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The Ghana Health Insurance Act

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Objectives

1. Analyze the development of health insurance in Ghana from a political and technical perspective
2. Discuss the importance of ensuring good governance during the policy reform process
3. Demonstrate real-world impact of overlooking governance during policy reform & implementation



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National Insurance System: Key Facts

- Premium set at \$8.00 per year
- People under 18, over 70, and indigent are exempt from premium payment
- Entire family unit must enroll
- Benefits package covers 95% of disease burden in Ghana
- No co-payments or deductibles
- Funded by (a) premiums; (b) sales tax; (c) social security contributions



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Policy Context

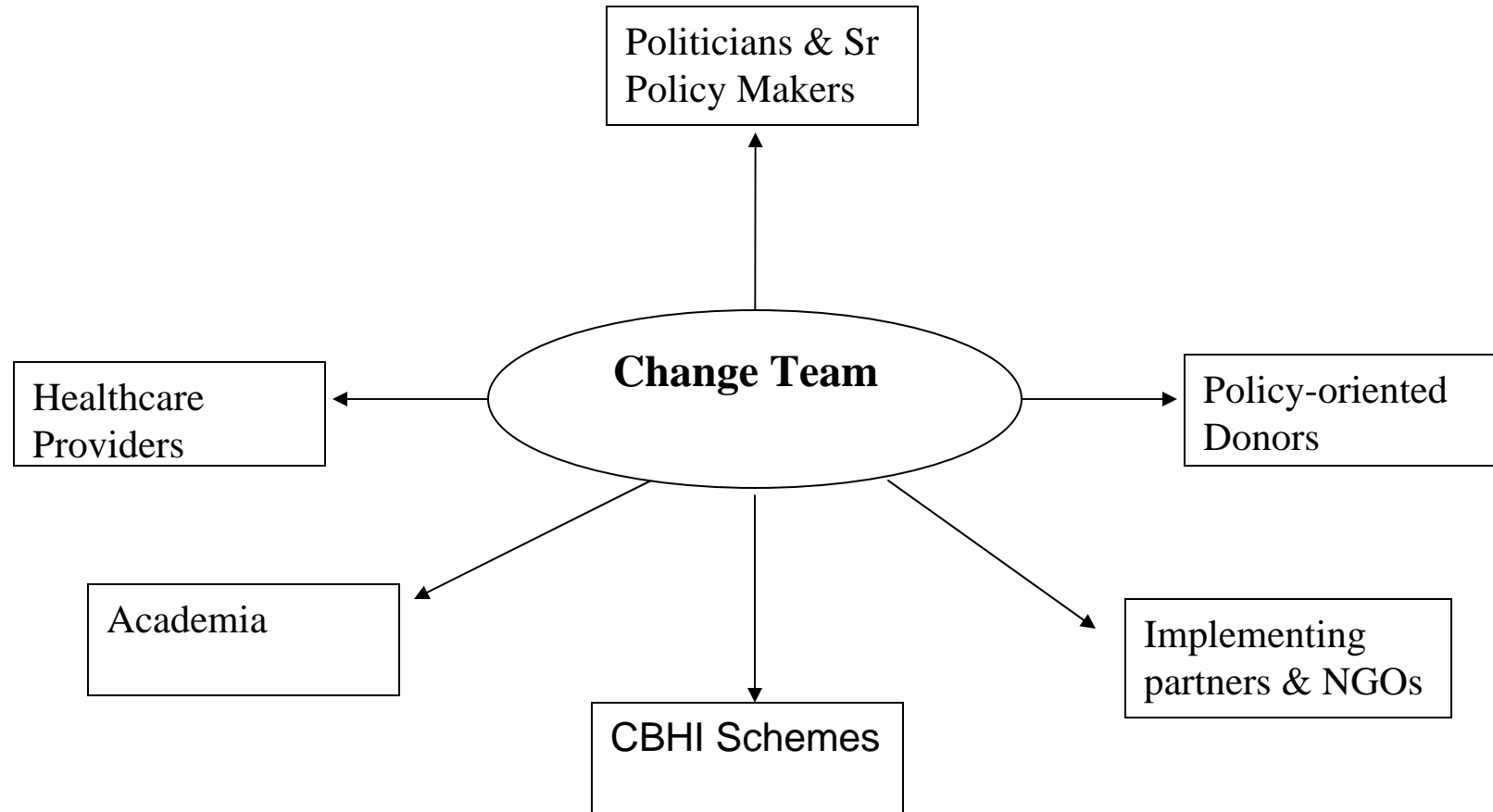
- Free health care for all after Ghana's independence in 1957
- Budgetary pressures force government to gradually phase-in user-charges
- By mid-1990's, full cost recovery: utilization low, hospitals detaining patients, etc
- NDC government supports CBHI to mitigate high out-of-pocket expenses
- NPP captures this as major campaign issue: abolish user-fees



