances are counted in, the percentage of the elderly receiving pensions and social allowances would reach 43.8%. However, the income, be it from any of the different types of social allowances, is very low in Vietnam. If taking the rate stated in Decree No. 136/2013/NĐ-CP, which is VND 270,000 per month, and still not yet implemented in many provinces, it is equivalent to only 67.5% of the income of the poverty standard in rural areas (VND 400,000 per month in the 2011-2015 period) and 54% of that of the poverty standard in urban areas (VND 500,000 per month in the same period). Decree No. 13/2010/NĐ-CP stipulated an even lower amount for allowance, which is only VND 180,000 per month. According to the results of the survey on the elderly in 2011, about 62.4% of old people said that their income could not cover their daily expenses. It is due to the low income level of the elderly that Vietnam is placed in the group of countries

with low income security for the elderly, ranked 70th out of 96 countries.

Another concern about the income of the elderly in Vietnam is that 57.0% of the elderly do not receive any kind of support from the Government's programs. Among these, the 60-64 age group accounts for 78.0%, the 65-69 age group - 73.0%, the 75-79 age group - 72.0%, and the 70-74 age group - 64.0% [11]. Particularly, for those who are over 80 years old, despite the enforcement of Decree No. 136/2013/ND-CP, up to 19.0% of the people between 80-84 and 15.0% of the people above 85 [11] have not received any support in terms of the income from the Government's programs. These figures suggest that certain groups remain uncovered by social allowances targeted at people over 80 years old. Furthermore, there remain differences in the income level between the elderly residing in urban areas and those in rural areas; between residents in the delta and those in mountainous areas; between the female and the male, as well as between the Kinh majority and the ethnic minorities.

The above findings also suggest that the majority of the elderly in Vietnam today are relying on the support of their children and relatives. This trend has been on the rise in the recent years. According to the intercensal population and housing survey conducted by the General Statistics Office (GSO) on 1 April 2014, the dependency ratio of Vietnam's elderly rose from 8.4% in 1989 to 10.2% in 2014.

The statistics of the GSO reveals that, while the child dependency ratio registered a sharp decline from 1989 to 2014 as a result of family planning and population policies, the dependency ratio of the elderly

have been increasing due to population aging. The older the people get, the more dependent on their children they become. This ratio jumped from 26.3% (for the 60-69 age group) to 46.6% (for the 70-79 age group) and to 66.7% (for the 80 and above). The elderly in the lowest income group rely much more on their children than those in the high income group (48.9% of the elderly in the low income group and 38% of those in the high income group rely on their children) [6].

In the future, ensuring adequate economic life for the elderly will become a no small challenge for the social security system of Vietnam. This is due to the fact that, while the share of the elderly population is growing, the number of people participating in social insurance accounts for only a small part of the working population. Although, as of 2014, voluntary social insurance had been implemented for over 5 years, the share of people participating in social insurance did not increase much. In 2009, the number of laborers who paid for social insurance accounted for only 18.1% in the country's total workforce. This figure went up to 19.7%, 21.0% and 21.7% in 2011, 2013 and 2014 respectively. [13, p. 72].

4. Healthcare for the elderly

For the elderly, the demand for healthcare is highly important because, as people get older, deterioration in the biological structure and functions takes place. During this stage, diseases are more frequent while treatment and recovery become more difficult than in younger people [8]. Some studies show that, on average, a person will need to go through 14 years of illness out of 73 years of life

[7]. According to data from the World Population Aging Report in 2015, on average, a Vietnamese person at the age of 60 could live for another 22 years but the number of years they can live healthily is only 16.7 out of the 22 years [15]. This indicates that the number of years that the Vietnamese people in general and the elderly in particular can live in good health is not high.

Similarly, according to the National Survey on the Elderly (50 years old or older) conducted in 2011, only 4.5% of the respondents said that their health was in good or very good condition, while 65.4% said that their health was bad or very bad. Most diseases that the elderly suffer from (95%) were chronic non-communicable diseases; nearly 40% of the elderly were ill or injured [5]. The proportion of elderly people taking health treatment in a year was also much higher than in other age groups.

The results of the survey on living standards conducted in 2012 shows that 64.8% of the elderly in Vietnam take medical examination and treatment during the year. This figure is higher than that of the group of children aged 0-4 years and much higher than those in other age groups. Particularly when compared with the 40-59 age group, which is close to the elderly group, there is a significant difference (21.8%). However, the ratio of elderly people who take medical examination and treatment using health insurance or free healthcare (medical examination and treatment) books remains relatively low. Only 11.9% of elderly in-patients and 38.3% of elderly out-patients have health insurance or free healthcare books. [10, p.167].

