



# HEALTHCARE FINANCING IN GHANA

## Results from the National Health Account Study (2018-2022)

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## 1. Introduction

### 1.1 Background to Health Financing

Human beings, globally, have a basic right to attain the highest possible standard of physical and mental health in countries where they live or appear to be in the course of their lives. In the quest to fulfil this, strategies have been designed to ensure all people affordably receive health care with equitable access to these services as guided by the Universal Health Coverage (UHC) strategy. One key pillar to achieve UHC is financing which, according to Kutzin (2013), implies that “reforms in collection, pooling, purchasing are aimed at improving one or more objectives as measured at the population level”.

The fundamental premise of Primary Health Care (PHC) is that all people, everywhere, deserve the right care and rights in their community. As described by the World Health Organization (WHO), a PHC approach includes three key components, which are meeting people’s health needs throughout their lives; addressing the broader determinants of health through multisectoral policy

and action; and empowering individuals, families, and communities to take charge of their health (World Health Organization, 2022).

## **1.2 Health Service Delivery in Ghana**

Health service delivery in Ghana follows a three-tier arrangement which starts from peripheral primary to secondary and tertiary levels. Correspondingly, there are three levels of management in the Ghanaian health sector which are the district level, regional level and the central or national headquarter level.

In 1996, the health sector adopted the Sector Wide Approach (SWAp) in its sector reforms where government, partners, civil societies and the private sector all played a part. The reform led to the creation of the Ghana Health Service (GHS) thereby separating service delivery from the core function of the Ministry- policy formulation, monitoring and evaluation and resource mobilization- and strengthen regulation<sup>1</sup>. (NHA 2015).

The Government of Ghana (GoG) continues to support the health sector through several key reforms. The National Health Insurance Scheme (NHIS), introduced in 2003, offers financial protection and improved access to health services, notably through the Free Maternal Health Care Policy, which has significantly increased antenatal care visits and facility-level deliveries (Azaare et. al., 2019). Efforts are ongoing to integrate preventive services into NHIS and ensure its financial sustainability (NHIA, 2024). Another central component of Ghana's UHC is the Network of Practice (NOP) concept. Integrated into Ghana's UHC Roadmap, the NOP aims to transform PHC into accessible and effective smart care, catering to all individuals irrespective of their socio-economic background (GHS, 2024). Additionally, policies targeting Non-Communicable Diseases (NCDs) focus on the prevention, early detection, and treatment of conditions such as diabetes and hypertension (NCD Policy, 2022). The government has also prioritized investments in building new hospitals, expanding the healthcare workforce, and enhancing training programs for healthcare professionals (Rajan et al, 2024).

The health financing of countries should be a high priority for building a lasting structure that will handle both expected and unexpected challenges. It was a stark reminder during the height of the COVID-19 pandemic that there exists an intricate relationship between health care, the economy of the country and the level of fragility of any country in the developing or developed zone. It is, thus, vital for Ghana to assess the vitality of the health financing system in the country to find out what the trends are, and areas of concern and devise practical ways of filling the gaps through discussion and policy making. The National Health Accounts (NHA) covering a period from 2018 to 2022 provides information well-endowed to support this purpose.

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<sup>1</sup> 2015 Ghana National Health Accounts

