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**NATIONAL HEALTH INSURANCE SCHEME IN NIGERIA:  
IMPACT ON HEALTHCARE DELIVERY SYSTEM IN NIGERIA**

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**Abstract**

This research study is designed to investigate and examine the impact of National Health Insurance Scheme (NHIS) on the health care delivery system in Nigeria. It is the prerogative of every government to provide an acceptable modern health care system for her citizenry. In this study the researcher examines the main objectives of the NHIS to find out the proportion of Nigerians covered by the scheme in Nigeria. In addition, the study examines the level of people's awareness of the scheme. This study also investigates and examines the level of funding and contribution to the scheme, through government fiscal policy. Finally the researcher looks at the application of the experiences of three other developing countries of Colombia. The impact was slow and low due to inadequate funding, poor awareness creation. This research work concludes by calling for the attention of stakeholders for a review of health policy to address the inadequacies if Nigeria intends to keep pace with Universal Health Coverage (UHC) of the world Health Organization (WHO).

**Keywords:** Health, Delivery System, Nigeria.

**INTRODUCTION**

Expanding access to health insurance is an important part of an overall strategy to achieve Universal Health Coverage (UHC). UHC implies an ensured access to and use of high quality health care services by all citizens and protection for all individuals from any catastrophic financial effect of health. Universal Health Care can be a major determinant of improved health outcome for all citizens especially the poorest people.

Nigeria is eager to achieve UHC. Since the establishment of National Health Insurance Scheme (NHIS) in 1999, Nigeria has been in a hurry to effect major changes and an initiative to expand health insurance in the country.

However as of mid-2012, NHIS still covered only about 3% of the population (5 million individuals) in African's most populous nation-(Insurance Research,2015).

The Nigerian policy makers are still interested in learning from the experiences of other developing countries in achieving higher health insurance coverage. In 2013, the agenda for reform of NHIS picked up pace with several different proposals being considered including

parliamentary legislation to create a “Health Fund”, the cost of health insurance for certain groups of Nigerians. Currently NHIS programmes exist that target the formal sector and self-employed sector with mixed successes. The formal sector programme operated as a social health insurance scheme. Recently, the NHIS launched a rural community-based social health insurance programme to cover more Nigerian families.

However, even with so much efforts the uptakes has been relatively slow and low. Nigeria will need to make crucial decisions if access and financial protection in the context of health care are to be expended to cover majority of the population

### **THE PROBLEM**

From the above intentions and objectives, one can see that the goal of the NHIS is to provide universal Healthcare access to all Nigerians. However, the larger percentage of the population of Nigeria are without access to credible healthcare coverage. Sadly less than 10% of Nigerians have access to healthcare services (insurance research 2015). According to researchers, part of the problems has to do with the wording of NHIS Act itself, which requires only Federal employees and private sector businesses with 10 or more employees to register with NHIS.

Unfortunately, however, the majority of Government workers work for state agencies not federal agencies. Since the law does not apply to them, most people in this category are not qualified to join NHIS. Another problem is the fact that many Nigerian firms and companies do not register their employees with the government to avoid payment of taxes. Therefore, employees who “work under the table” are not qualified and so do not benefit from health insurance.

Lack of adequate funding, like some of the federal programmes in Nigeria that have failed in the past, implementation of NHIS has also suffered the same fate. About less than 2% of the country’s Growth Domestic product (GDP) is reinvested in healthcare delivery system in Nigeria notwithstanding-(CBN Report, 2010).

Again, lack of awareness of the existence of NHIS is yet another factor. Most Nigerians are not aware of the scheme; they are completely ignorant of the benefits.

### **SOURCES OF DATA**

The information contained in this research study is obtained from the secondary sources. The researcher also obtained most of the information from the field survey of twenty insurance companies operating in the market, as well as twenty insurance Brokers registered by Nigeria Council of Registered Insurance Brokers (NCRIB) in the Nigeria insurance market.

However, some data are also sourced from the Act.