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Political mandate for reform...

- NPP campaign promise to eliminate user-fees
- NPP has majority rule in Parliament, popular support for policy
- NPP has 3 criteria for policy:
 - Must be nationally scalable
 - Must not be seen as continuation of NDC efforts
 - Must be passed as law before 2004 elections





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...viewed only through a technical lens...

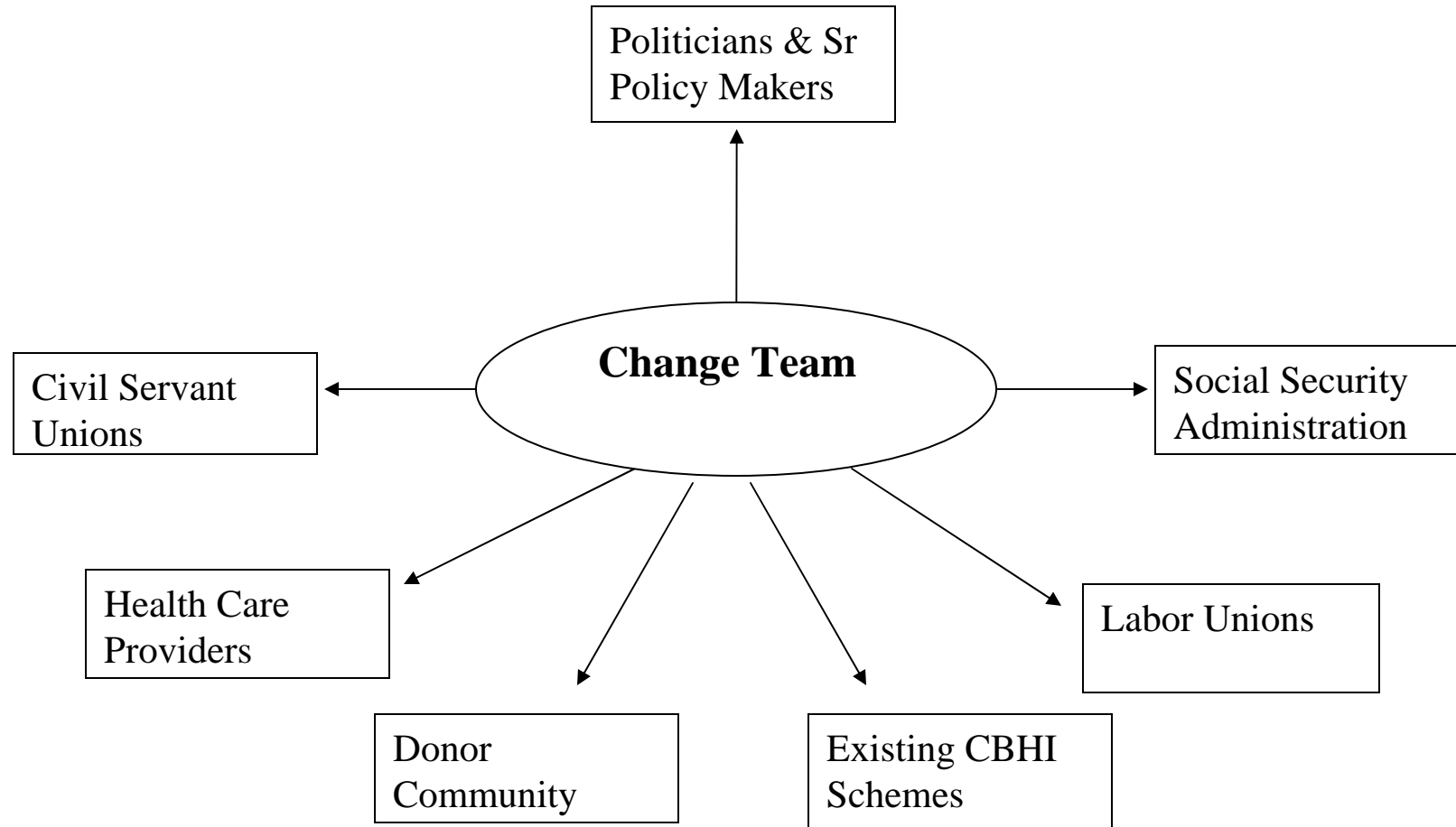
- Change team makes recommendations that ignore the three political considerations:
 - *CBHI should be backbone of system*
 - *CBHI should be autonomous and organically grown, not government controlled*
 - *CBHI should be studied further before national scale-up*
- Recommendations cause political leadership to lose confidence in technical and consensus-based approach



