Nepal Health Insurance Bill: Possible Challenges and Way Forwards

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ABSTRACT

Nepal has one of the highest proportions of out of pocket expenditures on health and one quarter of the people is living below poverty line. In recent time, there is some increase of the health budget but country still relies on development partners. The endorsement of the national health insurance bill has enabled government to establish the national health insurance scheme through development of adequate policies, strategies and mechanisms for implementation at national and federal level. The scheme has many challenges to address on governance and leadership, financing, information, health services, workforce, and essential medicines and technologies. Therefore, it is imperative to establish a robust mechanism like a "tree", which has strong roots of building blocks of health systems, which produces fruits that ensure improved responsiveness, efficiency and equity and financial protection. It is necessary to learn and apply from the experiences of other countries while implementing the national health insurance scheme.

Keywords: *bill; health; insurance; Nepal.*

INTRODUCTION

Nepal is the newest federal country in the world. The country has endured significant political changes for last two decades with decade long conflict and advancement to federal republic. Nepal is one of the countries, which has made significant improvement on health targets despite of conflict, political instability, difficult topography and slow economic development.[1] However, some of these achievements were challenged by long term political instability, the natural disasters like 2015 earthquake and frequent flooding and six months of boarder blockade.[2]

Nepal has one of the highest proportions of out of pocket expenditures on health and around 25% of the people are living below poverty line.[3,4] Though in recent time health budget has increased slightly over the period but the country still relies on support from the development partners.[4] Since, the momentum has started for universal health coverage globally; Ministry of Health and Population and other partners have been working continuously for quite long time on the various modalities of universal health coverage for the people of Nepal.[5] On 10th October, this has been materialized when country's legislature parliament has endorsed the national health insurance bill.[6] This legislation has enabled government to establish the national health insurance scheme to ensure health coverage to every citizen. The bill has ensured that the government will fund those who cannot afford prepayment of the premium required for the insurance while rest of the citizens have to pay minimum premium themselves to the scheme. The government need to develop adequate policies, strategies and mechanisms for its successful implementation. However, there are number of challenges for its establishment to operationalization. These potential challenges need to be anticipated and addressed strategically. Therefore, this article is analysing potential challenges and suggests potential solutions or way forward.

In order to better describe these challenges and way forward, this article used health systems as a "tree

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model" as depicted in picture, where strong roots are the World Health Organization's six building blocks of health systems: 1. Governance and Leadership, 2. Financing, 3. Health Workforce, 4. Health Services, 5. Medical Products and Technologies and 6. Information; where fruits of health system are improved responsiveness, efficiency and equity and financial protection.[7] Growth of the 'tree' depends on various external factors like research, quality, education, economy, access, collaboration and various principles and characteristics as described in the 'tree model' (Figure. 1).

