Evaluation of the Public Health Financing and National Health Insurance Scheme Policy in Nigeria

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Abstract

This study evaluated the effect of public health financing on National Health Insurance Scheme (NHIS) policy in Nigeria. Multistage (clustered and incident) sampling technique was employed to select the sample size of 399 respondents in Ogbomoso North Local Government Area. Primary data for the study were collected using structured questionnaire. Variables included income, education, settlement of patients' bills, patient patronage, occupation, religion, and years of registration. Correlation analysis was used to analyze the effect of NHIS adoption on standard of living at 0.05 level of significance. The results showed that income had significant effect on NHIS adoption (R^2 = 0.624, F-ratio =15.344; p = 0.001). Furthermore, NHIS adoption had significant effect on standard of living (r= 0.6; p = 0.001). This study concluded that NHIS adoption had significant effect on standard of living. This study recommended that Improvement in the standard of living of citizen should be ensured thereby making more individuals benefit from NHIS.

Keywords: Public Health Financing, National Health Insurance Scheme

Introduction

The attainment of healthy well-being by individuals, and the community at large, is a social concern. This is because a society can function properly only when a majority of its members are healthy enough to perform the tasks that sustain human society. Health is also influenced by socio-economic, cultural, environmental, as well as hereditary factors (Wilson: 1970, WHO: 1978, Deliege: 1983). A healthy nation is a wealthy nation because of the absence of debilitating diseases and epidemics in such a country, which along with hunger and squalor, impoverish the citizenry (Nwatu, 2000). The provision of accessible and affordable healthcare services on a sustainable basis in Nigeria is an important obligation of government through direct participation in health delivery system and good legislative policies on health. National healthcare delivery, being a fundamental right of the citizens, is a background for Section 17(3) (c) and (d) of the 1999 constitution of Nigeria (as amended), which provides that the state shall direct its policy towards ensuring that the health, safety and welfare of all persons in employment are safeguarded and not endangered or abused, and that the state shall direct its policy towards ensuring that there are adequate medical and health facilities for all persons.

The funding of healthcare system varies across different countries. In the case of Nigeria, the financing of the healthcare delivery system is majorly through tax revenue, out-of-pocket payment or user fees, donor funding and social health insurance, and these must be carefully selected through the most appropriate institution and mechanism. This is because any method of financing health services adopted could give rise to unequal claims and different experiences of using the health system. It could also be a fix to solve the inequality between the rich and the poor, especially because health system can feed into and reinforce existing social and health inequalities (Mackintosh, 2006). The National Health Insurance Scheme (NHIS) was introduced by the Federal Government of Nigeria on June 6, 2005 because it considered funding health so demanding due to dwindling economy, perennial shortage of qualified and competent health personnel, shortage of drugs and other health facilities. Also, the scheme was introduction to guarantee good and qualitative access to efficient health care services, so as to reduce catastrophic household out-of-pocket health expenditure.

Considering the expected role of NHIS in the face of all challenges facing public healthcare financing in Nigeria, there is a compelling need to consider the impact of adoption of NHIS on the standard of living of people. There has been an unequal access to healthcare delivery in Nigeria over the years. This is as a result of the economic difference between the rich and the poor as the well as the political strata in the country. National Health Insurance Scheme was introduced to address the imbalance in accessing healthcare between the rich and the poor. However,

a large percentage of the country's populace has not adopted the scheme. Impressive progress was made by the government in coordinating a concerted effort of various institutionalized agencies such as World Bank, World Health Organization (WHO), International Monetary Fund (IMF) and many other multi-lateral donor agencies, to fund the health sector and eliminate the imbalance in accessing healthcare facilities between the social and economic segments in the country.

The Nigerian government, in furtherance of its effort to provide a world class standard healthcare, provides a framework for establishing health insurance schemes, so as to expand coverage in healthcare delivery for the formal and informal sectors as a strategy towards universal access to healthcare. There has also been a slow pace in developing health insurance schemes and other viable options for healthcare financing in Nigeria.

