

GREEN CARD: SUCCESSSES AND FAILURES OF THE MOST EXPENSIVE SOCIAL POLICY PROGRAM IN TURKEY

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Executive Summary

Green Card program aims to provide free health care for people who have income levels below an income threshold and who do not collect social security benefits. According to 2006 data, out of 72.6 million people in Turkey, there are 10.2 million Green Card holders (14.1 percent). While an average person earns 8 564 TL annually, an average Green Card holder earns 3 288 TL. This implies that Green Card serves its target population to certain degree. However, 19.8 percent of population, i.e. 1 person out of 5, is deprived of any type of health insurance. On one hand, out of 15 million people who constitute the poorest 30 percent of the working age population, 4.5 million lack health insurance, being neither registered at Social Security Institution, nor Green Card holders. On the other hand, 21 percent of Green Card holders have income levels exceeding the threshold level for Green Card eligibility, signaling a wide misuse.

What is a Green Card?

This research brief uses Household Budget Survey of 2006 released by TurkStat and is sketching out the profile of an average Green Card holder. It is asking to what extent Green Card achieves its goals, how successfully it covers the poor in need of health insurance.

Green Card program has been in effect since 1992, providing free health care for the people who are below an income threshold and who do not collect social security benefits. The program is regulated by Code 3816 and Code 5222, passed in 1992 and 2004, respectively. The health care provided by the program covers all treatment and medicine expenses, and the costs of new born child and the mother (not exceeding 90 days).

Eligibility criteria for Green Card applicants are: (i) the applicant's monthly income or their share in household's monthly income must not exceed one third of the net monthly minimum wage, (ii) The applicant must prove that she does not collect social security benefits. Calculation of the household's or individual's income takes into account in-kind and cash income earned in return for services, agricultural income in cash, rents, interests, transfers and grants. The implementation of the program is carried out by the local Administration Councils, which are required to make all inquiries in addition to the applicant's declaration, in order to determine the real income level of the applicant. Decisions are made by the Administration Councils, and Green Cards are distributed by the Provincial Governorships.

Who is An Average Green Card Holder?

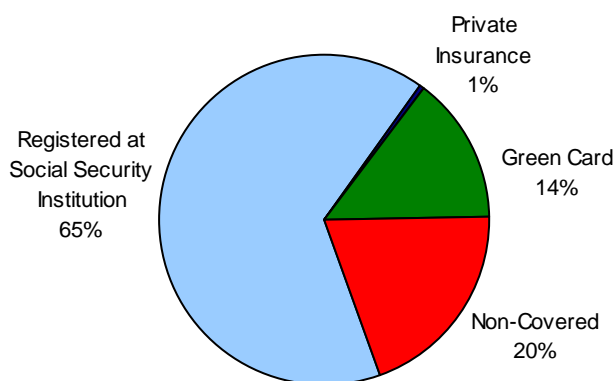
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According to 2006 data, out of 72.6 million people in Turkey, 47.6 million people are registered at the Social Security Institution; 458 thousand are registered at the private social security programs; 10.2 million are Green Card holders and 14.3 million are not covered by any social security scheme. While 14.2 percent of population, i.e. one person out of five, benefit from Green Card program, 19.8 percent are not covered.¹

Figure 1 Social Security Coverage (2006)



In Table 1, we describe the characteristics of a typical Green Card holder: low-educated, member of a large family, uses coal or wood heater, owns his/her own home, does not own his/her own car, employed if s/he is neither a child nor a housewife, but is employed informally in a small-scale firm.

Table 1 Profile of Green Card Holders

Education	90 percent of the Green Card holders of working age are at most primary school graduates. 72 percent are illiterate.
Household type	76.7 percent of all Green Card holders have large families consisting of 3 or more children.
Employment	Half of Green Card holders of working age are employed.
Firm size	79.7 percent of Green Card holders, who are employed, are working in small firms consisting of 1-9 workers.
Home ownership	74.6 percent of all Green Card holders living in urban areas, own their homes.
Heating	96.3 percent of all Green Card holders living in urban areas, use coal or wood heaters.
Car ownership	96.7 percent of all Green Card holders do not own a car.

There are two types of income data in the Household Budget Survey: Household income and individual income. While the average annual income of an individual of working age is 4 955 TL (5 946 TL)², the average annual income of a Green Card Holder of working age is 1 909 (2 291 TL). Obviously, this indicates that Green Card Holders are poorer on average.

However, individual income may be misleading in measuring poverty, as many people rely on their household budget. If household income is taken into consideration, then the average household

¹ According to Adress Based Population Registration System (ABPRS)-adjusted data, the population in 2009 is 71.5 million, of which 9.2 percent are Green Card holders. This implies that 12.9 percent of the current population holds a Green Card. In this research brief, we use data for 2006, which allows for a more thorough analysis, assuming that there has not been a dramatic change in Green Card policy between 2006 and 2009.