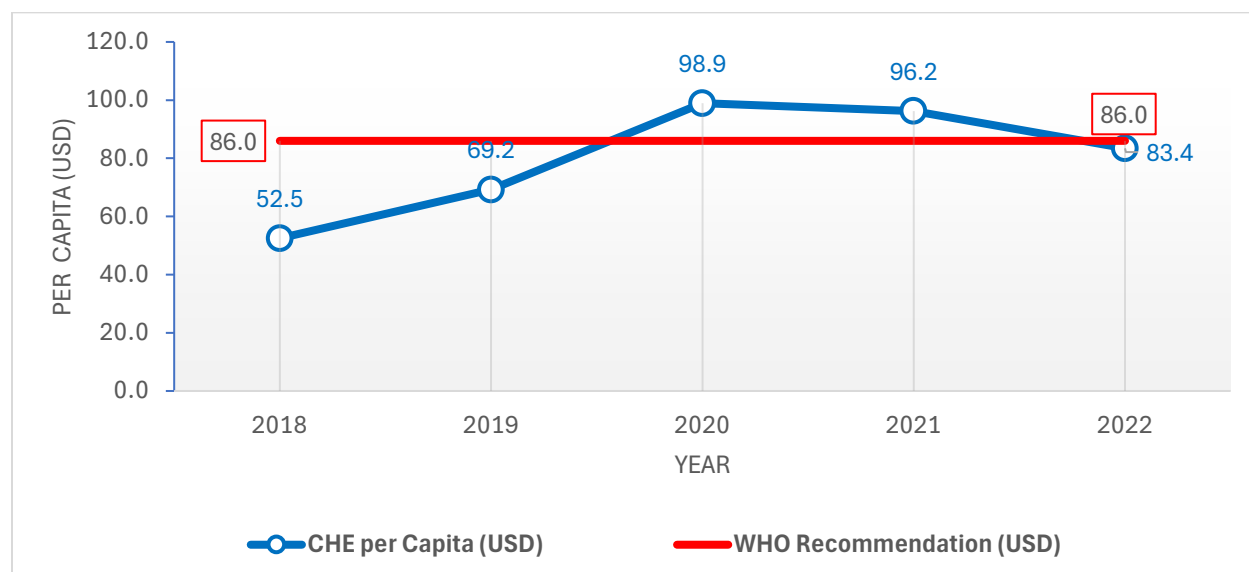
## 2. Health expenditure in Ghana (2018-2022)

### 2.1 A general overview

Ghana's Total Health Expenditure (THE)<sup>2</sup> increased from GHS 9.9 billion in 2018 to GHS 23.1 billion in 2022. The highest increase was between 2019 to 2020 (50.9%) which could have been due to COVID-19 while the lowest percentage change was between 2020 and 2021 (4.7%). The Current Health Expenditure (CHE), on the other hand, increased from GHS 7.5 billion (US\$1.5 billion) in 2018 to GHS 22.6 billion (US\$ 2.6 billion) in 2022. Most of the THE on average, was spent on CHE (98%) as compared to the (2%) spent on capital investment. The implication of this is that there is little allocation towards capitalization of health facilities which might reduce their ability to do more or better services if they require modern equipment or state-of-the-art capital items.

The CHE per capita increased from 2018 (GHS 253.2) to 2022 (GHS 715) in nominal terms. In terms of US dollars, the increase in CHE per capita was from 2018 to 2020, beyond which it has followed a decreasing trend (*Figure 1*). Compared with the WHO recommendation (US\$ 86<sup>3</sup>) as a minimum for delivering primary health care services and the average for LMICs (US\$119)<sup>4</sup>, Ghana's CHE per capita for 2022 (US\$83.4) is below both which needs to be addressed.

**Figure 1** Current Health Expenditure per capita [2018-2022]



<sup>2</sup> Total Health Expenditure (THE) is the summation of Current Health Expenditure (CHE) and Health Capital spending (HK)

<sup>3</sup> [https://www.chathamhouse.org/sites/default/files/field/field\\_document/20140521HealthFinancing.pdf](https://www.chathamhouse.org/sites/default/files/field/field_document/20140521HealthFinancing.pdf)

<sup>4</sup> [https://files.aho.afro.who.int/afahobckpcontainer/production/files/2\\_Global\\_expenditure\\_on\\_health\\_Public\\_spending\\_on\\_the\\_rise.pdf](https://files.aho.afro.who.int/afahobckpcontainer/production/files/2_Global_expenditure_on_health_Public_spending_on_the_rise.pdf)

The 2023 Global Health Expenditure Report (WHO<sup>5</sup>) shows that in 2021 global spending on health reached a new high of US\$ 9.8 trillion or 10.3% of global gross domestic product (GDP). Nevertheless, the distribution of spending remained grossly unequal. Public spending on health increased across the world, except in low-income countries where government health spending decreased and external health aid played an essential supporting role.

