

10th National Summit of Health and Population Scientist in Nepal

Thematic Paper on:

Nepal's Health Financing Landscape: Status, Issues and Way Forward

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Introduction

Method

Findings

Issues and challenges

Way forward



- **Constitutional Directions:**

- Basic Health Services/Public Health Services : Tax-based financing
- Beyond Basic Health Services/Public Health Services: Social Health Insurance (mandatory, progressive contributory)

- **Results**

- National Level UHC coverage 54% (Global average 68%)
- Out-of-Pocket Expenditure 54.2% (Global average 30%, reaches up to 80% in some countries)



Method



Structured review of published journal articles



Review of Government of Nepal's related acts, policies, strategies and guidelines



Expert's opinion and perspectives presented during different policy dialogues and meetings

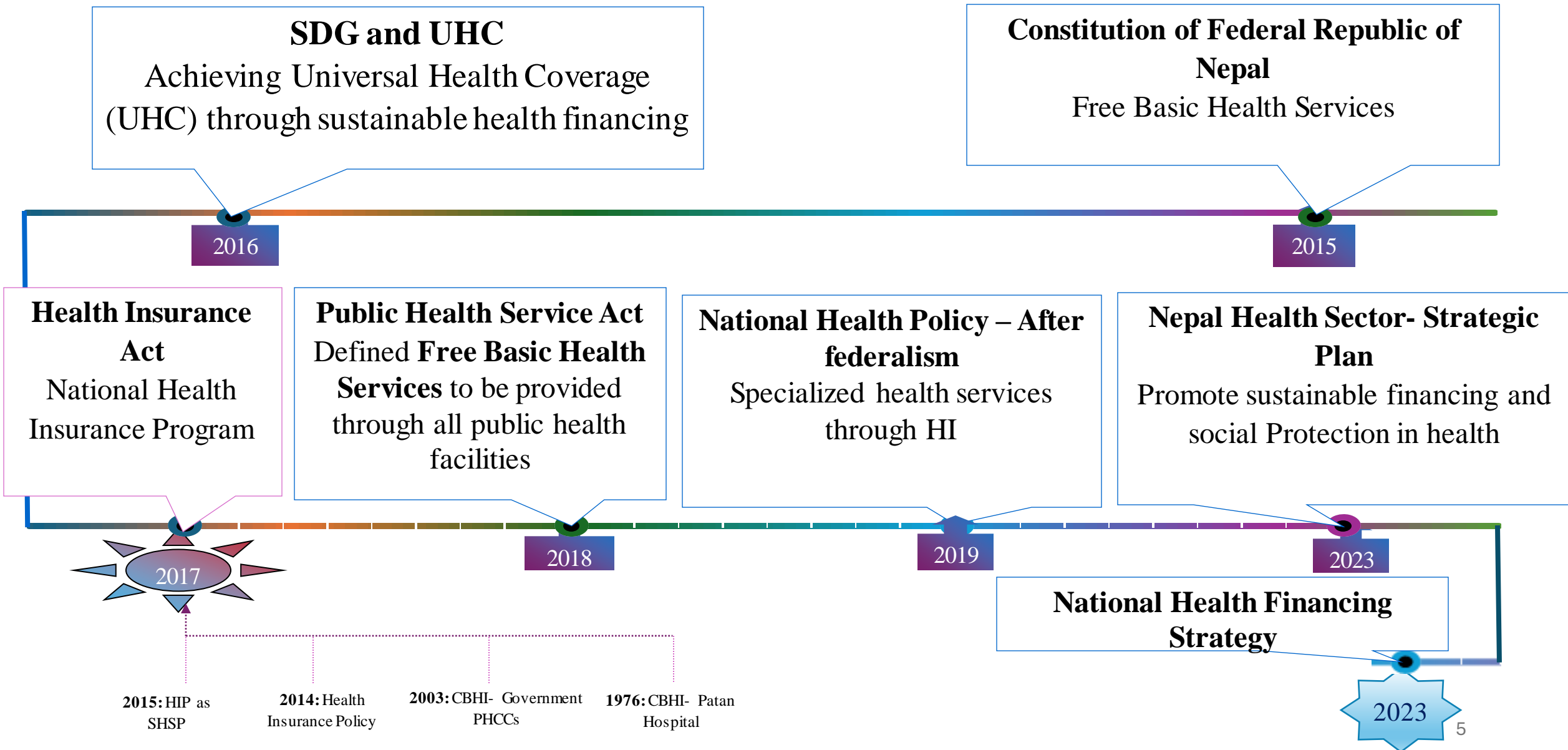
NJAR, JCM, series of discussion with NPC, MoF and other line ministries during approval process of NHS-SP and NHFS



