



Sustainability of State Health Insurance Schemes in Nigeria: Beyond the Launch (Part 2 of 2)

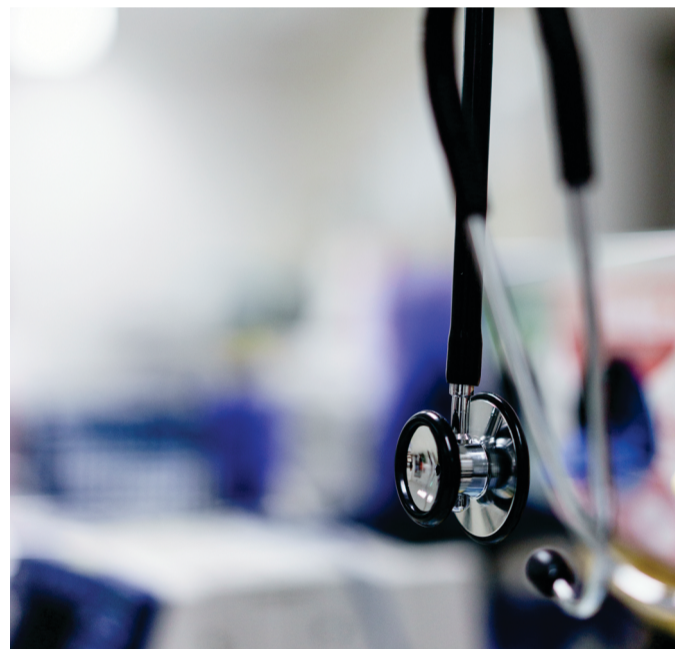
... continued from Monday

Executive Summary

Access to affordable healthcare continues to be a challenge for most Nigerians due to high levels of poverty and significant reliance on out of pocket payments. Health Insurance coverage throughout the country has barely scratched the surface in terms of the country's population. Recent State led Health Insurance initiatives will need to adopt several critical measures if they are to be effective and sustainable.

Fraud Prevention

No healthcare system around the world can be said to be totally immune to fraud. A World Health Organisation (WHO) report estimated 7% of global annual healthcare expenditure is lost each year to fraud and error. Estimates of the cost of healthcare fraud in the United States range between 3% and 10% of the total healthcare expenditure. In South Africa, it is estimated that fraudulent claims represent 10% - 15% of total claims made. Common areas of health insurance fraud include billing for services not rendered, billing for services not covered, and unnecessary issuance of prescription drugs among others. The loss of funds to fraud reduces the ability of the schemes to meet their financial obligations.



Adoption of information systems in the operations of the schemes will be critical in addressing the risks of fraud. This will not be an easy endeavor. One of the key obstacles to this will be infrastructural constraints in different parts of the country particularly in the area of telecommunications. Based on the network coverage maps of various data network providers, places like Lagos and Abuja can be said to enjoy relatively good data connectivity, howbeit with network providers having varying levels of quality in different areas. The same cannot be said of most of the other states in the country. Development of information systems to support these schemes will need to take these infrastructural limitations into consideration while adopting appropriate control measures to circumvent the gaps.

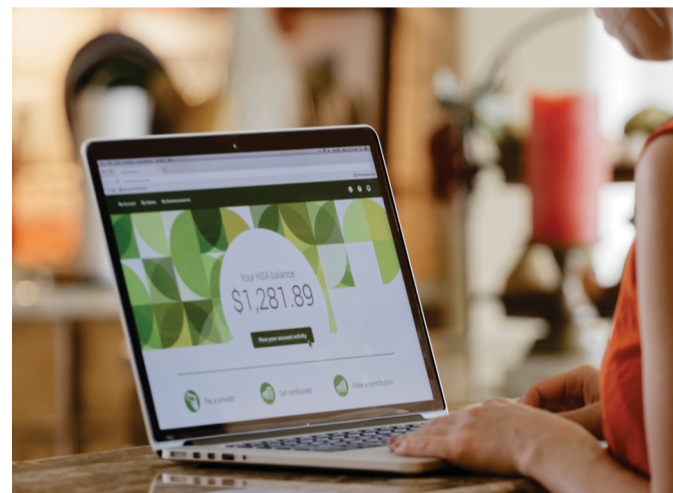
Identity theft is one of the mechanisms by which the examples of fraud mentioned above can be perpetrated. Robust identity

