



# **Optimizing Health Financing Control Knobs: A Comprehensive Analysis of Health Insurance in Nepal**

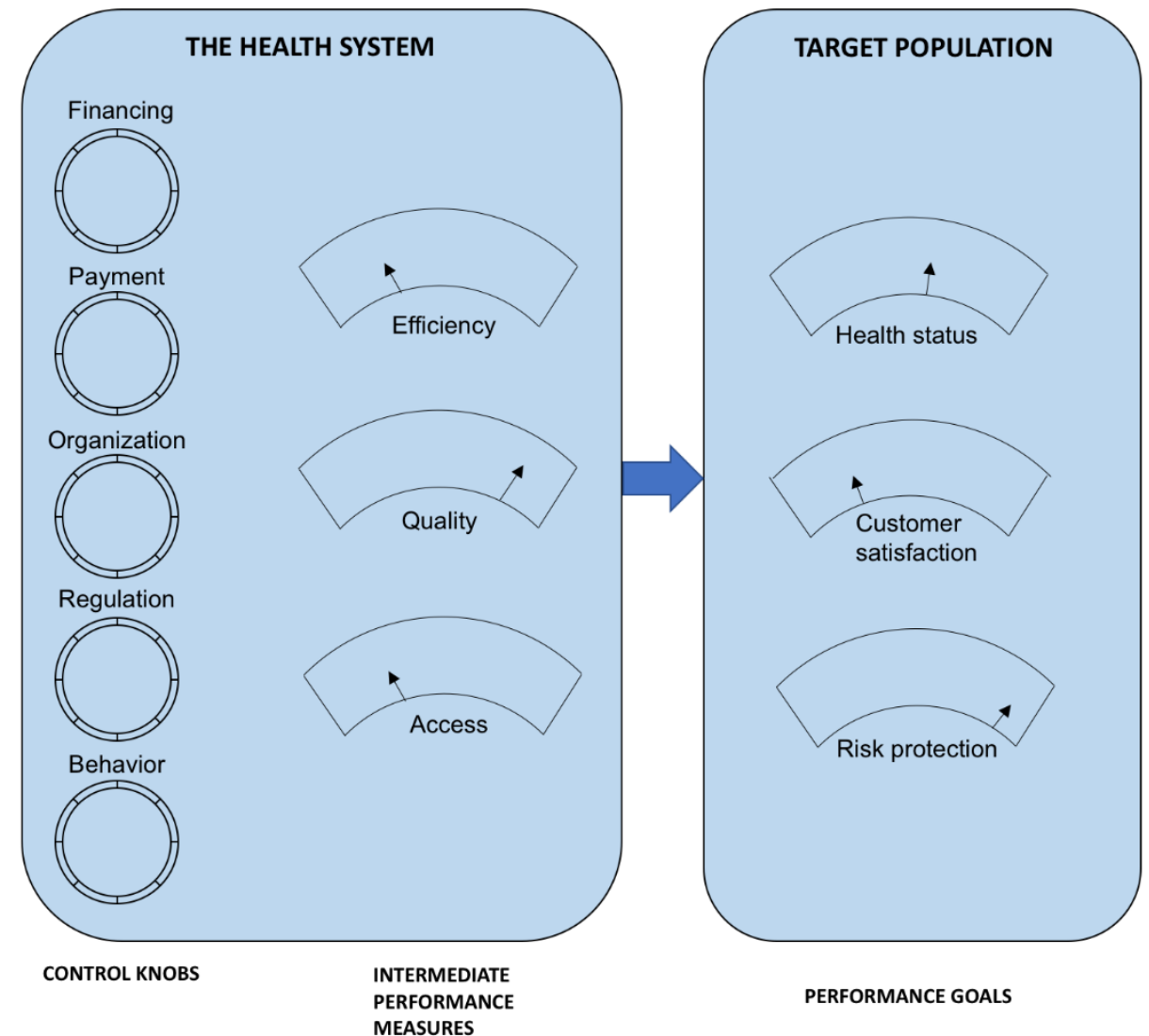
**Dr. Damodar Basaula**  
**Executive Director**  
**Health Insurance Board**

# BACKGROUND

- Government of Nepal (GoN) introduced Health Insurance in 2072 (2016 AD)
- Constitution of Nepal, Article 51 (j), ensures the establishment of health insurance to ensure equitable access to quality health services for all citizens
- Health Insurance has the potential to bring about major improvements in the health system of Nepal
- After 8 years of implementation, there has been numerous achievements and challenges faced by the health insurance

# OBJECTIVE

- Aims to provide comprehensive analysis of Health Insurance using the Health Financing control knobs
- The control knobs are the discrete areas of health system structure and function-**Organization, Financing, Payment, Regulation and Behavior**
  - which are interlinked and adjustable to improve health system performance (access, coverage, efficiency, quality and equity)



# METHODOLOGY

---

## Method:

- Program Review
- Desk review of qualitative and quantitative data

## Analysis

- Further analysis of OpenIMIS data
- Analysis framework: Health Financing Control Knob

## Sources of Information

- Insurance Management Information System,
- HIB annual report,
- Policies and procedures