Current Health Expenditure (CHE) as a percentage of Gross Domestic Product (GDP) in Ghana increased from 2.61 per cent in 2018 to 4.13 per cent in 2021. This is, however, lower than the global estimate of 10.35 per cent<sup>6</sup> and LMICs average of 5.4 per cent as at 2021<sup>7</sup>. In comparing Ghana's CHE as a percentage of GDP to that of Senegal for the year 2021 (post COVID-19), Ghana recorded 4.13 per cent as against Senegal's 4.35 per cent of GDP. Similarly, Ghana's CHE as a share of GDP was lower than lower- and middle-income countries average of 5.4 per cent (Table 2).

Similarly, Ghana's Domestic General Government Health Expenditure (GGHE-D) as a percentage of GDP increased from 1.44 per cent in 2018 to 2.19 per cent in 2021. The 2.19 per cent in 2021 is higher compared to its peer countries such as Senegal (1.12 per cent), Côte d'Ivoire (1.03 per cent) and Nigeria (0.54 per cent)<sup>7</sup>. In 2021, Ghana's 2.19 per cent GGHE-D as percentage of GDP was higher than the LMICs 1.36 per cent for the year 2021<sup>6</sup>.

**Table 2: CHE Global Comparisons (2021)**

Key indicator	Share of CHE in total health expenditure (%)	Share of HK in total health expenditure (%)	CHE per capita (USD)	CHE as a share of GDP (%)
Ghana	92.9	7.1	83.42	4.13
Nigeria	95.1	4.8	83.84	4.08
Senegal	87.1	12.9	71.22	4.35
Côte d'Ivoire	81.3	18.7	81.87	3.13
Lower-middle	96.0	4.0	90.25	5.4
Upper-middle	97.2	2.8	567.85	7.0

*Data source:* Global Health Expenditure Database & World Bank Open Data

In 2021, Ghana spent 92.9 per cent of its total health expenditure (THE) on recurrent health expenses, leaving only 7.1 per cent for capital investment in healthcare. This shows that capital investment in healthcare is least funded in Ghana when compared to Côte d'Ivoire. In the same year, Côte d'Ivoire spent 81.3 per cent of its THE on current health expenditure and allocated 18.7 per cent for capital investment in the health sector. Although Ghana's situation is concerning, it is

<sup>5</sup> <https://www.who.int/teams/health-financing-and-economics/global-spending-on-health-report>

<sup>6</sup> [World Development Indicators | DataBank \(worldbank.org\)](https://data.worldbank.org/)

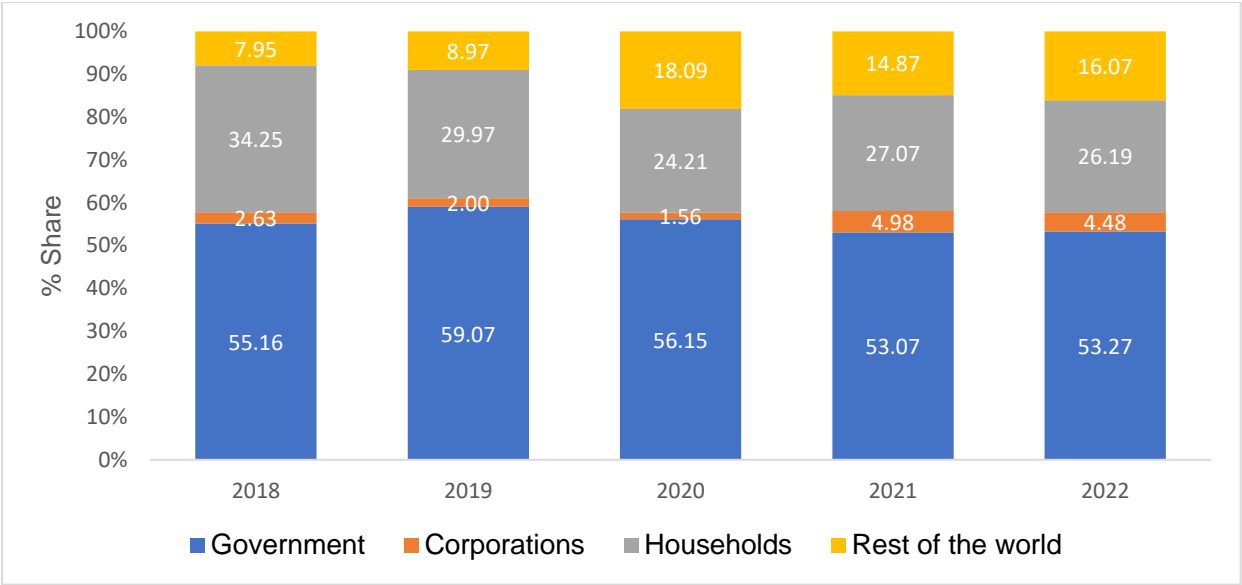
<sup>7</sup> WHO Global Health Expenditure Database

