



**Federal Ministry of Health**

# **Developing Healthcare Financing Policy & Strategy in Nigeria: Frameworks & Practical Steps**

**Dr. Francis Nwachukwu Ukwuije**

**Head, Healthcare Financing Equity & Investment,  
HSS, DHPR&S FMOH**

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# OUTLINE

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Background

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Urgent Need for Health Financing Reforms

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How? The Policy Development Process

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Health Financing Policy & Strategy can Fix Identified Problems

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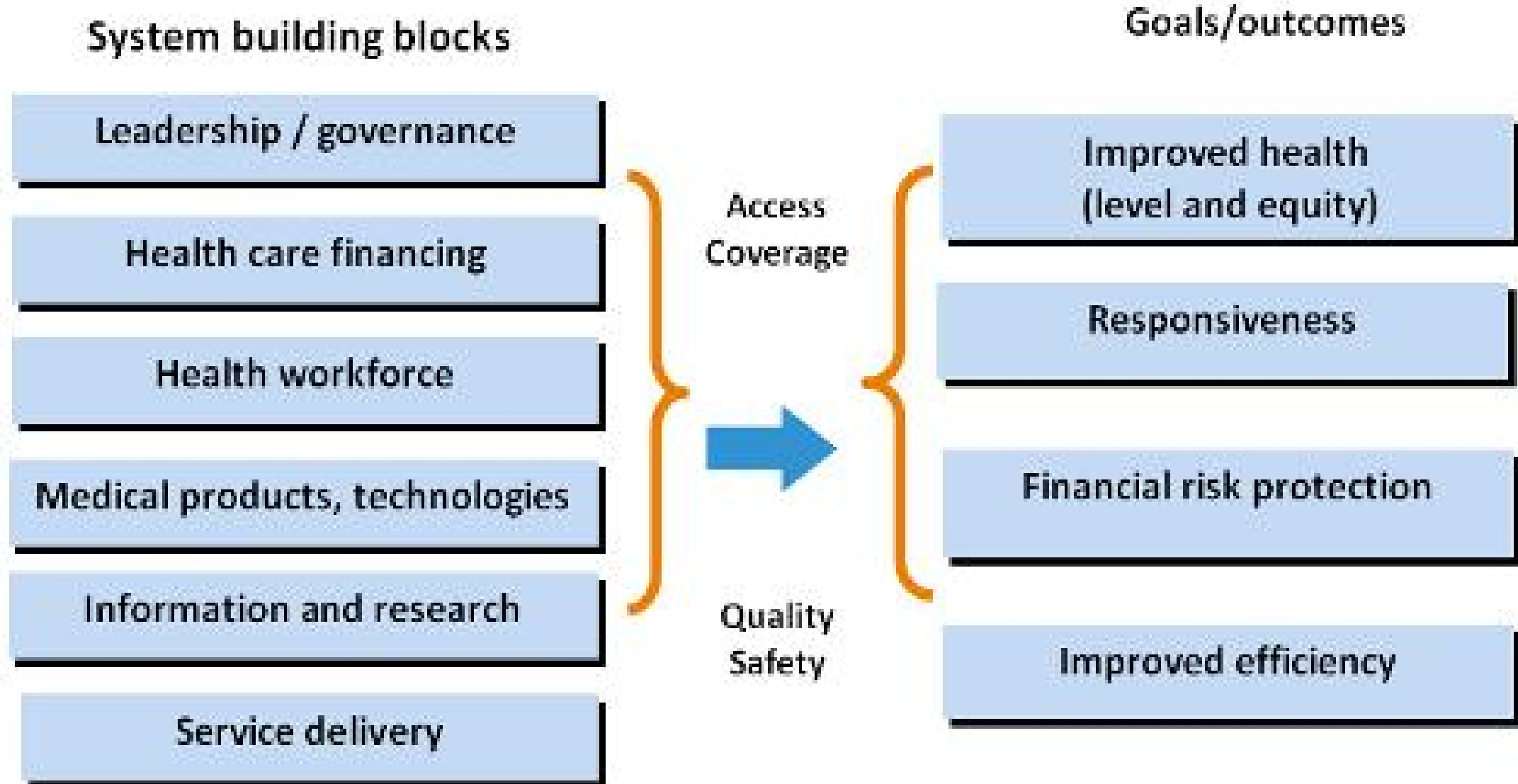
Guiding Principles