## Limitation

- This analysis has used control knobs only to review the program performance

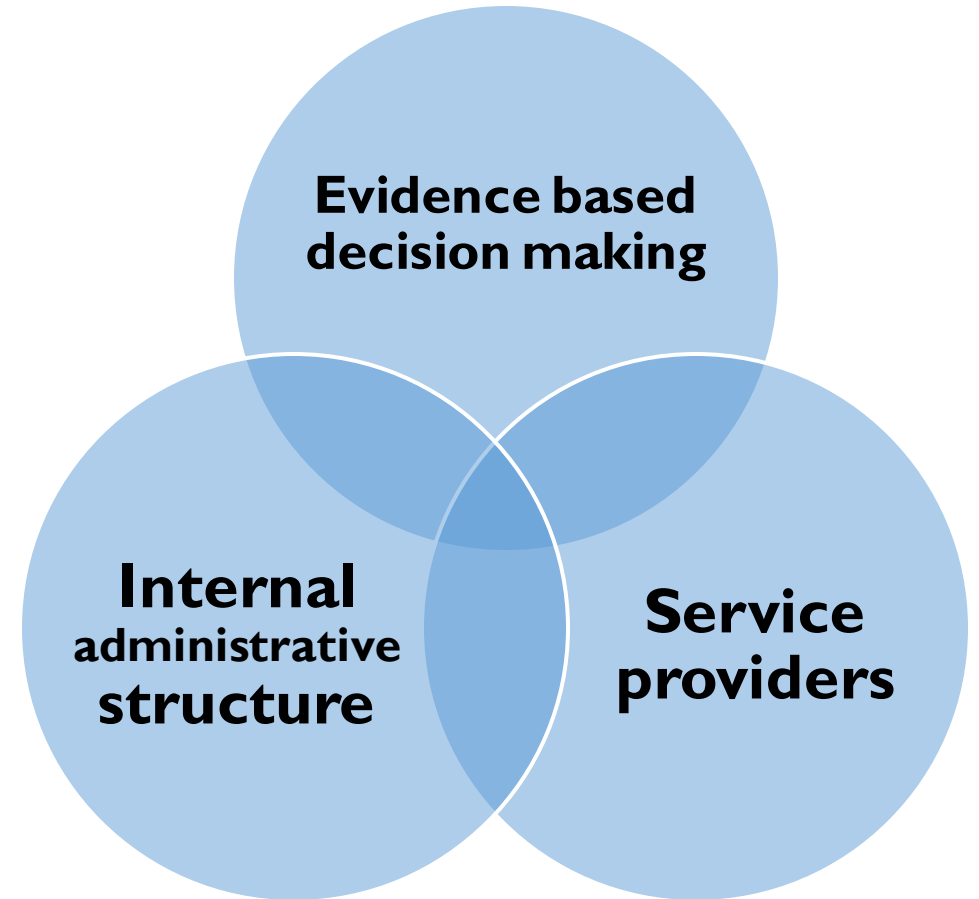


# RESULTS

HEALTH FINANCING CONTROL KNOBS

# ORGANIZATION

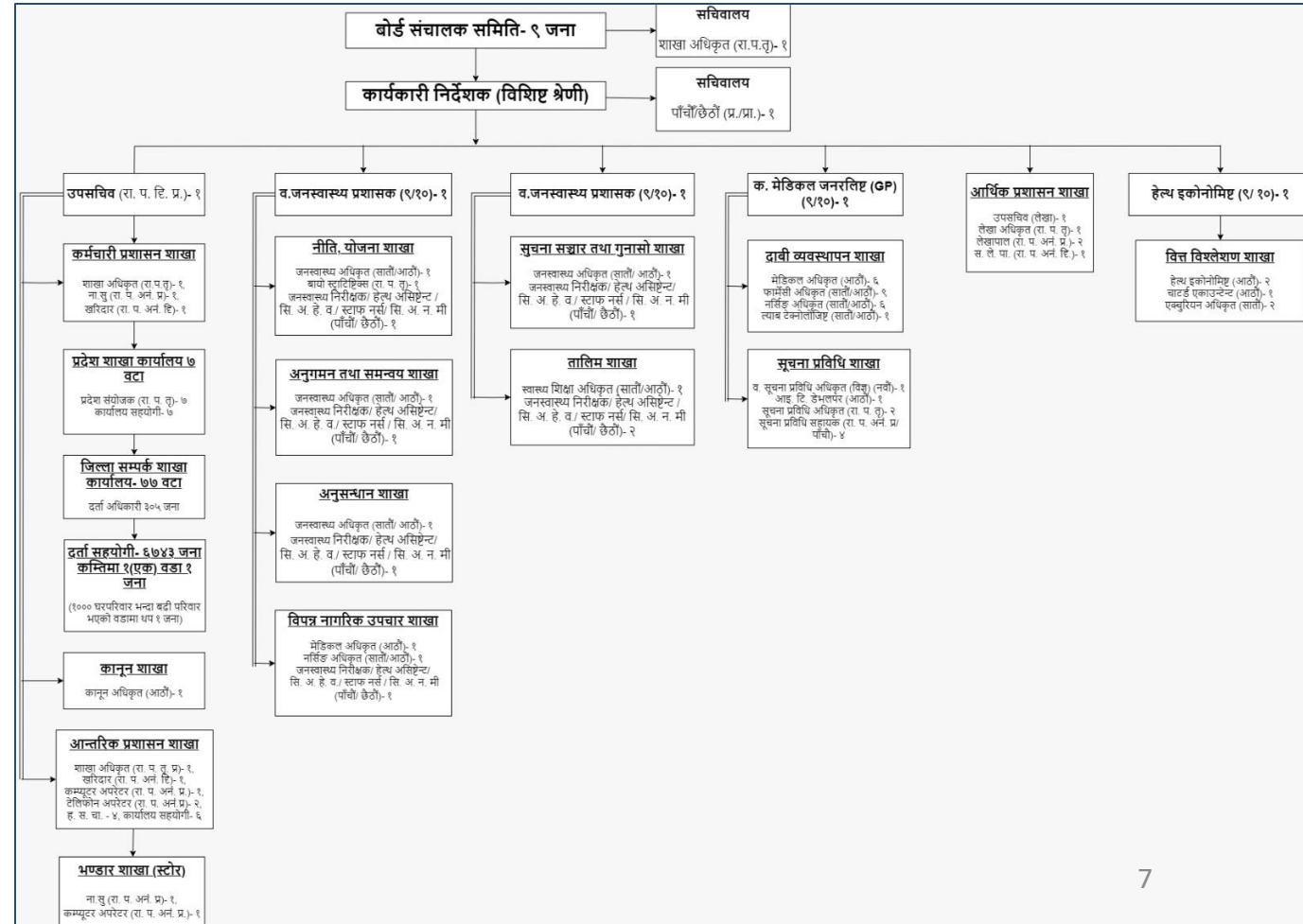
- Overall structure of the organization divided into 3 main components, the internal administrative structure, service providers and decision-making bodies.



# ORGANIZATION

## 1. Internal Administrative Structure

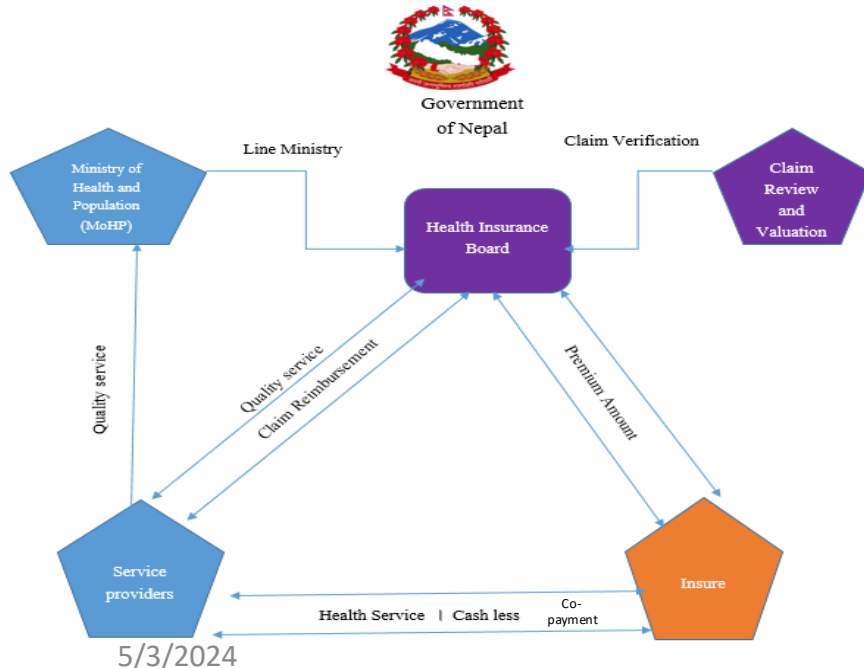
- The internal organogram is structured to ensure effective operation of program.
- At the top of the hierarchy are board chair and board members responsible for setting overarching policies and strategic direction.
- Reporting to the board, the Executive Director oversees daily operations and implementation of policies.
- Underneath are various departments with designated functions.
- 8,000+ Enrollment Assistants at local levels



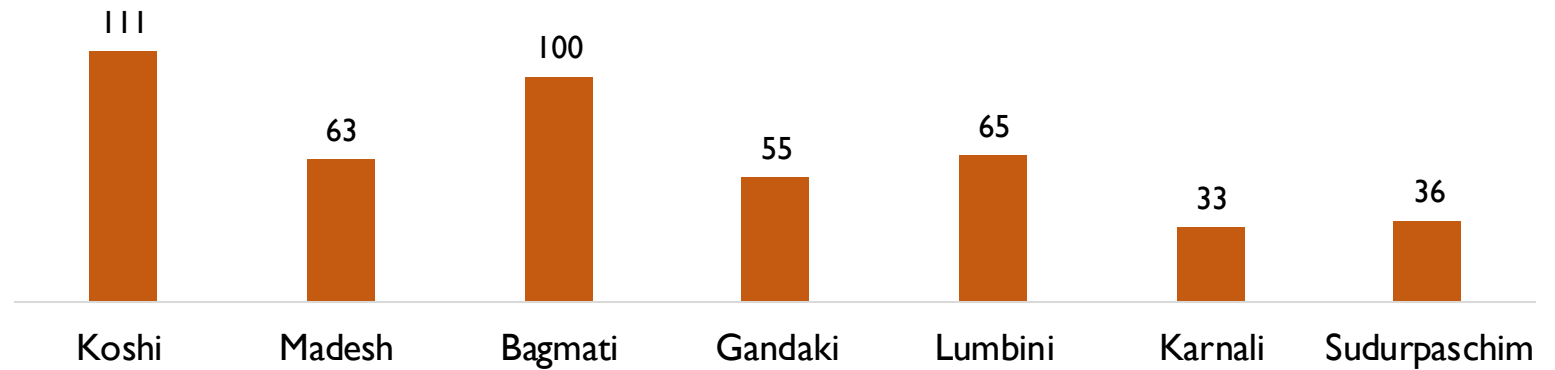
# ORGANIZATION

## 2. Service Providers

■ A total of 463 providers have been listed in the program, of which there are 378 public, 52 private and 33 community health facilities.



