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Apart from the vast reserves in mineral resources, Africa is gradually being re-integrated into the global economy. This time the interest is on her people again. Not only is a population close to one billion an attractive market for commercial products, a young and growing African population is a potential source of talent for mature and aging economies. Nonetheless, despite having just about 11 percent of the world's population, sub-Saharan Africa (SSA) carries 24 percent of the global disease burden in human and financial costs.

The International Finance Corporation (IFC) - the private sector arm of the World Bank - in its report, *The Business of Health in Africa*, ex-

pects health care expenditure to grow from \$16.7 billion in 2005 to \$35 billion in 2016.

This report also estimates that about \$25 - \$30 billion in incremental investment will be required just in physical assets (hospitals, clinics, distribution warehouses etc) to meet the increase in demand for health care as the GDP of African economies have started to grow after a period of stagnation.

But will governments in SSA be able and willing to provide the investment required? In 2000 at Abuja- Nigeria, African heads of state pledged to allocate 15% of their national budgets to health care. This pledge was reaffirmed in Gaborone-Botswana in 2005 during the Conference of African Ministers of Health. Nevertheless, based on avail-

able records over 30 countries have not reached 10%.

Meanwhile, in many countries in SSA, private individuals, businesses, and organizations continue to provide over 60% of total health expenditure. And more than half of this is being captured by private providers. Herein lies the call for a much expended role for the private sector in health care in SSA.

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Private sector's potential as force for social good needs to be better appreciated by policy makers.

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Traditional Health Insurance enters the Fray

The emerging market for health insurance in Nigeria has rekindled the interest of conventional insurance companies to become active participants in this sector.

While there were attempts in the past for some form of indemnity cover for health care costs - this was very insignificant and at some point ceased to exist due to poor market development. The advent of managed care with the entry of health maintenance organizations (HMOs) as the main drivers for stimulating a market for health

insurance - customary insurance started to look at underwriting health care as potential business opportunity.

First on the block was *UNIC Insurance* which started operation over five years ago with three classes of health plans - basic, intermediate, and comprehensive - depending on the benefit package selected and the corresponding premiums that are paid. Several other insurance companies are planning to launch their respective health plans to take advantage of the growing health insurance market. The latest

entrant is *Royal Exchange Assurance* that is providing alternative health plans to corporate bodies and individuals with incentives too difficult to resist.

This is good news as it increases the number of health insurance suppliers and creates benefits for the consumer due to competition among providers. But in the Nigerian context, there is still cream skimming as these new players are targeting the growing middle class with better standard of living and thus less likely to demand routine health care ◇◇◇

Wanted - A Unified Accreditation System

At present regulation of health care services in Nigeria is directed only at private sector provision. And this is primarily undertaken by the various State Ministries of Health that also provide government health care services. While the quality of private health care services is variable, it is generally perceived by clients to be better than government health care services.

This can be seen as a form of endorsement by the consumer - the ultimate beneficiary. But the consumer does not have complete information about all the quality attributes of a good quality health care service. Therefore there is the need to have a system of official recognition that creates a level playing field for both private and public sector operators.

Other than having a common framework for certification of health care facilities irrespective of ownership, there are other benefits to be derived from having a uniform system of accreditation for the country. For a start, it helps all health facilities deliver quality patient care and comply with nationally recognized standards. A standardized accreditation system is

easily recognized by all key stakeholders - third party payers, professional associations, State and Federal Government Agencies - within the health care delivery sector. Most importantly, an accreditation system that applies to all health facilities in both public and private sector is reassuring for patients - to know that they are safe wherever they receive care.

In a related matter, the proliferation of health maintenance organizations (HMOs) and related organizations such as mutual health associations (MHAs) coupled with the weak capacity of the National Health Insurance Scheme (NHIS) to effectively regulate the practice of health insurance in the country also calls for alternative means of quality assurance that meets internationally recognized standards.

This involves the development and implementation of managed care standards with active industry input. The main component include the evaluation of critical functional areas such as: enrollee communication systems; enrollee complaints and grievance

resolution system; utilization management including enrollee appeal procedure, quality management and improvement; and provider credentialing and re-credentialing systems. At the institutional

level, this is best undertaken by an independent body with a non-profit status to ensure transparency and accountability.



