

## Envisaging Beyond Community-Based Health Insurance in Nepal

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Every nation in the world, wish to provide all health care free of cost to its citizens, if not easily accessible and more affordable. But all of them have limited resources in terms of infrastructure, health workforce and most importantly the financing. The health financing is one of the six building blocks of a health system, which play crucial role for improving health of a country.

The World Health Report 2010 advocates and recommends that strengthening Health systems financing is one of the way to the path to universal coverage<sup>1</sup> and hence WHO is supporting its member countries to develop health financing system (HFS) which will help bring them closer to the universal health coverage (UHC).

The goal of UHC is to ensure that all people obtain the health services they need without suffering financial hardship when paying for them. These include promotive, preventive, curative, rehabilitative and palliative health services.<sup>2</sup> UHC is firmly based on the WHO constitution of 1948 declaring health a fundamental human right and on the Health for All agenda set by the Alma-Ata declaration in 1978. Achieving the health Millennium Development Goals and the next wave of targets looking beyond 2015 will depend largely on how countries succeed in moving towards universal coverage.<sup>3</sup>

Therefore, HFS are critical for achieving UHC with three interrelated areas: raising funds for health; reducing financial barriers to access through prepayment and subsequent pooling of funds in preference to direct out-of-pocket payments; and allocating or using funds in a way that promotes efficiency and equity. Developments in these key health financing areas will determine whether health services exist and are available for everyone and whether people can afford to use health services when they need them.<sup>3</sup>

There is an increasing inclination among multinational agencies - including the World Bank, World Health Organization and International Labour Organization--

to advocate community-based health insurance (CBHI) schemes as part of a comprehensive solution to improving access for healthcare.<sup>4</sup>

We are living in the world of Out-of-pocket payment (OOPP), to get the health services from private as well as public. This includes paying for medicine, transport, hospital stay, doctor visit, diagnostic tests and even under the table. However, it was World Bank and International Monetary Fund (IMF) that promoted user charge<sup>5</sup> to mobilize revenues, promote efficiency, foster equity, decentralize and sustainability, foster private sector development, improve quality of services, encourage accountability and community participation in management. A study conducted in Asian countries found that OOP payment health expenditures accounted for a 14% increase in national poverty levels.<sup>6</sup> Another review of five African countries showed that implementing user fees found communities, or parts of communities, no longer used services as a result of user fees.<sup>7</sup>

Health policy makers are faced with competing alternatives for systems of health care financing.<sup>8</sup> To tackle the issues associated with OOPP, health insurance scheme is gaining momentum in the country. Provider-based health insurance was introduced in Nepal in 2003 as six pilot schemes by the government. In parallel, some privately-operated CBHI schemes have been established and are supported by non-governmental organizations (NGOs) and cooperatives. CBHI schemes in Nepal complement a number of specialized programs of the Government of Nepal for improving people's access to health care services. Renewed interest in a contributory insurance mechanism arose in January 2012 when a directive was sent by the Prime Minister's Office to the Ministry of Health and Population (MoHP) directing to formulate and implement a "health insurance policy for all Nepalis".<sup>9</sup> Accordingly MoHP has allocated budget for subsidizing community health insurance,<sup>10</sup> and have worked for National Health Insurance Policy 2013.<sup>11</sup>

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A study assessed CHBHI, both public and private schemes in Nepal, which concluded that it has very limited scope and impact.<sup>9</sup> Similar experience has been shared from India as their review suggest that despite of having demand for health insurance services among the poor, there is little evidence to suggest that these schemes can include the poorest of the poor or improve access to inpatient care. Furthermore, the schemes have done little to address the issue of low/variable quality of healthcare services.<sup>4</sup>

According to the researcher, the way CBHI is currently being implemented in Nepal, it does not look promising in terms of building a comprehensive, equitable, empowering and sustainable social health insurance, particularly as this schemes do not have a strong support structure at a higher level such as at the district level. This conclusion is based on the observations that the CBHI schemes in their present structure as having an extremely low coverage of the population, not able to providing equitable protection for the poor against health-related costs, not providing an efficient ‘voice’ mechanism for articulating the interests of the insured population to health care providers and not financially viable or their financial viability is not known.<sup>9</sup>

A systemic review on CBHI in low income countries states that these types of community financing arrangements are, at best, complementary to other more effective systems of health financing.<sup>8</sup> There are moral hazards associated with CBHI too, a report states that there were over-prescription of services or drugs to CBHI members by doctors in Uganda and Tanzania,<sup>12</sup> in another case CBHI members’ hospital admission rate was 184%, more than 11 times higher than among the non-insured.<sup>13</sup>

Since Nepal is initiating new steps towards strengthening health financing,<sup>11</sup> it can be taken as a transitional steps to achieve UHC but not the ultimate. We need to develop compulsory tax-based financing, social health insurance or mix of tax based financing along with various other types of health insurance according to need and evidence based data to achieve UHC, probably cost-sharing insurance mechanism among poor and rich would be most appropriate for Nepal.

We need to review, analyze and reform our existing health financing system in depth through evidence-based research and have to formulate new policy. There has not been any magic bullet for financing health care in low-income countries like ours. There is no mechanism inherently superior, probably we need a mixed approach

but also need to be careful of too much of fragmentation. The revenue raising is only a beginning; we also need to focus on policy regarding purchasing and payment mechanisms too.

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