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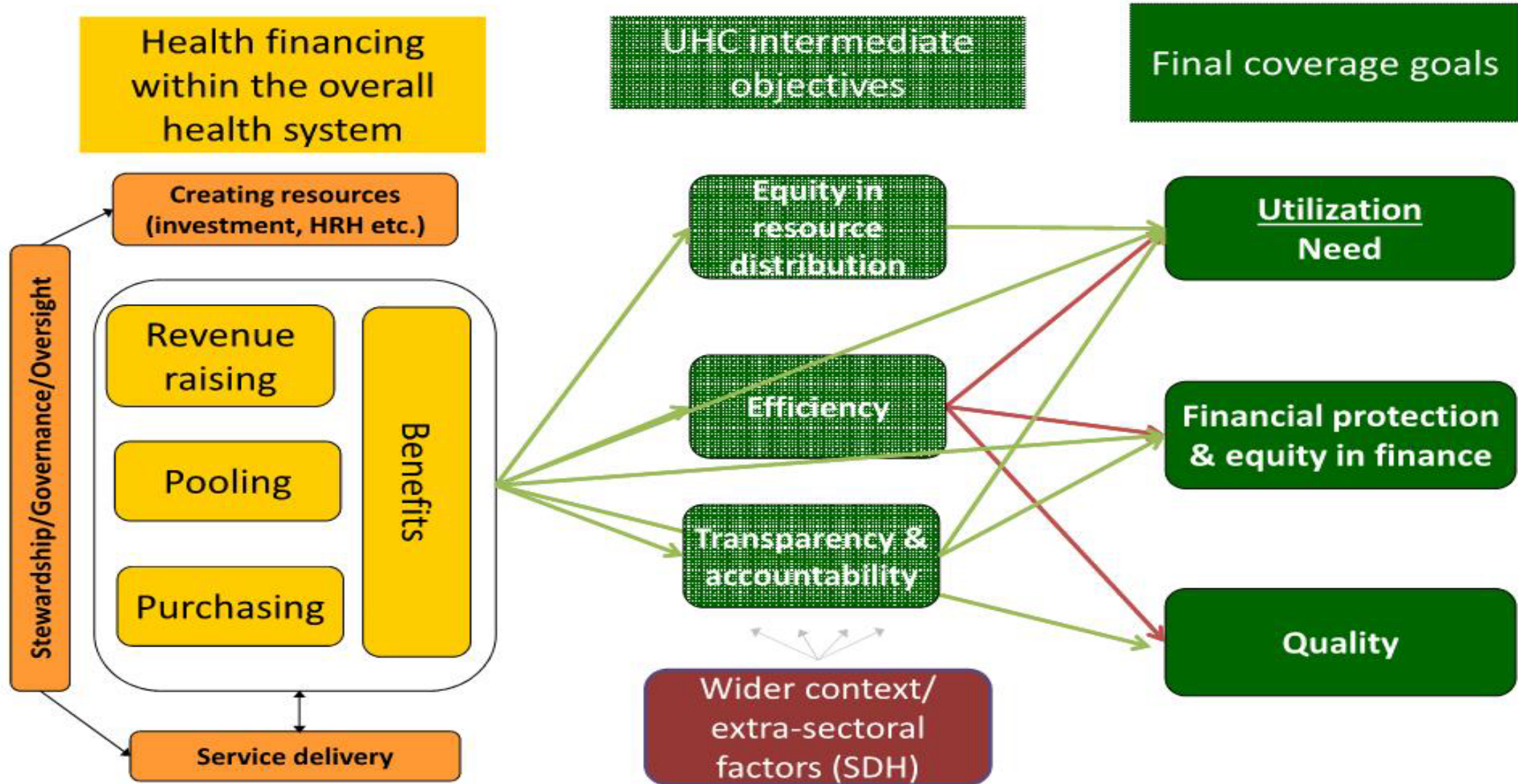
Final Thoughts