Materials and Methods

Previous researches on this study area focused on the deteriorating state of Nigeria's health system (Uche & Uche, 2014); the impact of government expenditure on health (Mathias, Dickon and Bisong 2013); access to health insurance and quality of primary health care in Nigeria (Eugheme, Agada, Oyibo & Ugwu 2014); and level of awareness of the National Health Insurance Scheme (NHIS) (Chibuke 2013). None of these worked on NHIS adoption as it relate to standard of living of the users. This study, therefore, examined the effect of NHIS adoption on the standard of living of users.

Health

The health of people - the attainment of a state of general physical, biological and social wellbeing substantial enough to learn, work, achieve potentials and enjoy life - directly affects the development of the country. This underscores the popular cliché that health is wealth. Nigerian government, with influence of its colonial history, has shaped its healthcare system in a way that Nigerians at all levels, notwithstanding the location, will be properly integrated into the system to enjoy a prompt and efficient healthcare system. The Nigerian government operates at three levels: Federal, State and Local Government. This may be traced to the system of government (federalism) practiced in Nigeria. The health sector is also designed to be administered by the three tiers of government.

It is necessary to examine the general definition of health, especially as it relates to the economic situation of Nigeria. According to the Concise Oxford English Dictionary (12th Edition), health is a state of being free from illness or injury. Health or healthy well-being of humans does not only connote the absence of ailments and diseases. Its sum total also encompasses the proper physical, mental and social functioning of humans. *Health is also generally defined as the level of functional and metabolic efficiency of a living organism. In humans it is the ability of individuals or communities to adapt and self-manage when facing physical, mental or social changes.*

Health Care System in Nigeria

Providing quality and effective healthcare services to its citizens is one of the fundamental functions of government, as it is only when the people are healthy that there can be reasonable development. It should be noted that in most countries, health services delivery system is complex, Nigerian inclusive. There are different types of healthcare facilities, different levels, different type of providers, and different type of services being provided and different ways through which services are provided. However, the common thing in all healthcare systems is the fact that there are people who are in need of health services, people who provide health services and people who manage or supervise the provision of health services. This implies that, as a matter of fact, some health practices or services, if not properly managed, could be more dangerous to the health system than total neglect.

Public healthcare in Nigeria is provided at three levels: the primary, secondary and tertiary, managed by the local, state and federal governments, respectively. It has been argued that there are some services that should be provided at all levels of care such as immunization, antenatal care and family planning (The Nigerian academy of science, 2009). Although the local governments have the main responsibility of managing the Primary Health Care PHC, all the three tiers of government and various agencies participate in the management of the PHC. This,

at times, results in duplication, overlap, and confusion of roles and responsibilities (World Bank, 2010). At the federal level, the Federal Ministry of Health as the major coordinator is vested with enormous responsibilities, part of which is to develop policies, strategies and plans that provide direction for the national healthcare delivery system in Nigeria. It is also the main provider of tertiary health services and preventive health interventions programmes for protecting the health of all the citizens of Nigeria. Non-Governmental Organizations also participate in the implementation of various health programmes in the Country.

Financing of Healthcare Service in Nigeria

Nigeria as country has developed several policies and strategies and in Uzochukwu's view, they are to ensure that the healthcare sector is adequately financed (Uzochukwu, 2013). These policies are to serve as guide to the way government allocates and effectively manages fund in the healthcare sector. Uzochukwu further highlighted the Nigerian policies and plans for addressing healthcare financing which includes: The National Health policy, Health Financing policy, National Health Bill and the National Strategic Health Development Plan (National Health Plan) 2010 – 2015. The National Assembly passed the National Health Bill on March 22, 2014. The objective of the National Health Policy is to strengthen the national health system such that it would be able to provide effective, efficient, quality, accessible and affordable health services that will improve the health status of Nigerians. It prescribed the development of a National Health Financing Policy, as one of the means of achieving accessible, sustainable, affordable, equitable and efficient health care delivery.