Information from different web sources



Policy Milestones



Where are we in a way towards achieving UHC?



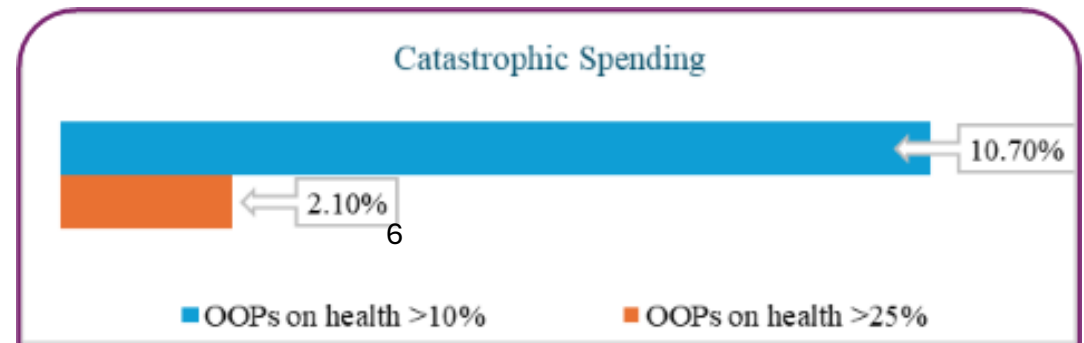
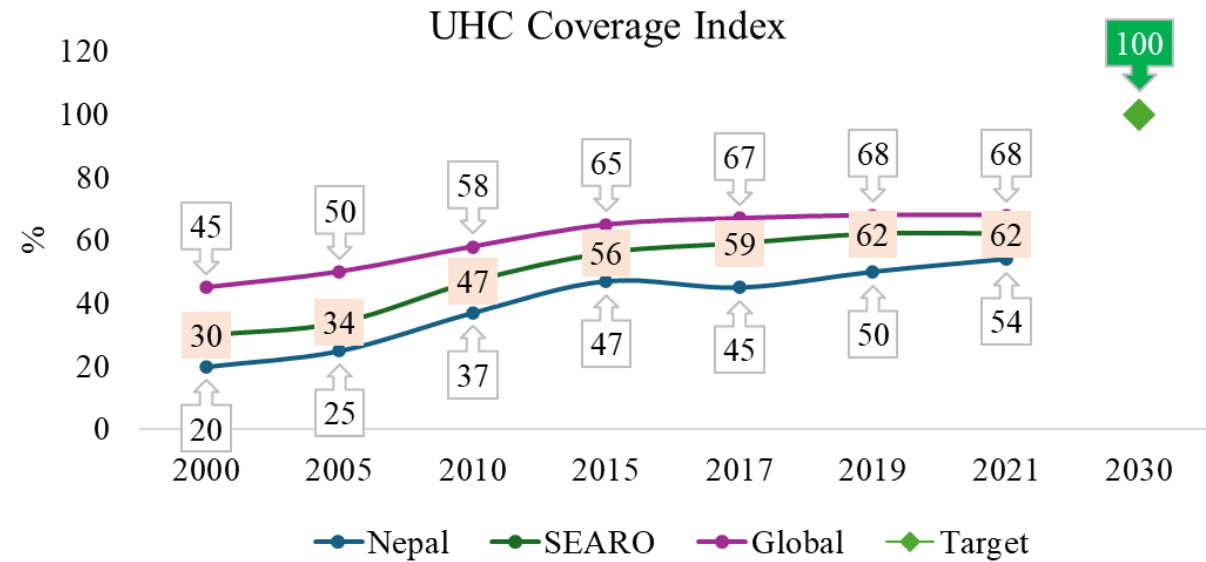
Government should spend 5-6% of their GDP on health, which stands at 1.55 % in Nepal