# BACKGROUND

# Health Financing is the Fulcrum of Health Systems



# Health Financing Influences Progress Towards UHC



# The Situation

## NSHDP 2010-2015 Goal » UHC

Indicator (%)	2003	2008	2013
Modern Contraceptive Prevalence Rates	8.2	9.7	9.8
Total Fertility Rate	5.7	5.7	5.5
Antenatal Care Coverage	60.1	58	61
Delivery in a Health Facility	32.6	35	36
Skilled Birth Attendance	41.8	39	38.1
DPT3 Coverage	20.1	35.4	38
Measles Coverage	31.4	41.4	42



- **Maternal deaths 576 per 100,000 live births**
- **U-5 child mortality 128 per 1,000 live births (2013)**

- **Poverty: 61% < \$1/day**
- **5-7% Insurance Coverage**
- **Over 60% OOPS**

Source: NDHS 2003, 2008 & 2014

# Nigeria Clearly Not on Track Towards UHC

**Total health expenditure  
(THE) was 6.7% of GDP in  
2009**

**(>4-5% Benchmark)**

**5-7% population  
covered by pre-payment  
and risk pooling schemes**

**(< 90% Benchmark )**

**< 2% coverage of  
population with social  
assistance and safety-net  
progs**

**(< 100% Benchmark)**

**Out-of-pocket spending  
>60% of total health  
expenditure**

**(>30-40% Benchmark)**



**URGENT NEED FOR REFORMS**

# So How Do We Choose What to Fix?

Values

What performance problems do we care about?

Technical feasibility

What solutions can we offer?

Political feasibility

What are the political implications?

- **National Priorities**

- Statutory Laws

- National Health Act (NHAct) 2014

- National Health Policy

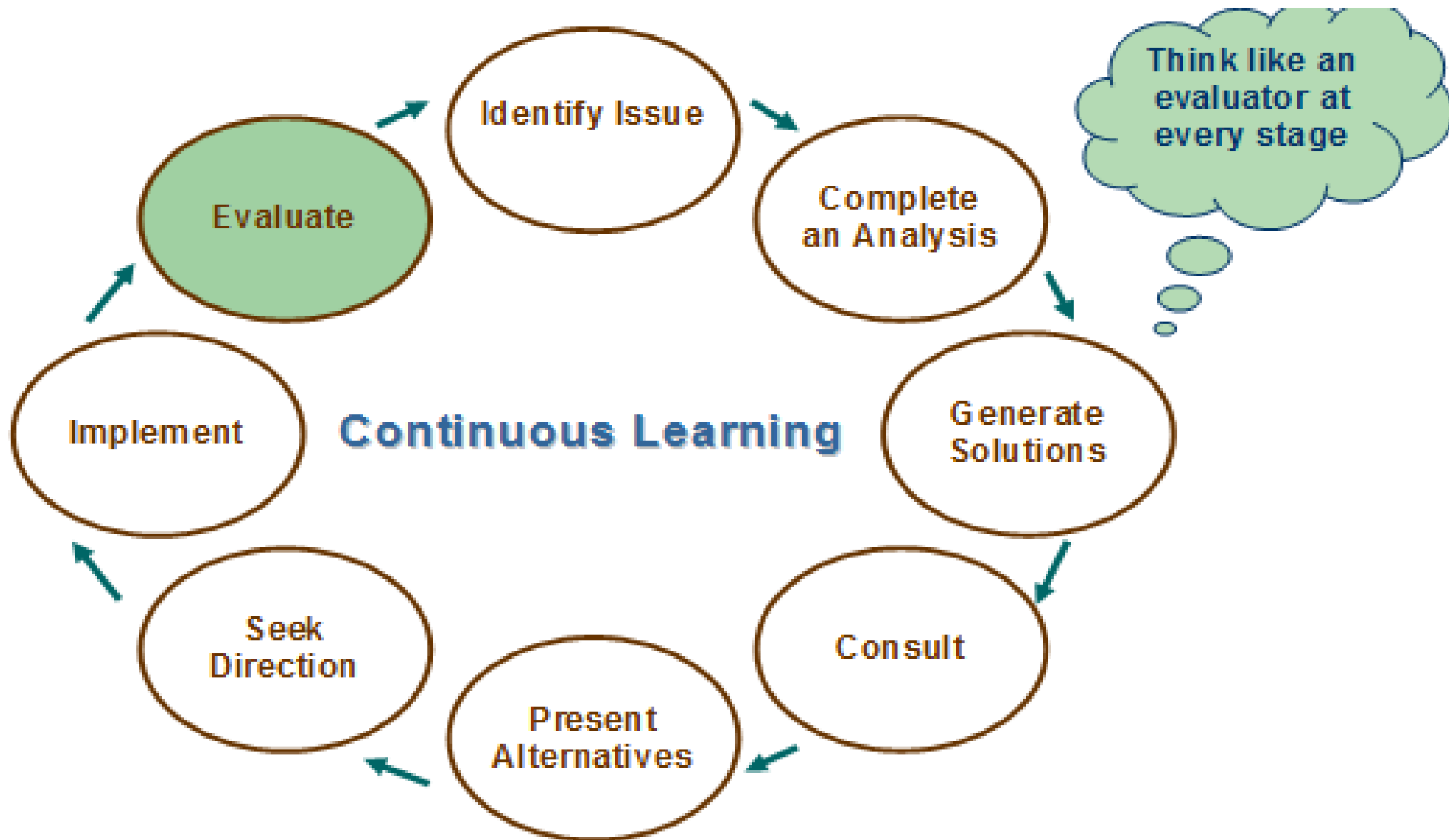
- **International Conventions & Good Practice**