management is therefore a critical tool which the schemes should adopt in mitigating the risks of fraud. While there is still some way to go, Nigeria has made significant strides in implementing Identity Management Systems (IDMSs) at the National level. The Bank Verification Number (BVN) initiative, as an example, has enrolled over 37 million individuals. Initiatives are also ongoing to harmonise the various IDMSs under the umbrella of the National Identity Management Commission (NIMC) while also increasing the number of people enrolled. The schemes would benefit from leveraging the capabilities of existing IDMSs to ensure unique identification of enrollees throughout the schemes. This would go a long way in helping to limit exposure to fraud.

Whistleblower mechanisms, which have been adopted in other jurisdictions, can also be put in place to counter fraudulent practices.

Optimisation of Operational Processes

Available data shows that administrative costs as a percentage of total expenditure in social health insurance schemes range from 1.1% in some high income countries to 25% in some low income countries. Keeping administrative costs to the barest minimum will help to ensure optimal allocation of financial resources to the delivery of healthcare. Therefore, the schemes need to continually work to improve their operational efficiency. This will involve, amongst other things, conducting periodic reviews of operating processes and cost structures.



It is not expected that the schemes will achieve optimal cost efficiency from the outset. However, it is important that administrative cost to medical cost ratio is maintained as a key performance indicator for the schemes with a clear objective of continually reducing it. This will help to ensure that managers of the schemes have a clear focus on facilitating the delivery of healthcare while ensuring optimal use of resources at their disposal.

In addition to these, the schemes need to make a deliberate effort to work with the healthcare providers in their networks to improve their levels of efficiency. Improved efficiency at the level of the care providers will enable them achieve more with the resources provided to them via the schemes. Where efficiencies are improved in this area, the financial health of the care providers would also be improved which would ultimately benefit the schemes.

Monitoring and Evaluation

It is imperative for the schemes to create and implement effective frameworks to continually monitor their performance against set objectives. These will provide mechanisms to identify opportunities for improvements in various areas of the scheme's operations. Analyses of data gathered could help identify needs for such things as premium review and benefit package updates amongst others. Appropriate communication of the results of the monitoring and evaluation activities will help to inform stakeholders and inspire confidence in the schemes. These will be useful in mobilizing additional resources to support them.

Effective Governance

Effective governance mechanism need to be developed and implemented for the schemes to ensure their operations remain firmly focused on their mission. These governance mechanisms would provide oversight for the operations of the scheme. They would also help to ensure that the funds contributed into the scheme are wholly used for purposes related to the delivery of healthcare services and management of the scheme. Measures to achieve this could include putting a board in place to oversee the operations of the schemes. These boards should include individuals with experience in operations of health insurance schemes. Appointing external Auditors to review their operations would also be of benefit to stakeholders of the schemes.

While not perfect, such mechanisms would go some way to give comfort to existing and potential donors of the appropriate utilization of the funds committed to the scheme. This would ultimately go some way towards attracting more funding into the schemes.

Conclusion

States that have embarked on the Health Insurance journey have taken a bold and commendable step towards improving the health indices of their populace. The various schemes that have been established could prove to be an important mechanism for effectively channeling government healthcare spending down to the individual with clearly measurable outcomes. Therefore, appropriate steps need to be taken to ensure the State Health Insurance Schemes are effective and sustainable.





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Key Topics

- 1 Managing yourself
- 2 Emotional Intelligence essentials
- 3 Effective and assertive communications
- 4 Goal setting, time management and delegation
- 5 Critical thinking, decision-making and issue-based problem solving

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