Distribution of service providers by province (in number)

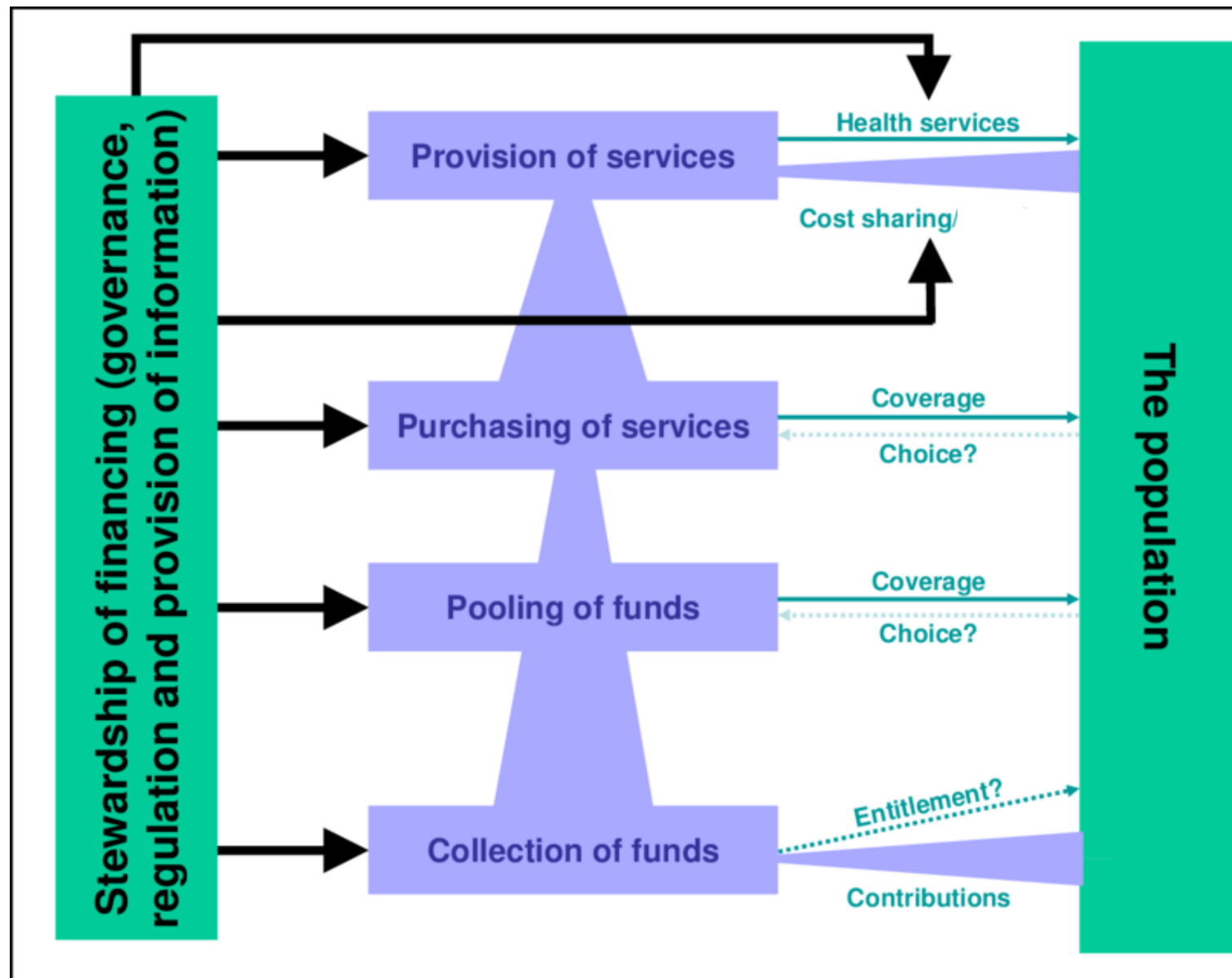


## 3. Evidence based decision making

- Board is the apex body for decision making.
- Executive Director submits evidence-informed proposals to the nine-members executive committee. Which in coordination with MoHP presents recommendations to the GoN for policy decisions.
- OpenMIS and CAS are the main sources of information.

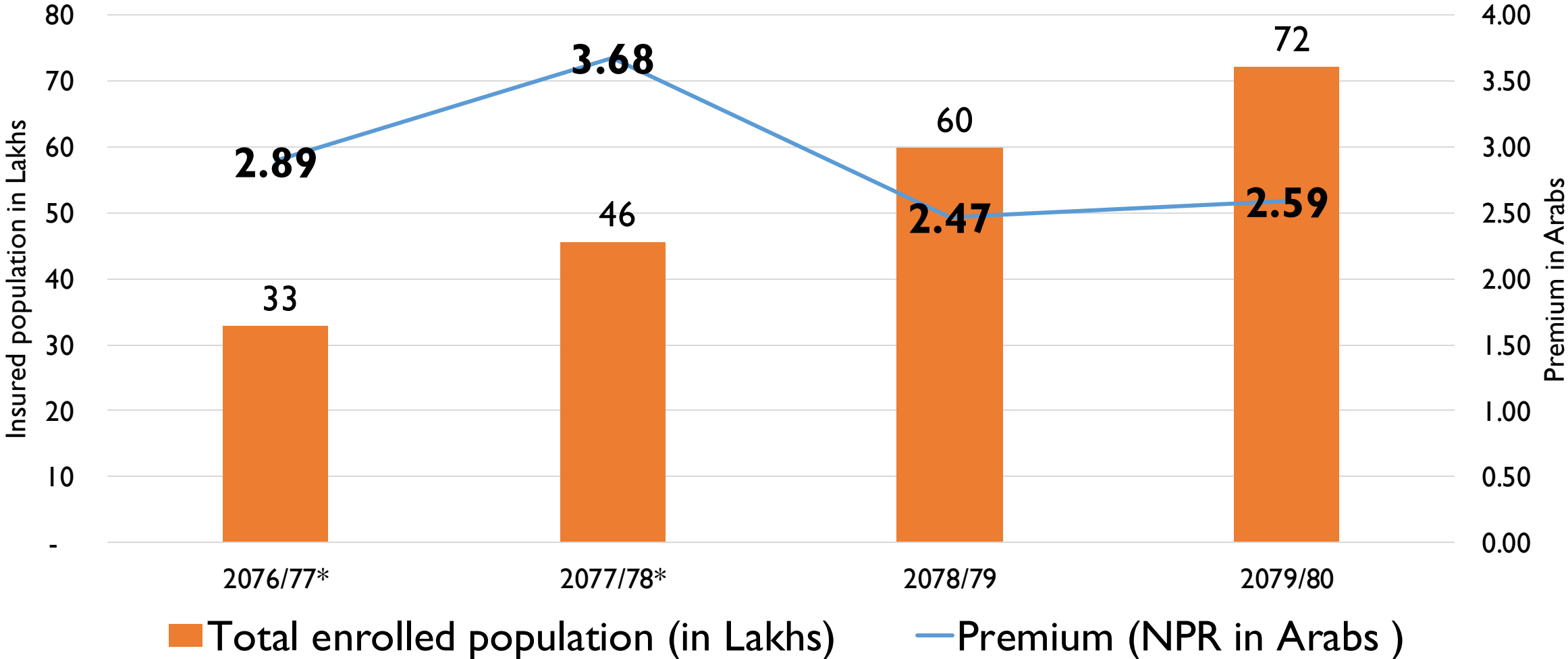


# HEALTH FINANCING FUNCTIONS



# REVENUE GENERATION

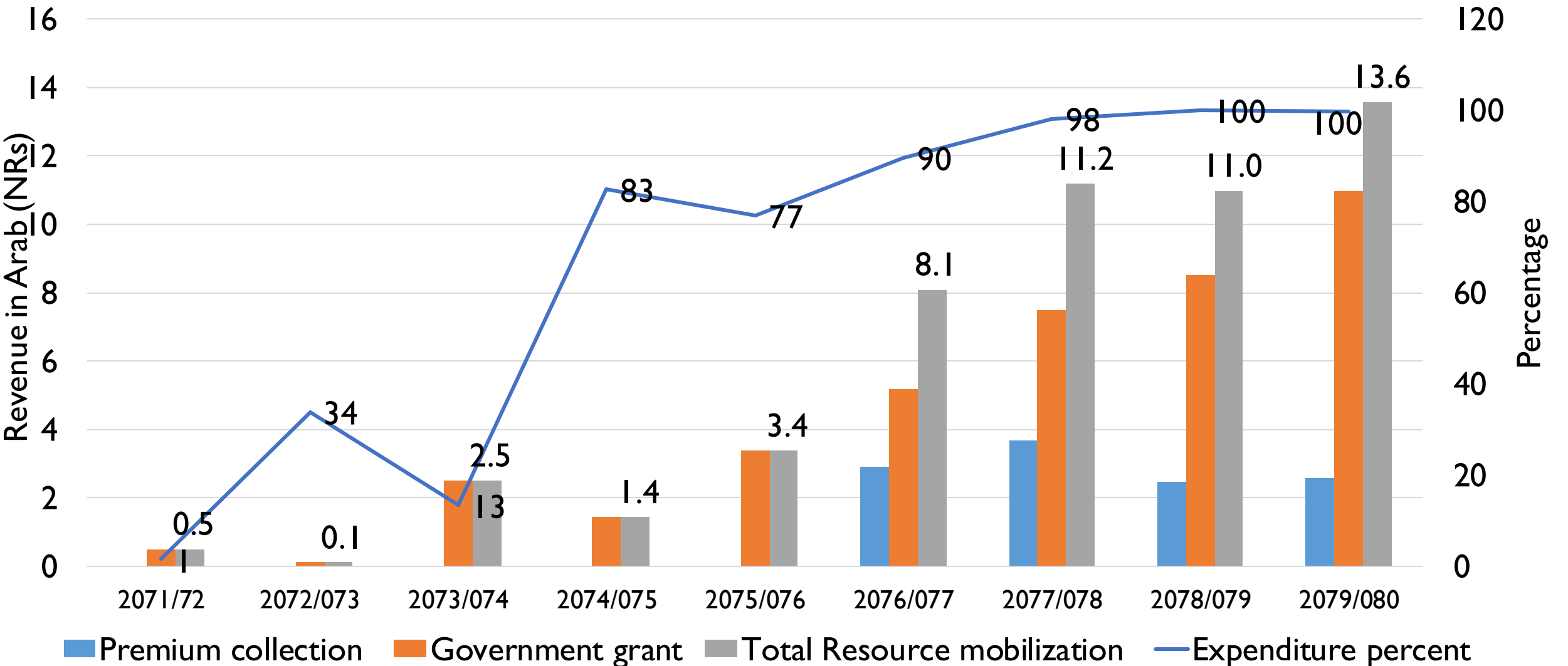
## Insured population (in Lakhs) Vs Premium Collection (in Arabs)