- SDGs

- Universal Health Coverage

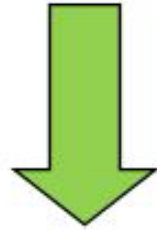
# HOW? THE POLICY DEVELOPMENT PROCESS

# HOW? Ideal Policy Development Cycle

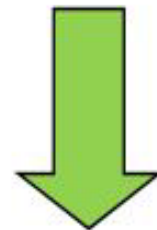


# HOW? Sometimes Different in Real Life

Favourite solution

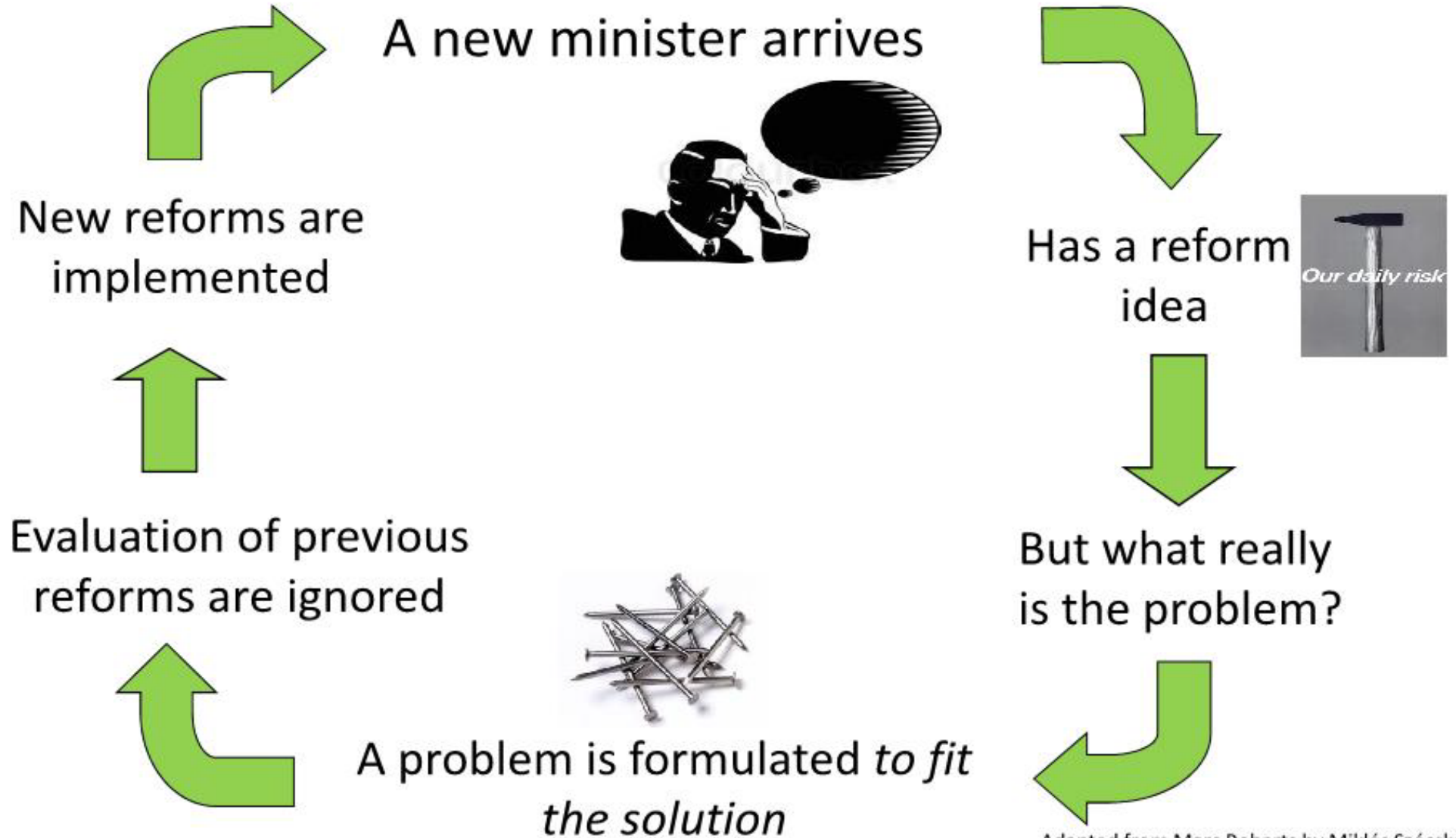


Political decision




Implementation

# An Alternative Policy Cycle to Avoid




# Avoid Means-Driven Reforms


- Health system reform is often defined by politicians pursuing 'new' ideas they picked up somewhere. "*The problem is that.....*"