### **OBJECTIVES OF THE STUDY**

The study intends to examine the impact of NHIS on the health care delivery system in Nigeria. The main objectives are as follows:

- To investigate the proportion of the population who have registered with NHIS and the level of awareness by Nigerians. Again, it include examination of the funding level and how this affects the delivery of NHIS.
- It also aims at analyzing the power and function of the scheme as well as the contribution and funding for the smooth running the scheme. Others include scheme expansion, the effectiveness of zonal health insurance offices, and benefits to the rural communities. Finally, it is aimed at determining the challenges facing health insurance scheme in Nigeria and the possible solutions.

## **REVIEW OF LITERATURE**

### **CONCEPT OF HEALTH INSURANCE**

It is the responsibility of government to provide a system that ensures a healthy nation where all the citizens enjoy the facility put by it for a healthy living. This issue will be seen in line with the objectives of the world health organization. A healthy nation is a wealthy nation and this conforms to the saying that “Health is wealth” Johannes Jutting (2003).

The world health organization encourages countries around the world to provide health facilities for their citizens and in doing so provides certain drugs and vaccines free for certain categories of people for example children, Lawal Qudus (2012).

Nigeria is one country that is very responsive to health for all. Nigeria began a long journey into health programmes decades ago until in 1999 when the National Health Insurance Scheme was enacted into law but became operational in June 2005, Falegan, I. J. (2008).

It is a social security that provided financial security to citizens in the event of unforeseen ill-health which covers the formal and informal sectors as well as the vulnerable groups particularly the poor, World Health Assembly (2005).

### **THE NIGERIA CONTEXT**

All countries face challenges in expanding health care coverage. Many countries have committed themselves to achieving equity in health care coverage by including health care goals in human rights declarations, constitutions, and health policy documents, Nyembe, O. (2009).

Health Insurance in Nigeria has undergone a prolonged incubation process over the past decades with a steady development in the few past years. Social health insurance in Nigeria went through a tortuous planning process from 1962 until enacting into law the National Health Insurance Scheme (NHIS) created by NHIS Act 35 of 1999. Mohammed M. (2005) & Awosika Ladi (2005).

The World Health Organization (WHO) defines Health as “a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity”.

Basically health care implies the provision of condition for normal mental and physical development, functioning of the individual or group. It includes health protection measures, health promotion and disease prevention measures, thus encompassing curative and preventive medicine in its entire ramification, Smith K. O. & Dusansky R. (2005).

Expanding Health Insurance in Nigeria is a strategy that countries use to alleviate the adverse health effect or outcomes of its citizens especially the poorest citizens, Johannes Jutting (2003). It is one of the methods that low income countries like Nigeria may consider to achieve Universal Health Coverage.

In Nigeria Health care is seen as a right and not privilege, its provision should be based on needs and not on ability to pay for. A major setback to providing health-care for all is the cost. The cost of financing health-care is an investment without direct investment returns in economic terms.

### **LEGAL FRAMEWORK OF NHIS IN NIGERIA**

Planning and implementation of health care system in Nigeria cannot be done without legislation.

Legislation involves a legal framework to address a number of problems plaguing the health sector system in Nigeria. Lawanson A. O. & Olamyaw O. (2014). Therefore the function of legislation is to empower government, the stakeholders and the operators to act within the framework of the law. However, the law enables government to seek legal method of providing funds to finance the NHIS for the benefits of the citizens particularly the poor, the vulnerable, the indigent and those with disease vulnerability in the society (Samba 2013).

Therefore in order to address health issue in the system and to improve service access and coverage areas. The NHIS Act 35 of 1999 was promulgated then as Decree 35 of 1999 by the military government of General Abdulsalam Abubakar and was later and formally launched by the regime of President Olusegun Obasanjo on 17<sup>th</sup> May 2005.

The Nigeria government is of the opinion that a NHIS which is a health care risk spreading mechanism is probably what is required to solve the problem of inequality in the provision of health care services. Ibiwoye Adeleke (2007). This scheme was proposed to help spread the risk and minimize the cost of health care.

Even though the goal of NHIS is to provide universal health care access at affordable cost, sadly the large percentage of Nigerians are without health care coverage and remain stuck about less than 10%. Part of the problem arises from the wording of the NHIS Act itself, which requires

only federal government employees and private sector businesses with 10 or more employees to register and participate in NHIS (e-insurance, 2015).