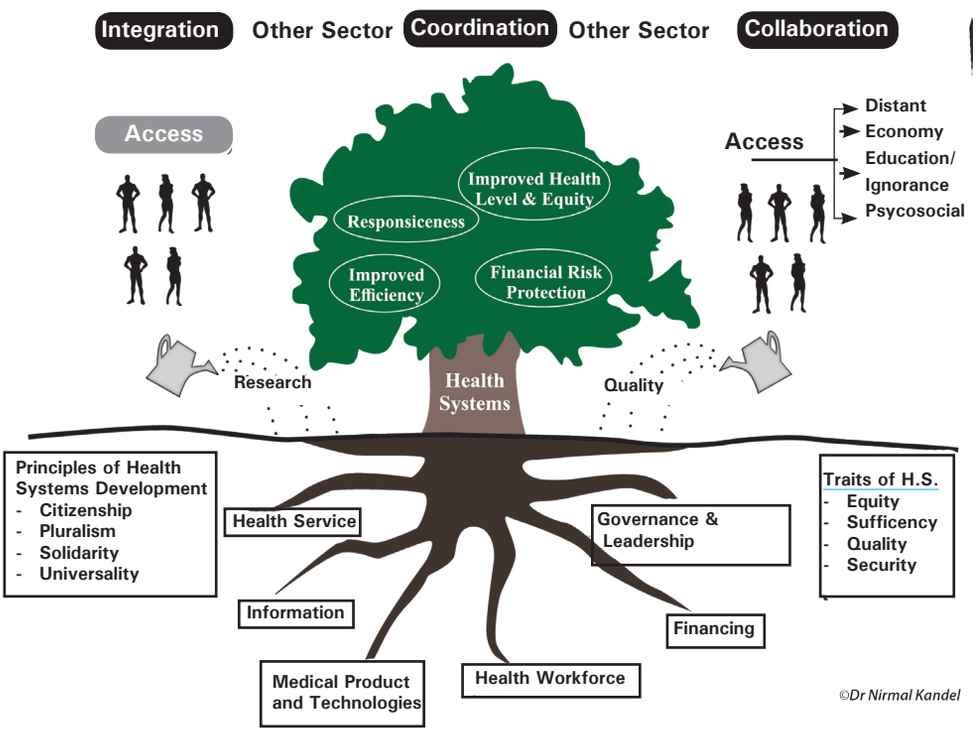

Figure 1. Tree model.

1. GOVERNANCE AND LEADERSHIP

This is about governance and leadership role of government in health and its activities that impact on health and often called as stewardship.[7] This relates to formulation on policy, collaboration with other sectors, development and regulations for health systems and continuous monitoring and evaluation for accountability. This is even more important when the country is devolving to seven federal states. Thus, the mechanism for implementation, operationalization and management of insurance scheme in this context should be clear and strategize from the beginning and should be aligned with the government's ongoing effort of devolving national structures for the federal states.

The article on the insurance bill has ensured that government will arrange for prepayment for the vulnerable groups mostly those who are living below poverty line, which is similar to other countries.[8] However, the biggest challenge is to identify and categorizing this group from the beginning so that they can benefit from the insurance immediately after its implementation as country lacks detail databases on vital registration and household income.[9] This is where the government and leadership have to strengthen vital registration system and national account on income.

There can be issue of operationalization, which should be addressed by decision makers to ensure adequate capacities in place for timely management of reimbursement or payment of the services. This is paramount for its sustainability and any backlog would hamper its implementation and continuation. Existing practices and lessons learned from other federated states could be useful. For instance, setting up and managing their own insurance schemes by each of the states could be a better mechanism and can be scaled up quickly to every citizens.[10]

2. FINANCING

Country's health budget depends on the contribution from the external development assistance and health insurance scheme can further strain the health budget.[3,4] Therefore, it is essential to identify additional sources from the beginning. The potential solution could be continued advocacy of increasing health budget and widening tax and social security nets. Ensuring certain proportion of tobacco and alcohol tax to the health budget as well as other risk factors producing industries like fast food and environment polluting industries could be an option. There are number of evidence of using these taxes to improve health outcomes in other countries.[11-13]

There will be initial surge of health care seeking by citizens once insurance scheme is in place. This is normal phenomena when the services are being covered by insurance scheme and people are likely to visit health facilities more often. The pros of this initial surge is that people who never visited health facilities due to chronic illnesses will seek care and cons would be some group of people will visit for historical illnesses or to collect the free medicine.

The biggest challenges observed in countries which are implementing the national health insurance scheme

is ensuring adequate capacities and mechanism in place for timely management of the reimbursement or payment of the services. Backlog of this would hamper the entire process and capitation could be a possible option.[14]

3. HEALTH WORKFORCE

The system will only function when the country has adequate, skilled and trained workforce in places for health service coverage.[15] Current existing human resource capacity is so much of urban focused that the government has to come up with strategy to have functional capacities at all levels of health systems from national to sub-national, from mountains to plain and from villages to metropolis.[16] Provision of quality services to ensure equity and equality to every citizens to benefit from the insurance scheme, government has to have robust human resource strategies and policies in place for recruitment, mobilization to remote and rural areas, retention of health care workers at the facility levels, and needs based trainings and continued education etc. The country needs to establish necessary infrastructures like primary health centres, hospitals, referral centres, laboratories, laboratories; storage facilitates etc. in order to ensure equitable service delivery. Hence it is imperative to link infrastructure development plan and to forecast human resources needs with short, mid and long term goals. Depending on delivery of health services under the insurance scheme, partnering with private sectors, local non-governmental organizations and other institutions should be beneficial in long run in order to address the issues of workforce gaps and service delivery.[15]

4. HEALTH SERVICES

This section is further divided into sub-subsections to service delivery, infrastructure development, and public health for better explanation.

