



**Presentation**  
**At**  
**Health Partner's Summit (MOH)**

**By**

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**GIMPA, 12<sup>th</sup> May 2015**

# Vision and mission

## Vision

To be a model of a sustainable, progressive and equitable social health insurance scheme in Africa and beyond.

## Mission

To provide financial risk protection against the cost of quality basic health care for all residents in Ghana, and to delight our subscribers and stakeholders with an enthusiastic, motivated, empathetic and professional staff who share the values of honesty and accountability in partnership with all stakeholders.

# Object of the National Health Insurance Authority (NHIA)

To attain universal health insurance coverage in relation to

(a) persons resident in the country, and

(b) persons not resident in the country but who are on a visit to this country

and to provide access to healthcare services to the persons covered by the Scheme

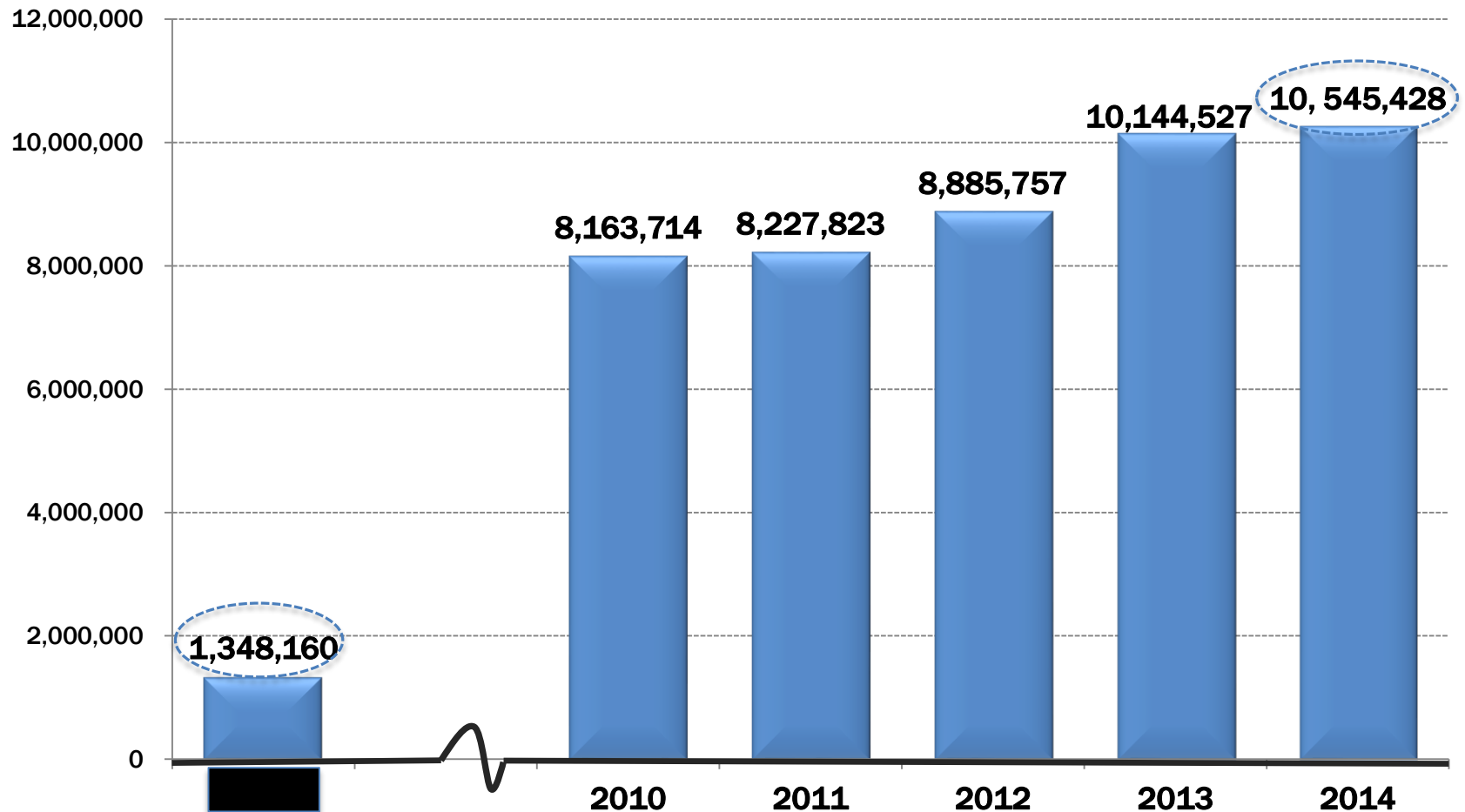
(Act 852, Section 2)



