CARE NET NIGERIA

Health Insurance Report

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SPECIAL POINTS OF INTEREST:

- The commercial success of the home grown video industry present best practice for the same challenging environment faced by the health insurance industry
- Creativity and innovation are required in the face of limited opportunities

INSIDE THIS ISSUE:

The "Nollywood Paradigm"....What Lessons for Health Insurance?

Over the years Nigeria has been integrated into the world economy only on the basis of her petroleum resources. Even the understanding of the western economic model by her people and their ability to out-smart it positively has been presented as criminal activities in many instances.

Her leadership role as the country with the highest number of happy people on earth despite her failings has been noted as a paradox. Not with standing, Nigeria still maintains her prime position as the country that has made a billion dollar business out of religion - especially the Christian variety.

Amateur Technology and Raw Talent - drives new development model in Nigeria?

All these achievements and many more have not been given their due mention especially in the western media. Not anymore. Nollywood is a world beater any day. For the avoidance of doubt - Nollywood is Nigeria's answer to Hollywood, Bollywood.... and all the woods of this world. Thanks to rare native intelligence combined with plenty of common sense.

We hear....."The French Cultural Centre in Nigeria wants to bring French movie-makers here to study our methods". *How on earth can you make a movie in seven days, at low cost, enjoyed by over half the population of your continent and still get noticed by the world? And Yes at a huge profit too.*

You may wonder if this is reverse technical support to the West or is it something else? Could this be the development model sub-Saharan countries and indeed the rest of the developing world have been waiting for?

The fact that the Nigerian home video industry is both profitable and self-sufficient is a clear indication that you can still win without cheating in Nigeria. That the movie industry has grown to be one of the bright spots in the nation's economy is also a demonstration of the possibilities even in the face of non-existent economic opportunities.

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Chronic Conditions Increase Healthcare Costs

The worldwide increase in chronic medical conditions has been a major concern to all - health planners and professionals; financiers and governments; families and society. These are health problems, which require ongoing management over a period of time - years even decades.

They also include a broad range of health concerns:
Non-communicable diseases such as chest and heart diseases (hypertension, stroke, asthma), cancer and diabetes; Long-term mental disorders (depression and schizophrenia); Persistent communicable diseases (Tuberculosis, HIV/AIDS); and Ongoing physical and structural impairments (amputations, blindness and joint disorders)

The common theme, which is shared by these conditions, is that they persist over time and thus require some form of healthcare maintenance over this period. But more worrisome is that they are also increasing especially in developing countries of sub-Saharan Africa (SSA). This has serious economic and social implications, which threaten not only the resources for healthcare but also the long-term viability of these countries.

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More Banks Float HMOs

Next Move - Banking on Health Insurance

Apart from providing the financial backbone for the emerging health insurance market in Nigeria, banks in the country have directly been involved in underwriting private health insurance and also operate Health Maintenance Organisations (HMOs).

HMOs are organisations that integrate the financing and provision of healthcare services for enrolled persons who make prepayments based on their individual risks of becoming ill.

The latest bank to enter this potentially lucrative market is Oceanic Bank. Its HMO - Oceanic Health Management Ltd commenced operations in March this year.

The reason why banks have decided to enter this business may not be unrelated to the fact that insurance premiums constitute a major source of deposit mobilization.

Apart from this health insurance promises to be a growth industry catering for a population of 140 million and still counting. In the face of stiff competition following the consolidation of banks in the country it is not surprising that banks have started to look at the social sectors which hitherto they have regarded as non for profit sectors.

Does this development help the growth of the health sector itself ? Yes. The entrance of new players creates competition and choice that leads to better service. It also explains the fact that health insurance is a financial service rather than a health service as currently being imagined by operators of the health sector ◊◊◊

Nollywood Paradigm.....Cont'd

"...what lessons can the operators of the health insurance industry learn from its home video counterparts?"

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In the face of the daunting challenge of providing health insurance coverage for the teeming population of Nigeria - what lessons can the operators of the health insurance industry learn from its home video counterparts?

Given that both industries operate within the same difficult environment - can health insurance succeed by applying the same business model?

If health insurance decides to go that route - What would be the likely critical success factors?

Or perhaps there is nothing really to learn from this so-called 'Nollywood Paradigm'.

Health Insurance Report would be glad to receive and publish your feedback on these questions in subsequent issues of the Newsletter ◊◊◊

A profitable business model worth replicating in other sectors

GPs dis-satisfied with NHIS

Hard Working GP - Happy but not satisfied

While acknowledging that the introduction of the National Health Insurance scheme (NHIS) has been a welcome development General Practitioners (GPs) have expressed dissatisfaction with the way it has been implemented so far.