Accreditation is a significant model of Accountability for Medical Decision-making

A unified accreditation system is not an 'all or none' option but serves to complement other existing regulatory mechanisms, which in themselves have been found not to be sufficient. But it has to be applied across the entire health care system ◇◇◇

Massive push for Community - based Insurance in SSA: Are we taking on board lessons learnt?

Rather than support the current movement for universal social health protection coverage that promote fair financing across all income groups in society - international donors are once again selectively pushing for community-based health insurance in Sub Saharan Africa (SSA).

Previous attempts at implementing community-based insurance in SSA showed variable degrees of success - but mainly at pilot stages. The failure of programme managers to scale up this health financing mechanism to achieve any meaningful impact was attributed to observed critical factors. And three of these are as relevant as previously noted.

First, while aggregating risks to protect families from poverty shocks resulting from health events is a step in the right direction - promoting solidarity among poor people was seen to be counter productive. Apart

from the tendency of dealing with an increased disease burden due to the common socio-economic experience of the population, the weak economic base of such poor communities does not allow for the creation of sufficient 'pooled capital' for meeting the recurrent demands for health care in these communities.

The weak economic base of poor communities does not allow the creation of sufficient pooled capital reserves to meet recurrent needs.

Secondly, it was noted that for community-based insurance to have any meaningful impact, it has to be undertaken on a large-scale that can reach a significant proportion of the poor.

The emphasis should be on overall population coverage with a multiple of schemes because community-based programmes are also confronted by the same issues as those of more sophisticated social or private health insurance schemes - building up adequate reserves, health plans being informed purchasers, consumer education, re-insurance etc.

Finally, it was observed that community-based health insurance is not sustainable unless there is some external back up or support either from government or international donor on a long-term basis. This may take the form of technical support and or initial funding for the start-up phase. Moreover, the ability of each scheme to lobby for government or donor support remains weak even when several of these community-based schemes are banded together into an association of some sort with a coordinating body.

Based on these experiences, many professionals and practitioners now call for 'single payer' pre-paid schemes or programmes that allow for pooling of risks both in terms of disease burden and cost across all segments of the population. The creation of such larger pools does not only provide a significant capital reserve but also ensures cross subsidy for those who cannot pay as much - as well as for those who have greater need for health care ◇◇◇

NIGERIA'S VISION 2020 AND INVESTMENTS IN THE HEALTH CARE INDUSTRY

OPINION

- Felix Abrahams OBI

A landmark political commitment was made by African Presidents when they signed the Abuja Declaration in 2000 promising to up investments and budgetary allocation to the health sector of their respective countries. Almost a decade down the line, the target of committing 15% of the GDP to health care delivery has not yet been realized in any of the African countries as expected. However, the overall budget to the health sector in Nigeria has increased over the years

and the health reform program has enabled the private sector to also invest into Nigeria's health sector through PPP initiatives.

The current 'Vision 2020' goal being developed by the Nigerian Government when implemented is expected to position Nigeria as an economic giant within a decade. Considering the poor health indices in Nigeria and the high poverty rate, investing in the healthcare system needs to be given critical attention since investing in health systems is an opportunity to invest in the health of the population and in economic growth.

Health systems extend beyond the borders of healthcare and health is inextricably linked in a set of mutually re-enforcing and dynamic relationships. The improvement of

health and societal well-being can be achieved through investments in the healthcare delivery system. Unlike Europe with an ageing population, investments in the health of the population will provide the much-needed healthy and productive workforce that will drive the economic recovery of Nigeria.

The WHO Commission on Macroeconomics and Health has shown through evidence that in developing countries, poor health dragged down economic growth, and this applied to both high and middle-income countries. The countries that occupy the top economic positions globally owe a greater part of this to the historical achievements they made in improving the health of their population.

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"... investments in the health of the population will provide the much-needed healthy and productive workforce that will drive the economic recovery of Nigeria."

...business of health care in SSA

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While many policy makers and even international development partners are still ideologically opposed to private sector involvement in health care in SSA, experience from elsewhere - India and China - indicate that private sector investment is the best hope for SSA countries in supplementing the public sector to build health care capacity. And many countries have developed some sort of policy framework for private sector participation in health care.