The pattern of health financing is, therefore, closely and indivisibly linked to the provision of services and helps define the outer boundaries of the system's capability to achieve the overall goal of enhancing nation's economic development (Rao, Selvaraju, Nagpal and Sakthivel, 2009). Healthcare financing does not only involve how to raise sufficient resources to finance healthcare needs of countries, but also involves how to ensure affordability and accessibility of healthcare services, equity in access to medical services as well as guarantee financial risk protection. Carrin, Evans, and Xu (2007) observed that how health systems are financed largely determines whether people can obtain needed healthcare and whether they suffer financial hardship at the instance of obtaining care. There are certain identified modes of health financing in Nigeria, some of which are determined by the economic viability and sustenance. They include: Government health expenditures and private health spending. These can further be sub divided into Out-of-pocket expenditure, donor funding, the contribution of development aid, and health insurance.

NHIS Coverage in Nigeria

The National Health Insurance Scheme (NHIS) was first introduced in Nigeria in 1962 under the leadership of the then Minister of Health, Dr. Moses Majekodunmi (Agba, Ushie & Osuchukwu, 2010). The scheme then was compulsory for public service workers. Unfortunately, its full operation was later truncated following the escalation of the Nigerian civil war. After several years of comatose, the Buhari-led military regime in 1984 resuscitated the scheme and a committee was set up with a mandate to review it. In 1988, the then Minister of Health, Professor Olukoye Ransome Kuti, commissioned the Emma-Eronmi committee whose report was approved by the Federal Executive Council in 1989 (Agba et al, 2010). The scheme commenced with the formal sector SHI programme, and informal sector programmes are yet to fully commence.

Adesina (2009) opined that the scheme was modified to cover more people via Decree No.35 of 10th May 1999, which was promulgated by the then Head of State, Gen. Abdulsalami Abubakar. The decree later became operational in 2004 following several flag offs; first by the wife of the then president, Mrs. Stella Obasanjo, on the 18th of February 2003 in Ijah, a community in Niger State, North-Central Nigeria. The National Health Insurance Scheme (NHIS) is a corporate body established under act 35 of 1999 by the Federal Government of Nigeria to improve the health of all Nigerians at an affordable cost. According to the NHIS Decree No. 35 of 1999, part 1:1, the general purpose of the scheme is to ensure the provision of health insurance that shall entitle insured persons and their dependents the benefit of prescribed good quality and cost-effective health services. It is believed that the scheme currently covers less than 5% of the population. Most of those presently covered by

the scheme are public/civil servants whose premiums are paid on their behalf by the Federal Government. The specific objectives of the scheme as noted by some authors (Adefolaju, 2014, Owumi, Omorogbe & Raphael, 2013, Eteng & Utibe, 2015) entail: the universal provision of healthcare in Nigeria; to control/reduce arbitrary increase in the cost of healthcare services in the country; to protect families from high cost of medical bills; to ensure equality in the distribution of healthcare service costs across income levels; to ensure high standard and quality of healthcare delivery to beneficiaries of the scheme; to boost private sector participation in health care delivery in Nigeria; to ensure adequate and equitable distribution of healthcare facilities within the country, to ensure equitable patronage of primary, secondary and tertiary healthcare facilities in the federation; and to maintain and ensure adequate flow of funds for the smooth running of the scheme and the health sector in general.

NHIS Mode of Operation in Nigeria

The National Health Insurance Scheme (NHIS) is designed as a Social Health Insurance programme (SHIP); its aim is to provide easy access to healthcare for all Nigerians at an affordable cost through various pre-payment systems. The strategy of the NHIS segments the entire population into formal and informal sectors, vulnerable groups and others. The scheme is expected to provide financial access to good quality healthcare via multiple programmes. The scheme is a Public-Private Partnership (PPP) and the NHIS accredits privately owned HMOs to operate nationally and also regionally (in the 6 geo-political zones). The NHIS also accredits a mix of public and private healthcare providers to provide healthcare at primary, secondary and tertiary levels. Enrollees are free to choose any accredited primary provider as first contact for obtaining care. Secondary and tertiary levels of care are only accessed via referrals from the primary level (NHIS decree no. 35 of 1999).