This was contained in the Communiqué issued at the end of the 26th Annual Conference of the Association of General and Private Medical Practitioners of Nigeria (AGMPN), 14th - 17th March 2007 at Abeokuta, Ogun State.

The main concerns of the GPs include: slow pace of expansion of coverage and accreditation of providers; participation of secondary/tertiary public institutions (General and Teaching Hospitals/Fed. Med. Centers) as primary providers; payment of pharmacies, laboratories, X-ray centres etc, through primary providers; low capitation; and low number of enrollees among others ◊◊◊

Chronic Conditions .....Cont'd

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The socio-economic implications of chronic conditions for individuals, families and society especially in low-income countries are far reaching than can be imagined. In Nigeria and elsewhere in sub-Saharan Africa where these medical conditions take their toll on adult and middle aged populations the very survival of these communities is at stake.

In economic terms the cost of treatment far exceeds the obvious expenses associated with medical treatment. These may include direct cost of medical care, reduced productive workdays and lost employment. Added to these are condition-related disabilities, poor quality of life and reduced life span.

The elderly are more prone to chronic medical conditions

The health system incurs increased cost of dealing with ongoing routine problems and complications. In Africa where most of the drugs are imported, expensive and not readily available healthcare organisations bear most of the cost of medical care in addition to the hidden costs of maintaining the system.

In order to check the increasing burden of chronic conditions and their associated healthcare costs, health sector operators have to evolve a new model of care that incorporate preventive and lifestyle changes that will ultimately reduce the use of healthcare resources while at the same time keeping sufferers healthy. ◊◊◊

Health Insurance as an Agency Against Poverty

For most people leaving in poor rural or urban slums in Nigeria and other developing countries ill health still represents a permanent threat to their ability to earn income.

Apart from the direct cost for treatment and drugs, indirect costs such as loss of productive man-hours, and transport still have to be borne by the households. Given that alternative mechanisms for health care financing such as user fees, have failed to meet desired goals, the option of health insurance seems to be a promising alternative.

Through risk pooling and transferring unforeseeable healthcare costs to fixed premiums, there is the possibility of improving poor people's access to healthcare that is of acceptable quality. Several attempts in the past have focused on community-based schemes that were unsustainable.

The challenge is to emphasise large-scale interventions that can reach a significant proportion of the poor.

The focus here should be overall population coverage by a multiple of schemes looking at those same issues as those of more sophisticated social and private health insurance schemes – building up adequate reserves, health plans being informed purchasers, consumer education, re-insurance etc ◊◊◊

"Through risk pooling and transferring unforeseeable healthcare costs to fixed premiums, there is the possibility of improving poor peoples' access to healthcare the is of acceptable quality"

FGN Reconstitutes Board of NHIS

A 12-man board following the guidelines of the Decree setting out the NHIS has been inaugurated by the Federal Government of Nigeria. Chaired by Chief Nwofili Adibuah, other members include Alhaji Adbdulahi Obaje, Adebola Kesha, Alhaji Basir Yuguda, Dr Godwin Ajakpo, Dr Ladi Awosika, Mazi Sam Ohuabunwa, J.A. Alabi - Director of Personnel representing Federal Ministry of Health, Marcus Omokhuale (NLC) and a representative of the Ministry of Finance. The Executive Secretary, Dr Dogo Mohammed serves as the secretary of the board.

It should be recalled that in a bid to reposition the NHIS for performance a Ministerial Expert Committee in 2003 recommended the reconstitution of the membership of the Governing Council in accordance with section 2 of NHIS decree 35 of 1999. It is expected that in line with the same recommendations of that body this Council will begin to assume the regulatory role expected of it - in accordance with section 7 of the same Decree -pending a review of the enabling law.

This Council also has the responsibility to re-design the NHIS as a system (rather than as an institution) consisting of a Regulator, Health Insurance Funds, Programmes for different population groups and Operators of the programmes ◊◊◊

Your Letters.....

Re: HMOs & RISK

I refer to the recent issue of Health Report- Issue 10 and specifically the article on "Doctors Build Practices with Managed Care". The article stated that "So far most of the managed care contracts cover services to enrollees under a single health benefit plan - the formal sector programme of the NHIS or that of individual HMOs. In most instances the payer (HMO) is merely a coordinator or third party administrator and so does not assume financial responsibilities for its enrollees." This observation is rather incorrect.