## **Trends in Membership, Utilization & Claims**

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# Active Membership Trend

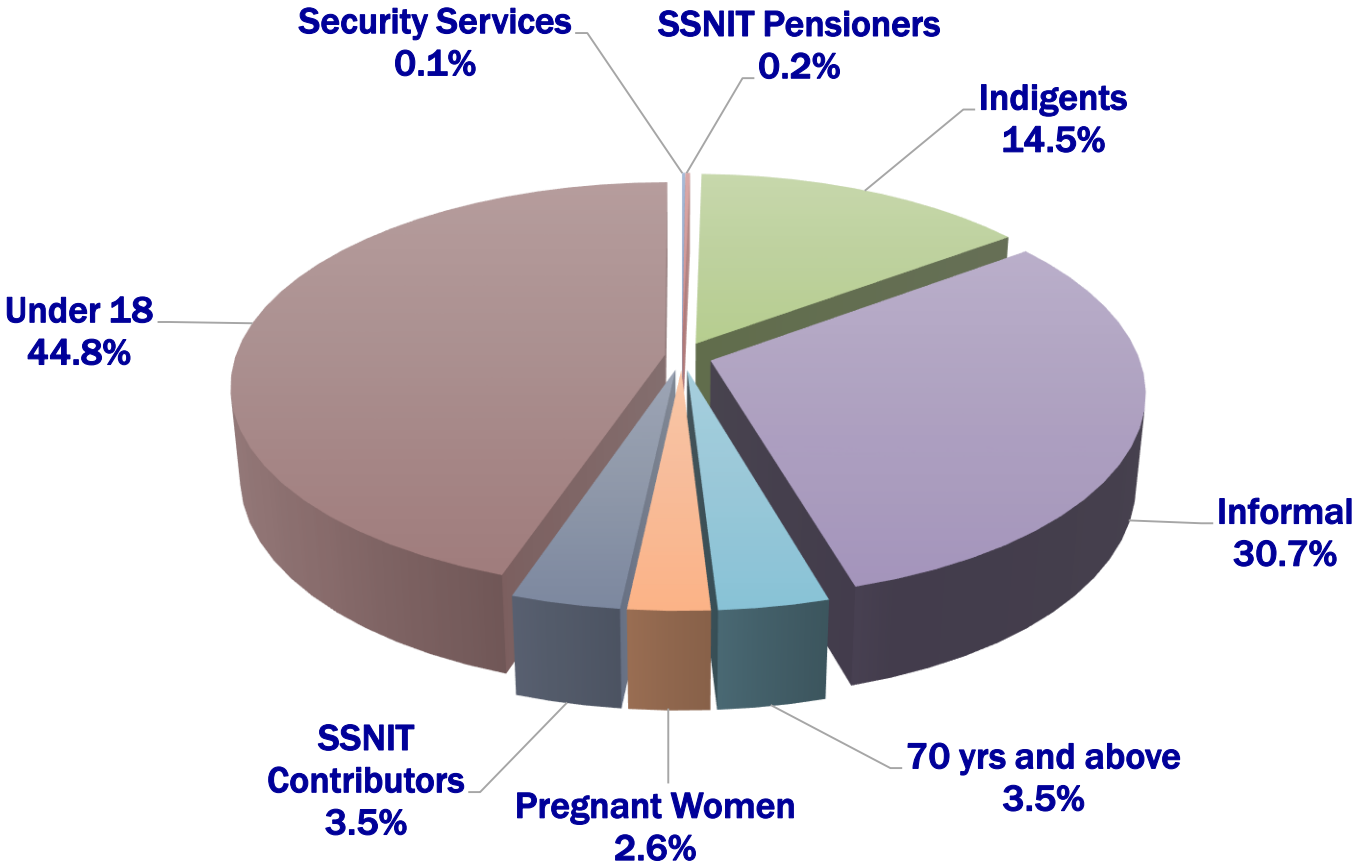


## Note:

- Active membership refers to NHIS subscribers who have unexpired NHIS cards and can access healthcare services when needed.
- It is calculated based on New Registrations and Renewals over a 12-month period. Hence, subscribers who have not renewed their membership are excluded.