There are presently 62 accredited national and regional HMOs and 5,949 accredited providers (public and private) (NHIS, 2012a). The HMOs deal directly with the healthcare providers as fund and quality assurance managers for enrollees. The HMOs are the fund and quality assurance managers of the scheme (NHIS, 2012a). They facilitate payments for the delivery of the BP to the enrollees. (Langenbrunner, 2009 & NHIS, 2005). The government regulates all activities of the scheme. The NHIS is regulated centrally by the national headquarters in Abuja with support from 6 regional offices in the 6 geo-political zones of the country. They oversee the activities of the HMOs and healthcare providers who deliver the services. There is a high degree of centralization of functions at the headquarters and regional offices have little powers to effect any major changes. There is inefficient HMIS within the health system and the NHIS has reported that communication and information sharing within the scheme is hampered. Quality of the scheme is assured by regular clinical audits and other activities of the HMOs who relate directly with the health care providers on a daily basis (NHIS, 2006).

Methodology

The study was conducted in Ogbomoso, Oyo State. The focus of the study was on residents of Ogbomoso North local Government (semi urban area). This local government was chosen because it is more of urban than rural area. This study employed survey research method. The population for the study consisted of the 113,853 residents in Ogbomoso North Local Government (Census, 2006) as well as the hospitals in Ogbomoso town.

Clustered sampling was used to select the sub-areas in Ogbomoso North Local Government with more civilized individuals while random sampling technique was used to choose the respodents. Also, accredited NHIS hospitals were sampled. Furthermore Yaro Yamane formula was employed to determine the sample size for the study. The formula is stated as;

$$\mathrm{n} = \frac{N}{1 + N\,(e)2}$$

Where:
n = sample size
N = sample population
e = error term

$$\mathrm{n} = \frac{113853}{1 + 113853\,(0.05)2}$$

n = 398.5996

n = 399
The sample size is 399.

Primary data was used for this study. The primary data was obtained from the questionnaire. The questionnaire was administered to Ogbomoso North residents randomly selected, without any preferential treatment as well as NHIS accredited hospitals across Ogbomoso town. This division is necessary because the subject of this research which is based on the evaluative investigations on Public Health Financing and National Health Insurance Scheme (NHIS) policy requires a direct comparison of the responses of both the accredited hospitals and the residents. The descriptive statistics employed were chart, percentage frequency, while the inferential statistics employed was correlation analysis.

Result and Discussions
To examine the effect of standard of living of the respondents on NHIS adoption, correlation analysis was employed and presented in the table below. Income was used to proxy standard of living while how long have you registered with NHIS was used to proxy NHIS adoption. The correlation coefficient obtained was 0.6 and the critical p-value obtained was 0.000 which was lower than 0.05 level of statistical significant.

It was inferred that a moderate correlation existed between standard of living and NHIS adoption. Also, the NHIS adoption hinges on standard of living. The null hypothesis that standard of living has no effect on NHIS adoption was rejected while the alternate hypothesis that standard of living has significant effect on NHIS adoption was accepted. Thus standard of living had effect on NHIS adoption in the study area.

Correlations on effect of standard of living on NHIS adoption

		Income	**Hlong**
Income	Pearson Correlation	1	.668(**)
	Sig. (2-tailed)		.000
	N	378	42
Hlong	Pearson Correlation	.668(**)	1
	Sig. (2-tailed)	.000	
	N	42	42

** Correlation is significant at the 0.01 level (2-tailed).
Source; Researcher's computation (2018)

Conclusion and Recommendations
It cannot be denied that good healthcare system in national development underlies every government's commitment to providing adequate healthcare services to its citizenry. This research examined the effect of NHIS adoption on the standard of living of users. The study focused on residents and NHIS hospitals in Ogbomoso North local Government area of Oyo State. Findings revealed that moderate correlation existed between NHIS adoption and standard of living. Also that, the NHIS hinges on standard of living. Lastly, though NHIS is effective in the study area, the level of the NHIS effectiveness was very low in the study area

Based on the analysis and findings of the study, it was concluded that moderate correlation existed between standard of living of people and NHIS adoption in the study area.
Base on the findings and the conclusion of this study, it is recommended that improvement in the standard of living of citizen should be ensured to make more individuals benefit from NHIS.

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