



OPERATIONALIZING THE LAGOS STATE HEALTH SCHEME LAW:

LAGOS STATE FISCAL SPACE FOR THE STATE HEALTH SCHEME

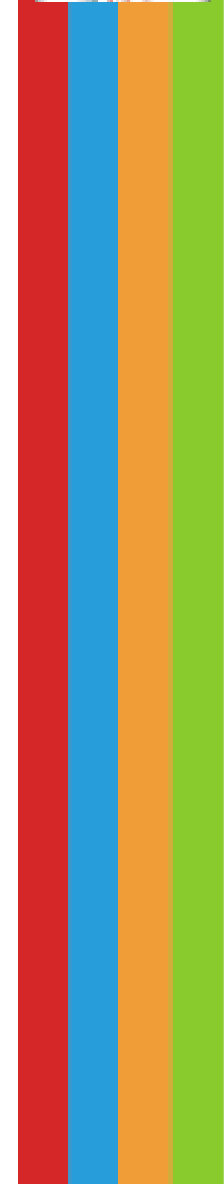
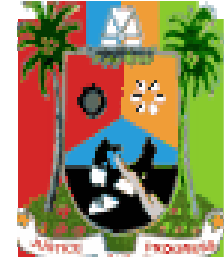
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BACKGROUND

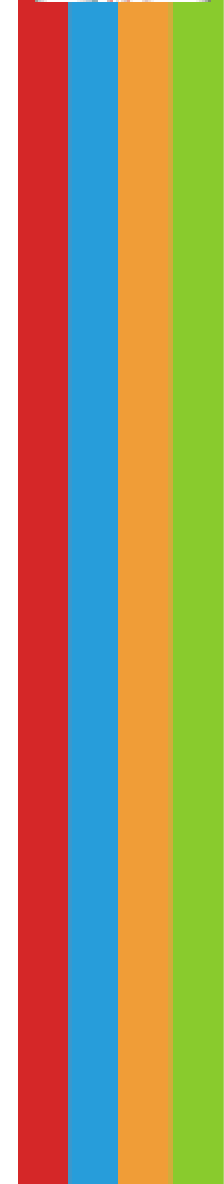
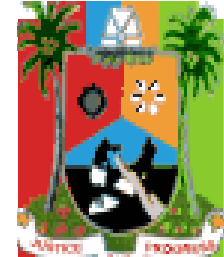
- Nigeria's Health System is still not adequately funded at \$69.3 per capita health expenditure (NSHDP, 2010 - 2015)
- More worrisome is the fact that 56.22% of health expenditure is out of pocket expenditure (National Health Account (2006 - 09).
- The health system in Lagos State aligns with this trend, especially more so with a predominantly private sector driven healthcare delivery system.
- Current challenges include
 - Population explosion
 - Increased triple disease burden
 - Economic structure – huge informal sector
 - Budgetary Allocation and demand from other MDAs
 - High Out-of-Pocket Spending
 - Human Resource Challenges



HEALTH FINANCING MECHANISM

- Free Health Scheme targeted to the poor and vulnerable
 - Theoretically free
 - Registration and consultation free
 - Payment for drugs, diagnostics and consumables
 - Can only be accessed at public facilities despite a vibrant private health sector

- Community Based Health Insurance Scheme
 - Targeted to the Informal Sector
 - Private Sector engagement
 - Commenced in Kosofe LCDA in 2008
 - Presently in 4 centres (Olowora, Iberekodo, Awoaya and Ajeromi)
 - Community Members participation – Pay premium, Members of Board of trustees and advocacy





HEALTH FINANCING MECHANISM

- Despite these strategies, health financing indicators still fall below regional and international benchmarks:

Indicators	Recommended Standard	Lagos State Average
Share of Health Budget to total budget	15% (Abuja Declaration)	9.1% (2015)
Per Capital		N1,579.85
Share of Health Expenditure in GDP	5%	0.22% (LBS, 2010)
Out of Pocket Expenditure	<40%	56.9% (NBS)
Prepaid Scheme Coverage	>90%	3 – 5% (NHIS)

HEALTH FINANCING MECHANISM



- Poor Health Indices
 - Infant mortality rate of 85 per 1,000 live births,
 - Maternal mortality rate of 555 per 100,000 live births
 - Life expectancy of 49 years.
 - Costing of free health (2014) – N12.36 billion representing 38% of Y2013 budget
 - It was thus increasingly necessary to source for alternative means of health financing

