



BASICS OF AZERBAIJANI MANDATORY MEDICAL INSURANCE

By Law No. 1441-VQD, dated 28 December 2018, amendments implementing mandatory health insurance in Azerbaijan effective 1 January 2020 were introduced to the Azerbaijani Law, *On Medical Insurance* (the “**Medical Insurance Law**”).

Implementation of the mandatory health insurance was launched in January 2020 and was to apply throughout the country gradually in four stages, the last stage being completed in 2021.

Mandatory health insurance applies to Azerbaijani citizens and foreigners and stateless persons with refugee status. As such the Medical Insurance Law obliges these persons, among others, to pay insurance premium.

The mandatory health insurance is financed from various sources including the insurance premium. Collection of insurance premia from employees started applying from January 2020 and constitutes two percent of the salary up to or equal to AZN8,000 and 0.5 percent of the salary above AZN8,000; employers pay premia based on the same percentages and thresholds. For employees engaged in non-oil and non-public sector, 50 percent discount will apply until 1 January 2022.

The insurance premium is payable at the same time with the salary, but not later than the 15th day of the subsequent month.

Insurance premium for individual entrepreneurs, notaries and members of the Azerbaijani Bar Association constitutes four percent of the minimum monthly wage, currently, AZN250. The insurance premium is payable not later than the 15th day of the subsequent month.

Insurance premium is also calculated from petrol, diesel and liquid gas produced in (for wholesale) or imported into Azerbaijan at AZN0.02 per litre. The insurance premium is payable not later than the 20th day of the subsequent month.

Unemployed persons, as well as those not engaged in entrepreneurial activities are exempt from the payment of insurance premium until 1 January 2024. Meantime, insurance premium for these persons is paid from the state budget.

A failure to pay insurance premium up to AZN50,000 is punishable by a fine equalling 30 to 70 percent of the unpaid amount. The payment of the insurance premium by the person having committed the breach for the first time exempts the person from the administrative liability.

The insurance premium is collected into the mandatory health insurance fund, which covers the medical services received by the insured in accordance with the package of mandatory health insurance services.

The package of mandatory health insurance services approved by Resolution No 5 of the Cabinet of Ministers of the Republic of Azerbaijan, dated 10 January 2020, covers around 2,550 various medical services, including first aid, emergency medical care, specialised outpatient care, laboratory services, physiotherapy services, invasive radiology services, and institutional treatment.

Mandatory health insurance does not apply to military servicemen, detainees, persons serving a term of imprisonment and life imprisonment (except for precinct-type penitentiaries), temporary and permanent residents or stateless persons.

Implementation of the mandatory health insurance is carried out by the State Agency of Mandatory Health Insurance, which was established by a Presidential Order on 27 December 2007 as the State Agency of Mandatory Health Insurance under the Cabinet of Ministers of the Republic of Azerbaijan.

Supervision of the calculation and payment of insurance premia is conducted by the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan.

**PLEASE CONTACT US FOR ANY QUESTIONS AND FURTHER
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