Every one in 10 household spending more than 10% of their family income on healthcare expenses.

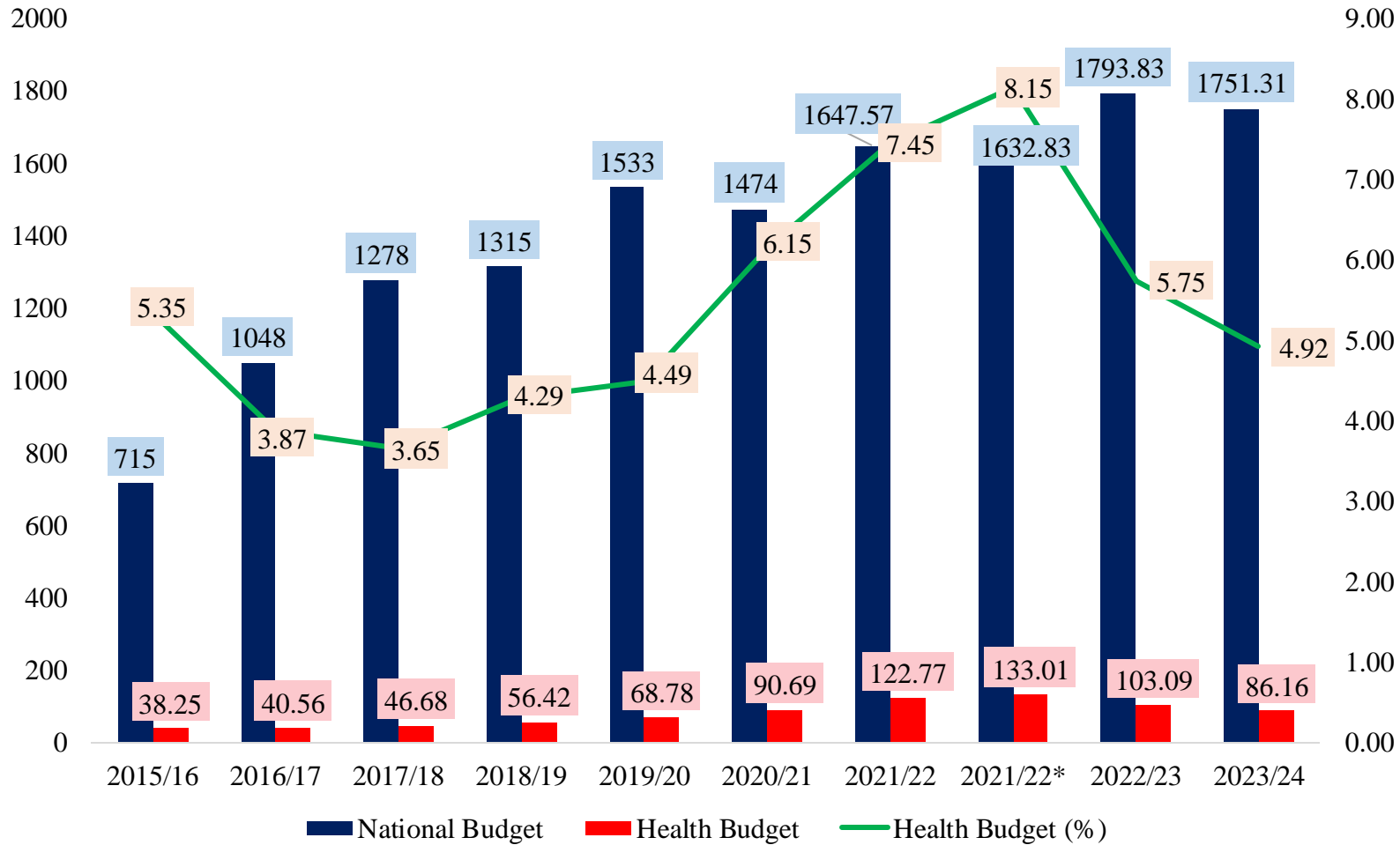


Nepal fall far short (46% point) of achieving UHC by 2030.





