

***LEVERAGING PRIVATE SECTOR
ENGAGEMENT: PRIVATE SERVICE
DELIVERY***

***OECD GLOBAL FORUM ON DEVELOPMENT
INNOVATIVE FINANCING IN HEALTH***

OCTOBER 7, 2008 ₁

BACKGROUND ON NIGERIA

- Most populous country in Africa and the 8th most populous country in the world with a population of over 140 million.
- **The health care system in Nigeria is ranked 197 out of 201 countries**
- Listed among the "N11" economies by Goldman Sachs, but also noted that the country's low Life Expectancy will hamper its growth potential if it is not immediately addressed
- The healthcare sector has been under-developed because of resource constraints, with total per capita expenditure being about \$22 (N2800).
- Government expenditure is currently about 6% of total Government Expenditure & less than 3% of GDP



Nigeria

KEY HEALTHCARE INDICATORS

	MMR <i>(per 100,000)</i>	U5MR <i>(per 1,000)</i>	Life Expectancy
<i>Benin</i>	850	154	53
<i>Cameroun</i>	730	166	48
<i>Ghana</i>	540	95	58
<i>Niger</i>	1,600	262	41
Nigeria	800	198	45
<i>Togo</i>	570	140	52
MDG 2015 Target:	75	30	

Source: WHO Statistical Information System 2003

Ownership of Healthcare Institutions in Nigeria (I)

	1979 ¹ (9,271)	1999 ² (27,990)
Public Sector %	83.1	62.6
Private Sector %	16.9	37.4

- 1 Odufalu (1988)
- 2 Osibogun (2005)

Private Expenditure on Health

	Private Expenditure on Health as % of Total Expenditure on Health	Out-of-pocket Expenditure as % of private Expenditure on Health	Private prepaid Plans as % of Private Expenditure on Health
Brazil	54.7	64.2	35.8
Canada	30.1	49.6	42.3
Egypt	57.4	93.2	0.3
Nigeria	74.5	91.2	6.7
South Africa	61.4	17.1	77.7
United Kingdom	14.3	76.7	23.3
United States of America	55.4	24.3	65.9

Source: WHO Statistical Information System 2003

HEALTHCARE FINANCING REGULATORY ISSUES (II)