² The figures inside parentheses are calculated by inflating the 2006 figures using the average CPI inflation between 2006 and 2008.

annual disposable income per household member is 7 164 TL (8 564 YL). The annual disposable household income per household member of a Green Card holder is 2 740 TL (3 288 TL).³

Looking at other indicators, we observe that the share of in-kind income in total annual individual income is larger among Green Card holders than the population on average. Additionally, while the share of transfer income (excluding retirement benefits) in total individual income is 15 percent on average, the share is 26.5 percent for an average Green Card Holder.⁴

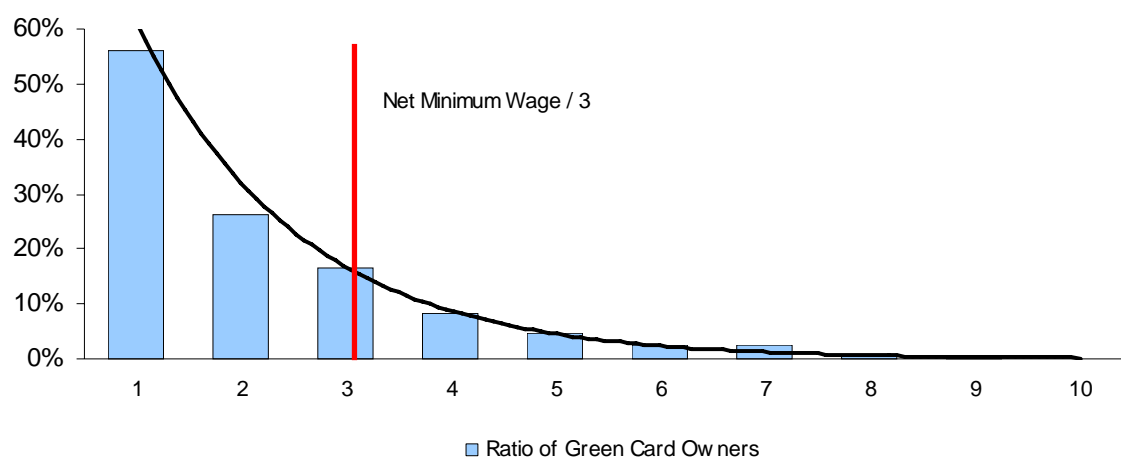
Table 2 An Average Person in Turkey vs. An Average Green Card Holder

	Turkey	Green Card holder
Average total annual individual income	5 946 TL	2 291 TL
Average annual household income per household member	8 564 TL	3 288 TL
Share of in-kind income in total individual income	6.8%	76%
Share of transfer income in total individual income (excluding retirement benefits)	15.8%	26.5%

One Fifth of the Green Card Holders Do Not Meet Eligibility Criteria

In order to see whether the Green Cards are distributed properly, we impute the income levels of Green Card holders. The net monthly minimum wage was 531 TL in 2006, so any income level higher than 177 TL a month is already above the income threshold for the Green Card. So, we first divide the annual disposable household income by 12, and then divide by the household size to get the individual share of monthly household income. Figure 2 shows the ratio of Green Card Holders in each decile of per capita household monthly income.⁵

Figure 2 Ratio of Green Card holders Classified According to Income Deciles and the Green Card Eligibility Threshold (1: Poorest, 10: Richest)



As expected, the share of Green Card holders is highest in the poorest decile (56 percent). It is 26 percent in the second and 16 percent in the third poorest decile. In addition, 82 percent of all Green

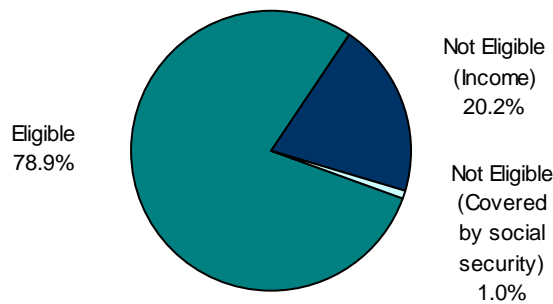
³ Household size and household needs are positively related. However, there are economies of scale in consumption; i.e. if three additional people join the household, the electricity costs and the rental costs do not increase proportionally. To take this into account, OECD Equivalence Scale assigns 1 point to an adult in the household, 0.5 point to each additional adult and 0.3 point to each additional child. So we calculate the per capita household income by dividing the yearly disposable household income by the household's OECD Equivalence Scale, instead of dividing by household size.

⁴ The reason for subtracting the retirement income from transfers is to be able to compare two groups given that Green Card holders do not have any forma retirement benefits.