still better than the average for Low- and Middle-Income Countries (LMICs) at 96.0 per cent, where only 4 per cent of THE was allocated for capital investment.

**2.2 Sources of health financing**

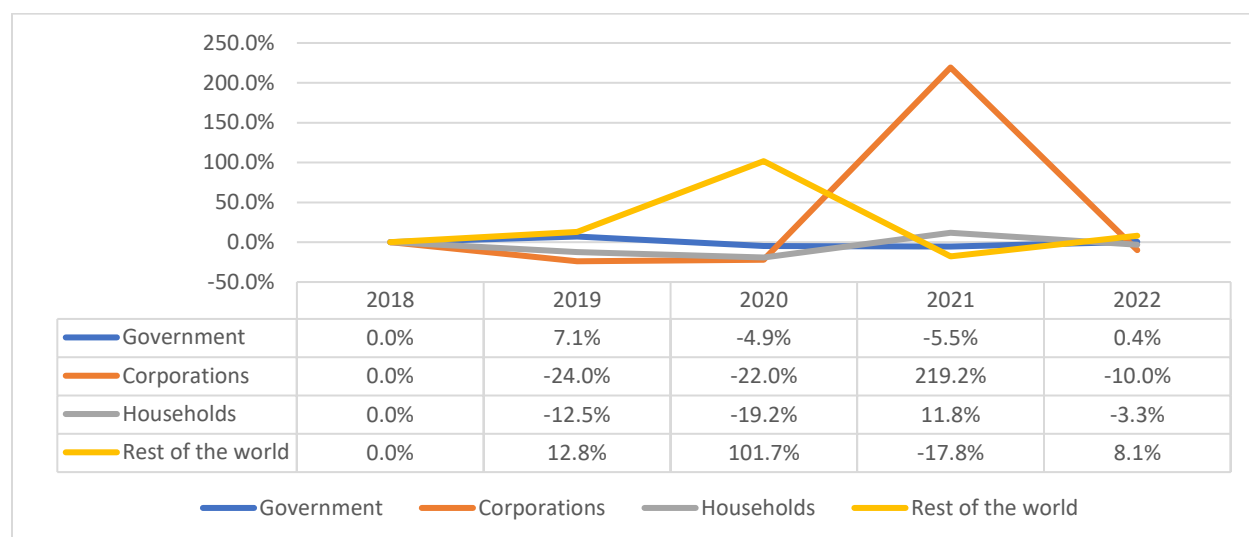
Resources from the government were the largest in health expenditures followed by household and then donors (both on-budget and off-budget). For the CHE in 2022, for instance, the government contributed 53.3% followed by households (26.2%), donors (16.1%) and private corporations (4.5%) as shown in Figure 2.

**Figure 2: Financing Sources for Health in Ghana, 2018-2022**



Household expenditures is the second financing source for Ghana from 2018 to 2022 as shown in figure 2 above. Though it decreased from 34.25 per cent in 2018 to 26.19 per cent in 2022, it may pose a challenge to Ghana’s UHC agenda by 2030 and therefore, calls for more action to help reduce household expenditure.

