

Processes for the establishment of the National Health Insurance Scheme (NHIS) have been on going in the past two decades. Attempts by previous Governments to provide alternative sources of financing healthcare have been met with vigorous opposition either from the labour unions, or bickering among healthcare professionals. It was at the maiden Health Summit held in Abuja in 1995, that the National Health Insurance Scheme was given a major impetus.

### The Scheme

The model being adopted by the country allows each insured person to decide which health centre or clinic he or she wishes to register with. A monthly capitation – a payment per person registered whether he or she uses the services or not – is paid to the Health Centre (Clinic) which provides healthcare services as and where necessary to the insured person.

Whilst, the activities of these health centres and clinics will be co-ordinated by intermediary organisations known as the Health Maintenance Organisations (HMOs), the overall regulation of the scheme rests squarely on the shoulders of the Council of the NHIS.

### What Are These Organisations – HMOs

Universally, HMOs are regarded as “prepaid health plans in which patients are generally covered only if they use providers specified by the plan and access them according to rules established by the plan”. This is very much in line with what is proposed within the Nigerian context, which defines an HMO as “an institution, company or provident association utilising its administration or insurance companies to provide healthcare for its clients through associated health centres”.

The introduction of HMOs into the Health Insurance Scheme was underpinned by a private sector driven economy of which the health sector is a part.

The decree establishing the National Health Insurance Scheme (NHIS Decree 35 of 1999) states that HMOs will perform the following functions:

1. Collect contribution from all eligible employers and employees
2. Collect contributions from voluntary contributors.
3. Pay capitation to healthcare providers participating in the scheme
4. Render returns to the Council of the NHIS
5. Contract with only healthcare providers approved by the Council for the purpose of rendering healthcare services under the scheme.
6. Ensure that contributions are banked according to the guidelines approved by council in banks participating in the scheme.

From the foregoing, it can be seen that the potential success or otherwise failure of the scheme depends on how effective these organisations are operated and managed.

While a lot of effort has gone into the implementation of the scheme, it has not been easy both for the planners and would be implementers. As at the time of writing, over 30 State Commissioners of Health are not happy with the limited role given to the State Governments under the scheme. Most states of the Federation would rather prefer to regulate the scheme in their respective states by establishing State Health Insurance Boards

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(SHIB). It was alleged that, this was the original plan as presented in the NHIS draft decree of 1996.

The Nigeria Labour Congress, is also not happy with the way the programme is being designed, as previous experiences with both the defunct National Provident Fund and the National Housing Fund did not render benefits to (contributors) workers. The President of the Congress Mr. Adams Oshimole has specifically called on Nigerian workers to reject any attempt to make deductions from their salaries for the purpose of the NHIS.

The employers of labour under the auspices of the National Employers Consultative Association (NECA) also advised government to make the scheme optional, as a lot of their members already provide good healthcare benefits to their employees.

Another problem being faced by the Scheme is the headship of the NHIS. While Medical Practitioners want a Medical Doctor to be the Chief Executive Officer of the Scheme, Professionals Allied to Medicine (Nurses, Pharmacist, Laboratory Scientists etc) are happy with the present arrangement where a Non-Healthcare Professional is the Executive Secretary.

Despite all these reservations all stakeholders agree in principle that, the National Health Insurance Scheme will contribute the following improving the healthcare situation of the country.

- \* Provide an alternative source of funding for healthcare that will be ring-fenced from further budgetary cuts in healthcare spending by governments at all levels.

- \* Provide effective, efficient and qualitative healthcare to the people of the country through better supervision and monitoring of healthcare providers.

- \* Encourage private sector investment in health and health – related activities, by bringing the attention of investors to the health sector as a potential area of capital gains with good returns.

- \* Create jobs for the unemployed and training for the under-employed, thereby further

importance of the health sector towards National growth.

Even with all these benefits doubts still exist on the workability of the NHIS in Nigeria given the effect of the “Nigerian Factor” in all these.

*Health Insurance Report* however thinks that the way and manner private healthcare services are currently provided for employees in the private sector including those of government parastatals suggests that the National health Insurance Scheme is feasible in the country.

### How Can We Make It Work Better?

- \* There is need for political will and commitment at the highest level of government, at all tiers (Local, States, and Federal). This is crucial in view of the competing demands from all stakeholders.

- \* Expanding the role of the State Government to include the regulation of Health Maintenance Organisation (HMOs) and Healthcare Providers that operate in their various states. There is nothing wrong with the Council of the NHIS working with State Health Insurance Boards (SHIB). The Zonal Offices of the NHIS could still function as liaison offices of the council.