There are Third-Party Administrators operating health benefits management in Nigeria but they are not registered as HMOs as they neither operate pre-paid schemes nor carry risks.

Most HMOs operating in Nigeria actually aggregate health risks and share same with health providers. The health care provider carries risk on capitated Primary Care Services while the HMO assumes risk for most secondary care and investigations as covered in the benefit schedule. However, the degree of risk-sharing varies among the HMOs. It is known that most providers are yet to have a proper understanding of the contracts they enter into.

The HMOs working under the umbrella of HMCAN (the industry trade group) is reaching out through Provider Awareness Fora in the different zones of the country to address the operational problems associated with scale-up in provider network.

May I also congratulate Health Insurance Report for bringing enlightened information on health insurance developments to the Nigerian public.

Kudos

Dr. Ladi Awosika
CEO, Total Health Trust Ltd

Dr Awosika is also a Board Member of the Council of the National Health Insurance Scheme (NHIS) - *Editor*

Dear Tarry,

Thanks for forwarding your recent copy of the Health Insurance Report to me.
I must congratulate you for remaining resolute in your drive to make sure that the scheme is strengthened to take on the heavy load of challenges and that it covers the poor and vulnerable groups of our society who are the in dire need of the service. I wish we had leaders in Nigeria who can reason like the governor of California so that policies would be promulgated from sound analysis of issues instead to reach a sound decision instead of the fire brigade approach prevalent in our country and the cheap political outburst which tend to compromise on the welfare of the poor.

You have strongly advocated for the voucher scheme and enumerated its several benefits. While the points are valid, I could not see the mention of locations that such a system in operating in Nigeria. I am sure you are aware of its numerous challenges which include high set up and management costs, high corruption likely to impede the use of the forms/cards, etc.
This will require a robust design, planning and management. Unlike the telecom sector which is a money spinner, one wonders where funds could be obtained for this and how market forces could drive it. What is the scope for PPP here?

You also rightly raised the issue of poor financial access being a major barrier for the use of basic services like immunization, malaria and ANC attendance. While agreeing that we need improved funding to address this, there is need to also consider demand side issues linking to the knowledge, attitude and beliefs of consumers. The polio case is a classical example.
Health promotion needs to be put on the high agenda and this should go beyond the formal health sector to schools and markets. So far this is almost non existent. This is where innovative marketing approaches using PPP would be valuable.

One other critical issue is the health legislation. Even the national health bill is hanging in the balance, agree that as it stands, some of us are uncomfortable with it but half bread is better than none. This takes me to the regulation of the NHIS and the need for a commission. Is your draft advert on the commission meant to awaken the government to set up the commission or you intend to float a private commission to address the issue!

Well done and keep it up. I will maintain my keen interest as I have special passion for this aspect of the health sector.

Warm regards
Emmanuel

Dr Emmanuel Sokpo is a Consultant Family Physician and State Team Leader for Kano and Jigawa States on the Partnership for Transforming Health Systems (PATHS) project funded by the UK Department for International Development (DFID) - *Editor*

Opinion

COMMENTS ON COMMUNITY BASED HEALTH INSURANCE SCHEMES

Action to improve health and facilitate access to health care is important for individual well-being and national economic performance. However, paying for health care is associated with a lot of problems.

Unlike other human needs that are paid out-of-pocket (e.g.. food), health care can be un-predictable and expensive at the time of need.

All other advanced industrial countries finance health care from a mix of taxation, social insurance and very limited out-of-pocket payments. This is not the case in poor and less developed countries where health care is predominantly financed from out-of-pocket payments, this for very obvious reasons.

Estimates from constructed National Health Accounts in Nigeria puts Private Health Expenditure at about 70% of total health expenditure. The percentage of this that comes out of direct payments is 74%!

It should be noted that neither real Private and Social Health Insurance is perfect especially in less developed countries where less than 15% of the population are in formal or near-formal employment. The fact of the matter is that our societies are rather informal and not "worker" societies.

This is why there is a global focus on Community Based Health Financing Schemes in recent times. Individuals and households in developing countries often have the capacity and willingness to pay through direct out-of-pocket payments to providers and community financing schemes than the resources that can be mobilized through formal channels.

Most community financing schemes have evolved in a context of severe economic constraints, political instability, and lack of good public governance. They provide the poor with some financial protection and access to basic health services.