Service Delivery

Government has to establish a well delineated service delivery mechanism and provision of services from the start. What is the range of services covered by the scheme and how they will be delivered are the key decisions, which need to take into an account from the inception. Leveraging identified services through existing government health delivery mechanism is ideal. However, this alone may not have enough provision of services to every citizen. Therefore collaborating with private and non-government sectors would be beneficial for the government and citizens.[15] This addresses the principle of pluralism of health service delivery. While doing so, it is necessary to develop the essential list of services, their standards and price tagging are pivotal elements to ensure equity on services. The benefit package should be developed based on evidence like disease epidemiology, public health statistics and topography of the country and required capacities with short-term, midterm and long term strategies.

There should be defined strategies and procedures for referral mechanism in place from inception of the scheme. The entire referral mechanism should base on the services that can be provided at primary care, secondary care and tertiary care levels.[17] Welfare states like Scandinavian countries have clear mechanism of referral system, where any specialized care should be referred by primary care service provider and one cannot go to referral centres other than emergency cases.[18] All other minor illnesses should be managed at the primary care level, which will be efficient and effective. It is only possible when the country have adequate infrastructure in place. The primary care centres should be equipped with adequately resources in order to ensure preventive and promotive health services.[19]

Another contentious issue is health seeking behaviour of the population, which often delayed due to traditional beliefs, supernatural theories and various non-health perspectives especially in rural and sub-urban settings.[20,21] Therefore, it is necessary to establish mechanism to collaborate with these healers, local leaders and school teachers etc. in order to make sure that they reach health facilities before their illnesses got complicated. It costs more to insurance system to manage complicated cases than managing these cases early days of illnesses. Promotional and collaborative activities as well as penalty mechanism should be in place, who visits 'dhami, jhakri' prior to the health facilities.[22]

Infrastructure development

Ensuring infrastructure strengthening plan for equitable and accessible quality health care services to rural population is paramount in the context of difficult terrain of the country.[23] Rural population shouldn't be deprived of the quality services that of urban populations.[24] Therefore, it is necessary to establish adequately equipped and resourced infrastructure in place depending on the density of populations and accessibility of the rural areas and needs in urban setting.[25] For instance, surrounding village committees of metropolis may not require secondary care level hospitals as they can be referred to metropolis hospitals.[23] There are number of public health institutes like medical colleagues, non-government sectors and private institutions, which can contribute in health infrastructure development as

well as service delivery and strengthening institutional capacities for implementation of health insurance. [27,28]

This section is covering only on health infrastructures as achieving and sustaining health targets depends on other infrastructures like water and sanitation, electricity, education, communication system, transportation, etc. [29-31]

Public Health

Ounce of prevention is better than pound of care– this is where country needs to focus on preventive and promotive health care services to be more efficient.[32] Nepal has made significant progress on maternal and child health and other public health programs[1] Ensuring required services to further progress these achievements are crucial and should be part of health insurance packages too.[33]

Investing on emergency preparedness and response is another key element for the implementation of universal health coverage. Epidemics like Ebola, pandemic influenza, Zika virus etc. could have devastating impact on insurance, health achievements and overall development. Ebola itself has costed 2.2 billion USD of GDP of Liberia, Guinee and Sierra Leone. [34] Therefore, mechanism should be in place with clear vision and goals of emergency preparedness and response in the country. Early detection mechanism should be in place to early response to alerts and averting outbreaks. Government financing mechanism should ensure required allocation of funding on these activities in order to make the insurance scheme efficient and effective.