...we don't have a  
national health  
insurance scheme



...we don't have  
community based  
health insurance

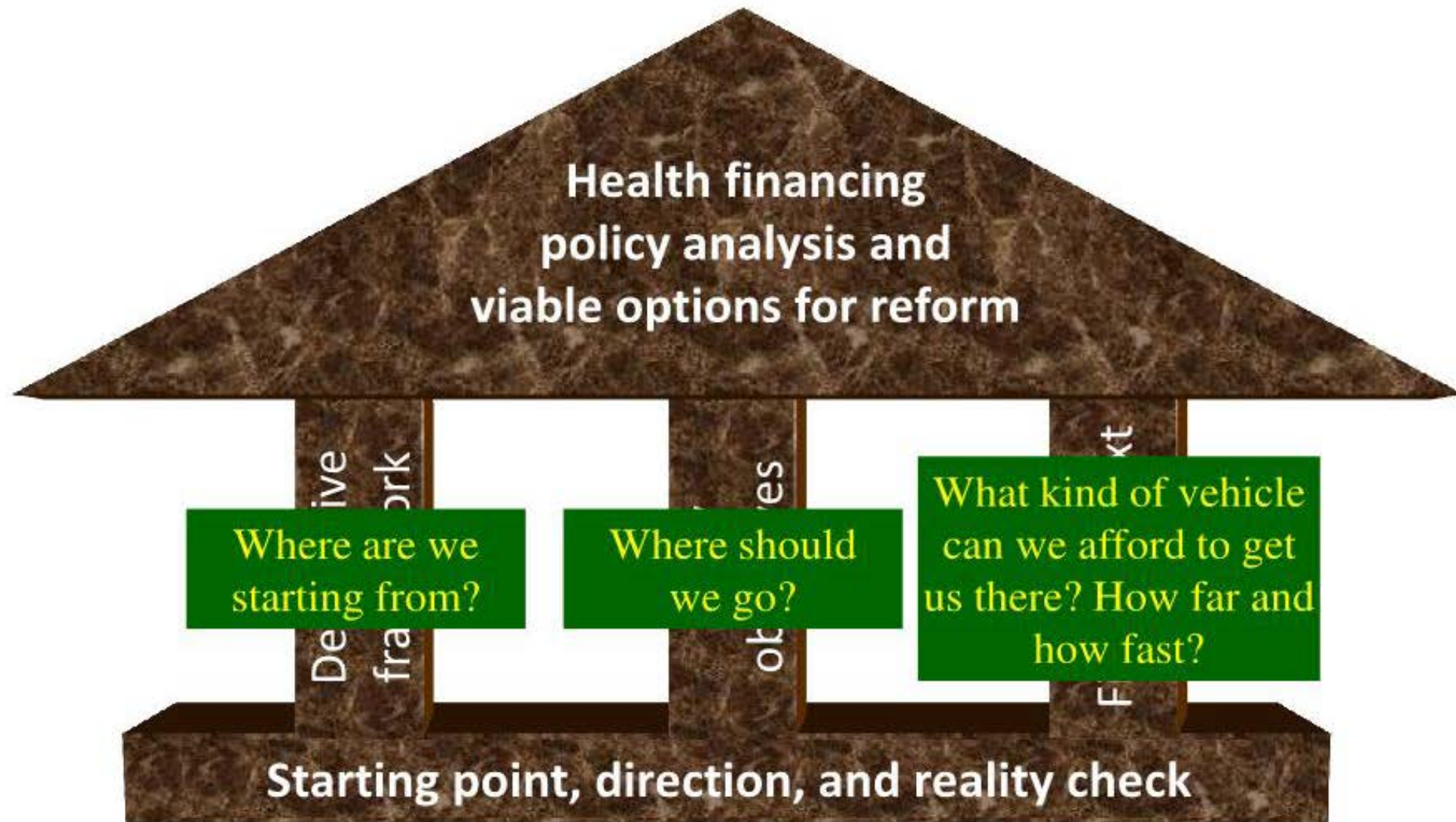


...we don't have  
performance  
based financing

- ...and implemented without serious consideration whether the performance of the health system will improve as a result
- These reforms are *means-driven*; they do not begin with the diagnosis, but rather with the therapy.



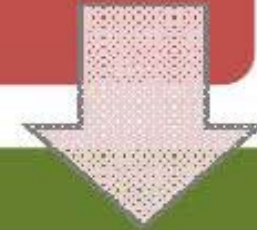
# 3 Pillars of Approach to Health Financing Policy



