Care Net Nigeria

Health Insurance Affairs

ISSN 2006 - 7658

Volume 3, Issue 1

July 2010

INSIDE THIS ISSUE:

Micro-insurance: in search of a workable business model

Despite pledging to spend 15% of their annual total budgets on health, public health systems remain constrained by lack of funding in most parts of Africa. And basic health services are still absent in many areas of sub-Saharan Africa (SSA). Meanwhile, with just a little over 10% of the global population, this region bears about a quarter (24%) of the global disease burden.

Several observers have noted that the scale of the problem remains unmatched by an ability to pay for health services - either directly through health insurance or private sector provision; or indirectly through tax revenues to finance government sponsored health care provision. Nonetheless, this mismatch between funding and the need for health care has created huge financing gaps for innovators that are now looking at the micro-insurance option.

Borrowing from the micro-finance concept, which started in South Asia and has spread throughout the world; micro-insurance adaptation hopes to increase access to basic health services in return for the payments of relatively small amounts of monthly contributions. But the 'micro' in both concepts is the only commonality.

With huge 'asymmetry of information' between providers and users - health care as a product (or service) is different from most products including finance. Moreover, access to health insurance is not an end on its own. It is a means to quality health care, which is the definitive product people are paying for. This imposes a major requirement in managing the value chain from contributions received to health care delivered.

.....continues on Page 3

A little drop of water, makes a mighty ocean.

Sierra Leone's bold attempt towards universal coverage

Emerging from a decade of civil war in 2002, Sierra Leone is still struggling with reconstruction of its battered economy. And the country continues to occupy the bottom of the pile among developing countries, in terms of human development.

With low life expectancy (46 for men; and 49 for women), health outcomes are especially worse for women and children. One in eight women risk dying in pregnancy and childbirth, while for every 1000 children born - 140 of them die before their first birth day.

Apart from inadequate access to health services, the main reasons for the poor health status of the people of Sierra Leone are: the fees needed to be paid for health services and the cost of medication. In order to relieve these critical constraints and therefore halt and begin to reverse the negative health trends, the Government of Sierra Leone launched a "free healthcare plan" for pregnant women, breast feeding mothers and children under five years of age.

...continues on Page 3

For Enquiries Contact:

CARE - NET LTD

Plot 16 Ibaa Street

TMC Estate, Abuloma

Port Harcourt 500001

Rivers State, Nigeria

Tel: +234 - 84 - 770232

E-mail: info@carenet.info

Website: www.carenet.info

Your Feedback...

President Obama's Health Care Reforms: What lessons for SSA?

Obama succeeded in getting his reforms through because there was an existing structure. Ghana has a good level of coverage too because it started using the community social infrastructure.

The question is where will Nigeria start from? Nigeria has neither an effective regulatory organ which can implement the Scheme either through the social or community insurance approaches.

By now, NHIS should have been able to enforce high coverage particularly in the States. The question is who funds health insurance for those who are not covered. Is it States or Federal? Hopefully, if we are able to implement the health bill it will go a long way to proving availability of capacity for States and Federal to collaborate especially when the issue of funds sharing is involved.

I believe we should start with galvanising our community-based social structures or else we shall continue to toy with the so called "free medical treatment" which has proved unsustainable.

Paul Akeni
Abuja, Nigeria

...and in Rivers State, Nigeria - a missed opportunity.

It is always nice to hear from you. Keep up the good work with the *Health Insurance Affairs* publication.

Let me start by saying, do not lose heart regarding the Rivers State experience. This is the reality we are faced with. When you shared with me the progress that was being made in that State, I had hoped the State would take the lead for other States to follow. You may well recall my sharing with you that we had parted ways with my home State Governor after he had invited me to serve as his Special Adviser on health. A year down the road after putting together a road map for strengthening the health system in the State and even producing a White Paper of the report, it became obvious to me that there was no political will to implement. Do not think that the foundation you laid has gone down the drain. Some day, hopefully in the near future, some one will make reference to your work and have the courage to go for what is best and not what is "politically correct".

Obama's push for the health bill will not only have an impact on USA but will have implications for the world depending on the outcome of its implementation. It may be too early to draw any conclusions but it is worth following closely.

The happenings at NHIS is sad. May God give us the kind of leadership that will take the bull by the horn to position NHIS and transform it to carry out the role it should play in Health Insurance in this nation.

Lastly, it is my earnest prayer that the work that has been done to help in developing a costed strategic health development plan for the nation from the Local governments, States and Federal will not perish with the changes in leadership at the Federal Ministry of Health.