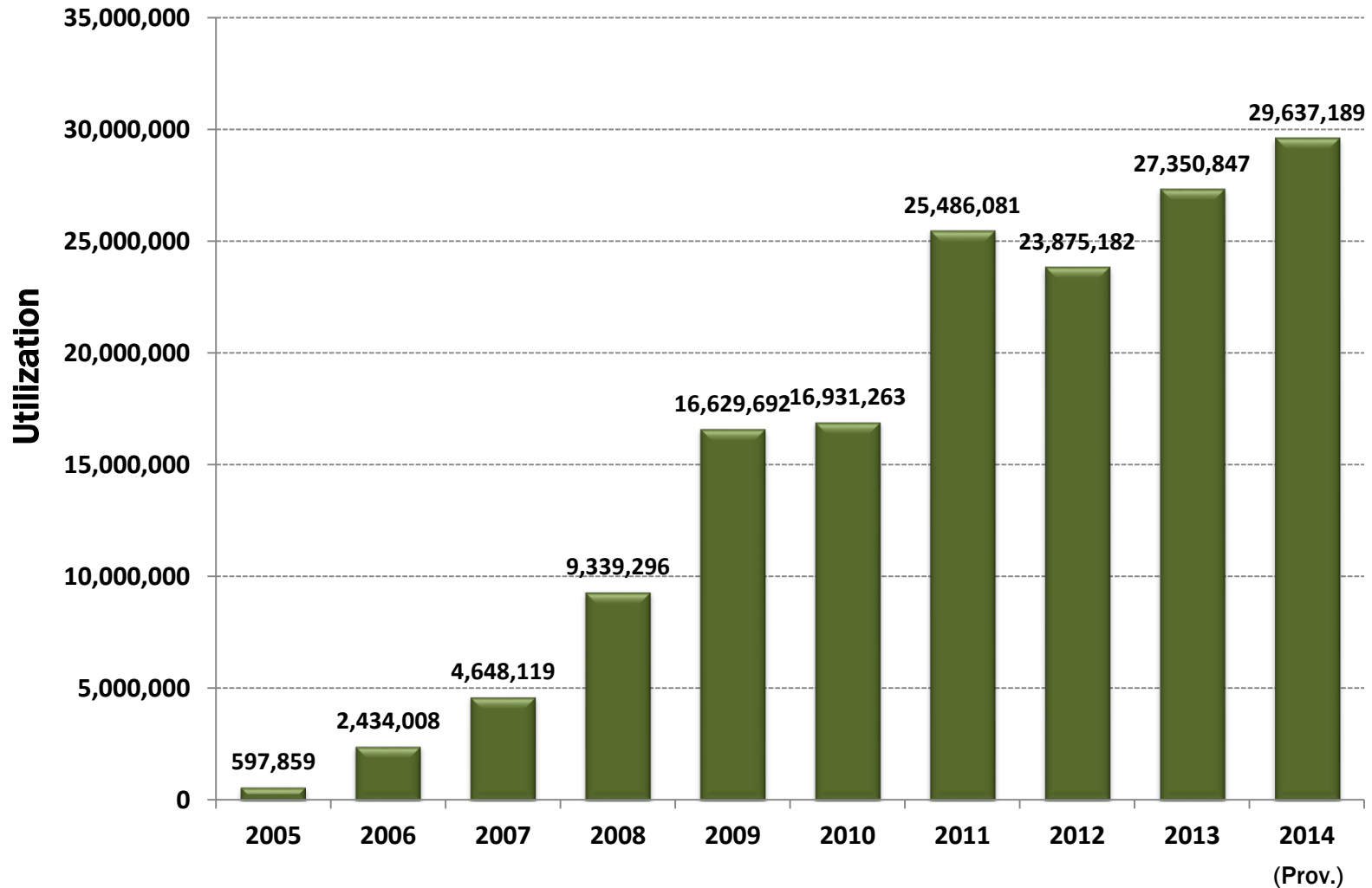


# Distribution of Active Membership



Active membership as at December 2014 - 10.55 Million

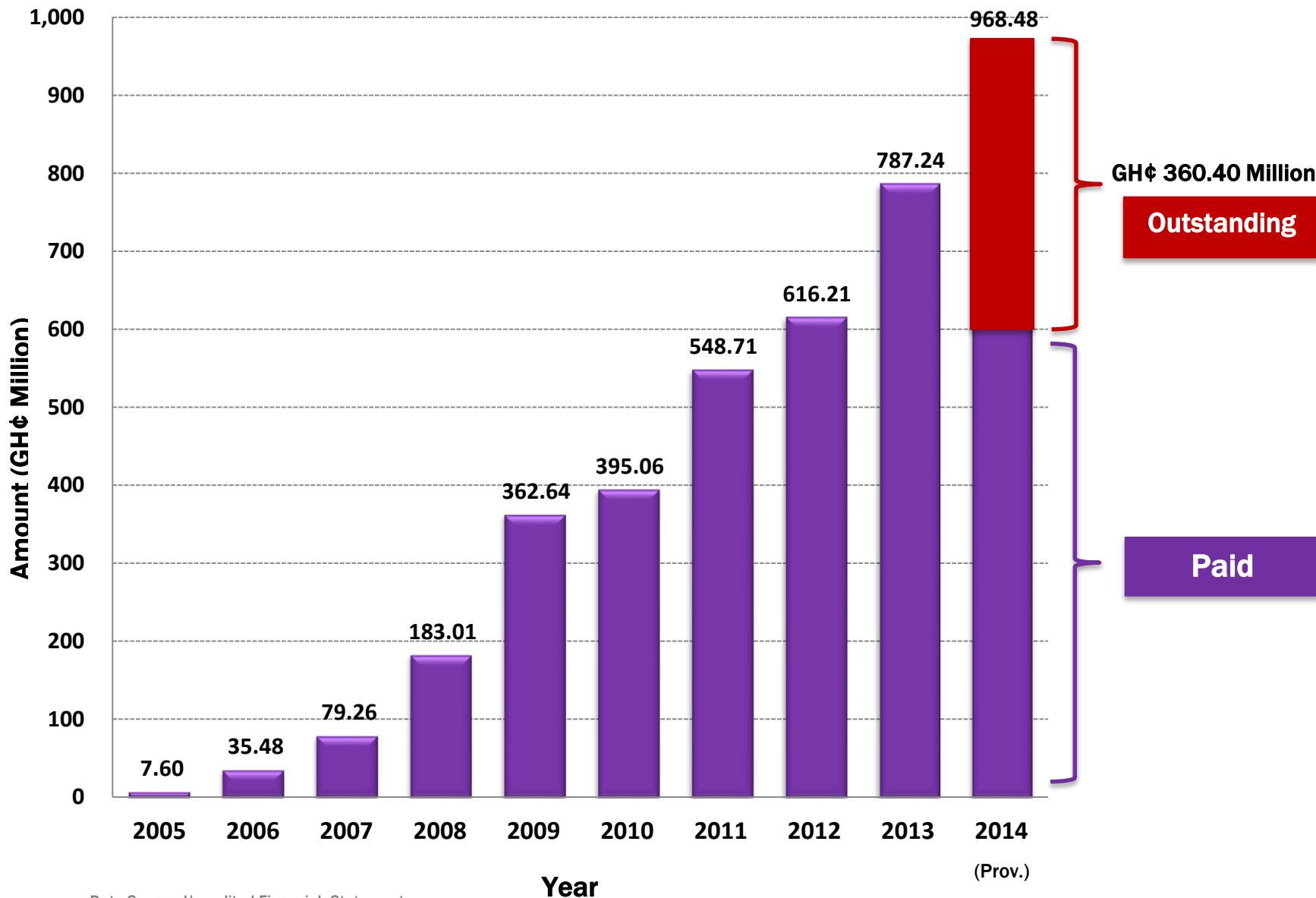
# Outpatient Utilization Trend



**Note:**

Outpatient Utilization refers to the total number of outpatient visits to healthcare facilities on account of NHIS.

# Claims Payment Trend prior to May 2015 (GH¢ Million)



Data Source: Unaudited Financial Statement



## SUMMARY OF CLAIMS TRANSFERRED AS AT MAY 11, 2015

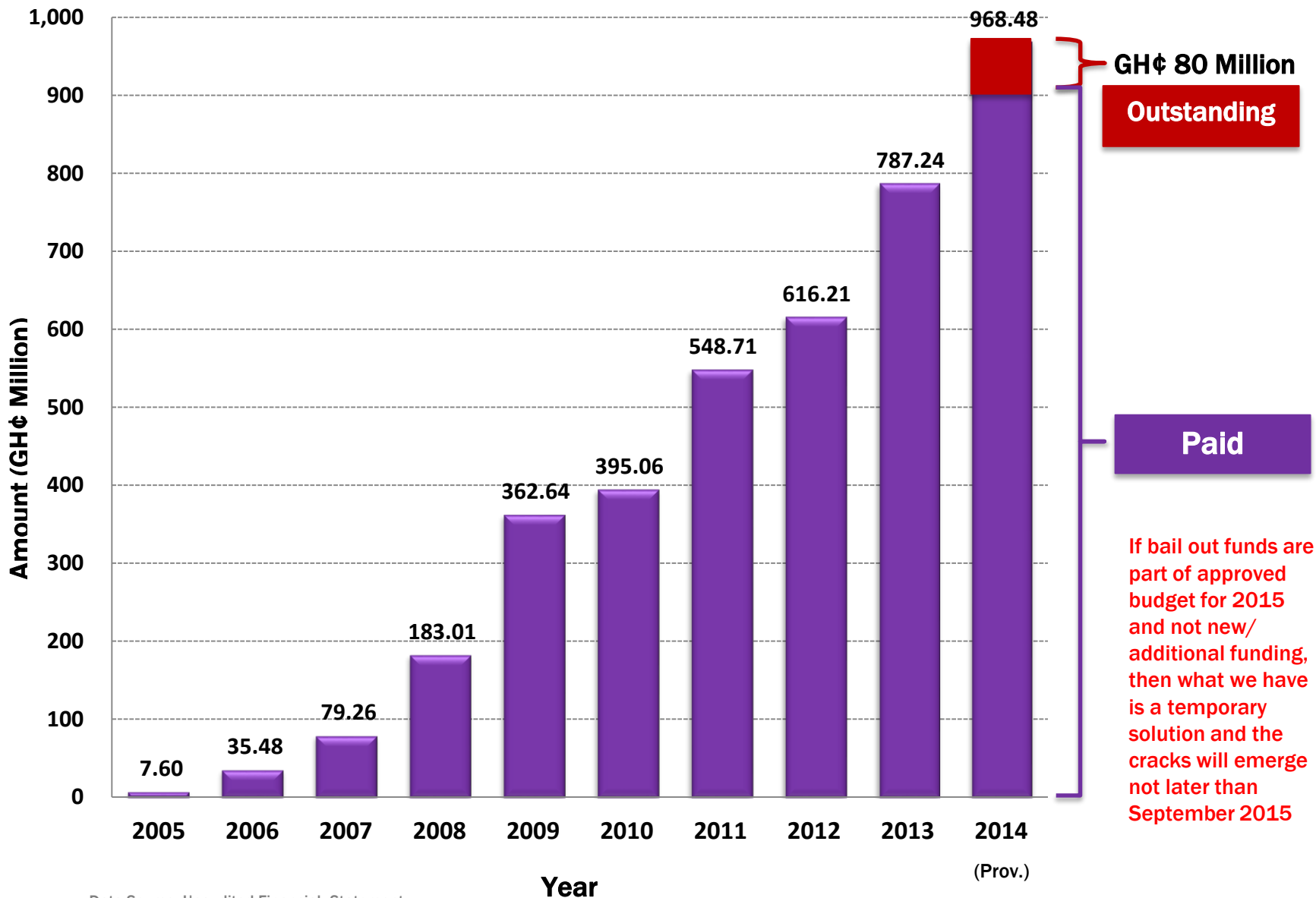
|                                     |                |                       |
|-------------------------------------|----------------|-----------------------|
| Bailout Funds Received              |                | 261,900,000.00        |
| Districts                           | 214,886,293.84 |                       |
| E-Claims (Electronic Claims)        | 26,962,921.40  |                       |
| CPC (Claims Processing Centres)     | 16,594,882.03  |                       |
| Capitation                          | 2,605,349.23   |                       |
| Total Payments                      |                | <b>261,049,446.50</b> |
| Balance being processed for payment |                | 850,553.50            |