# Diagnosis Must Be Right

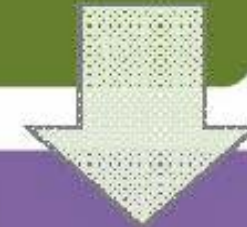
## Separate ends and means

- Define problems at the level of objectives



## Avoid means-driven reforms

- Don't start with the solution



## Performance problems usually have multiple causes

- Explore all causes of the problem

# Ensure Systematic Assessment of Causes

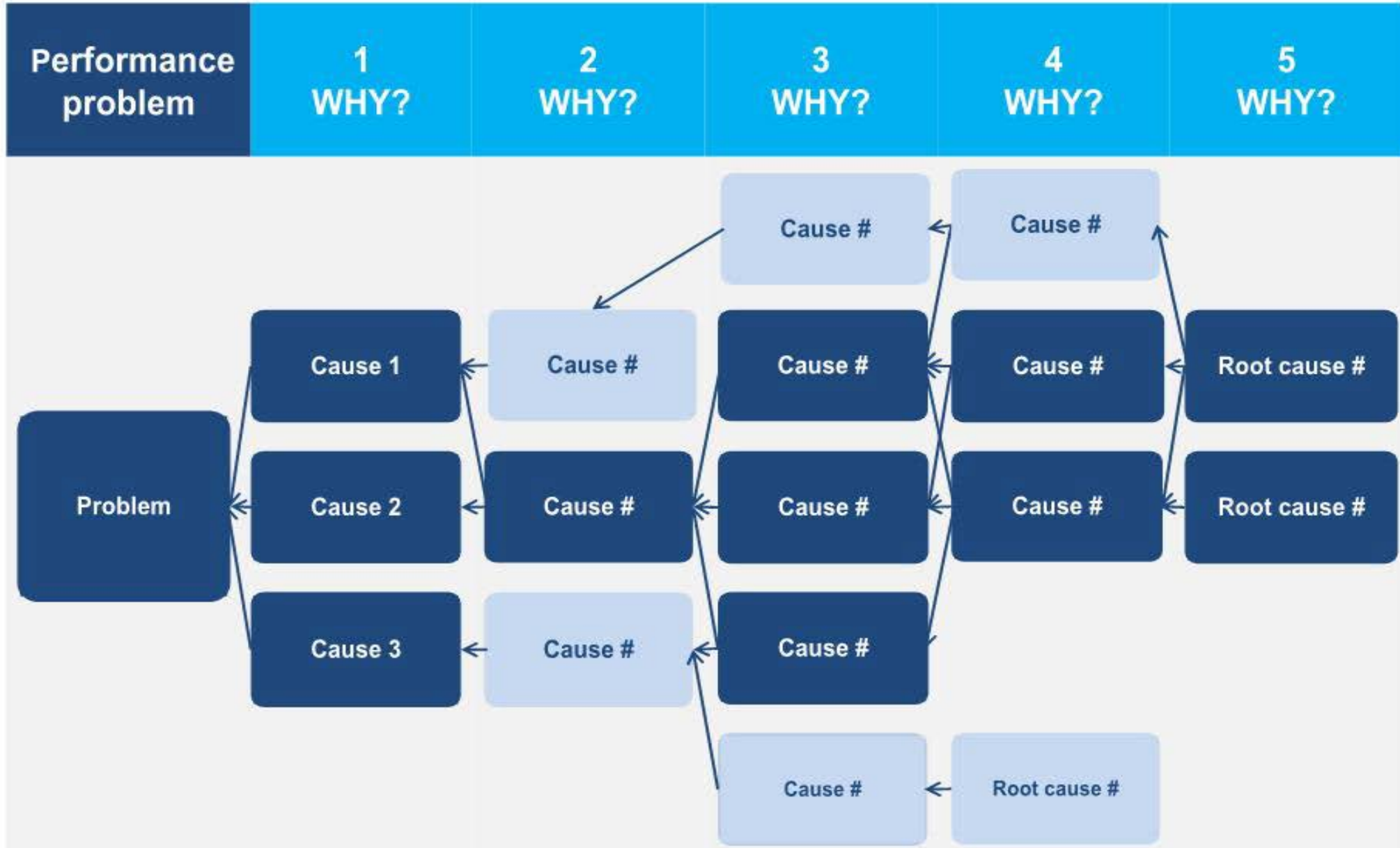
Diagnostic journey - diagnostic tree

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graph TD; A[Diagnostic journey - diagnostic tree] --> B[Start with performance problems]; B --> C[Ask 'why?' five times]; C --> D[Go from causes, to causes of causes until you reach the root causes];
```

Start with performance problems

Ask 'why?' five times

Go from causes, to causes of causes until you reach the root causes





# So to Get the Right Therapy

Single instruments deliver limited results, if any

Comprehensive set of well-aligned instruments are more likely to deliver long-term effects

No matter how evidence-based and technically sound the proposal is, successful implementation is highly dependent on the political context

Exploring the value foundations helps to identify the problems that matter and the solutions that are politically feasible

**HEALTH FINANCING POLICY & STRATEGY CAN  
FIX IDENTIFIED PROBLEMS**

# Problem # 1: Poor Funding for Health

**Health Financing Policy ensures adequate funding for health and predominant reliance on domestic resource mobilization (public sources) critical for achieving financial protection**

**Improving Government Prioritization of Health**

**Increasing Government Funding on Health through General Tax Revenues & other earmarked Taxes**

**Increasing Annual Health Budget & Spending even as government general budget increase**

**Reducing reliance on Private and donor funding for health interventions and services**

## Problem # 2: Poor Financial Risk Protection for Citizens

Health financing policy is a key instrument to improve financial risk protection and the balance of the health financing burden