HEALTH FINANCING MECHANISM

- The Lagos State Health Financing Policy articulates the strategic options for revenue generation, collection, pooling, resource allocation and purchasing of health services.
- The goal of Health Financing Policy - to ensure all residents of Lagos State have access to quality healthcare services in an efficient, sustainable, and equitable manner.
- Policy is founded on the health mandate of the Lagos State Development Plan 2012 -2025 which is to protect, promote and restore the health of Lagosians and to facilitate the unfettered access to quality healthcare services without financial or other barriers.
- Successful Implementation of the CBHIS led to the development and eventual passage of the Lagos State Health Scheme Law in May, 2015



LAGOS STATE HEALTH SCHEME (LSHS) LAW - RATIONALE



The Lagos State Health Scheme (LSHS) Law addresses:

- Accessibility
- Financial protection
- Private sector participation
- Equitable Distribution of health care cost
- Quality
- Efficiency
- Demand
- Resource pooling

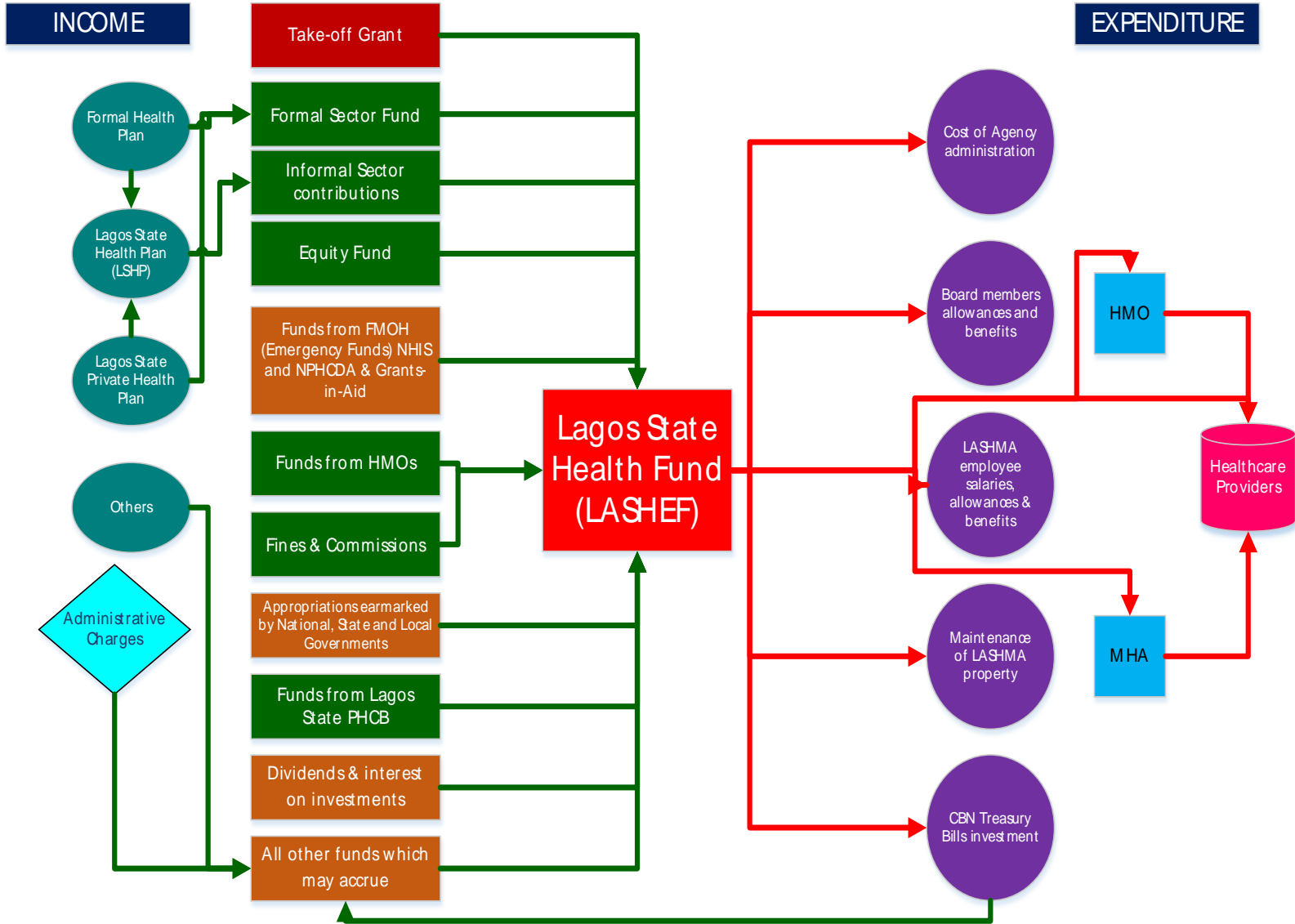
THE LAGOS STATE HEALTH SCHEME LAW



- The Ministry in conjunction with the State House of Assembly drafted the Lagos State Health Scheme Bill and this was signed into law in May, 2015
- The Lagos State Health Scheme (LSHS) Law establishes the
 - Lagos State Health Management Agency
 - Lagos State Health Scheme and the
 - Lagos State Health Fund.
- Lagos State Health Fund (LASHEF) will serve as a basket of funds from several sources for the provision of health care services for the enrolled population. Sources includes –
 - 1% of the Consolidated Revenue Fund
 - Premiums from the formal and informal sector
 - Donations and Grants-in-aid
 - National Health Act through the NHIS and NPHCDA
- The Lagos State Residents Registration Agency (LASRRA) registration number shall be a prerequisite for accessing any benefit available under the schemes.



Lagos State Health Scheme Funds Flow



OPERATIONALIZING THE LAGOS STATE HEALTH SCHEME LAW



- Lagos State Health Scheme Core Implementation Team was set up
 - Regular Meetings
 - Retreat
- LSHS CIT identified critical steps to be taken
 - Operational Guidelines
 - Business Process Manual
 - Benefit Package
 - Provider Payment Mechanism
 - Fiscal Space Analysis
 - Impact Evaluation –
 - Willingness-to-Pay and Ability-to-Pay studies
 - Actuarial Studies
 - Advocacy meetings and activities


FISCAL SPACE ANALYSIS

- Fiscal space refers to the budgetary room that allows a government to devote resources to specific services or activities without endangering the sustainability of its financial position (Tandon and Cashin, 2010).
- When applied to the Lagos State Health Scheme (LSHS), the intention is to
 - identify the available resources
 - Identify the resources required for coverage of the different groups.
- The exercise was supported by the USAID's Health Financing and Governance (HFG) Project in collaboration with Centre for Health Economics and Development (CHECOD)
- It included estimating the resources available for the operationalization of the scheme, modelling the cost of scaling up LSHS and as well proposing options of estimates to the State as a tool for target setting, advocacy and planning needs