**Figure 3: Annual rate of change of health financing by sources**

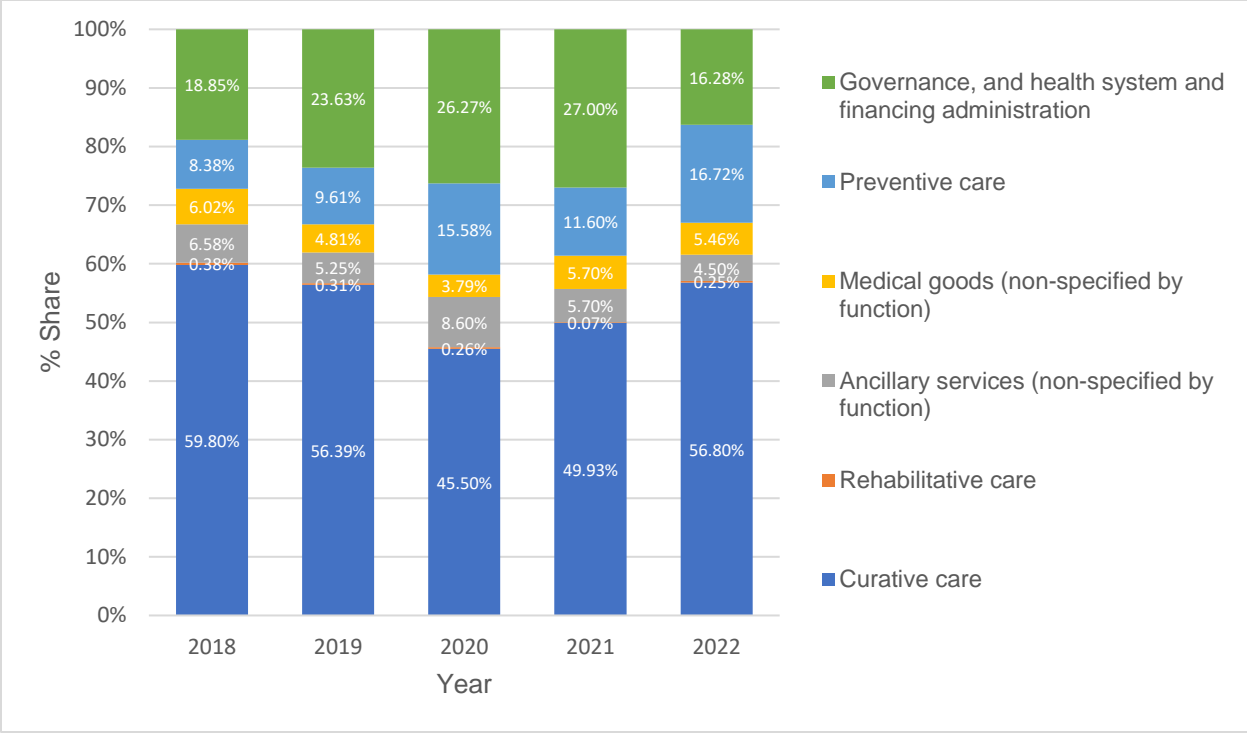


The unpredictability of donor funding poses challenges to effective planning and use of resources. To optimize resources utilisation, the Ministry should work with donors to prioritize putting off-budget donor contributions on budget. The share of corporation’s spending showed a negative growth from 2019 to 2020. This negative growth may be as a result of challenges with private sector data. The growth in cooperation’s expenditure in 2021 may be attributed to investments (e.g., health infrastructure and equipment) made during the COVID-19 pandemic.

### 2.3 Healthcare functions

Healthcare Function expenditure measures spending on various types of health goods and services consumed and health activities performed within the country. NHA findings revealed that curative care over the years 2018-2022, has been the major consumer of health expenditure ranging between 45 and 60 per cent of spending as against preventive care (8 to 16.72 per cent) and rehabilitative care (0.07 to 0.38 per cent) (Figure 4).