Note\*: Until 2077/78, Government grant was included in the premium amount

# REVENUE GENERATION

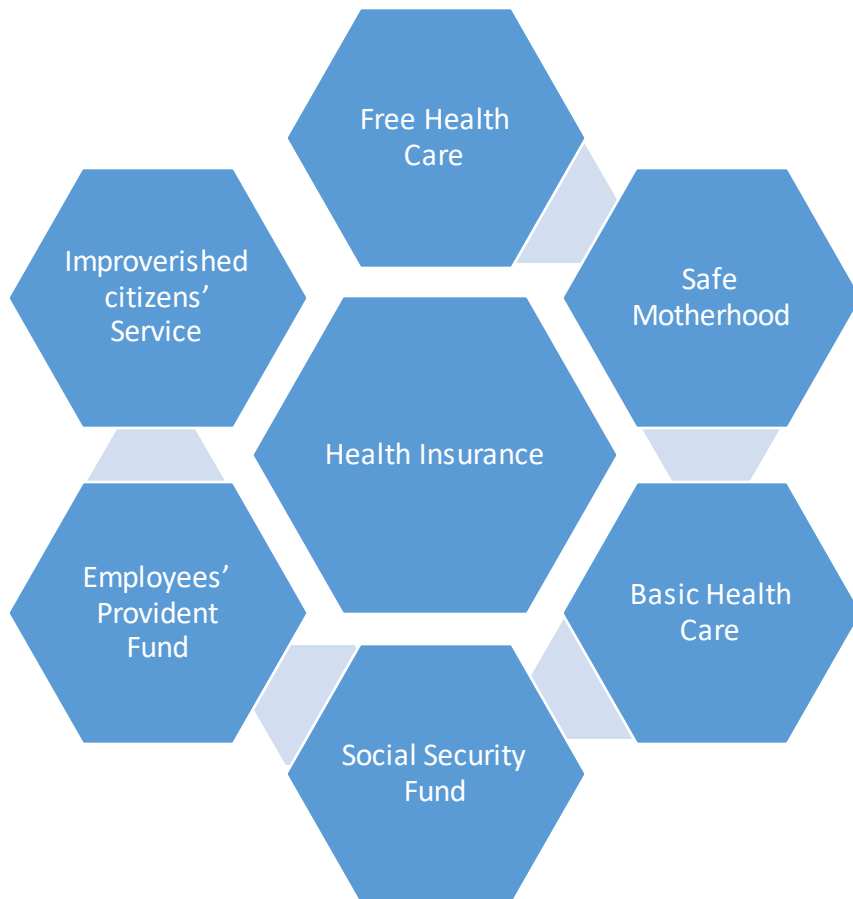
Revenue generation (in Arab) Vs Expenditure %