## CLAIMS TRANSFERRED TO DISTRICTS (AUGUST-DECEMBER 2014)

| REGION             | AMOUNT (GH¢)          |
|--------------------|-----------------------|
| NORTHERN           | 10,937,954.15         |
| WESTERN            | 26,796,969.32         |
| CENTRAL            | 13,247,552.76         |
| VOLTA              | 27,723,576.58         |
| EASTERN            | 29,185,923.58         |
| BRONG AHAFO        | 36,427,264.08         |
| UPPER EAST         | 9,266,959.61          |
| UPPER WEST         | 8,419,811.47          |
| GREATER ACCRA      | 20,134,316.03         |
| ASHANTI            | 32,745,966.27         |
| <b>GRAND TOTAL</b> | <b>214,886,293.85</b> |

# Claims Payment Trend as at 12th May 2015 (GH¢ Million)





# **Prediction of Current Financial Crisis as far back as 2005**

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# ILO Report on NHIS - 2005



Prior to the full implementation of the NHIS, the International Labour Office (ILO), Geneva, offered to undertake a financial analysis of the NHIS to support the Government's efforts.

The results of the financial assessment indicated as follows:

- (i) The introduction of Health insurance is likely to **improve utilization substantially.**
- (ii) The expected increase in utilization of insured persons will lead to a subsequent increase in overall expenditure that will outpace the growth of resources and **hence create a financing gap.**

**(No financing reform initiated and the scheme has been walking a tight rope since 2010)**

# ILO Report on NHIS - 2005



- (iii) The faster the extension of health insurance coverage the earlier the financial imbalance could emerge.
- (iv) There would be a period of around **four to five years** during which the overall system would remain in surplus. Subsequently, deficits will emerge.
- (v) A critical condition for financial equilibrium in the medium-term future is that the Government will not reduce its financial commitment to the health sector.
- (vi) In the longer-term (5yrs), the Government of Ghana will probably either have to bear a higher share of the public health expenditure bill, or it would have to introduce higher premiums, higher formal sector contributions and/or a higher health insurance levy or a suitable combination of the three.**



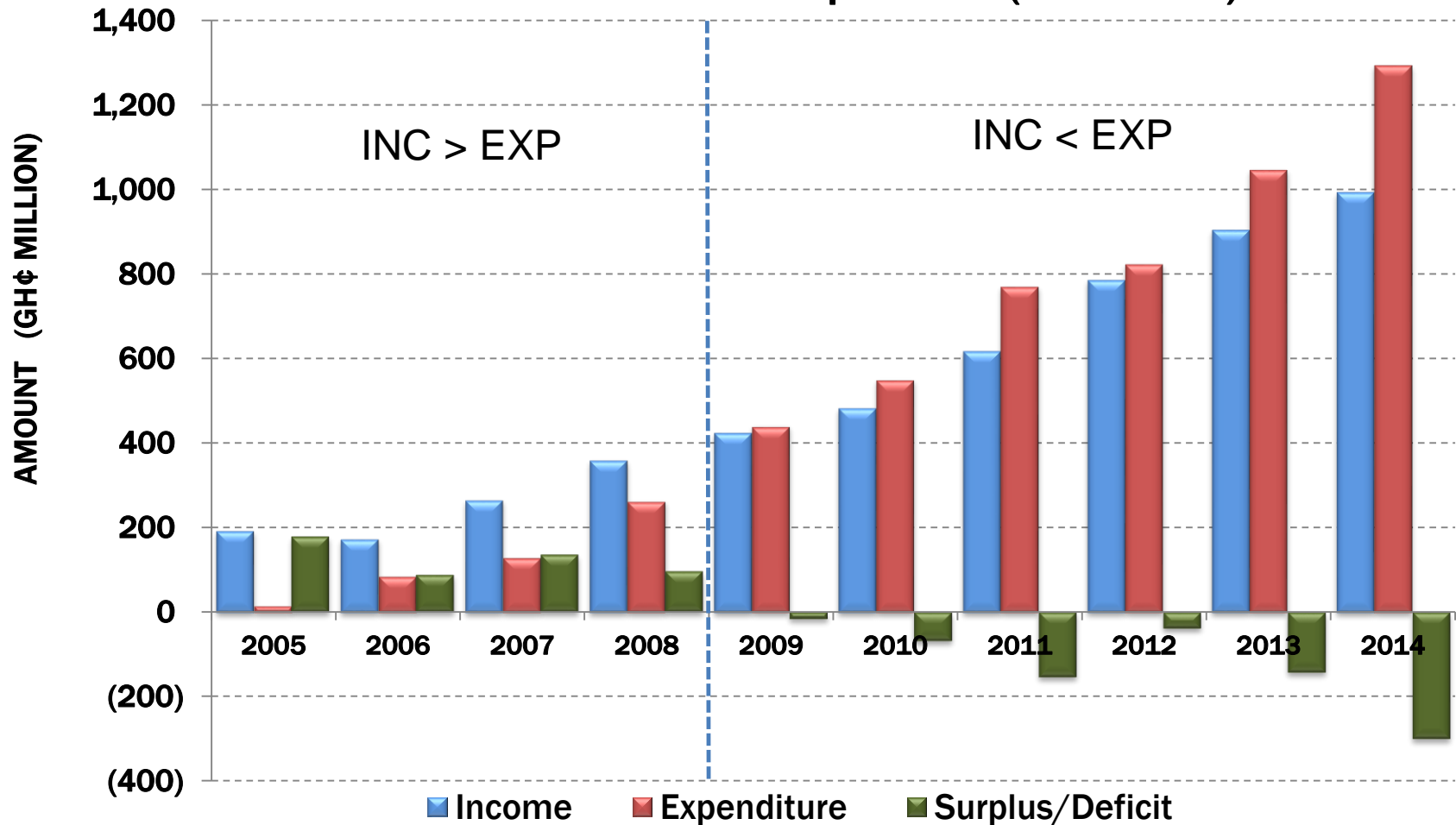
# Financial Sustainability

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# Financial Sustainability



## Trend of NHIS Income & Expenditure (GH¢ Million)



### Note:

If no action is taken toward significant additional funding to clear 2014 arrears as well as funding gap for 2015, the year 2016 would pose an impossible challenge.

