PARLIAMENTARY STATEMENT BY THE HON. MINISTER OF HEALTH ON THE STATUS OF THE NATIONAL HEALTH INSURANCE SCHEME

BACKGROUND

The National Health Insurance Law, Act 650 of 2003, which has been replaced by Act 852 of 2012, introduced the National Health Insurance Scheme (NHIS). The primary objective of the scheme is to provide financial risk protection for residents in the country without having to pay out of pocket at the point of health care service delivery.

The NHIS has made significant progress towards extending health coverage to residents in Ghana and remains the most embracing and largest social protection scheme in the country. The active membership of the scheme has increased substantially since its inception in 2005, from 1.35 million to 10.14 million as at December 2013, representing a growth of over 650 percent

UTILIZATION

Outpatient utilization of health care services in respect of NHIS subscribers has also increased significantly from **Five Hundred and Ninety Seven Thousand, Eight Hundred and Fifty Nine (597,859)** in 2005 to **Nine Million Three Hundred and Thirty-Nine Thousand, Two Hundred and Ninety Six (9,339,296)** by December 2008 and **Twenty-Seven Million, Three Hundred and Fifty Thousand, Eight Hundred and Forty-Seven (27,350,847)** by end of year 2013. Similarly, Inpatient cases also increased from **Twenty-eight Thousand Nine Hundred and Six (28,906)** in 2005 **to Six Hundred and Seventeen Thousand, Two Hundred and Thirty-One (617, 231)** in 2008. As at December 2013 inpatient cases has risen to **One Million Six Hundred and Ten Thousand, Six Hundred and Twenty-two (1,610, 622)**

	Outpatient Utilization	Inpatient Utilization
2005	**597,859**	**28,906**
2008	**9,339,296**	**617, 231**
2013	**27,350,847**	**1,610,622**

CLAIMS PAYMENTS

Indeed the rate of growth of the NHIS has outpaced growth in the economy and the Scheme is fast becoming a victim of its own success. Correspondingly, Claims costs have also increased rapidly over the years, reflecting growth in membership, utilization and increasing cost of service delivery. In 2005, a total amount of GH¢ 7.60 million was paid as claims to healthcare providers for services rendered to NHIS subscribers. In 2013, Claims payment increased substantially to GH¢ 785.64 million. In 2005 the NHIS's daily claims payment was approximately 20 thousand Ghana cedis. In 2008 on a daily basis the scheme was paying about 500 thousand Ghana cedis. The daily payment for 2013 and projection for 2014 is 2.15 million and 2.5 million respectively.

Trend in Daily claims payment as indicated above

	2005	**2008**	**2013**	**2014**
Daily Claims Expenditure	**GHc20,000**	**GHc500,000**	**GHc2.15 Million**	**GHc2.5 Million**

FINANCIAL SUSTAINABILITY

The Scheme is experiencing high and increasing growth in membership and utilization and the cost of providing health care for NHIS subscribers is growing faster than the annual financial resource allocation to the scheme, placing the scheme under severe financial pressure.

The NHIS has consequently experienced persistent annual deficits since 2009. This situation necessitated a heavy draw down of the Authority's investments to finance the high and increasing financing gaps over the years. The investment cover has therefore reduced from about 9 months in 2008 to less than one month. Currently claims payment is in arrears of an average of 5 months across the country.

CURRENT FINANCIAL STATUS - 2014

NHIL Collections

Per the NHIL Collection Report received for the year up to August 2014, a total amount of **GH¢607.27 million** has been collected by GRA and SSNIT on behalf of the Authority. Collections for September and October 2014 is estimated at **GH¢151.8 million**. However approved NHIL budgetary allocation for 2014 is **GH¢917.86 million**.

NHIL Receipts

A total amount of **GH¢929.66 million** has so far been received into the NHI Fund in 2014. Of this amount, **GH¢ 332.21 million** was in respect of arrears for 2013, and **GH¢597.45 million** for 2014. Reported NHIL yet to be released into the Fund as at date is **GH¢9.82 million**. This excludes estimated collections for September and October of **GH¢151.8 million**.