But engagement with the private sector to improve health care provision in SSA requires a better understanding of the nature and operations of this sector as well as strategies of engagement. The IFC report earlier referred to provides a useful resource

that can help in undertaking this process. The report identifies five main imperatives, which together help create an agenda for policy makers, regulators, donors and other stakeholders, targeted at improving health care provision in SSA, with particular attention to harnessing private sector contribution.

The five priority areas outlined include:

- 1) developing mechanisms for creating and enforcing quality standards for health services and medical product manufacturing and distribution;
- 2)



Trade and not Aid ...You can still Do Good by Doing Well.

including as many of the population as possible in risk pooling programmes; 3) channeling a portion of public and donor funds through the private health sector; 4) enacting local regulations that are more encouraging of a private health care sector; and 5) improving access to capital, including increasing the ability of local financial institutions to support private health care enterprises.

In conclusion, people in SSA are already voting with their pockets - how and where their health care Cedis, Naira, Rands etc. should be spent. And by disproportionately spending a higher percentage in the private sector, it indicates how sustainable health systems in SSA should be structured and operated. But most importantly it signals the private sector's potential as a force for social good and the existence of huge investment opportunities in this sector ◇◇◇

Making an Economic Case for Health Care

Health Insurance Affairs is a quarterly News-letter, linking Health Systems in Nigeria and the rest of Sub Saharan Africa.

CARE-NET, publishers of *Health Insurance Affairs*, 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.

Readers are invited to contribute views, articles, and letters. Opinions and views expressed in letters and articles do not necessarily reflect the views of CARE-NET. Information supplied in *Health Insurance Affairs* is checked as thoroughly as possible, but cannot accept responsibility should any problem arise.

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- **N**igeria aspires to be one of the top 20 economies in the world by the year 2020. This is
- the new economic vision that is giving hope to present-day Nigerians both here and in
- the Diaspora. Why not? Given the level of audacity and self-confidence in the people
- such a vision is within reach in the next 10 years.
-
- But this declaration need not just be a rhetoric or government slogan. We have to understand elements that constitute a top economy. Apart from a high and sustainable level
- of productivity in the real sectors leading to a corresponding degree of standard of living;
- the quality of life of the people in terms of the human development indicators must be
- first world standards. In addition, the country also requires a reasonable crop of well
- educated, talented and healthy people to achieve the level of economic growth that can
- put her in the 'premier league' of nations.
-
- At the present moment, the Nigerian health system is not up to the job of supporting
- this vision let alone be associated with one of the strongest global economies. Secondly,
- the health sector does not exist only to provide a vital social service. It is also a potential
- growth area for a country with over 140 million people and still counting.
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- Conservative estimate has indicated an annual turnover of about 50 billion Naira for the
- health insurance sub-sector alone. Add this figure to the value of drugs consumed by this
- 'giant' together with the myriads of jobs and the purchasing power of consumers from
- this sector - a sensible economic planner would target this sector to account for 20% of
- Gross Domestic Product (GDP).
-
- These are actually the figures from member countries in the 'club' Nigeria wants to join.
- Therefore an effective health system will be critical to reaching this national goal. This
- can only happen if those driving the *2020 Vision* can make an economic case for the
- health care sector ◇◇
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2020 Vision and investing in health care

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Though health is a fundamental human right and has intrinsic value in itself, it has significant impact on economic productivity.

Since health status influences health expenditure, the Government should take seriously policies that emphasize preventive care and promote healthy lifestyles at the population level as a way to reduce future demands on health while saving funds for investments in critical areas like health manpower development and health infrastructural development. Failure to invest in health will further increase the already existing health inequalities in Nigeria and this has high socio-economic costs in terms of increased burden of disease and reduction in social well-being.

Efforts should be made to harness and deploy resources from the private sector (such as the International Finance Corporation etc) to diversify the investment profile in healthcare. Public sector financing in healthcare should go beyond budgetary support for the yearly 'implementation of programs and projects' by the Federal Ministry of Health. Emphasis need to be placed on the actual outcome of these programs and their eventual impact on the overall health status of the population. Investments in health need to be duly monitored and constantly evaluated to check if they are being used effectively and efficiently. This is imperative since the return on investments in healthcare are not measured in economic terms ◇◇



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