Dr Dan Iya
Jos, Nigeria

Thank you for pushing on to produce this wonderful Journal despite all odds. Wishing you "more grease to your elbow"

It is sad to learn that all efforts (including your personal commitment and contribution) to demonstrate and bring about great positive changes to health care system in Rivers State was aborted. However as a change facilitator in Nigeria environment one is not (unfortunately) surprise on what happened in Rivers. As you and I know the political economic analysis of our country is such that technical processes alone do not produce the desired changes, unless it is accompanied by appropriate changes in the structural forces, relationship and institutions (rules etc). Unfortunately these are hard nuts to crack.
Don't be sad and don't relent in your efforts - we only need to improve on our strategies to achieve desired results.

Wishing you more successful editions.

Dr Ibrahim Oloriebge
Abuja, Nigeria

Nigeria Develops an Investment Plan: 2010 - 2015

Congrats for this refreshing issue of *Health Insurance Affairs* - Volume 2, Issue 4: April 2010. Its getting better by the day. I read all the articles with great interest, especially your optimism about what the NSHDP can achieve if the Governors sign-up. What about the LGA Chairmen?

I also think that we need to completely deconstruct and reconstruct the National Health Policy before the health sector will improve. The policy was developed during the military regime with a command structure in mind whereby the military Head of State can order the State Governors and LGA Chairmen to implement something - and so be it. That policy also delineates healthcare delivery at three levels and saddles the LGAs that receive the least allocation and are weakest administratively with the PHC system that delivers essential healthcare to majority of the people. Many countries that have achieved universal coverage and equitable financial risk protection all have good functioning PHC systems.

Hence, we will be living in a fool's paradise in Nigeria if we think that the health system will improve without an excellent network of PHC centres effectively delivering healthcare. This is where we need to develop a new policy that will state that all tiers of the health system will deliver PHC services and then work out the modality for doing so. Only, within that context will the NSHDP be a functional plan that will be useful to most Nigerians especially the teeming underserved.

...continues on Page 4

While all manner of persons (from failed bankers, retired civil servants to serving political office holders including law makers) have jumped onto the band-wagon of setting up health maintenance organizations (HMOs) in order to cream off the largesse that has been presented through the federal government sponsored programmes - a few HMOs are maturing into significant corporate entities fit for purpose. No doubt a decade of continuous operation means that these organizations have become a permanent feature of the Nigerian health system.

Among the pioneers, Total Health Trust Ltd (THT), apart from having a broad based ownership structure of both national medical and insurance professionals has an extended shareholder base to include an international company - Liberty Health and Liberty Group of South Africa, with extensive experience of private health insurance. THT is also an agent of BUPA the UK based global private medical insurance company. These corporate linkages are now proving useful in deepening the capacity of THT to effectively underwrite medical insurance in a sustainable manner.

Managed Care enters transition phase in Nigeria

Another notable player, Hygeia HMO and its related Lagoon hospital have received substantial investment from the International Finance Corporation (IFC) - the private sector arm of the World Bank, as well as from private equity investors such as Satya Capital. This sort of capital infusion made it possible for Hygeia to be better positioned to operate a donor-funded community health insurance plan on behalf of the Dutch government and associated multinational companies like Unilever in Lagos and Kwara States.

A couple of other HMOs are also undertaking similar initiatives aimed at differentiating themselves from the competition, especially now that charlatan HMOs have entered the fray. Nonetheless, there is a sore note to these good stories - and that is, on the average each of the major HMOs cover only about 200, 000 lives including federal level employees through the National Health Insurance Scheme (NHIS). So far the total number of enrolless country-wide is estimated at about 5 million - meaning that just about 0.03% out of the total population of 150 million are protected from financial risk of ill-health.

But HMOs are private companies with a profit motive - so why are they not using the market-based approach to mobilize more Nigerians to adopt the insurance option to access quality healthcare in the face of government bureaucratic incompetence and corruption? The key challenge for HMOs therefore is to become a force for good by working to expand health insurance coverage that would in-turn contribute significantly to their bottom-line ◊◊◊

==========

...continued from Page 1

Micro-insurance: in search of a workable business model...cont'd

In addition, the nature of risks against which people, especially those with irregular incomes are seeking protection are variable. While some people may be concerned about meeting increasing health care costs, others may be worried about catastrophic illnesses that if left untreated could impoverish a family or result in death.