## Financial Statement Statistics

# Turn over

# Measures to ensure sustainability



## Options to address financial sustainability:

- i. **Increase Income** (Additional funding)
- ii. **Reduce Expenditure** (Efficiency gains)
- iii. **Both**

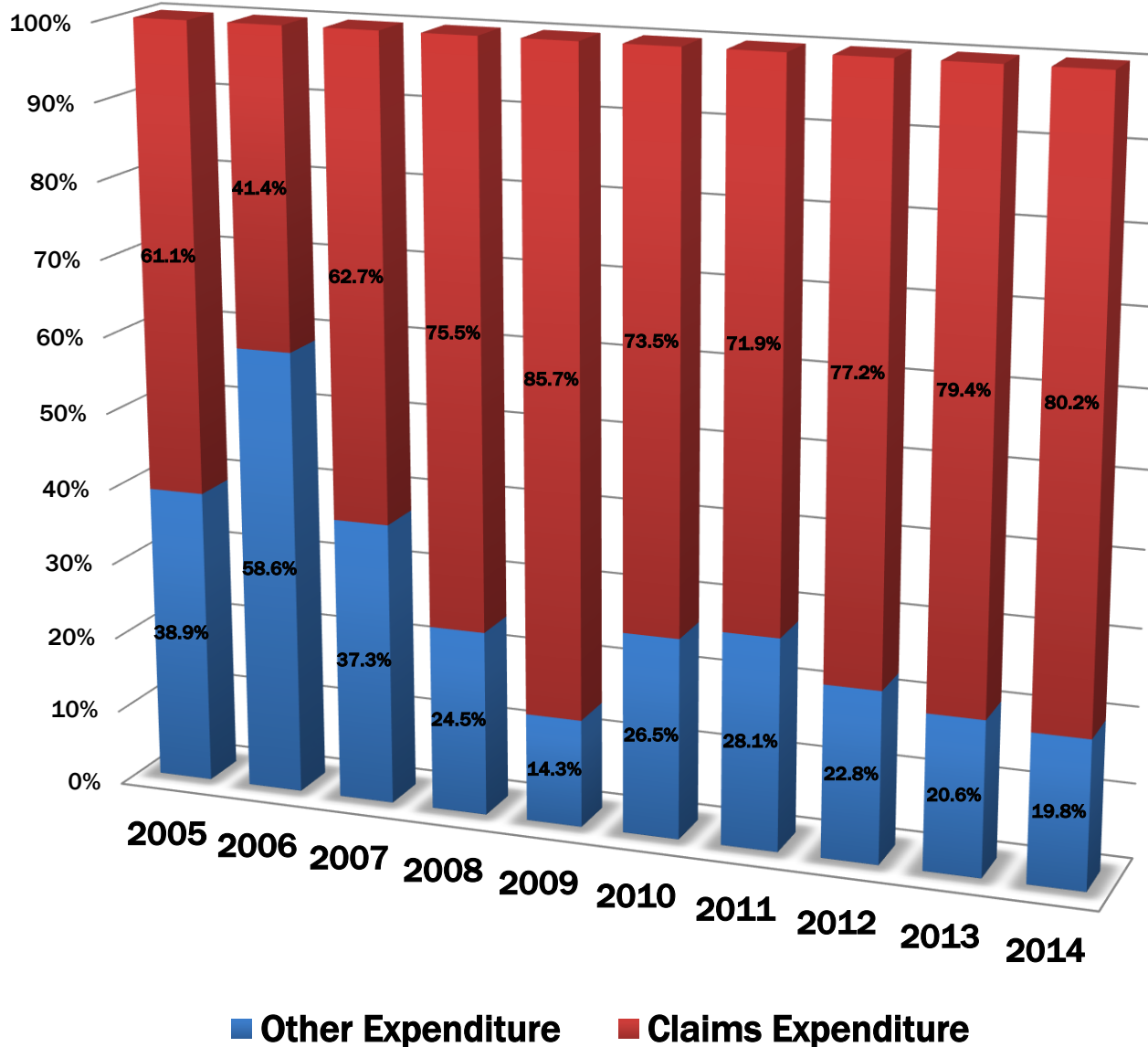
### Cost containment

- **Clinical audits**
- **Consolidated premium account**
- **Claims processing centres**
- **New serialized prescription forms**
- **Electronic claims**
- **Medicines list and prescribing levels**
- **Provider payment reforms**

### Proposed Additional Funding

- **Increase in health insurance levy (NHIL)**
- **Review of NHIL exemption policy (Not to include NHIL in VAT Exemptions)**
- **5% Road Fund**
- **20% Communications Service Tax**
- **Additional Budgetary Allocation**
- **Allocate 1% of GIF to NHIF without increasing the general VAT level**
- **Secure a long-term credit facility to bail out arrears/funding gap into 2016, while a permanent strategy is being worked out**

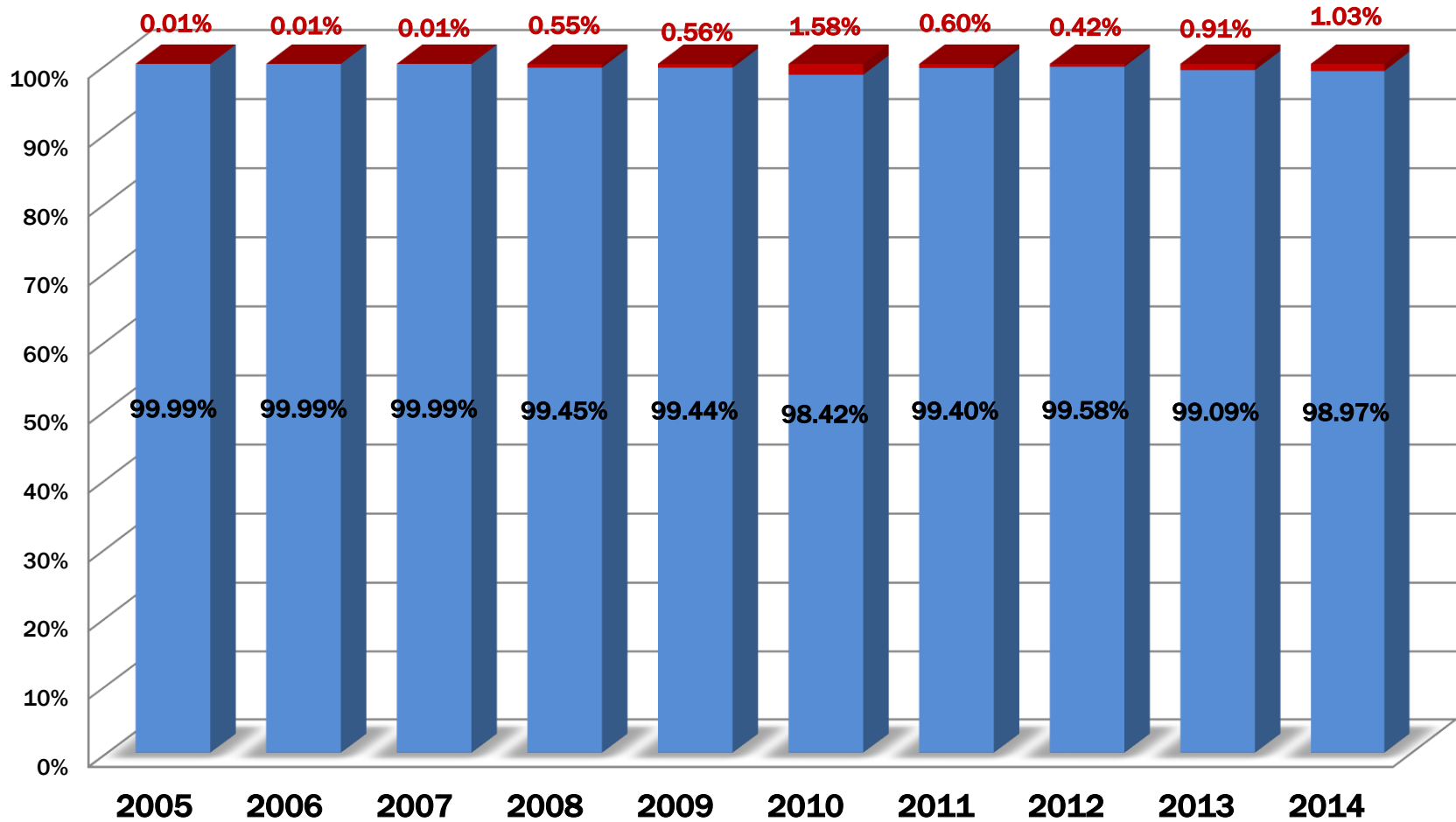
# Proportion of Claims Payment to Total Expenditure



Going forward, the scheme shall endeavor to keep within a ratio of **80:20** for claims to operational expenses.