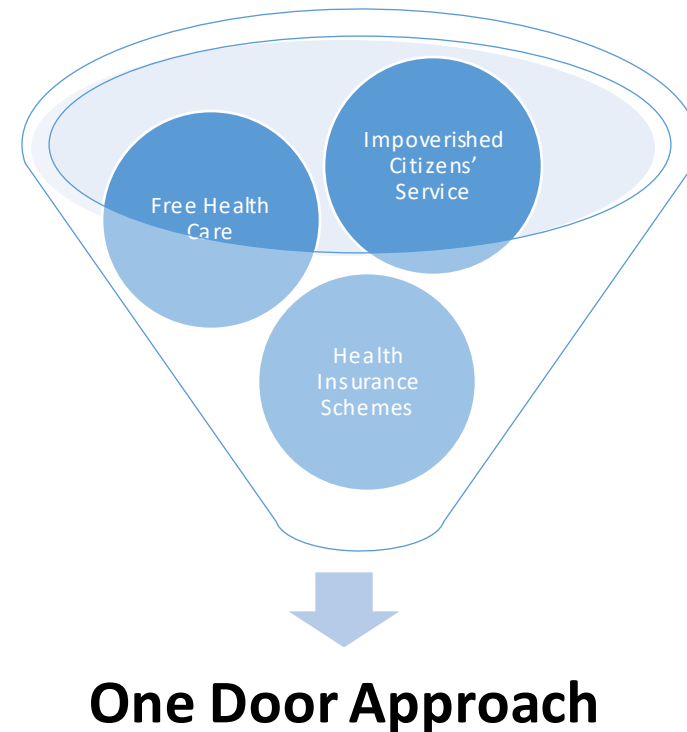
# POOLING

## Fragment Pools of Social Health Protection Schemes

### Current Status

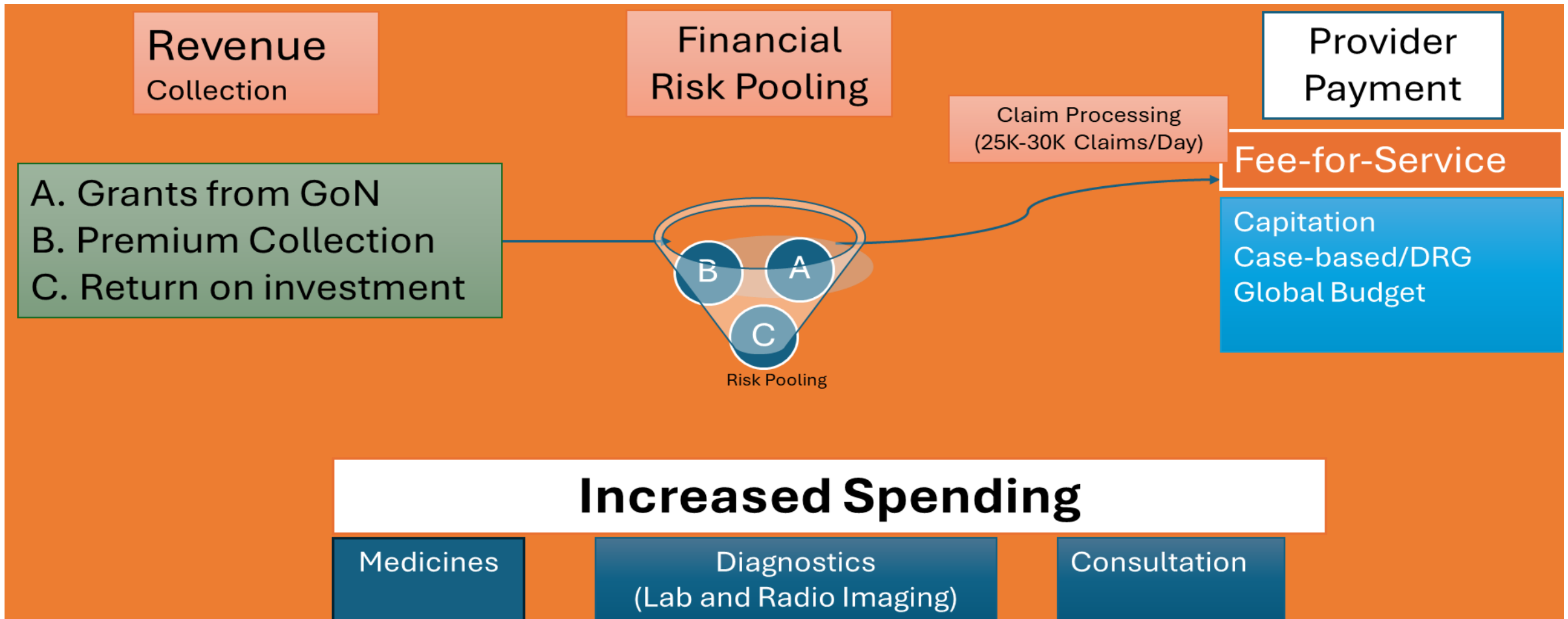


### Future plan to achieve UHC



# PAYMENT MECHANISM

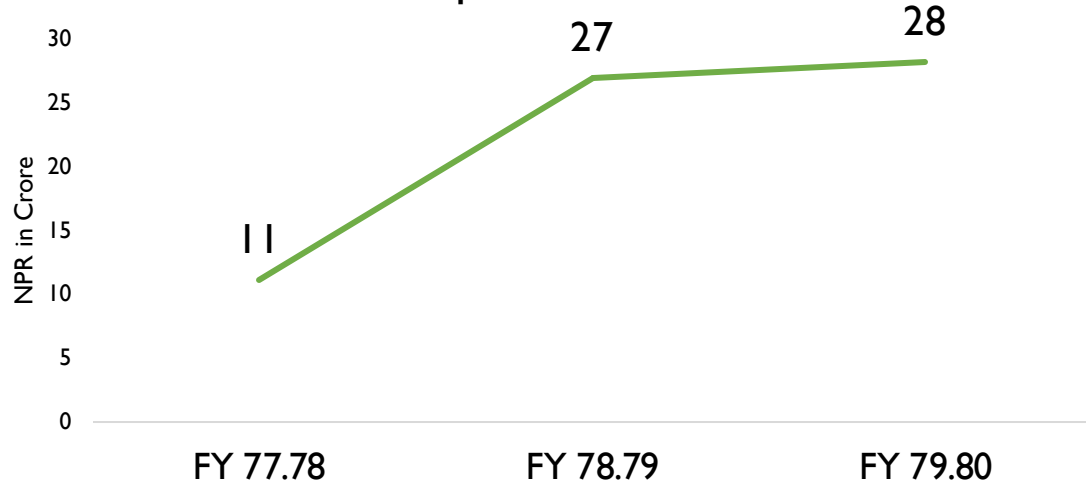
Provider payment mechanisms can create incentives for wise and efficient use of resources and create a behavioral environment for healthcare providers to supply cost-effective health services.



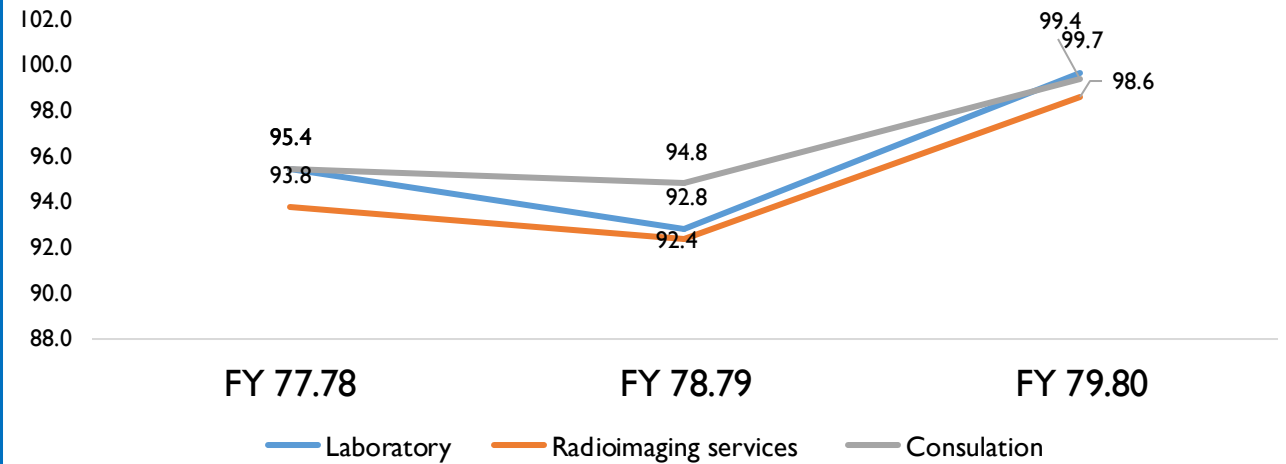
# PAYMENT STATUS

## Increasing cost

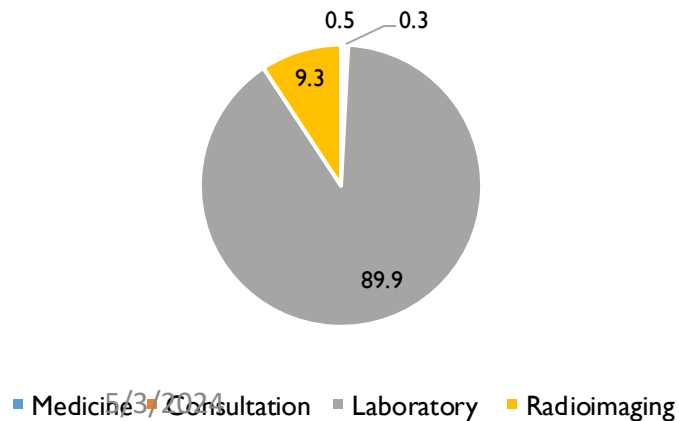
### Trends on expenditure on medicine



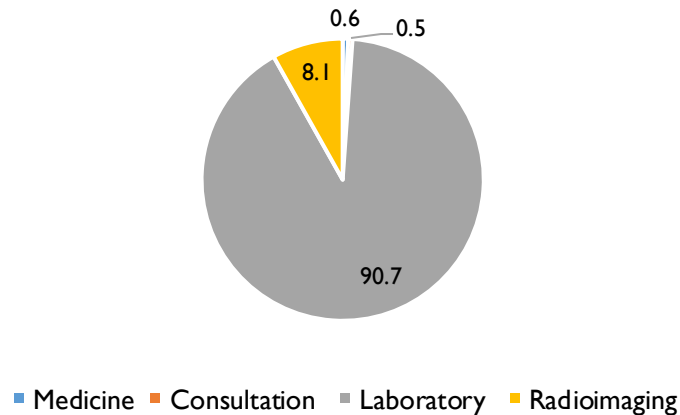
### Reimbursement rate of different services



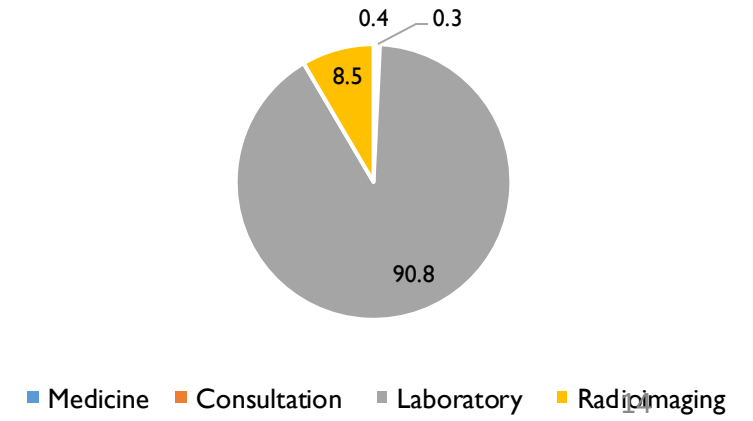
### Expenditure by types of services (FY 77/78)