Designing an equitable and pro-poor benefit package with protections from OOPS for most vulnerable

Greater role for compulsory sources in the revenue mix with attention to progressivity in design

De-fragmenting the pooling of funds to increase *redistributive capacity*

Purchasing arrangements that promote efficiency create more scope for redistribution



## Problem # 3: Financial Barriers to Access

Health financing policy mainly addresses financial barriers to access.

Other health system functions play a large role.

Benefit design is a key instrument to ensure equitable access to services

...together with well-designed revenue raising, pooling, purchasing arrangements to enable *effective coverage*

Assess inequities in service use in terms of the distribution of financial burden; has impact on what is *acceptable*

# Problem # 4: Inefficiency in Resource Management

Incentives to providers through purchasing arrangements greatly influence efficiency

Financing policy needs to coordinate closely with service delivery

Generate information, analyze and adjust

Fragmentation across the health system (e.g. separate schemes and fund flow)

Limit public spending on ineffective interventions & reinforce use of treatment protocols

Prioritize funding for preventive interventions

Balance spending across infrastructure and medicines and other critical supplies

Influence appropriate use of different levels of health system

## Problem # 5: Poor Quality of Healthcare

Health financing  
can support  
improvements in  
quality, primarily  
through  
purchasing

What balance of clinical and service  
quality?

What role for financial incentives?

Pay for performance – no payment  
for poor performance?

What role for trust and the sense of  
duty?



## Problem # 6: Widespread Corruption

Health financing policy has a central role to play in improving transparency and accountability