### **FUNCTIONS OF THE SCHEME**

The scheme shall be responsible for diverse functions among which are:

- a. Registration of health maintenance organization and health care providers under the scheme.
- b. Issuing appropriate guidelines to maintain the viability of the scheme.
- c. Approving format of contracts proposed by health maintenance organizations for all health care providers.
- d. Determining the relevant bodies on inter-relationship of the scheme with other social security services.
- e. Advising the relevant bodies on interrelationship of the scheme with other social security services.
- f. Determining the remuneration and allowances of all staff of the scheme.
- g. Doing such other things as are necessary or expedient for the purpose of achieving the objectives of the scheme under this Act.

### **OBJECTIVES OF HEALTH INSURANCE SCHEME IN NIGERIA**

The main objectives of the scheme are as follow:

- a. To ensure that every Nigerian has access to good health care services.
- b. Protect families from financial hardship of huge medical bills.
- c. Limit the rise in the cost of health care services.
- d. Ensure equitable distribution of health care costs among different income groups.
- e. Maintain high standard of health care delivery services within the scheme.
- f. Ensure efficiency in health care services.
- g. Improve and harness private sector participation in the provision of health care services.
- h. Ensure equitable distribution of health facilities within the federation.
- i. Ensure equitable patronage of all levels of health care.
- j. Ensure the availability of funds to the health sector for improved services.

### **POWERS OF THE SCHEME**

The council has been empowered under the act to perform and act the following areas. The powers are:

- a. Manage the scheme in accordance with the provisions of the Act.
- b. Determine the overall policies of the scheme, including the financial and operative procedures of the scheme.

- c. Ensure the effective implementation of the policies and procedures of the scheme.
- d. Arrange for financial and medical audit of the zonal health insurance offices established under section 21 of the Act.
- e. Set up guideline for effective co-operation with other organization to promote the objective of the scheme.
- f. Co-ordinate quarterly return from the zonal Health Insurance Offices.
- g. Ensure public awareness about the scheme.
- h. Co-ordinate manpower training under the scheme.
- i. Carry out such other function or activities as are necessary and expedient for the purpose of achieving the objective of the scheme as set out in the Act.

### **FINANCING NHIS IN NIGERIA**

In general the source of financing NHIS in the sub-Sahara Africa is usually through Tax revenue (Johannes 2003; Ekman 2004) and under fees cost-sharing/costrecovery medical saving income or accounts as well as donor funds (Greese 1991 & Smith 2005) and (Ntembe 2009, Russel & Gilson 1997, WHO 2006).

However, the mechanism is usually based on pre-paid funding source, contributions made by employers and employees. The initial sources are from individual, employer's, and corporate organizations. However, the biggest sources are through direct and indirect taxes as well as compulsory contributions, grants and loans. The collecting organizations or agencies are the central and Local Governments, Social Security Agencies, commercial and other Insurance Funds and Health Care Provider (Katzier and Bamum, 1992).

According to the WHO Statistics 2010, out of pocket expenditure of private persons for health care in Nigeria was 95.9 percent. This report reveals that government at all levels in Nigeria are making enough effort to alleviate financial burden of the health of the citizens. It also shows that the Government Investment on health of her people does not receive a national priority. The over reliance on the users fees as a major source of financing health care in Nigeria is inequitable as the majority of those who pay out of pocket for health services are themselves taxed to provide health care services. The risk which can be covered by Government without individual's health care cost at their own inconvenience. Mohammed D. M. (2015).

Also a situation exists where government advertised free health in the media and yet prescription are marked "Not Available" National Bureau of Statistics (2015). The NHIS, which is a public Health Insurance Scheme, it operate on 15% basic salary as premium, 5% contribution from patient, 10% by Government. The contribution level for all employees registered in the scheme is 50% of basic salary for the health care of the employee, a spouse and four (4) biological children below the age of 18 years old. But where an over age person is included the employee will contribute higher sum to that effect. NHIS Act (1999), guidelines.

The NHIS is seen as an ideal health package to alleviate Nigerians health care suffering, however, as it is for all government projects, corruption and inefficiency have plagued the NHIS from the take-off in 2005 (Lawal 2015).

NHIS needs more funding to attain the universal Health coverage (UHC) in Nigeria in line with the guidelines of the world Health Organization WHO Standard.