### Expenditure by types of services (FY 78/79)



### Expenditure by types of services (FY 79/80)

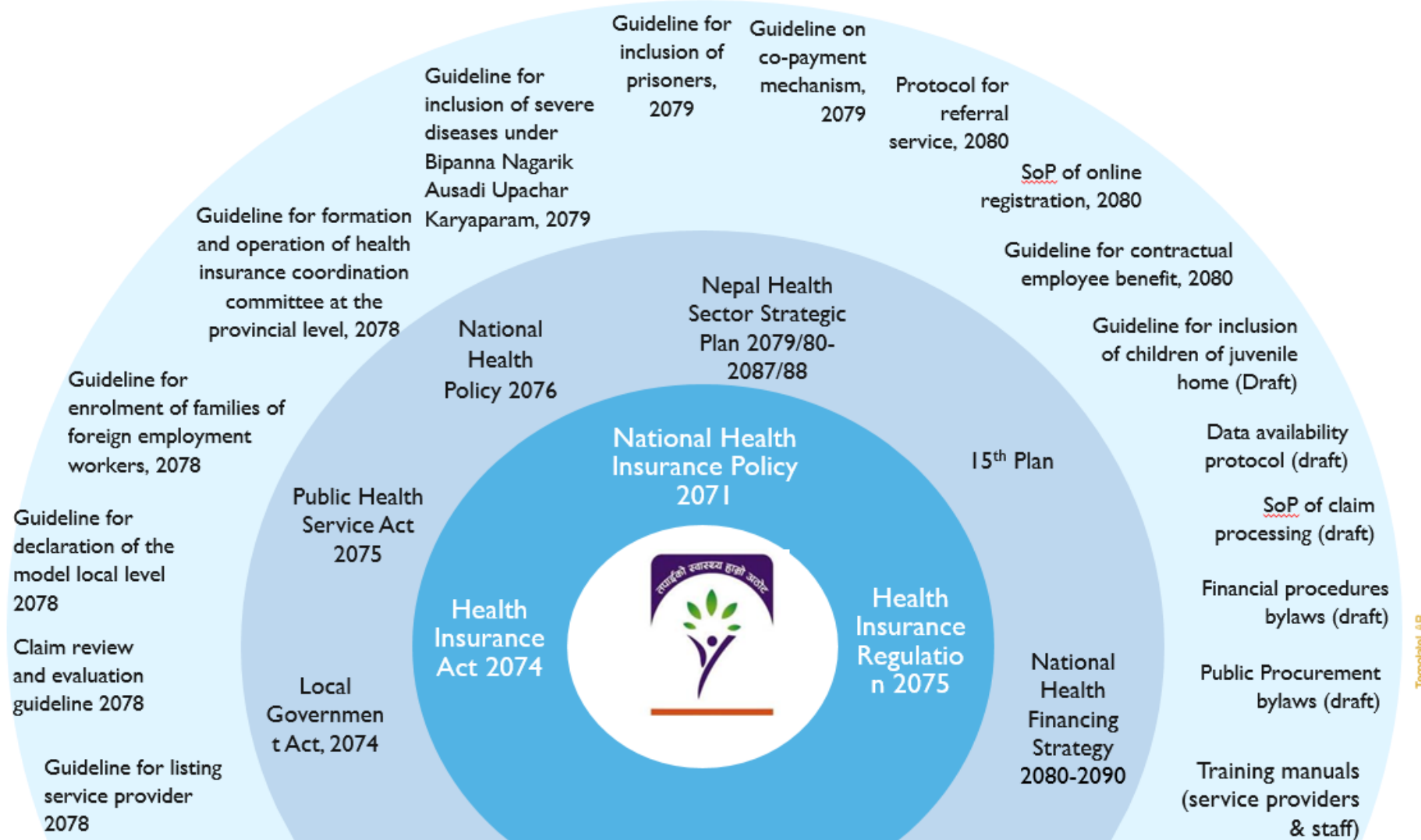


# REGULATION

- It is the establishment and enforcement of rules, policies, and mechanisms governing the allocation, management, and utilization of financial resources within the healthcare sector
- These regulations aim to ensure transparency, efficiency, equity, and accountability in the financing of healthcare services, encompassing aspects such as legislative frameworks, financial oversight, budgeting, insurance regulation, price controls, quality standards, transparency, and continuous monitoring and evaluation

# REGULATION

## Constitution of Nepal



TemplateLAB



# BEHAVIOUR



• ENROLLMENT

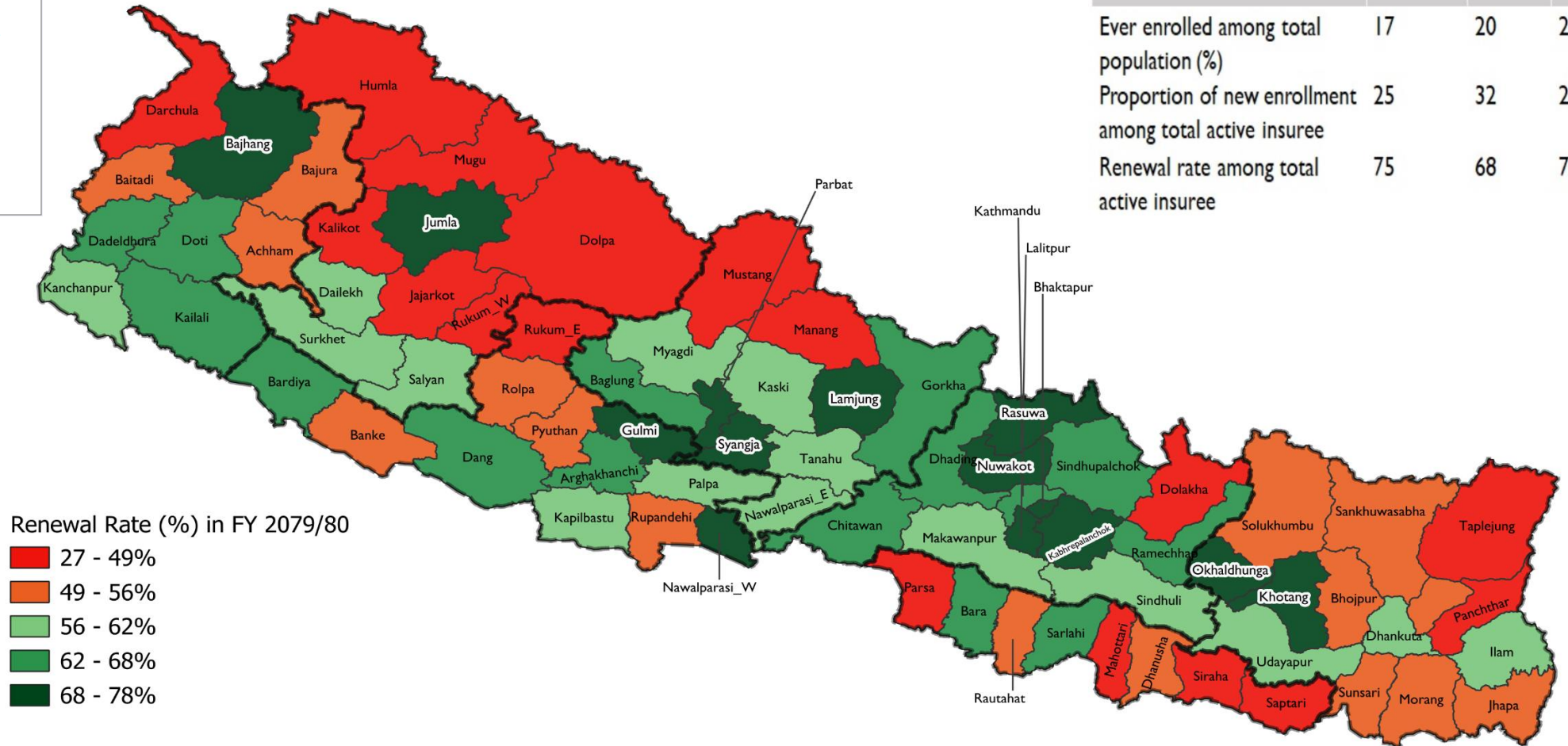


• SERVICE PROVIDER



• INSUREE

## Districtwise renewal rate, FY 2079/80

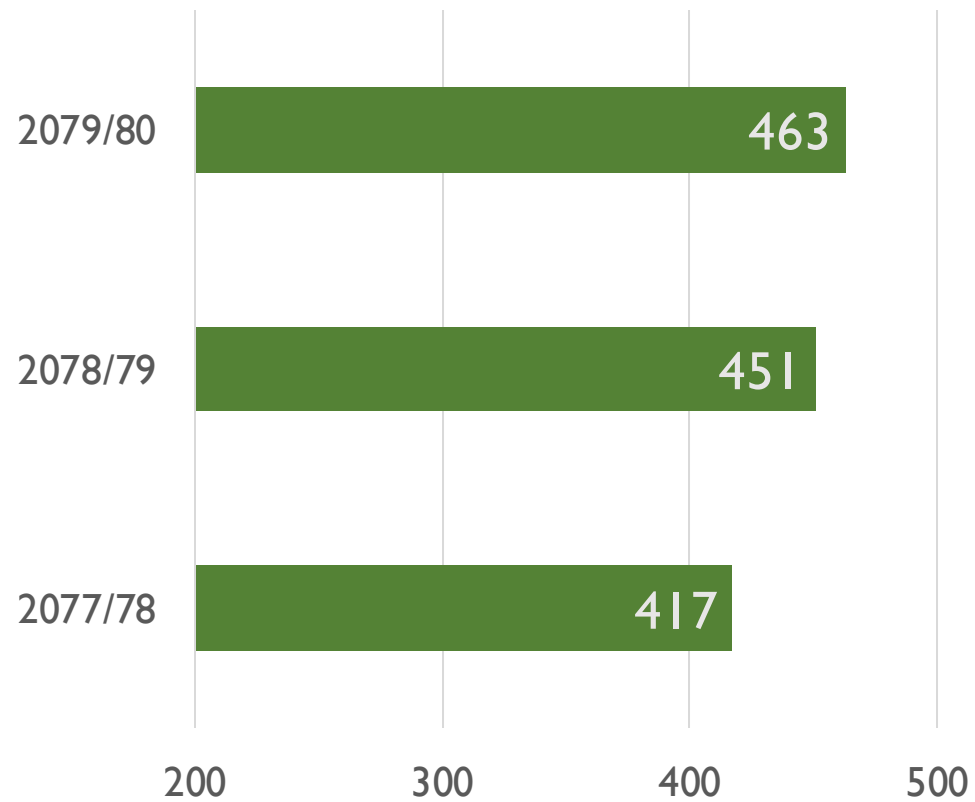


Indicators	2077/78	2078/79	2079/80
Ever enrolled among total population (%)	17	20	25
Proportion of new enrollment among total active insuree	25	32	24
Renewal rate among total active insuree	75	68	76