Experience from various schemes in Africa as presented in an International Labour Organization (ILO) report show that overall less than 1% of the potential market for micro-insurance in health has been reached. This is partly due to inability of clients to make monthly premiums, as well as a lack of understanding of how an insurance based health system works. Other than these two main factors, lack of qualified personnel, high administrative costs and inadequate information technology were also identified as major deficiencies.

The nature of risks against which people, especially those with irregular incomes are seeking protection are variable.

These findings presuppose that irrespective of the scale of operation or population segment that is covered, financing health care through insurance requires the same high level of managerial and technical sophistication necessary to deliver real value to clients while remaining viable.

Therefore, in organizing health micro-insurance that meets the expectations of the 700 million people who reside at the bottom of the income pyramid in SSA, there would be the need to creatively re-design a workable business model away from the current simplistic approach ◊◊◊

==========

Sierra Leone's bold attempt....Cont'd

...continued from page 1

The programme, which is heavily supported by donors - mainly the United Nations (UN) agencies and the United Kingdom (UK) government, was launched on April 27th 2010 by the country's President - Ernest Bai Koroma, to coincide with the 49th anniversary of independence from British colonial rule.

While, this no doubt is a laudable programme targeted at increasing access to health services for biologically vulnerable groups - vital issues critical to the success of the programme are lingering. Despite reaching a pay settlement with health workers, with pay increase of 200 - 500% to compensate for additional workload - critical manpower shortages still exist in many parts of the country. Poor roads and the lack of ambulance services mean that access to care for women and children in rural and isolated areas remain difficult. But most important is the question of: how the 'free healthcare' will be paid for once donor support runs out?

There are no simple answers or easy solutions - but there are ways in which current development aid can be used strategically to create sustainable funding mechanisms that would enable the target groups access essential healthcare on a long-term basis. One of such is to shift the resources from the supply side to the demand side in a way that compels the healthcare system to respond to effective demand. Guaranteed care for women and children through a system of government vouchers or health cards appears to be a promising approach as this may help to ring-fence this portion of the health budget ◊◊◊

EDITORIAL

Health Insurance Affairs is a quarterly Newsletter, linking health financing to the business of health care in 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.

CARE-NET is an integrated Healthcare Consulting and Management firm. It is a Limited Liability Company registered in Nigeria. RC 370401.

Financial Risk Protection: Now More Than Ever

Unless people have the means to pay for health services on a sustainable basis, access and quality of care for the vast majority in sub-Saharan Africa (SSA) will remain poor. Thus whatever gains that are achieved through massive global initiatives as we presently observe will be quickly eroded.

Advances in medical science and steady economic growth for the past half a century mean that even in Africa, where the human development indicators are still not satisfactory - many more people are living into their old age (above 65 years). Coupled with rapid urbanization across the continent and the adoption of western lifestyles, chronic diseases such as high blood pressure, diabetes and cancer are becoming the major health problems in SSA. This is in addition to the unfinished business of tackling infectious diseases like malaria, tuberculosis and HIV/AIDS.

Considering the current level of funding for health care, it is unlikely that additional finance from public (government) sources will be available. It is therefore necessary that alternative mechanisms that protect people from the financial difficulties when accessing healthcare services are developed, tested and implemented. This should be the new governance compact for health in Africa.

Dr Tarry Asoka
Editor
tarry@carenet.info

==========

Your Feedback ...Cont'd

....continued from Page 2

Strange happenings in NHIS. The place also needs complete re-jigging. What's happening to the CBHI initiative of the NHIS? - not of the consumers?! What plans are afoot to ensure universal coverage and increase revenue available - like dedicating a % of VAT to Health Insurance.

Dr Obinna Onwujekwe
Enugu, Nigeria

You summed up the reason for our sub-optimal health system in the section on the national strategic health development plan where you said "state governors are still attracted to large, visible and capital intensive projects that can give them political mileage".

It's for this same need to acquire political points I think, that the Rivers State government opted for 'free medical services'. Don't you think it appears more politically correct to provide 'free' rather than service paid for through contributions in the Nigerian context?

I can only wonder if any economic or actuarial considerations are ever made in reaching some of these decisions by the politicians.

Pronouncements on free provision of services like Governor Amechi's sound like 'political will' but then it may be necessary to consider whether it is a positive or negative move.

Dr Tolulope Ayangbayi

This issue of the *Health Insurance Affairs* is supported by a kind donation from **AfriCEDER** - a regional health policy think-tank based in Abuja, Nigeria.