It is the duty of the Government to ensure that the stakeholders to the scheme look into the inadequacy of fund in the scheme and provide contribution for the poor, vulnerable and indigents, disabled persons with disease vulnerability Sambo (2013).

This means that the majority of the Nigeria workforce who work in the state agencies are excluded, there is also exclusion of people in the rural areas due to absence of Federal Agencies in those areas.

According to Lawal (2012) the low coverage in the NHIS could also be attributed to the fact the Act establishing the scheme makes it optimal for people to register for the health care services. This means that even the so called federal workers may choose not to participate in the scheme, Mohammed D. M. (2015).

### **CONTRIBUTION TO THE NHIS**

The financing for the universal health insurance scheme follows an overall principle of enabling access to health services of a uniform quality for all Nigerians for a fair contribution. Asoka L. (2000). Formal sector employees are to contribute 10% while the employee 5% totaling 15% of the employees basic salary per annum, NHIS Act (1999).

The act allows the NHIS to attract contribution from a handful of sources as indicated below. This is contained in subsection (1) of section (19) of the Act.

- a. The contribution from eligible employers and employees under the Act.
- b. The collection of contribution from voluntary contributors under sub-section (3) of section 17 of the Act.
- c. The payment of capitation fees for services rendered by health care providers registered under the scheme.
- d. Rendering to the scheme returns as may be required by the council.
- e. Contracting with the health care providers approved by the scheme for the purpose of rendering health care services under the Act.
- f. Ensuring that contributions are kept in accordance with guidelines issued by the council and in the banks approved by the council.
- g. Establishing a quality assurance system to ensure that qualitative care is given by the health care products.

### **BENEFIT PACKAGES UNDER NHIS**

- a. Those with health insurance can choose their insurance provider, which then procures services from both public and private health care providers.
- b. The NHIS provides a unified benefit package such that an employee with his spouse and four children are covered under the scheme for medical treatment for children under 18 years.
- c. However for a small additional contribution a child over 18 years may also be considered for coverage.
- d. Children and pregnant women are automatically covered under free medical treatment. Some state governments particularly Lagos and Akwa Ibom States are respected for these free offers.
- e. Another set of benefits are those for the elderly in the society, and the same applies to the indigent persons who need medical attention but they cannot afford. These classes of people also are beneficiaries. An example is Lagos State that gives free surgical operations to all Lagosians whether citizens or not who are 60 years and above but so long as you have lived in Lagos state for a long period of time, you are entitled and qualified.
- f. The National Health Insurance reduces the cost of medical care for Nigerians, which would have been prohibitive consider the level of poverty.
- g. It enables the people to have access to certain drugs which would have been difficult for individuals to secure.
- h. NHIS reduces the fear of people regarding ill health because of the assurance available for ease of access.
- i. The presence of NHIS keeps the nation healthy, the Nigerian workforce to ensure higher productive of workers.
- j. It helps Nigeria to join the rest of the world in achieving the Universal Health Coverage (UHC) in line the World Health Organization (WHO) directive.
- k. NHIS provides work to the insurance companies by increasing premium income annually.
- l. It is also true that NHIS has created job opportunities to Nigerians in diver ways. The insurance company needs new staff on health insurance. The NHIS council provides jobs for staff members in administration both the central and zonal offices.

### **COUNTRY SELECTION AND METHODOLOGY**

Health Policy Project (HPP) identified health insurance programmes in low and middle income countries, and Nigeria falls in this category. At the time of this activity, the NHIS team had studied and visited Rwanda, Ghana and India as part of its research. National Bureau of Statistics Extract from Statistical Bulletin (2012). HPP selected Colombia, India and Thailand largely because these three countries chose to increase coverage of health insurance- as Nigeria wishes to do so including schemes to extend health insurance to rural communities. For example the country may have attempted expanding through some form of community based health insurance



as the NHIS, which had been implementing a community based scheme in 12 pilot states in Nigeria, Lawal Qudus (2012).

Before presenting the findings of the case studies and lessons learned relevant to Nigerian, it is important to view a basic framework for expansion of health insurance programming for any country.