By January, 2017 when the Biometric Instant ID Cards would have been completely rolled out the ratio may further reduce to **85:15**

# Proportion of Income spent on Constructing Office Buildings



■ Percentage of Income on Claims and Others    ■ Proportion of Income Spent on Buildings

2007: NHIA Commenced financing of the Accident Centre at Komfo Anokye and completed in 2009

2009: NHIA commenced building of Head Office Building and completed in 2010

2010: NHIA Commenced building of the Regional Offices and completed in 2012

2013: NHIA Commenced Head Office Annex for completion in 2015 (completed, awaiting furnishing)

# Challenges (1)



- Allocated funds are unable to meet emerging claims liabilities and sustain efficiency-gain initiatives
- The total approved allocation (NHIL/SSNIT) for 2015 is **GH¢ 1,185.67 million** (to meet approved expenditure for 2015)
- Total claims arrears carried forward from 2014 into 2015 was **GH¢360.40 million**. This has now been reduced to **GH¢80 million**, upon repayment of **GH¢280 million**, funded from NHIL levies received (including **GH¢261 million for 2015 allocation/budget**)
- The total claims payment projection for 2015 is **GH¢1,239.96 million**
- Granted expenditure ratio for 2015 is 15%:85% for General Operations and claims Payment respectively, expected total expenditure requirement will be **GH¢1,317.46 million**.
- Projected claims liability/Operational Expenditure for 2015 (including current balance on 2014 arrears), (2014 arrears plus 2015 conservative projection) is **GH¢1,394.83 million**.

# Challenges (2)



## Claims Arrears and Projected Funding Gaps

- Claims arrears for 2014 is now **GH¢ 80 million**
- Projected **funding gap for 2015** only (conservative scenario) is **GH¢364.80 million**
- Granted that bailout funds is not new money then funding gap for 2015 will increase to **GH¢626.70 million**
- Projected **funding gap for 2016** only (conservative scenario) is **GH¢439.90 million**

**Providers are agitating for higher tariffs over and above the projection for 2015 claims payment and prompt payment of claims**



# Efficiency Measures

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# Efficiency measures (1)



The NHIA has embarked on a number of cost containment measures to ensure financial sustainability. These include:

- 1) **Institution of Clinical Audit function** for regular clinical audits in NHIS credentialed facilities to review claims submitted for payments.
  - This initiative resulted in a total deduction of GH¢ **22.3 million** as at December 2012 representing cost savings of 10.8%.
  - In 2013 cost savings was **1.9 million** representing cost savings of 3.2%

# Efficiency measures (2)



## 2) Establishment of Claims Processing Centres (CPCs) have

incrementally been taking over claims from the districts.

- In 2013 claims processing at the CPC accounted for **eight (8) percentage points more deductions** than claims processed at district offices.
- Between 2010 and 2013, the CPCs have **deducted** at total amount of **GH¢42.92 million** out of a total claims of GH¢440.61 million submitted representing cost savings of 9.7%.

# Efficiency measures (3)



**3) Introduced a Consolidated Premium Account (CPA)** where all premiums collected nationwide are deposited and managed by the Authority to improve accountability and efficient use of resources.

- This has resulted in improved collection, accountability and management of premiums.
- The next step is to introduce a point of sale device for premium collection to deepen efficiency and accountability as well as further reduce leakages. Alternatively, introduce electronic payment system – underway for 2015

# Efficiency measures (4)



- 4) **The NHIA collaborated with the MOH to develop uniform prescription form** to be fully implemented by December, 2015 to achieve the following goals:
- i. Contain escalating drug cost
  - ii. Improve rational use of drugs
  - iii. Improve quality of care
  - iv. Track prescribing and dispensing patterns of prescribers

## **Note:**

- New prescription forms in excess of **GH¢11 million funded by the NHIA** and supplied to the MOH was **consumed by the recent fire outbreak in the Central Medical Stores**, rolling back the implementation of this significant investment and strategy.
- Expected delay could be between (18 – 24) months

# Efficiency measures (5)



5) The NHIA has introduced **electronic claims** submission and processing to inject greater efficiency, speed and uniformity in claims management

**Diagnoses are linked to treatments** to achieve the following:

- i. Improve quality of care and contain cost
- ii. Improve efficiency in claims processing
- iii. Simplify claims processing

## Status

- This strategy requires investments on the part of providers in ICT/MIS which remains slow
- So far only 57 facilities nationwide have migrated onto the E-Claims system, representing 1.4% participation. By December, 2016 it is expected that at least 150 facilities would be on E-Claims with additional system upgrade.

# Efficiency measures (6)



6) The **NHIA has collaborated with Ghana Health Service** to put in place measures to **enforce prescribing levels** as stipulated in the Essential Medicines List of the Ministry of Health **to ensure quality care for subscribers and minimize supply-side moral hazard.**