**Figure 4: Healthcare functions in Ghana, 2018-2022**

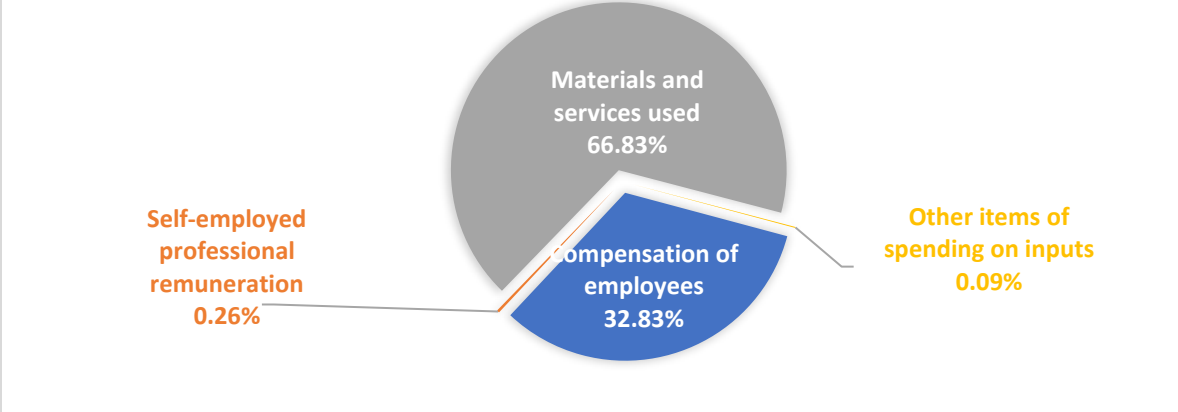


The high share of CHE spent on curative care is concerning, especially considering that Ghana’s UHC roadmap prioritizes the expansion of preventive and rehabilitative care services as the main driver to attain UHC. Ghana’s UHC Roadmap prescribes that at least a minimum of 50 per cent of healthcare spending should be allocated to preventive health at the lower level. It is, therefore, crucial to prioritize and reallocate more resources to the lower level if the 50 per cent spending target is to be achieved.

**2.4 Factors of Provision**

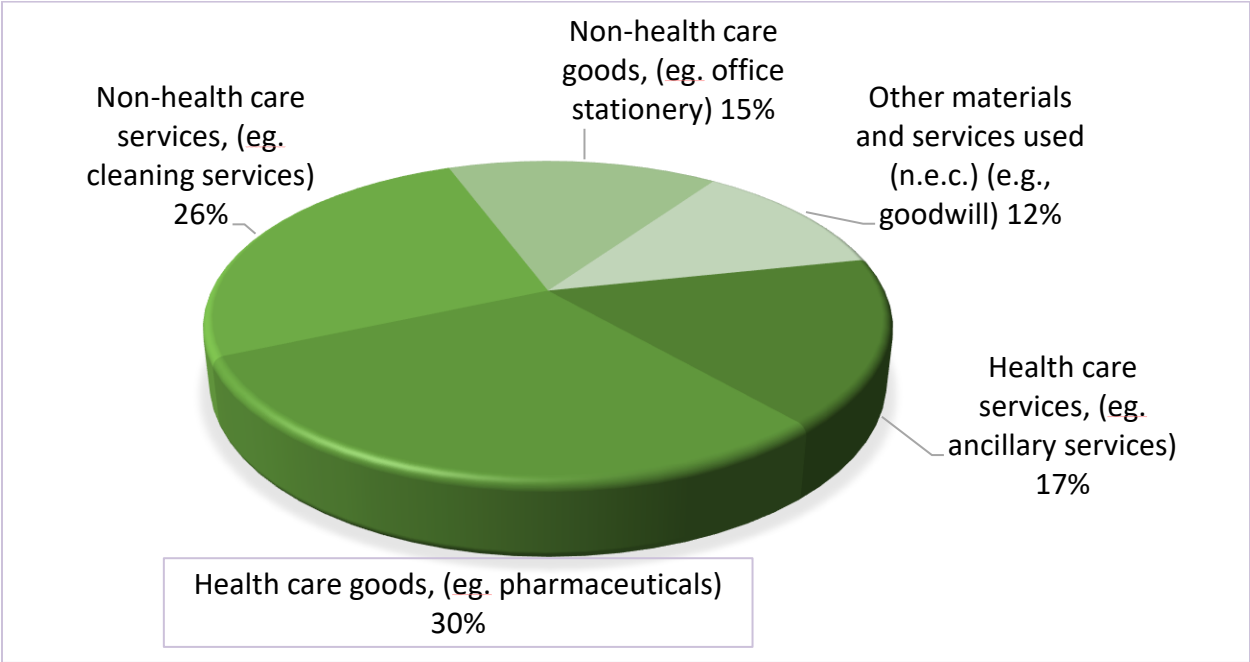
Further analysis of the health care functions revealed that the main cost drivers of curative care over the years are compensation of employees and materials and services used.