⁵ Deciles in Figure 2 are calculated by dividing total household income by the number of people in that household, as this method is the official reference for obtaining the eligibility threshold.

Card holders are in the poorest 30 percent of the working age population. Therefore, it is reasonable to argue that Green Card program serves its target population to a certain extent.

Figure 3 Eligibility Statuses of Green Card Holders



However, a small part of the third decile and all higher deciles are above the Green Card income threshold. This means that there are a considerable number of people who abuse the program. Indeed, 21 percent of all Green Card holders, i.e. 2.1 of 5.9 million Green Card holders of working age are not eligible for Green Cards whilst benefiting from it, since their income are above the threshold (i.e. more than 177 TL).⁶ It may be that within this group there may be people who were eligible at the time of application, but later experienced an increase in their income, and did not inform the authorities. Also, there may be miscalculations and widespread misuse. However, it is clear that one fifth of the Green Card holders do not meet the criteria.

4 Million Poor Are Deprived of Health Care

What is striking is that the Green Card does not cover a considerable section of the poorest people who are not covered by social security benefits.

Figure 4 Distribution of Social Security Coverage According to Income Quantiles

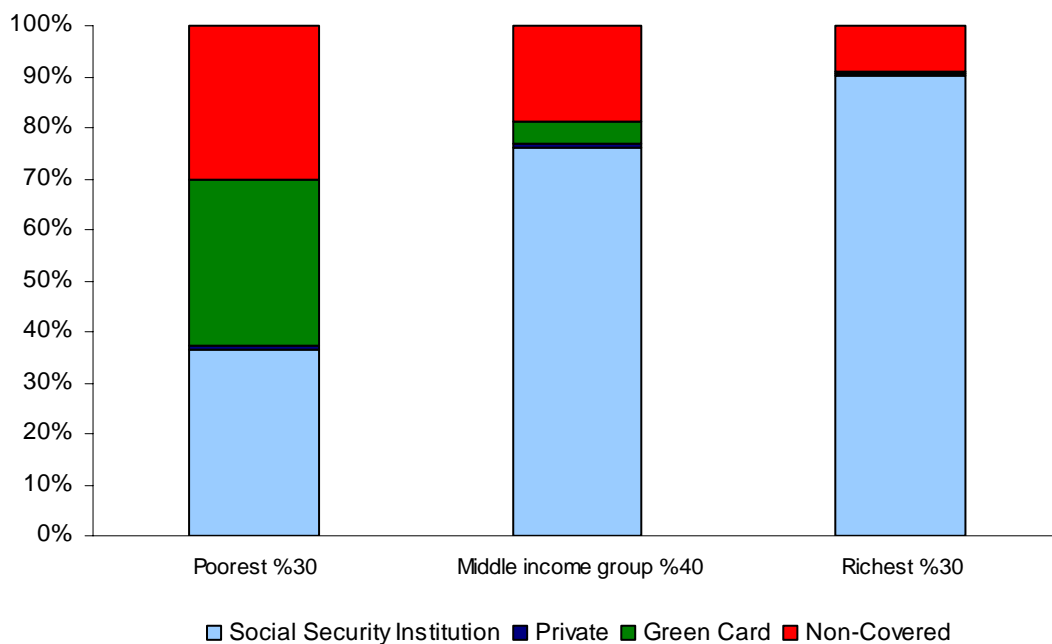


Figure 4 shows how the different social security options are distributed among the poorest 30 percent, middle-income 40 percent and the richest 30 percent of population.⁷ It turns out that as income

⁶ Around 1 percent holds both a Green Card and is covered by the Social Security Institution. This is obviously an anomaly.

⁷ Quantiles in Figure 4 are calculated by using OECD Equivalence Scale.

increases, the probability of being registered at the Social Security Institution increases, too. On the other hand, the share of those without social security increases in parallel to the level of poverty, i.e. the majority of those being not covered by social security systems are poor. While the share of the Green Card holders is 32.5 percent among the poorest (4.8 million), the ratio for the non-covered is 30.1 percent (4.5 million). The share of the non-covered people constitutes 19 percent of the middle-income owner 40 percent of population (4 million).

These figures clearly show that, despite its goals, the Green Card program fails to cover a significant part of the poor who need health care.

There may be cases where, those who are not Green Card holders may benefit from the Green Cards owned by their household members, illegally. We observe that only 10 percent of 4.5 million non-covered who are in the poorest 30 percent of population have at least one Green Card holder in their families. That is, 4.1 million non-covered people have no Green Card holders in their families that may be available to them for illegal usage.