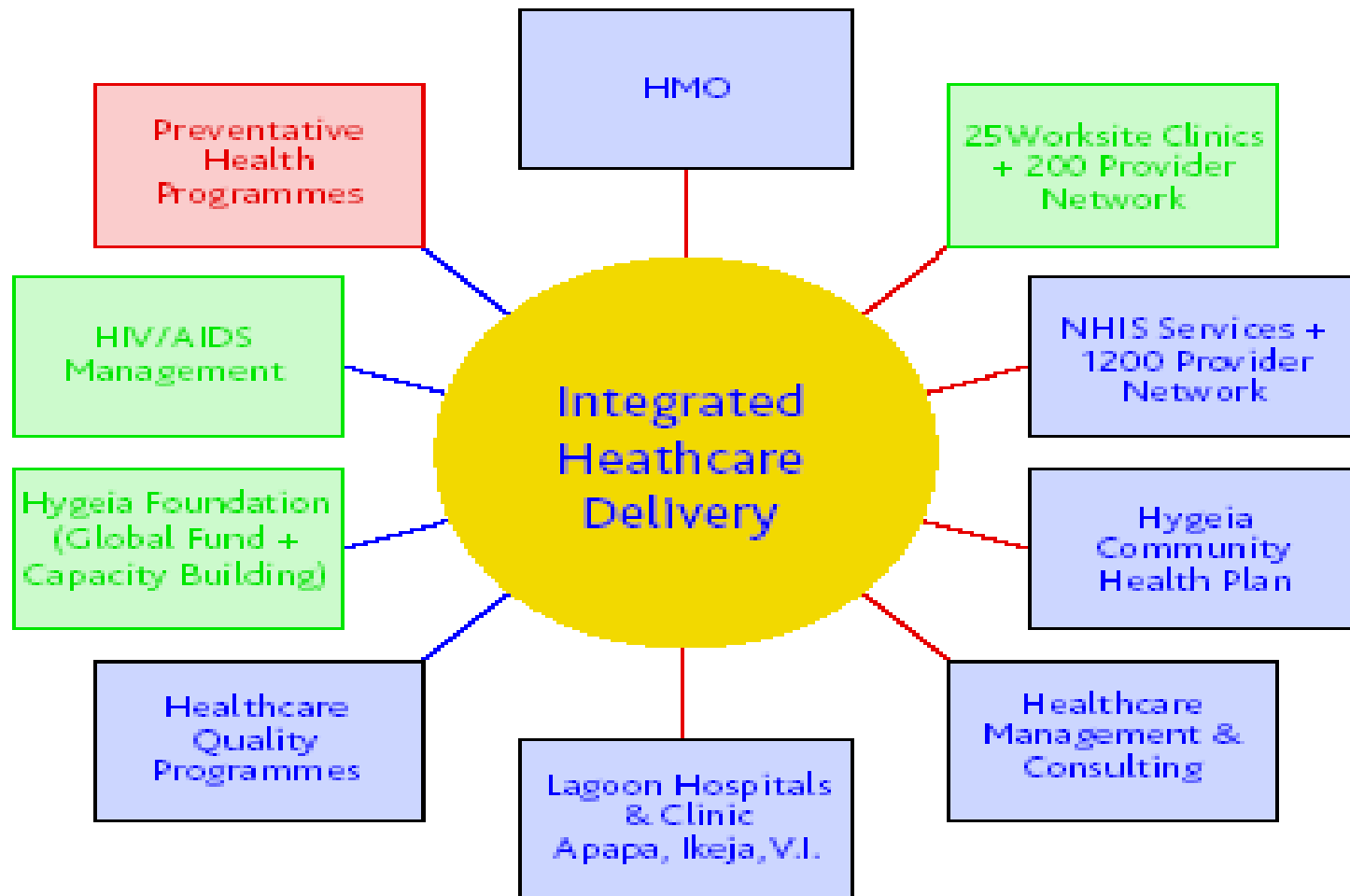
- *It has thus become necessary to seek alternative sources of financing and access to health care, shifting to demand-based and output driven schemes.*
- *This has led to the growth of Risk Pools, starting with the formal sector (public and private workers) and directed by the regulatory role of the National Health Insurance Scheme, and administered by Private Sector HMOs*
- *The result of this has been significantly increased access to modern healthcare services with about 3 million people presently covered nationwide, thereby adding about \$1 per capita to the nation's healthcare expenditure*

HEALTHCARE FINANCING REGULATORY ISSUES (III)

- However, it is estimated that about 70% of Nigeria's population are outside the formal sector, i.e. in the informal sector and rural communities, and most of them cannot afford to pay for health insurance on their own.
- Their inability to take part in these risk pooling & solidarity schemes, continues to endanger them as they remain unable to access healthcare readily.
- ***We estimate that Nigeria will require a minimum of additional \$18 per capita to provide the necessary subsidies to bring this 70% into a social health insurance system, with a comprehensive basic package***

HYGEIA'S STRATEGY:

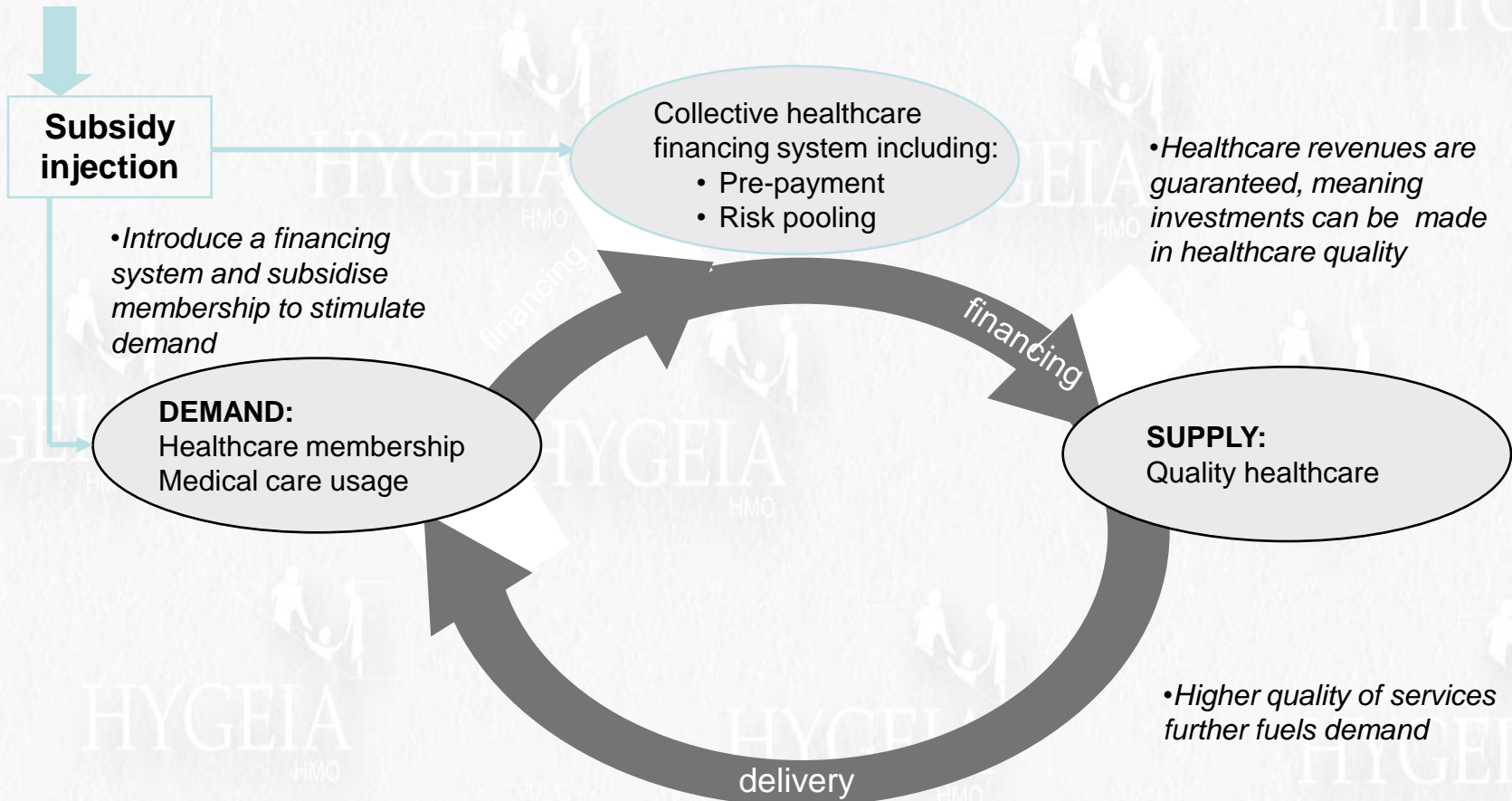
INTEGRATED HEALTHCARE DELIVERY



THE CHALLENGES WE FACE

- ***UNDER-FINANCING – TOTAL EXPENDITURE STILL LESS THAN WHO RECOMMENDED \$36***
- ***PRIVATE SPENDING VIA OUT OF POCKET – EXTREMELY INEFFICIENT***
- ***UNTAPPED MARKET POTENTIAL – 65% OF POPULATION CANNOT AFFORD CURRENT PER CAPITA SPEND WITHOUT SUBSIDIES***
- ***DIFFICULTY IN ACCESSING LONG TERM CAPITAL – LOCAL BANKS UNWILLING TO EXTEND LONG TERM CAPITAL TO THE HEALTH SECTOR DUE TO LOW CAPACITY UTILIZATION***

RESPONSE: DEMAND SIDE APPROACH



OUTCOMES THUS FAR

➤ **DEMAND-SIDE SUBSIDIES PROVIDED BY DUCTH GOVERNMENT (VIA HEALTH INSURANCE FUND) TO CREATE RISK POOLS – ENABLED ACCESS TO HEALTHCARE FOR 50,000 LOW INCOME PEOPLE IN THE LAST 16 MONTHS (WITH POTENTIAL TO SCALE UP TO OVER 200,000 IN NEXT 5 YEARS) – ALSO LEVERAGED COMMUNITY RESOURCES EFFICIENTLY BY COLLECTING CO-PREMIUMS OF UP TO 10%**

➤ **ATTRACTING PRIVATE LONG TERM CAPITAL - EQUITY INVESTORS (INCLUDING GOLDMAN SACHS) & DFIs SEEN THE OPPORTUNITY TO UNLOCK THE COUNTRY'S MARKET AND HAVE INVESTED \$6 MILLION IN HYGEIA TO EQUIP THE LAGOON HOSPITALS FOR CRITICAL CARE, AS WELL AS TO INCREASE THE ADMINISTRATIVE & RISK MANAGEMENT CAPACITY OF HYGEIA HMO & HCHP**