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...results in a breakdown of governance...

- Political leadership places trusted ‘consultants’ into change team
- Loss of confidence with change team combined with deep trust in consultants allows consultants to command unprecedented influence on NHIA design
- Consultants effectively label anyone who disagrees with their recommendations as opposition members
- Minimal checks-and-balances on consultants allows them to gain financially from Act (rent-seeking)
 - Tasked to set up schemes
 - Claims management system written into law





...accomplished by satisfying powerful stakeholders.

- Generous exemptions, low premiums and benefits to entice enrollment and keep electorate happy
 - No actuarial basis for premiums
 - Temporarily can be financed through VAT, premiums to be raised 'later'
- High service reimbursement rates to keep providers happy
 - Provider reimbursement rates much higher than cash-and-carry, not based on marginal cost or regional prices
- High pharmaceutical reimbursement rates to keep manufacturers happy
 - Drug reimbursement rates higher than MOH's established list



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The Result?



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Rapid enrollment...

- 20%-30% national enrollment as of 2006
- Community design has led to rapid uptake in rural areas
- 60-70% premium exempt

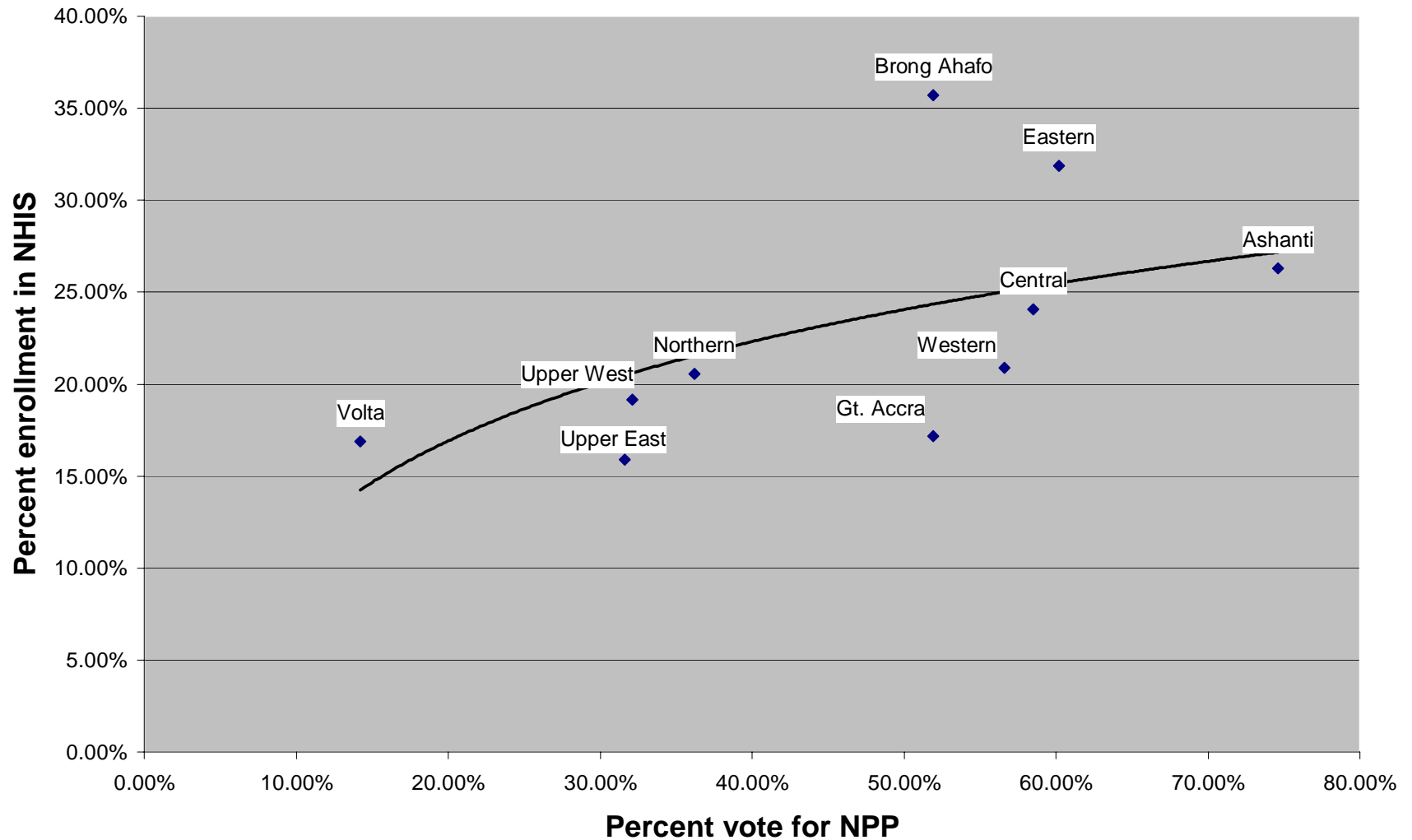




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...but politically based

Enrollment by Voting Preference

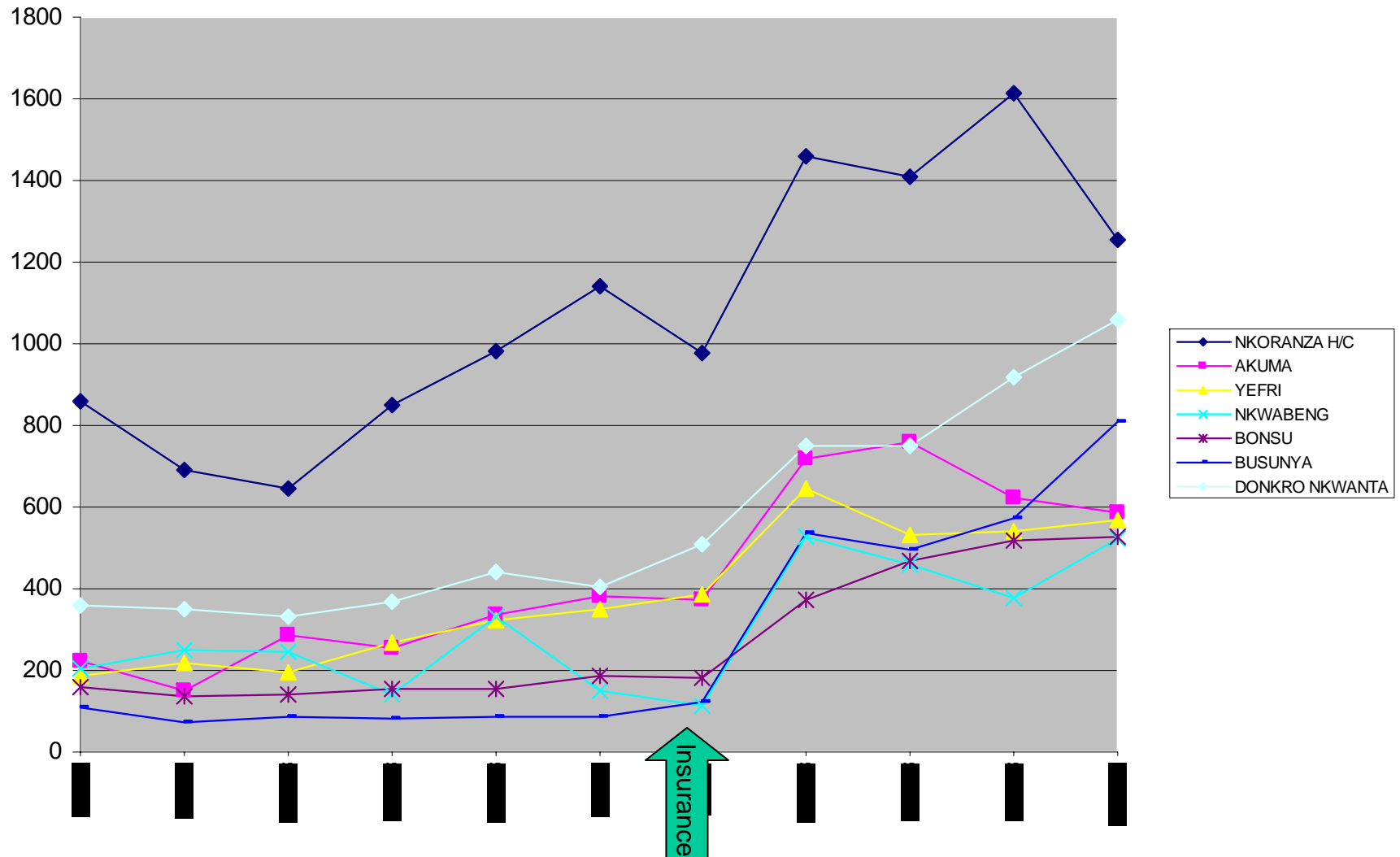




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Increased utilization...

OPD utilization patterns at health centers & posts







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...without operational capacity

- Capacity to produce ID cards has not kept up with enrollment rates: 50% of enrolled have cards
- Capacity for claims management weak, resulting in limited auditing
- Long queues for insured patients: system of ID card processing very cumbersome.
- Information and forecasting capacity weak, resulting in major stock-outs (38% drug availability)
- Many district scheme staff have limited understanding of insurance and/or management capacity





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Weak controls on governance...

- District schemes have incentive to enroll exempt only
- No co-payments or deductibles have led to over-utilization and abuse
- Nurses give preference to uninsured patients to maintain informal fee structure.
- Providers realize that fraud-control is minimal, thus can capitalize on incentive to over-prescribe
- Study by JSA shows insured charged more than uninsured for a given case



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...leaves system financially vulnerable

- Financial difficulties lead schemes to increase premiums by \$10-\$45, charging “admin fee”
- Nurses strike due to much higher volumes of patients without salary increases, eventually negotiating pay increases
- Council sets up SOS policy to bail out distressed schemes using VAT funds, increases reimbursement rate for exempted individuals
- ILO reports depletion of VAT within 5-10 years



Big-picture lessons for future reform

- Political “windows of opportunity” are often vulnerable to opportunism: appropriate checks-and-balances must be in place for all actors
- Mechanisms for ensuring transparency are critical during the policy development process
- “The devil is in the details”: Governance of nuts-and-bolts operational processes can make or break policy
- Donors and technicians must learn to factor in political factors: Effective TA is not only technically sound, but also politically feasible



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Thank you!