**Figure 5: Cost Drivers of Curative Care in Ghana for 2022**



In 2022, materials and services used (which include healthcare goods and services), non-healthcare goods and services and other materials used constituted 66.83 per cent of expenditures while compensation of employees accounted for 32.83 per cent (Figure 5).

**Figure 6: Cost Drivers of Curative Care in Ghana for 2022 (segregated)**



Further breakdown of materials and services used shows that the aggregation of non-healthcare goods, non-healthcare services and other materials and services used (53 per cent) is higher than healthcare services and healthcare goods combined (47 per cent) (Figure 6). This may indicate that essential healthcare services and healthcare services and goods such as medicines and laboratory and imaging services may not receive adequate funding to support service delivery.

### 3. Conclusions

Government remains the main financing source of health in Ghana followed by household out-of-pocket and donor expenditures.

It was observed that per capita health spending reduced from USD98.54 in 2020 to USD83.42 in 2022, which is below the WHO recommended minimum average spending of USD86 for Universal Health Coverage.

Per the available data, the capital health expenditure remained low, ranging between 2.3% and 5.3% from 2019 to 2022, except for 2018, which was 24.94%.

Throughout the years 2018 to 2022, expenditure on preventive, ancillary and rehabilitative care services combined was less than 13 per cent for each year.

Even though out-of-pocket (OOP) payment decreased from 33.48 per cent in 2018 to 25.03 per cent in 2022, it remains the second largest financing source ahead of the compulsory contributory health insurance scheme (NHIS).

It was observed that while transfers distributed by the government from the foreign origin (on-budget donor) reduced from 4.4 per cent in 2018 to 2.98 per cent in 2022, direct foreign transfers (off-budget donor) increased from 3.46 per cent in 2018 to 12.83 per cent in 2022.

Results from the analysis indicated that government is the major financing source for the prevention and treatment of TB, Malaria, HIV/AIDs and Reproductive Health when indirect costs such as storage, compensation, transportation, etc. are considered. Nevertheless, when indirect cost is excluded, households are the major financing source for Malaria & Reproductive Health and donors for HIV/AIDs.

## 4. Policy recommendations

Based on available evidence from this report, stakeholders are encouraged to advocate for an increase in government resources towards health.

There is a need to increase spending on capital expenditure to ensure that more funds are made available for health infrastructure, intellectual property (IT infrastructure) and machinery and equipment as part of efforts to improve access across the country.

It is important that Ghana prioritizes preventive, ancillary, and rehabilitative care to ensure that more resources are allocated to these services. This is crucial to the successful implementation of the revised Essential Health Services Package to support the current reorganization of service delivery at the lower level in line with the Universal Health Coverage (UHC) Roadmap.

Efforts should be made by the NHIA to continuously increase coverage and improve its operations to reduce out-of-pocket (OOP) thereby providing financial risk protection.

To effectively manage the increasing off-budget donor expenditure, the government should collaborate with development partners to ensure resources are aligned with national priorities.

## 5. References

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