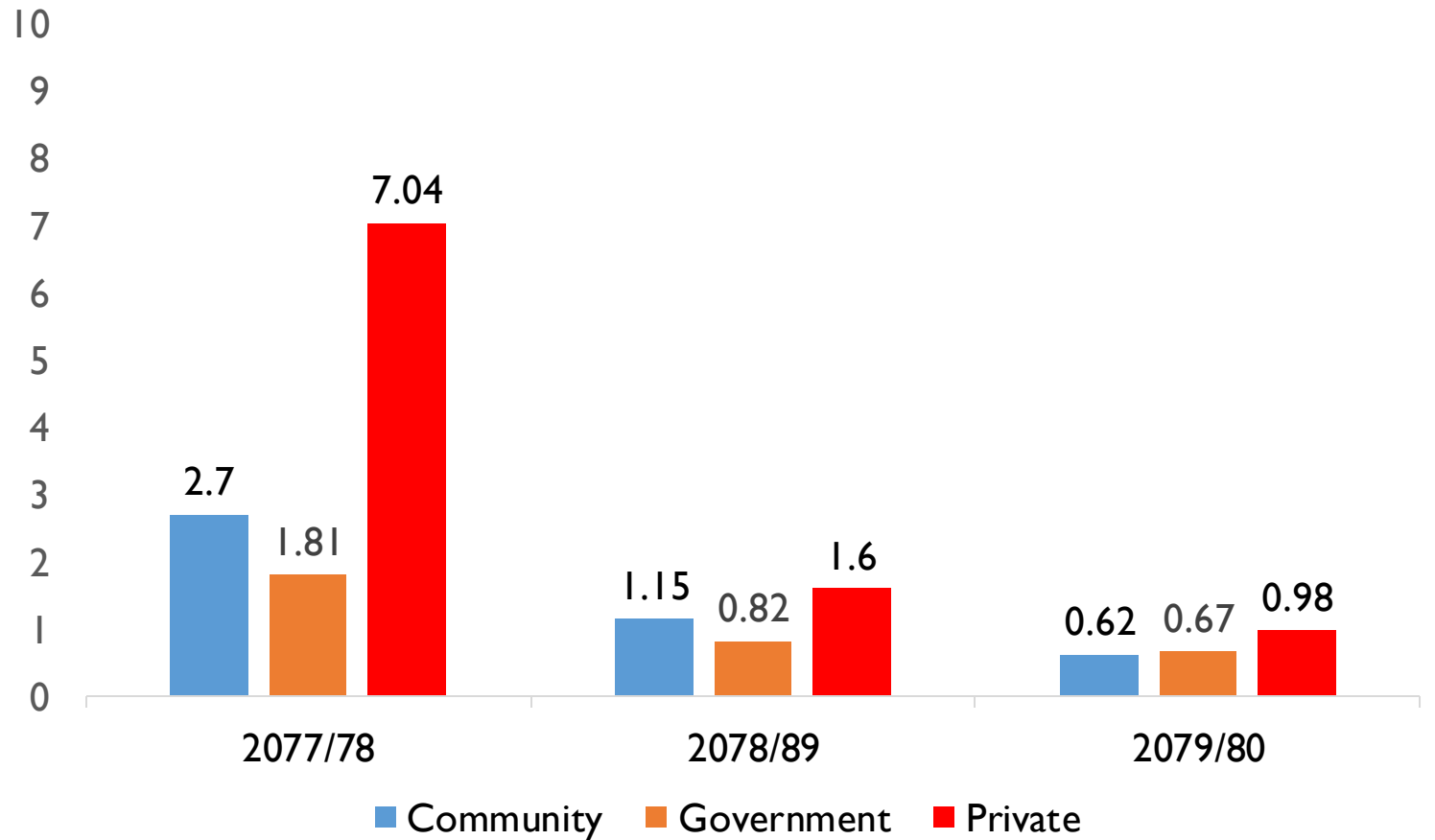
0 75 150 km

# BEHAVIOUR: Service Providers

## Number of empanalled health facilities

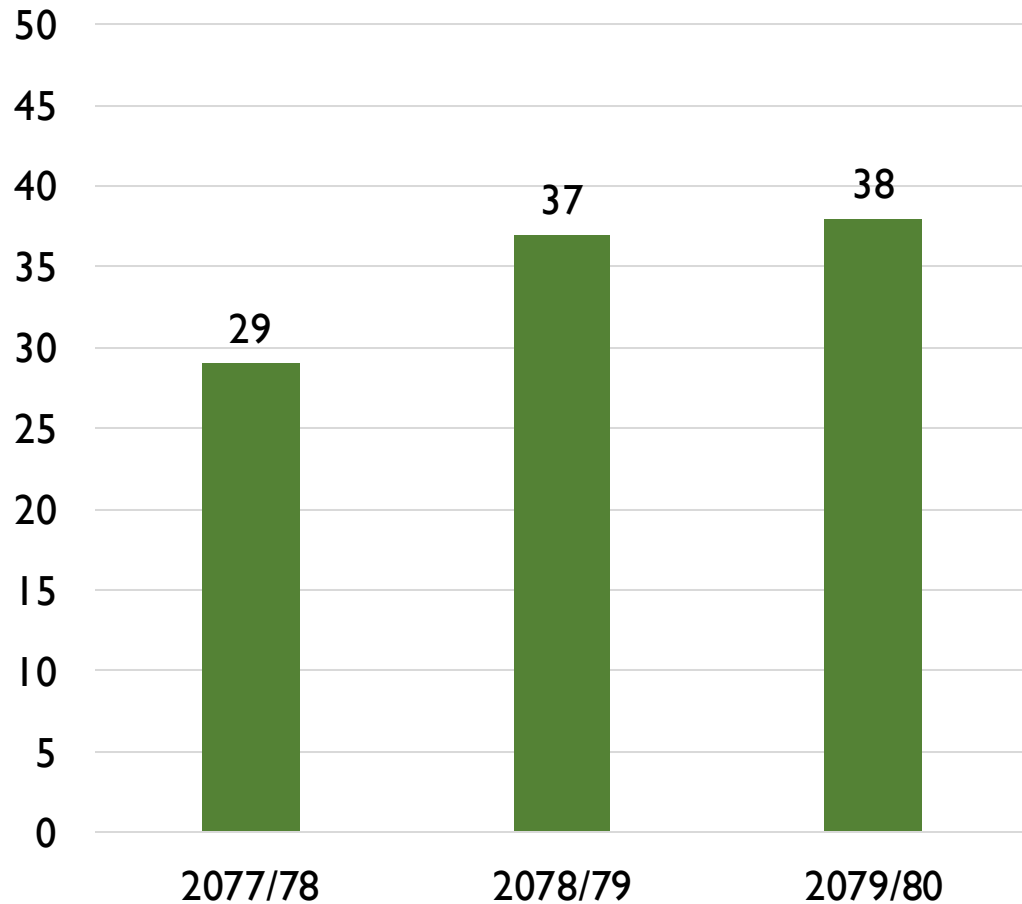


## Percentage of claims that were rejected among total claims made by type of health facilities



# BEHAVIOUR: Service Utilization

Percentage of insured populations who received health service from empaneled health facilities