Avoid unfunded mandates in terms of benefits - leads to informal payments

Simple design and communication about entitlements and obligations

Clear governance arrangements including for appointment of managers

Public reporting and performance assessment

# GUIDING PRINCIPLES

## 3 Main Policy Guiding Principles

1. **Focus on compulsory funding sources:** move towards predominant reliance on public funding for UHC
2. **Reduce fragmentation** to enhance redistributive capacity (more prepayment, fewer prepayment schemes) and reduce administrative duplication
3. **Move towards strategic purchasing** to align funding and incentives with promised services, promote efficiency and accountability, and manage expenditure growth to sustain progress

# FINAL THOUGHTS

- **Even though there are 6 Health Systems Building Blocks, HF presents the pivot**
- **In the face of poor health indices and decay in health systems, there is always a need for reforms**
- **But we must be mindful of ETHICAL, TECHNICAL, & POLITICAL considerations**
- **And be sure not to disregard existing overarching laws, policies and international conventions**



- **Follow Basic Principles (Good Diagnosis & Therapy)**
- **No hard prescriptions; mind the context**
- **Problems would have wide variations and so would the solutions**
  - **Health systems, Fiscal, human resources, geographic, social**
- **Avoid the mistakes already made by others**

# Don't Forget: 3 Operational Principles for HF Strategy Development

## 1. Explore causality

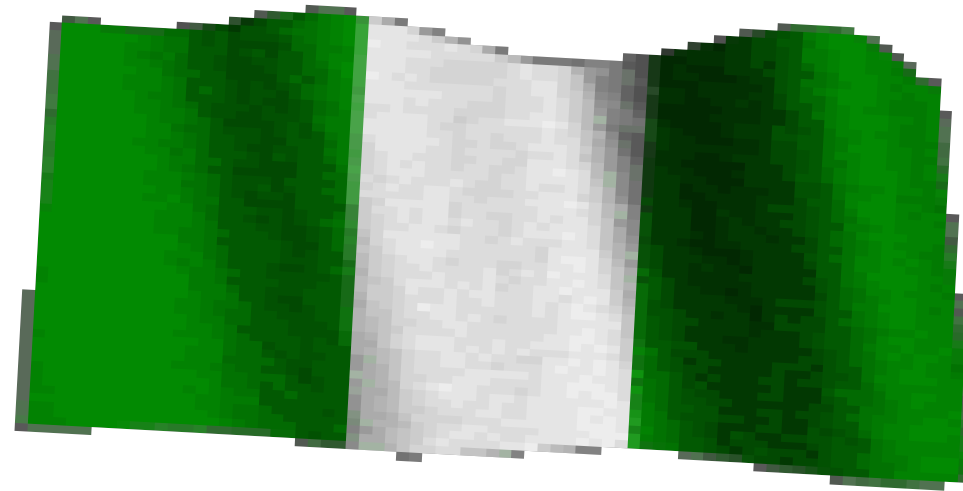
- How and why are we under-performing?
- Reforms should focus on solving those problems, and not “picking a model”

## 2. Create an enabling environment for reform

- Establish unified information platform across all schemes and programs (for unified system governance)

## 3. Accompany implementation with research and analysis

- Develop country-specific solutions – design this into national health reform strategy; don't wait!!



Thank You