FISCAL SPACE ANALYSIS FRAMEWORK

Part 1) Resources available for SHIS	 Part 3) Gap/Scenario Analysis	Part 2) Resources required for SHIS
<ol style="list-style-type: none"> 1. What is the current fiscal space available for health now? <ol style="list-style-type: none"> a. What is the composition of Federation Account? b. What is the composition of state IGR? c. What is the allocation to health at the state level? 2. Identify and quantify the current fiscal space available for SHIS now? <ol style="list-style-type: none"> a. Additional resources from the federal level funds as per the NHAAct 2014 b. Additional resources from state level funds as per the Lagos State Health Scheme Law 2015 c. Other (donors, fines, investment returns etc.) 3. How is the space/those sources going to change over time? <ol style="list-style-type: none"> a. How is the federal allocation going to change over time (FAAC)? b. How is the state allocation going to change over time (IGR)? 	<ol style="list-style-type: none"> 4. What is the gap between the available fiscal space and financial resources needed? 5. Can we identify feasible, potential SHIS scale up scenarios specific to populations government need to pay for? 6. What scale up approaches can be considered <ol style="list-style-type: none"> a. For example, starting with vulnerable populations? b. For example, matching earmarked resources to targeted populations? 7. What efficiencies can be gained via the PPM chosen and improvements in PFM to ensure that the absorptive capacity exists? 	<ol style="list-style-type: none"> 8. What financial resources are required to cover the populations that require government fiscal space with the basic package? <ol style="list-style-type: none"> a. What size are the following in terms of population and premium costs? <ol style="list-style-type: none"> 1. Formal private 2. Formal public 3. Informal vulnerable 4. Informal other b. What are the current scale up targets?

FISCAL SPACE ANALYSIS APPROACH

- A stakeholders' engagement meeting was held
 - For a common understanding of fiscal space
 - To share and agree on the framework for conducting a fiscal space analysis
 - To undertake an inventory of available data
- Data were collected from identified stakeholders including but not limited to State MDAS, Federal Government
- Key informant interviews were also conducted with public officials in the state.
- Scenarios of the political terrain, targets of finances as well as implementation considerations were extensively explored during the analysis



FISCAL SPACE DATA ANALYSIS



The assessment of the fiscal capacity of Lagos State government to implement and ensure the sustainability of LSHS was conducted in four steps.

- 1. Available current and potential financial resources quantified:**
- 2. Resource needs of the LSHS estimated**
- 3. Funding gaps estimated**
- 4. Macro-fiscal analysis of additional space for LSHS**

This analysis is expected to provide clarity in taking informed decisions that would ensure the seamless operationalization of the scheme and most importantly guarantee sustainability.



Thank you for listening!