Another striking aspect is that there are some people who are Green Card holders even in the richest groups: In the richest 30 percent, the ratio of Green Card holders is 0.5 percent (71 thousand). Consequently, a fraction of the rich benefit from the Green Card, even though a large fraction of the poor are not covered.

Geographical imbalances

Which regions are more likely to have a wider part of the population covered by the Green Card program? In other words, are there any regional imbalances in Green Card coverage, especially in relation to the regional income disparities? In Figure 5, we take per capita regional spending level as a proxy for the regional income level.

Figure 5 Regional Green Card Coverage Ratio and Per Capita Expenditure levels

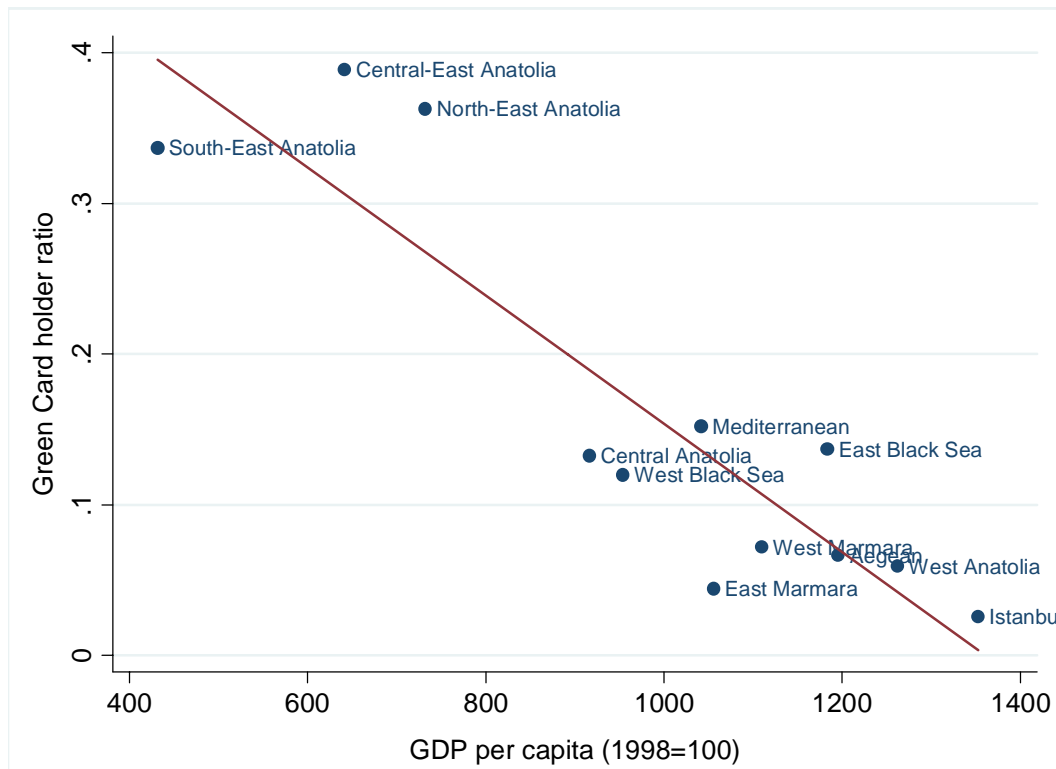


Figure 5 clearly shows that Southeast Anatolia, Central-east Anatolia and Northeast Anatolia are leading by far in the ratio of the Green Card holders to regional population.⁸ 30 to 40 percent of the population benefit from the Green Card program in those regions, which is quite expected as they comprise of the poorer part of the population in Turkey. However, the fact that Green Card coverage is lower in the Southeast (33.7 percent) than in the Central-east (36.3 percent) and in the Northeast (38.9 percent) is striking, given that the income level is lower. Furthermore, given the income level, we might expect the number of Green Card holders to be higher in Eastern Marmara. Also, one might expect fewer Green Card holders in Eastern Black Sea.

Unfortunately it is impossible to see if there are systematic regional exclusions or fraudulent preferences in Green Card program by using the Household Budget Survey.

⁸ The method of calculation for the correlation variables in Figure 5 are as follows: In order to find the Green Card owner ratios on a regional NUTS-1 basis, we aggregate the most recent Green Card figures (2009 June) by provinces on NUTS-1 level. We then divide these aggregated figures to the ABPRS-adjusted 2008 populations of each region to calculate the regional Green Card holder ratio.

The method of calculation for regional per capita expenditure figures is as follows: We extract the total private consumption figure for 2008 from GDP statistics and multiply them with NUTS-1-based regional expenditure shares, to estimate the regional private expenditure figures for 12 regions. By dividing these figures, we find the regional per capita expenditure figures. Lastly, we carry out a correlation analysis using the regional Green Card holder ratios and regional per capita figures.