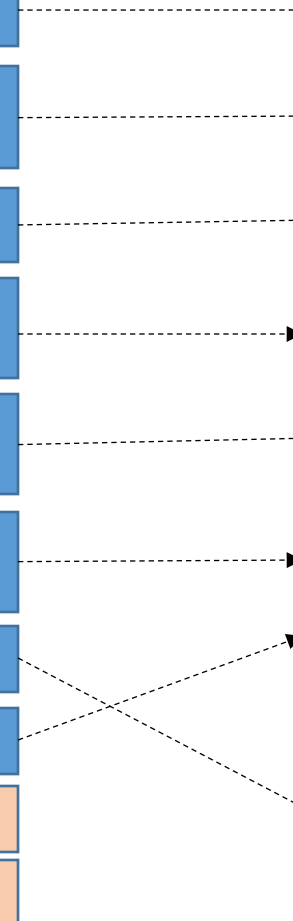


## Top 10 claims of FY 2078/79

- Essential (primary) hypertension
- Unknown and unspecified causes of morbidity
- Non-insulin-dependent diabetes mellitus
- Abdominal and pelvic pain
- Disorders of refraction and accommodation
- Other chronic obstructive pulmonary disease
- Gastritis and duodenitis
- Other hypothyroidism
- Pain in throat and chest
- Dorsalgia

## Top 10 claims of FY 2079/80

- Essential (primary) hypertension
- Unknown and unspecified causes of morbidity
- Non-insulin-dependent diabetes mellitus
- Abdominal and pelvic pain
- Disorders of refraction and accommodation
- Other chronic obstructive pulmonary disease
- Other hypothyroidism
- Fever of other and unknown origin
- Gastritis and duodenitis
- Pain, not elsewhere classified



# CHALLENGES...



## Organization

Permanent HR structure not approved

Lack of appropriate skill mix staff

Limited staff in Province and district



## Revenue generation

Insufficient budget allocation to health sector

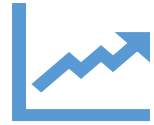
Fragmented budget allocation to social health protection schemes



## Pooling

Fragmented schemes of social health protection schemes in line ministries and agencies

Low population coverage



## Purchasing

Passive purchasing

Lack of standard costing of medical services

# CHALLENGES...



## Payment Mechanism

Continuation of traditional payment method (fee-for-service)

Transitioning to other payment mechanism



## Regulation

Full implementation of existing rules and procedures

Legal barrier for integrating social health protection schemes



## Behaviour

Limited coverage and health insurance awareness

Compliance to quality of care

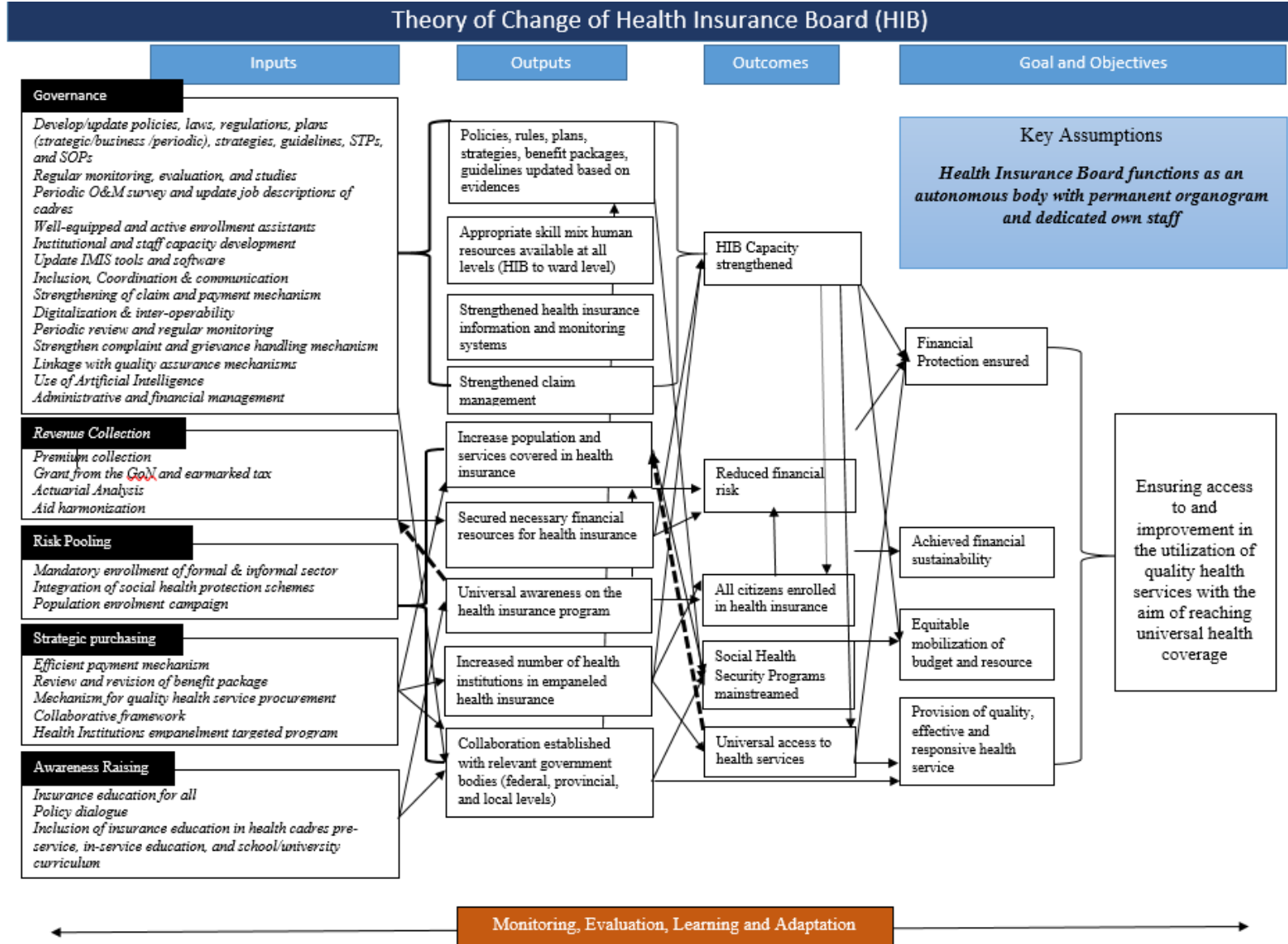
Provider and consumer moral hazard

# CONCLUSION

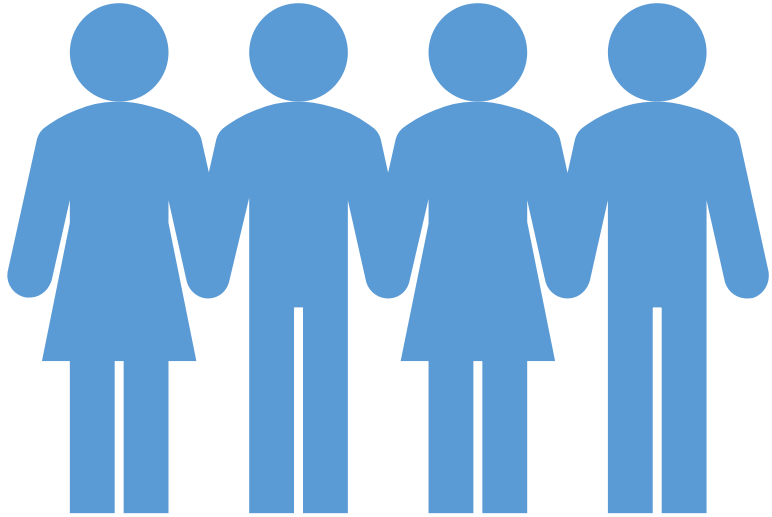
- 
- Population enrollment in the health insurance program and health facilities empanelment is increasing slowly.
  - HIB's performance is hindered by the unavailability of permanent staff, practice of traditional method of reimbursing healthcare providers, low premium generation compared to expenditure, and public awareness and interest in health insurance enrollment.
  - Moving forward, HIB will explore effective and efficient payment mechanisms and strategic purchasing.
  - *In conclusion, the overall performance of health insurance depends on the interaction among these five control knobs. This analysis has helped HIB understand current status which will be basis for HIB's way forward.*

# WAY FORWARD

Structured, evidence-based, well-planned interventions designing using Theory of Change and implementation to ensure access to and utilization of quality health services with the aim of reaching universal health coverage.



# Contributors in Alphabetical order



- **Bikesh Bajracharya**
- **Bikesh Malla**
- **Damodar Basaula**
- **Devendra Gnawali**
- **Samikshya Singh**
- **Soniya Begam**
- **Suvekshya Tiwari**
- **Upama Baral**
- **Yashoda Aryal**





Thank you

Any questions