These are generally rural, informal, frequently voluntary, risk pooling schemes. It involves prepayment and pooling of risks. There is voluntary membership, prepayment of premiums into an identifiable fund, some measure of entitlement to benefits and a defined set of providers. It has been effective in many rural settings in Africa.

The existence and sustainability of Mutual Funds in Mali, Chad and other countries have been effectively demonstrated for many years. They developed as a source of social protection for people who are not beneficiaries of official social security.

Newer community prepayment schemes are now featuring in African countries. An example is the Uganda Health Cooperative begun in 1997. Through a working relationship with hospitals in rural areas, USAID, the Ministry of Health and a foreign NGO, a pre-paid health plan is offered to rural dairy farmers. Payment or contributions can be in cash or kind (agricultural produce).

These arrangements can now be strengthened to complement official regimes of health care financing and delivery. Governments can provide management and design tools.

Micro-insurance (MI) can be defined as community-based extension of health insurance. It may be looked at as a form of bottom-up approach to overcome the obstacles hindering the rural and poor populations in the access and demand for health care and regular insurance. MI has the advantage of flexibility in that it can start operation with small numbers of people, very little capital or infrastructure.

They can be made sustainable if measures are taken to enlarge the size of the risk pool and the management skills are strengthened. To increase access to the poor, governments can pay part or all of the contribution for poor members in community financing schemes.

The community retains control over the flow and management of its funds, is empowered to act as purchaser of services and benefit from some form of democratic self-governance. The option of reinsurance for such schemes is another possibility to be addressed.

- Health and Managed Care Association of Nigeria (HMCAN)

.....More Letters

Tarry

This is great. More importantly I see the vocal cord of the care net info becoming stronger. I particularly appreciate the challenge placed before the new Executive Secretary of the NHIS. I guess it is high time we bench marked public functions. The challenge of our NHIS is indeed that of universal coverage, accountability and efficiency.

A few other issues also bother me. Where are we in the health reform agenda, what monitoring and evaluation parameters are we using, what is the magnitude of available capacity in the country in relation to clinical and technical needs of the health care industry?. How do we measure quality of care? In the whole concept of Emergency preparedness and response where are we? I know you already did some review of the Health Reform but we may need to keep things on up beat a little more. These are my random thoughts and you may want to examine them from the perspective of your expertise and package again as you have so beautifully done for the NHIS.

Finally I hope the FMOH, Senate and all MOHs are on a routine distribution list.

Thanks Tarry
Gbenga

Dr Olugbenga Mokuolu is a Consultant Paediatrician / Lecturer and former Chairman Medical Advisory Committee (CMAC) of the University of Ilorin Teaching Hospital (UITH) - *Editor*

Editorial

An Open Letter to the Governing Council of the National Health Insurance Scheme (NHIS)

Chairman and Members
NHIS Governing Council

First of all let me congratulate you all on your recent inauguration as members of the Governing Council of the National Health Insurance Scheme (NHIS). And also to reassure you that your Board has been the only legitimate one since the inception of the Scheme – because your appointment followed laid down guidelines according to the Law (Decree 35 of 1999) setting up the programme.
The task before you is enormous but not insurmountable. In undertaking your assignment, you must balance 'quick wins' with long-term sustainable strategies. Let me provide some useful suggestions:

Reposition the National Health Insurance Scheme as a system (rather than as an institution) consisting of a Regulator, Health Insurance Funds, Programmes, and Operators.

Begin to de-link the regulatory functions from that of funding and provision by creatively working within the existing legal framework.

In accordance with section 7 of the current Law (Decree 35 of 1999) the Council should begin to assume the regulatory role expected of an omnibus regulator, which may later transform to a National Health Insurance Commission (NHIC).

All current programmes should be merged into a Programmes Department and begin to function as a National Health Insurance Fund (NHIF) coordinating the mobilisation and management of Social Health Insurance contributions from the public sector including those covering the vulnerable groups.

Actively encourage the establishment of Private Health Insurance Funds (PHIFs) including Micro Health Insurance Funds to develop and manage Private Health Insurance Plans targeted at the private sector including the informal sector.

Work with the Medical and Dental Council of Nigeria (MDCN) and the 36 States to ensure that an affective Provider accreditation system that guarantees optimal standard of care for beneficiaries is put in place.

Ensure that there is a clear split between Insurers (Purchasers) and Providers.

Please note that in setting the stage for a reformed health insurance system your Council takes responsibility in overseeing the activities of all Funds, and Operators without getting in the way of the day-to-day working of the scheme.

Warm Regards

Dr Tarry Asoka
Editor
tarry@carenet.info