➤ **INCREASED CAPACITY UTILIZATION - HYGEIA'S 3 LAGOON HOSPITALS HAVE INCREASED CAPACITY UTILIZATION PER ANNUM TO OVER 90,000 OUTPATIENT VISITS 15,000 BED DAYS; 2,000 SURGERIES;**

HYGEIA COMMUNITY HEALTH PLAN HAS HAD OVER 74,000 OUTPATIENT ATTENDANCES OVER THE LAST 16 MONTHS – UP FROM ABOUT 5,000 BEFORE THE SCHEME STARTED

➤ **IMPLEMENTING DISEASE PROGRAMMES IN STRONGER HEALTH SYSTEM – CARE & TREATMENT OF 6,000 HIV POSITIVE PATIENTS ACROSS OUR PROVIDER NETWORKS WITH SUPPORT FROM GLOBAL FUNDS; RUNNING CHILD IMMUNIZATION PROGRAMMES WITH VACCINES SUPPLIED BY FEDERAL GOVERNMENT USING LOCAL GOVERNMENT SUPPLY CHAINS; ROLL-BACK MALARIA COMMUNITY PROGRAMMES WITH DISTRIBUTION OF ITNs SUPPLIED BY STATE GOVERNMENT – ALL OF THIS WITHOUT ANY OUT OF POCKET PAYMENTS**

RECOMMENDATIONS

- **ADOPTION OF DEMAND-SIDE FINANCING IN GLOBAL HEALTH – DONOR MECHANISMS TO INCLUDE PROVISION OF RISK POOL SUBSIDY AS MEANS OF STRENGTHENING HEALTH SYSTEMS & INCREASING UTILIZATION OF DISEASE PROGRAMMES**
- **RISK POOL SUBSIDY CAN BE IN-KIND – PROVISION OF ART DRUGS, VACCINES, ITNs BY DONORS/PUBLIC SECTOR IS A KEY MEANS OF BRINGING RISK POOL PREMIUMS WITHIN REACH OF LOW INCOME COMMUNITIES**
- **INTEGRATION OF PRIVATE HEALTH SYSTEMS IN GLOBAL HEALTH – COMMERCIAL INTERESTS (ADEQUATELY REGULATED) USUALLY HAVE THE MOST INCENTIVE TO PURSUE SUSTAINABILITY; WORK NEEDS TO BE DONE WITH RECIPIENT COUNTRIES TO PREPARE THE PUBLIC-PRIVATE (PPP) FRAMEWORK REQUIRED FOR THIS**
- **LOCAL FINANCING TO BE ENCOURAGED – DFIs TO BE ENCOURAGED TO PARTNER WITH LOCAL BANKS TO CREATE LOCAL CAPITAL BASED FOR HEALTHCARE SECTOR (EG. IFC WORKING WITH 2 NIGERIAN BANKS)**

PMTCT SUCCESS STORY

- *Lagos market enrollee registered into the scheme in July 2007 and was diagnosed as HIV positive during routine ANC at G.A of 13 weeks. Her husband was also subsequently diagnosed as HIV positive.*
- *Enrollee was referred to Lagoon Apapa where she was commenced on ARVs for PMTCT.*
- *Baby was delivered on 8/03/08 by Caesarean Section and commenced on Nevirapine and prophylactic Septrin*
- *Polymerase Chain Reaction screening at 12 weeks confirmed that Baby is HIV negative. Baby has been immunized and is developing appropriately.*
- *Both parents are currently receiving ARVs at their primary care provider and have joined an HIV/AIDS support group.*



MATERNAL CARE IN SHONGA

- *Enrollee registered April 2007. Had obstructed labour during child birth and was promptly referred to Ogo Oluwa Hospital where she had Emergency Caesarean Section and she was delivered of a live male child.*
- *Mrs A.A remarked that HCHP saved her family from the financial distress that may have resulted from borrowing money to pay out-of-pocket for the caesarean surgery.*
- *Interestingly her neighbours subsequently christened the boy, "Hygeia" and enrollee is popularly referred to as "Mama Hygeia".*



EMPOWERING THE COMMUNITY TO DEMAND FOR QUALITY HEALTHCARE SERVICES.....



THANK YOU

Q & A