Furthermore, the above survey result also indicates that the average medical

expense per person who underwent medical examination and treatment in the previous 12 months was higher for the elderly group than in other age groups.

On average, the elderly spent around VND 2,378,900 on healthcare every year, which is not much higher than the 40-59 age group but about 1.2 times higher than the 15-39 age group, and more than 4 times higher than the children. The average expenditure over the 12 months for an elderly in-patient is VND 5,585,900 and VND 1,158,600 for an elderly out-patient [10, p. 199]. This level of expenditure is a big challenge for the elderly in Vietnam today, especially for those who do not receive pensions or assistance from their offspring. Results of the National Survey on the Elderly in 2011 pointed out that nearly 50% of the elderly who must pay for healthcare services could not afford the payment [1, p. 60].

Despite a high rate of the elderly taking and paying a considerable amount of money for healthcare services, there are not many healthcare establishments specifically for the elderly and the number of elderly people covered by health insurance is not high, either. According to a research by Dam Huu Duc et al (2010), the speed at which the healthcare system for the elderly has been improved and newly built is very low: only 22 hospitals at the central and provincial levels have the gerontological departments with 1,049 medical staff and doctors, and 2,728 beds. These figures are too small compared to the number of millions of elderly people in need of care. [12, p. 30]. As for health insurance, nearly 40% of the elderly do not have social health insurance cards [4].

Another problem is the accessibility to healthcare services for the elderly.

According to the Survey on Living Standards of 2012, the majority (69.9%) of the elderly live in rural areas, while specialized clinics (with good facilities and qualified staff) are at the central level, in big cities and urban areas (51.3% of medical staff are in urban areas while the urban population accounts for only 28.1% of the national population) [9]. Furthermore, there are differences in the distances from residence to medical facilities among the elderly living in urban and rural areas (especially mountainous, remote and isolated areas), which affects the accessibility to healthcare services by elderly people living in rural areas.

5. Recommendations for ensuring social security for the elderly

Based on the analysis of population aging and social security for the elderly in Vietnam, we deem that the following measures should be taken into consideration in order to ensure adequate social security for them in the upcoming period.

Firstly, guiding circulars on social security policies for the elderly need to be promptly developed and implemented uniformly across the country once enforced and entering into effect. Some policies need to take into account the unique characteristics of specific elderly groups, for example, those with low-income, the helpless elderly, those suffering from serious diseases, those from ethnic minorities, living in remote areas, etc..

Secondly, a roadmap on increasing the monthly social allowances to approach the minimum living standard for the elderly need to be formulated, because the level of social allowances for them remains lower than that allocated to poor households.

Thirdly, there is a need to establish an information system on the elderly in each locality and across the country so that no targeted beneficiary of social security policies is omitted, as well as to avoid situations when a person benefits from many policies while others receive no benefits at all.

Fourthly, policies on labor and employment need to be given with more attention in order to secure more jobs for the people and hence, to allow them to support the elderly in their family. It is a fact that in Vietnam nowadays, most of the elderly are living dependently on the children.

Fifthly, research should be conducted to help determine the suitable retirement age in the context of an increasing life expectancy in the coming years. Proposals on new retirement age should consider the specific characteristics of each group of jobs. In addition, there is a need for policies that can attract more laborers to join voluntary social insurance schemes.

Sixthly, there is a need to focus on the establishment of facilities of gerontology as well as the training of medical staff in the field due to the intensifying population aging trend and the rising demand for elderly healthcare. The construction of infrastructure and allocation of medical personnel specialized in gerontology should be based on the needs and distribution of the elderly. Also, it is necessary to avoid imbalances between urban and rural areas, between the deltas and mountainous areas.

6. Conclusion

Although the elderly in Vietnam are currently receiving income from various sources, the majority of them are relying on the children and relatives. This trend has

been on the rise for the past few years. This has restricted the elderly persons' ability to pay for their healthcare services. Furthermore, the elderly in rural and remote areas have fewer opportunities to access specialized and high-quality healthcare services. These are the big challenges for ensuring adequate healthcare for the elderly in particular and for social security provision to them in general in the context of population aging.

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