5. MEDICAL PRODUCTS AND TECHNOLOGIES

Infrastructures with advance and modern technologies strengthen and improve efficiency of health system responsiveness.[35] Need based modernization and appropriate uses of technologies are essential to ensure quality and timely services for universal health coverage. The requirements should be assessed based on the infrastructure development plan with thorough cost –benefit analysis. Therefore, it is necessary to have mechanism in place to identify needs and adopting these technologies with short, mid and long term goals.

One of the key issues that need to be addressed from the beginning is medicine policies and practices for the implementation of health insurance.[36-37] This has to be clarified to address the concern of the equity in access to quality drugs. These issues of equity and quality of drugs have remained major challenges on implementation of insurance scheme. Regular monitoring and periodic evaluation of use of medicines is important to find and address the potential consequences of medicines policies and practices under the health insurance scheme.[38] The scheme should establish standard price tags for all essential drugs at every points of service delivery. Many countries are using generic drugs widely at either low or subsidized cost at delivery points.[39] Another way is to distribution of key essential drugs by insurance mechanism to all facilities. These essential drugs can be manufactured through government own drug industry Nepal Drug Company. There is successful implementation of industrial development policy in pharmaceutical in Bangladesh, which has many commonality with Nepal and lessons learned from there could be useful on formulating such policies.[40]

6. INFORMATION

Information is a backbone of any systems and development. Application of information and communications technologies is vital for successful delivery of efficient and effective, people centred and equitable and quality health care services.[41]

Nepal has health management information system in place for last 22 years. The system is robust and provides base for planning, monitoring and evaluation of health system at all levels. Department of health services of the country also have logistic management information system in place, which can monitor supply, consumption and stock levels of selected essential drugs and commodities in all health facilities. The systems of human resource information system and drug information network are in place in the country though it doesn't have coverage in whole country.[42] These systems are challenged due to limitation of nationwide coverage of information technologies and human resource capacities. Thorough assessment of existing information system and plan of rolling out existing structure in the context of federalism is vital for sustainable development of health information system in the country.

This should be linked with disease surveillance and medical records, monitoring and evaluation of universal health coverage, health programs/interventions and health governance. This ensures credibility and accountability of the government and assist on informed decision making. Therefore national health information infrastructure for health systems should be equipped with capacities to have information on health care data standards, core clinical application including disease surveillance system and electronic health records, decision support systems and knowledge management as well as insurance management system.[41] These should be planned and strategized from the start with short, mid and long terms goals and objectives.

In addition as mentioned in the governance and leadership section, government has to put additional effort on identifying vulnerable groups not only on people living below poverty but also undocumented and unregistered labour workforce and others. Immediate need to develop this database in collaboration with Central Bureau of Statistics is essential. This can help on strengthening the vital registration system in the country.

WAY FORWARDS

Some elements of external factors of wellbeing of the 'Tree' has direct or indirect impact on insurance scheme like quality and research. There should be continuous quality monitoring and improvement mechanism in place and health research development for further innovation. Some of the recent studies have demonstrated that with the help of health insurance law has improved access and quality of care. This powerful evidence is not making headlines either in public or policy makers; therefore, it is the role of research to generate these evidence and cater for informed decision making.[43]

In order to ensure quality of health care services, the service delivery site should be accredited based on the standards of quality care and regular monitoring mechanism. Experience of other countries have shown that there is improvement of buying insurance by public, healthy competition between service providers for accreditation thus helping on institutionalization of quality services and increasing demand of public on quality services.[44] Therefore, developing standards and accreditation mechanism from the beginning is vital to monitor the services and ensuring quality.

Country's major source of income has remained tourism industry and health sector can capitalize this industry by promoting the country as a medical tourism destination. However, to achieve this goal, the government need to establish internationally accredited hospitals and ensuring quality of care. Thailand, Malaysia and Singapore are few medical tourism destinations and contributing to their overall economic development.[45] The profit earned from the medical tourism can contribute to health insurance financing mechanism, which can ensure self-determination and self-sustained.

Thorough review of various lessons learned from other countries, which have implemented similar insurance mechanism could be critically useful.[10,46] These are real time experience, which are available widely and ministry can best use this information to establish a robust mechanism to successfully implement the national health insurance scheme.

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