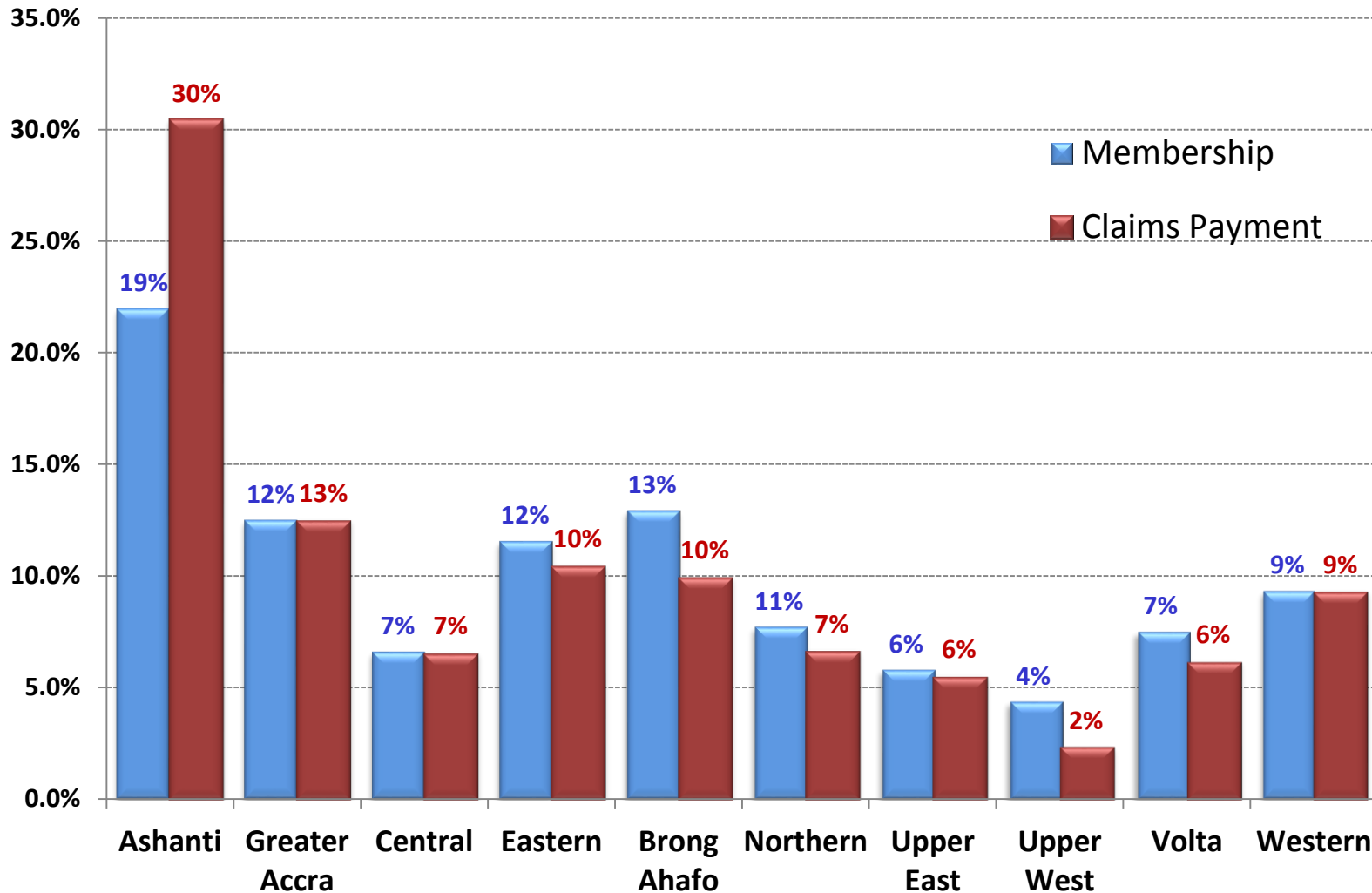
## 7) **Capitation**

The introduction of capitation in the Ashanti region has **resulted in cost savings** as a result of efficiency in operations and the sharing of risk with providers.

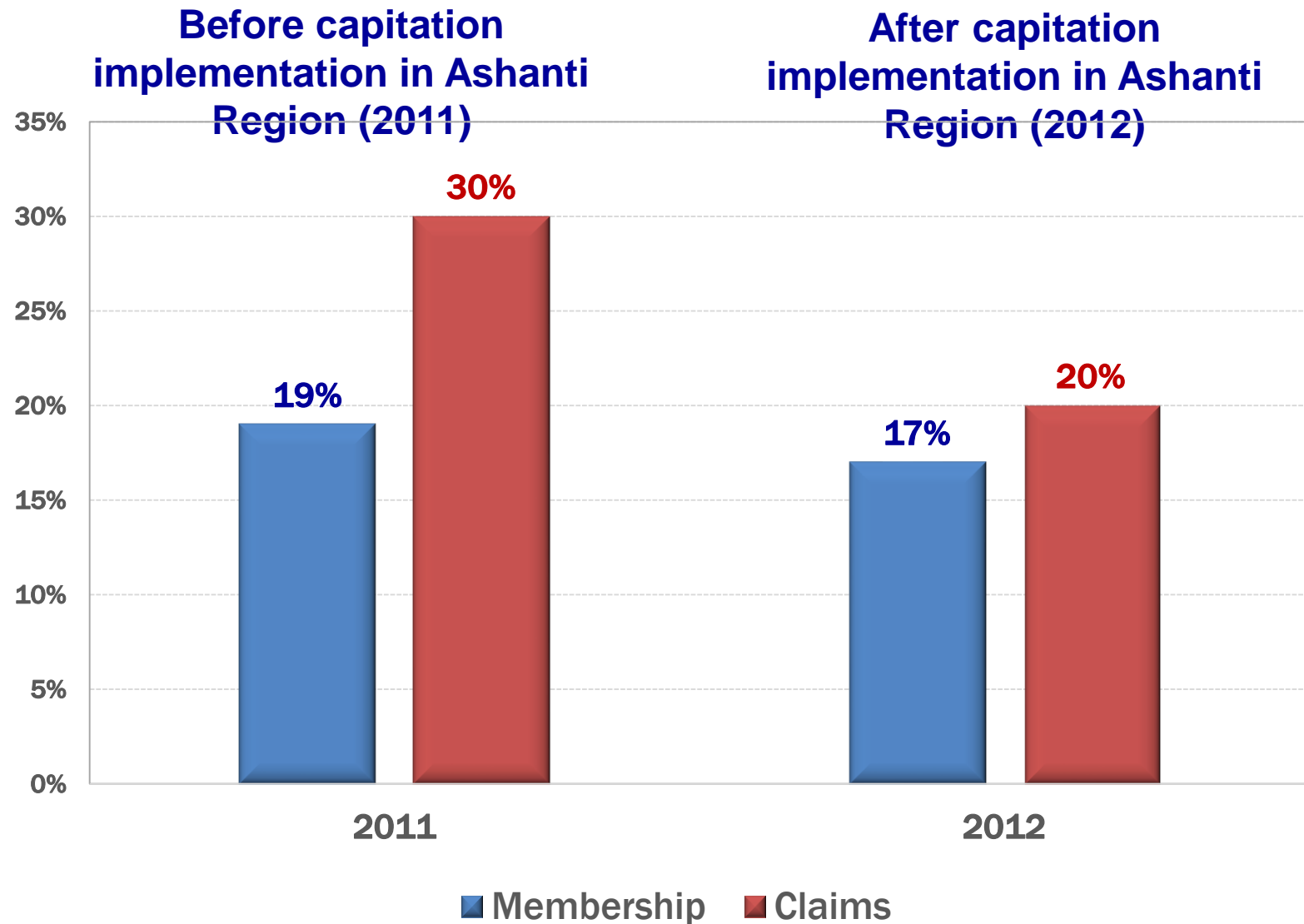
# Efficiency measures (7)



Prior to the introduction of capitation, in 2011, Ashanti region recorded **19% of total membership** while accounting for **30% of total national claims payment**



# Efficiency measures (8)





# Potential Policy Options

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# Exemption Policy



**Is the Exemption Regime sustainable under the current circumstances?**

| Category   | Premium | Processing Fee |
|--|---------|----------------|
| Informal sector  | ✓       | ✓              |
| Under 18 years ?   | No      | ✓              |
| 70 years and above ?                                       | No      | ✓              |
| SSNIT contributors ?                                       | No      | ✓              |
| SSNIT pensioners   | No      | ✓              |
| Indigents/LEAP beneficiaries                               | No      | No             |
| Pregnant Women ?   | No      | No             |
| Persons with mental disorder and the physically challenged | No      | No             |

# Critical issues to be considered (1)



- 1) Is the **exemption policy sustainable** in its current form?
- 2) Is the exemption for **all under 18 years** equitable and sustainable?
- 3) Is the exemption for **all 70 years and above** equitable and sustainable?
- 4) Is the exemption for **all pregnant women** equitable and sustainable?
- 5) Is the exemption of SSNIT contributors from premium payment sustainable?