### **CONSIDERATIONS FOR EXPANDING HEALTH INSURANCE PROGRAMMES IN NIGERIA**

Wang and co-authors (2012) provide a practical guide for assessing the design element that must be in place to expand insurance coverage in a country. These elements acknowledge that each country must have unique economic, political, social and institutional opportunities for and barriers to expanding health insurance. It is therefore necessary learning potential lessons.

A zonal office shall be responsible in the zone for

- Determining the areas in which there are sufficient services for the scheme to operate.
- Strategic planning for the successful implementation of the scheme.
- Undertaking programmes for phasing in the scheme.
- Maintaining a register of health care providers.
- Inspecting health care providers and their facilities to ensure they maintain good quality services.
- Developing health care services in areas where they are not adequate.
- Collecting statistics on consultations and admissions to hospitals including length of stay.
- Preparing reports, accounts and statistical returns for the council.
- The general administration of the scheme.
- Promoting the good relations of the scheme in the zonal areas.

### **CHALLENGES FACING NHIS IN NIGERIA**

While Nigeria is in fact desirous to achieve a huge success in health care delivery services across Nigeria in the shortest possible time yet the effort is plagued with certain constrains as expressed below.

- a. There are marked differences in the application of the rules and practice as contained in the guidelines for operation of National Health Insurance Scheme (NHIS).
- b. There is difficulty in the application of fiscal federation in the delivery of health care outcome.
- c. There is absolute lack of equity in the health care activities in Nigeria.
- d. The health care delivery system lacks equitable access to strategic policy document.
- e. There are limited programmes towards community based health insurance.

- f. Nigeria NHIS grows slowly, mostly through a voluntary social health insurance framework.
- g. In Nigeria we have three different programmes with separated, targeted populations, membership, membership rules and coverage patterns.
- h. The social health insurance part of NHIS was intended to be comprehensive but Intended to cover mainly the formal sector participants as in-patients and out-patients care. The practice tends to exclude the vast majority of Nigerians who are in need of health care.
- i. The overall uptake of secondary health care by NHIS beneficiaries is reported to be low because the maintenance organizations (HMOs) that act as gate keepers for such services are reluctant to authorize them (ILN2012).
- j. The NHIS in Nigeria is not only slow but highly diluted in practice. It manages subsidies programmed for certain population groups, paying 100% of their premiums and negotiated with HMOS for services provision while it delivers oversight functions under the regulation for the system. Therefore, NHIS functions require some level of streaming as recommended by ministerial experts committee reports in Nigeria (MECR 2003).
- k. Some state governments in Nigeria have not still played their significant role in expanding health insurance (ASOKA 2012).
- l. The summary of it is that there is poor funding of the system and this does not help in expansion of NHIS.
- m. The issues of corruption and inefficiency are the difficult problems which retard the intended growth rate.

## **CONCLUSION**

The NHIS which was established in Nigeria in 1999 by act 35 of the Federal Government of Nigeria for the overall goal of enhancing access to quality and affordable health care to all Nigerians citizens. The scheme became operational in the year 2005. The importance of the scheme to the populace especially Nigerians, prompted the study. From the findings of the study, the NHIS was seen to contribute positively to health delivery system in Nigeria, although the level of awareness was low among the general populace.

There was also the need to increase funding of the scheme and also to include other economically significant illnesses that had hitherto not been included in the scheme, as this would help to increase the health delivery services for which the scheme was created.

## **RECOMMENDATION**

On the basis of the findings from this study, it was imperative to make the following recommendations:

- a. That each Centre under the NHIS services should create a publicity department to educate the populace on the activities of the NHIS.
- b. That Healthcare service in Nigeria should be given more attention and more funds allocated to the health sector considering the implication of health on the workforce and the economy.
- c. The NHIS act was made by the military and may have omitted some important aspects, thus the act should be reviewed to make it more inclusive, and effective to be in line with the current realities.
- d. The NHIS should be made mandatory for all tiers of government employees/employers i.e. federal, states and local governments.
- e. The act should be reviewed to allow the informal employment and private sectors to benefit.
- f. Government should strive to promote the development of industries and reliant manpower to enhance local capabilities in the production of drugs, and other health enhancing equipment's so as to reduce cost and improve efficiency.
- g. The stakeholders should seek to provide essential drugs and make them available at NHIS pharmacies.

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