- \* Limited pilot study with a defined sample of the target population e.g. workers in formal employment and selected General Practitioners in a middle income city in the country. This will enable stakeholders to learn and have first hand experience of the circumstances. In addition it will enable the regulators (Council of NHIS) to expand the coverage of the scheme incrementally based on lessons learnt.

- \* There is the need to train a new cadre of health sector managers drawn from all disciplines for both the public and private sectors. This is essential to the successful implementation of the NHIS. The training needs of health sector managers are so great that without a focused strategy for management development the country cannot achieve its health policy objectives. Although there are adequate numbers of persons who could be trained for the scheme, they lack the experience necessary to run a scheme such as this.

Hence on the job training and re-training will be required to bring the managers to levels that will sustain the operations of the scheme. Training in Information Technology (IT), Costing, Health Economics, Performance Measurement, Quality Assurance, Utilisation Monitoring and Employee Management Skills are priority areas.

\* Health Officials and Healthcare Providers need to be educated on a continuous basis about the operations of the NHIS. The lack of knowledge and understanding of the processes of an insurance – based health system among health officials in States' Ministries of Health and their respective Health Management Boards, is not in doubt. If this is not counselled on time, it will translate into poor or inadequate regulation of the scheme, which will ultimately lead to bottlenecks. Similarly, the need for Doctors, Nurses, Pharmacists and other Professions Allied to Medicine to understand the workings of the scheme cannot be over emphasised. Since these group of

personnel are the ones that commit healthcare resources, their ability to minimize waste, work effectively and efficiently will not only reduce cost escalation but also improve the quality of care and consumer / clients satisfaction.

\* Finally, the General Public including employers and employees, who are the direct beneficiaries of the scheme also need to be informed about their rights and responsibilities towards the successful implementation of the scheme. Since over utilisation is a major draw back in a scheme such as this, there is the need to educate the beneficiaries on the proper utilization of health care services. In addition employers of labour need to appreciate the added advantage of providing a comprehensive healthcare benefit package for their employees without the burden of administering the scheme. The role of the media in this respect is very crucial since they are likely to remain as "watch dogs" and can greatly influence public opinion. The already established contact with the mass media should be strengthened.

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# Editorial

## Health Insurance Report

The Nigerian National Health policy objective is the attainment of a level of health that will enable all Nigerians to achieve socially, economically productive lives by the year 2000 and beyond. Primary Health Care being the key to achieving this national goal.

Hence, Primary Health Care has been the number one national health priority since its launching in 1986, whose focus initially was to redress the imbalance in the distribution of health resources between urban and rural areas. However, a growing demand for modern medical care, brought on by a rapidly, expanding population (annual growth rate – 2.9%), rising literacy levels, and technological advancement; leading to high expectation from the health services have shifted demand in favour of hospital care.

The world economic recession in the 1980s and the consequent macro-economic adjustments, which have continued until now; have led to a continuous decline in public spending for health. It is unlikely that, additional funding will be available from public sources to finance health care activities given the demand on total public incomes from other sectors. It has long been suggested that an autonomous health fund would be needed to provide additional finance that would sustain the health care demands of a growing population, initiate new developments in health care and improve standards of care. Herein the establishment of the National Health Insurance Scheme (NHIS)

This scheme in Nigeria is designed to provide resources that will allow cross subsidisation in the health sector so that the healthy pay for the sick, the rich pay for the poor and the young pay for the old.

While implementing the scheme in a country such as Nigeria – corruption, gross mismanagement, lack of accountability and transparency - will not be easy. Kick-starting the scheme will bring to the fore many of these issues that need tackling in the health system.

This Newsletter – *Health Insurance Report* - will serve as a resource for policy dialogue and provide information and knowledge for decision – makers, health-care providers and consumers.

*Health Insurance Report* is a quarterly Newsletter, linking Health Systems and Healthcare Providers in Nigeria.

CARE-NET, publishers of *Health Insurance Report*, hope that it will provide information, education and guidance to all stakeholders – government regulators, doctors, nurses, pharmacists and professions allied to medicine, employers, labour unions and patients about their responsibilities and rights in an insurance based health care system.

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Publishers:  
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*For all enquiries contact:*

CARE-NET LTD.  
Plot 16, Abuloma Housing Estate, Phase II  
P.O.Box 12166, Port Harcourt  
Rivers State, Nigeria.  
e-mail: carenet2020@yahoo.co.uk