# Critical issues to be considered (2)



- 6) Is the size of the benefit package sustainable?
- 7) Is copayment becoming necessary?
- 8) Should the minimum premium be adjusted upwards?
- 9) Should the NHIL be increased or should additional budgetary allocation be made? Or both



# Challenges

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# Challenges



- **Continuous indebtedness to providers**
- **Inadequacy of budgetary allocation over the past 4 years**
- **NHIS subscribers denied healthcare as a result of unpaid claims**
- **Unauthorized/ Illegal Co-payment**
- **Increasing enrolment to achieve universal health coverage under the current financial constraint**

# Challenges



- **Agitation for expansion of the benefit package**
- **Supply-side and demand-side moral hazards**
- **Quality of care challenges**
- **High cost of medicines**
- **Over 100% average increase in provider Fees and Charges (LI 2216 of 2014)**



# Way Forward Towards Sustainability

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# Way Forward



- 1) Despite on-going efficiency strategies and relative gains made, the NHIA would need to further deepen measures to achieve further gains.
- 2) Considering the high and increasing levels of claims arrears coupled with the high and increasing funding gaps of confronting the scheme, efficiency gains, however deep, cannot replace the need for significant injection of additional funds, noting that with less than 40% national coverage (38.4%), the scheme is still in its high growth stage
- 3) It does not lie within the remit of the NHIA to generate additional funds. The Ministry of Finance must re-prioritize to ensure that the scheme remains viable to serve residents especially the poor and the vulnerable.

# Way Forward



- 4) Take the hard decisions now or later; which decision may include but not limited to:
  - (i) 'Rationalization' of the Benefit Package
  - (ii) Review of the Exemption Regime
  - (iii) Consideration of Co-payment option for some category of healthcare services
  - (iv) Consideration of Global budgeting strategy as is in Taiwan
  - (v) Introduction of Framework Contracting for Pharmaceuticals

Option available prior to above is to **provide additional funds needed** to meet NHIS obligations.

# Way Forward



## PROPOSED TEAM – REVIEW OF THE STRUCTURE OF THE NHIS TOWARDS JANUARY 2017

### INTERNAL

Dep. Minister – **MOH**

Director General – **GHS**

Director – PPME-MOH

Christian Health Association of Ghana (**CHAG**)

Private facilities – Representative

Health NGO – Representative

Pharmaceutical Society of Ghana

DCE Operations – **NHIA**

Dr. Nicholas Tweneboa - CUHC

Prof. Irene Agyepong – UG Sch. Of Public Health

Dr. Ayite Coleman - MOH

Dr. Baaba Dsane-Selby - NHIA

Dr. Memuna Tanko - NHIA

O.B Acheampong - NHIA

Adwoa Twum - NHIA

# Way Forward



## EXTERNAL

Sheila O'Dougherty

Taiwan – Representative

KOFFIH - South Korea – Representative

JICA – Representative

USAID – Representative

DANIDA

DFID

## TIME FRAME

From September - December 2015

## OUTCOME

**Short term strategy** up to December 2016

**Medium term strategy** – January 2017 and beyond

# Four (4) Key Strategies Towards Sustainability

- 1. Isolate Claims Arrears / Funding Gap and Pay-off**
- 2. Deepen Efficiency Gain Measures**
- 3. Injection of New/ Additional Funding**
- 4. Implement a Restructured NHIS**

# Deepening Efficiency Gains

## a) Claims Processing Centre

- a) End Year 2015 – 65% Coverage
- b) End Year 2016 – 95% Coverage

## b) Instant ID cards Coverage

- a) End Year 2014 – 6 regions Covered
- b) End Year 2015 – All 10 Regions

## c) Intensive & Extensive Clinical Audit/ Claims Verification

## d) Internal Operational Efficiencies

## e) Increasing E-Claims Coverage

## f) Capitation Rollout

- a) End Year 2014 – 1 Region
- b) End Year 2015 – 4 Regions
- c) End Year 2016 – 10 Regions



## **Three (3) scenarios on proposed restructure of scheme relating to:**

- Benefit Package
- Exemption Regime
- Co-payment
- Global Budgeting
- Framework contracting for pharmaceutical supplies
- Any Other

## **Expectations from Government (Additional Funding Option)**

- Isolation of arrears/finding gaps for financing
- Increase of NHIL by assigning one percentage point of 2½ % of GIF to NHIF
- Additional budgetary allocation
- Long-term loan to finance the NHIA over the next 2 years or less, while internal new sources of funding is operationalized.



## **Collaboration with Development Partners**

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## **DANIDA**

Currently supporting the NHIA/S with an embedded Senior Strategic Planning, Monitoring and Evaluation Advisor to provide technical advice in the development and mainstreaming of an M&E system within the NHIS.

## **USAID**

- Supporting Quality Assurance and Corporate Affairs Directorates
- Supported the training of M&E staff and the development of M&E policy document for the NHIA

# KOFIH

- Allocated \$340,000.00 to fund the project in the year 2013.
- Two middle level staff members invited to Korea for 3 and 6 months courses/research to determine the next level of assistance
- Four senior staff attended short training courses in Korea in 2013
- Provided 55,000 dollars for collaborative research in Volta region in 2014 and 2015
- Invited 5 staff members to Korea for intensive training in November in 2014
- Sponsored 12 persons to attend a conference in Ethiopia in November/December 2014, etc

## DfID

- Provided 1.7 million Pounds Sterling for the strengthening of the finance system within the NHIS
- Donated 2 Land Rover vehicles

## IFC

Supported the Biometric Membership System (BMS) with 20 registration workstations

## Outlook 2015

- Control the escalating claims cost
- Sustain momentum for registering the poor and vulnerable population
- Step-up dialogue with MOFEP through MOH for timely releases/  
additional funds - *Improve claims reimbursement period to 3 months*
- Complete the scaling up of capitation in 3 regions and beyond
- Scale up clinical audits (Intensive and Extensive)
- Pursue efforts at securing additional funding for the NHIS
- Complete the upgrade of the ICT and data management system (data integrity)

## Outlook 2015 (cont'd)

- Scale up electronic claims management system
- Complete the nationwide roll out of biometric ID card system (Sep 2015)
- Implement subscriber authentication in line with the expectations of the instant ID cards issuance
- Link treatment to diagnosis
- Complete legislative proposals for subsidiary legislation to Act 852

**Thank You**

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