Claims Payment

Total claims paid in 2014 to date is **GH¢761.25 million.** This represents 81.8% of total NHIL receipts for the year to date. Claims for the months of June to October 2014 estimated at **GH¢ 425 million** remains outstanding.

Funding Gap

Government approved NHIL allocation for the NHIS over the last three year continues to fall short of expenditure requirement of the Scheme. The funding gap trends since 2012 is as shown below:

Year		**Funding Gap**
• 2012	-	GH¢144.74 million
• 2013	-	GH¢118.00 million
• 2014	-	GH¢299.18 million

PROJECTED FUNDING GAPS

As a result of the financial imbalance, the scheme is expected to be confronted with a funding gap in excess of GH¢ 299 million in 2014. If the financing regime is not reviewed for additional inflows, the funding gap is projected to increase from GH¢ 347 million in 2015 to reach a projected gap of GH¢ 803 million in 2018. These estimates are based on very moderate increases in NHIS membership of not more than one percentage point per annum with respect to the national population.

EFFICIENCY MEASURES

The NHIA has initiated a number of strategies to reduce abuse of the system and embarked on a number of efficiency measures to address the critical financial situation confronting the scheme to ensure financial efficiency and sustainability.

These include:

1. Regular clinical audits in NHIS credentialed facilities to review claims payments made. It is a historical forensic claims audit aimed at ensuring value for money and recovery

    - 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 3.2%

2. The Establishment of Claims Processing Centers are incrementally taking over claims management from the districts schemes.

    - In 2013 claims processing at the CPC accounted for eight (8) percentage points more deductions than claims vetted at district offices.

    - Between 2010 and 2013, the CPCs have deducted a total amount of GH¢42.92 million, being errors in billing, out of a total of GH¢440.61 million claims submitted - representing cost savings of 9.7%.

3. The introduction of a Consolidated Premium Account, where all premiums collected nationwide are deposited and managed by the Authority to improve accountability and efficient use of resources has also generated significant gains.

    - This has resulted in growth of premium collection by 45% from GH¢21.07 million in 2010 to GH¢30.58 million in 2013.

    - 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.

4. The NHIA has also introduced an electronic claims submission and processing regime to inject greater efficiency, speed and uniformity in claims management. Currently 49 facilities have migrated onto this regime and still counting.

5. 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.

ASHANTI REGION	Before Capitation (2011)	After Capitation (2012)
% of Total National Membership	**19%**	**17%**
% of Total National Claims Paid	**30%**	**20%**

As reflected in the table above, in 2011, the year before the introduction of Capitation, Ashanti region which accounted for 19% of total national membership of the NHIS consumed 30% of total claims costs. In 2012, the year of implementation, the ratio of membership to claims cost changed to 17 to 20. A significant adjustment which can largely be attributable to supply-side moral hazard manifesting in efficiency gains.

6. Through a collaboration between MOH and the NHIA a new uniform prescription form has been developed to be fully implemented by December, 2015 to;

    i. Contain escalating drug cost

    ii. Improve rational use of drugs

    iii. Improve quality of care

    iv. Track prescribing and dispensing patterns of prescribers

It must be pointed out that these financing challenges and resulting funding gaps the scheme is experiencing today were anticipated and predicted in an actuarial evaluation of the scheme undertaken by a joint Ghana – ILO team as far back in 2005. There is no significant departure from the gaps predicted at the time and now except that efficiency measures introduced have maintained the scheme to date. While continuous improvement and further efficiency gains are required, the scheme requires significant injection of funds to achieve its mandate of universal financial risk protection.

In terms of releases the Ministry of finance can be credited for releasing over 80% of reported collections to the NHIF, the highest recorded over the last couple of years. The real challenge is that the approved budget or allocation formula which constitutes the basis for the release have fallen short of requirement since 2009. Consequently a 100% release even in advance would not address the challenge.

The scheme has been engaging stakeholders on the need to fundamentally restructure the generous benefit package and sweeping exemption regime which appear unsustainable into the future. In the interim however we are in discussion with the Ministry of finance on how to fund the financing gap in the immediate to short term.