

19 November 2015

To all our clients and friends

INFORMATION LETTER

Mandatory Social Medical Insurance

On 18 November 2015, Kazakhstan adopted the Law on Mandatory Social Medical Insurance.

The Law will come into effect starting 1 January 2016 and will be aimed at introducing the mechanism of joint and several liability of the state, employers and individuals for the personal and public health. The Law contemplates provision of three packages of medical services.

First (basic) package is the scope of medical aid guaranteed by the state and provided on account of the national budget. This package is available only to the citizens of Kazakhstan and includes ambulance services in cases of socially significant diseases and in emergency cases, and prophylactic immunizations.

Second (insurance) package is provided on account of the newly created Medical Insurance Fund and includes out-patient and in-patient care. Entitled to this package are the citizens of Kazakhstan and foreign citizens permanently residing in Kazakhstan (holding the residence permit), for whom contributions to the Medical Insurance Fund have been made.

The state will be making contributions for the economically inactive population, employers – for employees, and employees and self-employed individuals registered with tax authorities – for themselves.

Employer contribution rates will make 5% of income. The contributions will start at 2% in 2017, continue at 3% in 2018 and 4% in 2019 and reach 5% in 2020. These contributions will be charged to deductions for the purposes of corporate income tax calculation. The actual burden on employers will make 1.6% in 2017, 2.4% in 2018, 3.2% in 2019 and 4% starting 2020.

Employees will also be making contributions in the amount of 2% of income, such contributions to start from 1% in 2019 and reach 2% in 2020.

The Law defines 15 categories of socially vulnerable strata of population whose contributions will be made not by employers and employees themselves, but by the state. These are mothers with many children, disabled persons, students, pregnant women and persons raising a child under three years of age, retirees, military servants and some other categories.

Third package (voluntary medical insurance) contemplates an individual package of medical services financed on account of voluntary contributions by individuals or employers.

Best regards,
AEQUITAS Law Firm