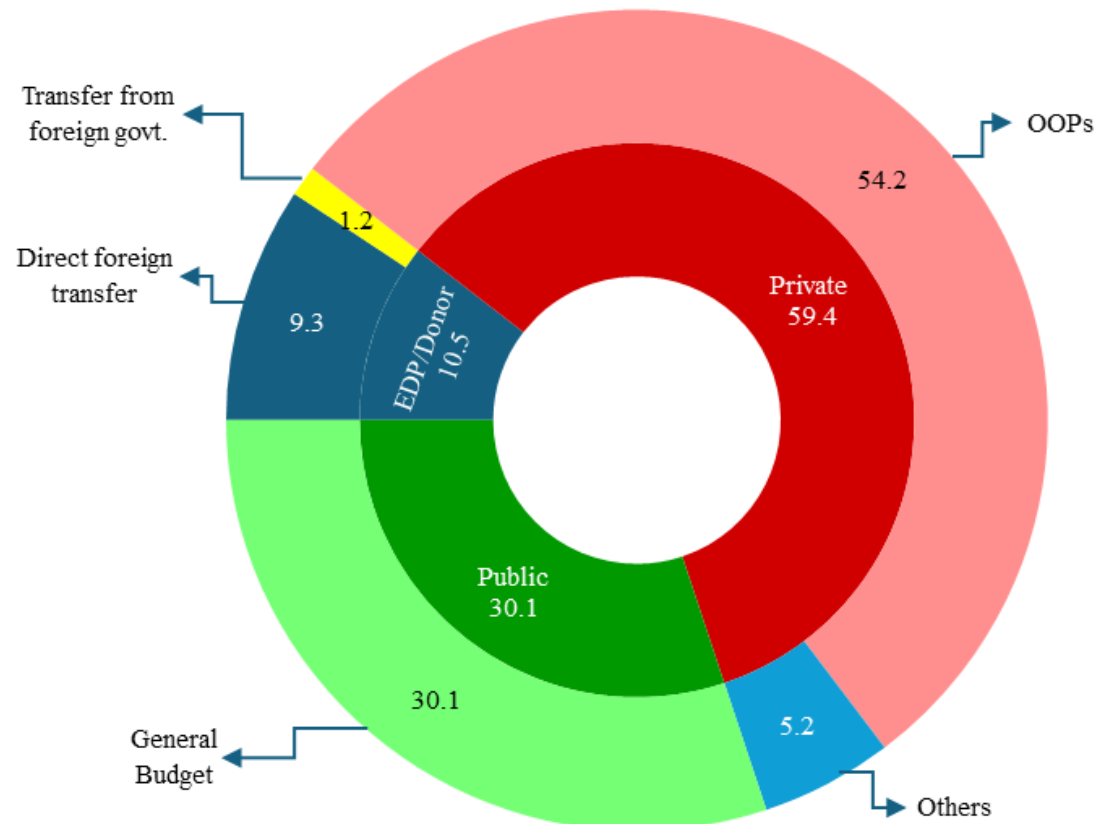
Trend in Government's allocation on Health



- Government allocation is generally suboptimal except reactive increase during COVID-19 pandemic

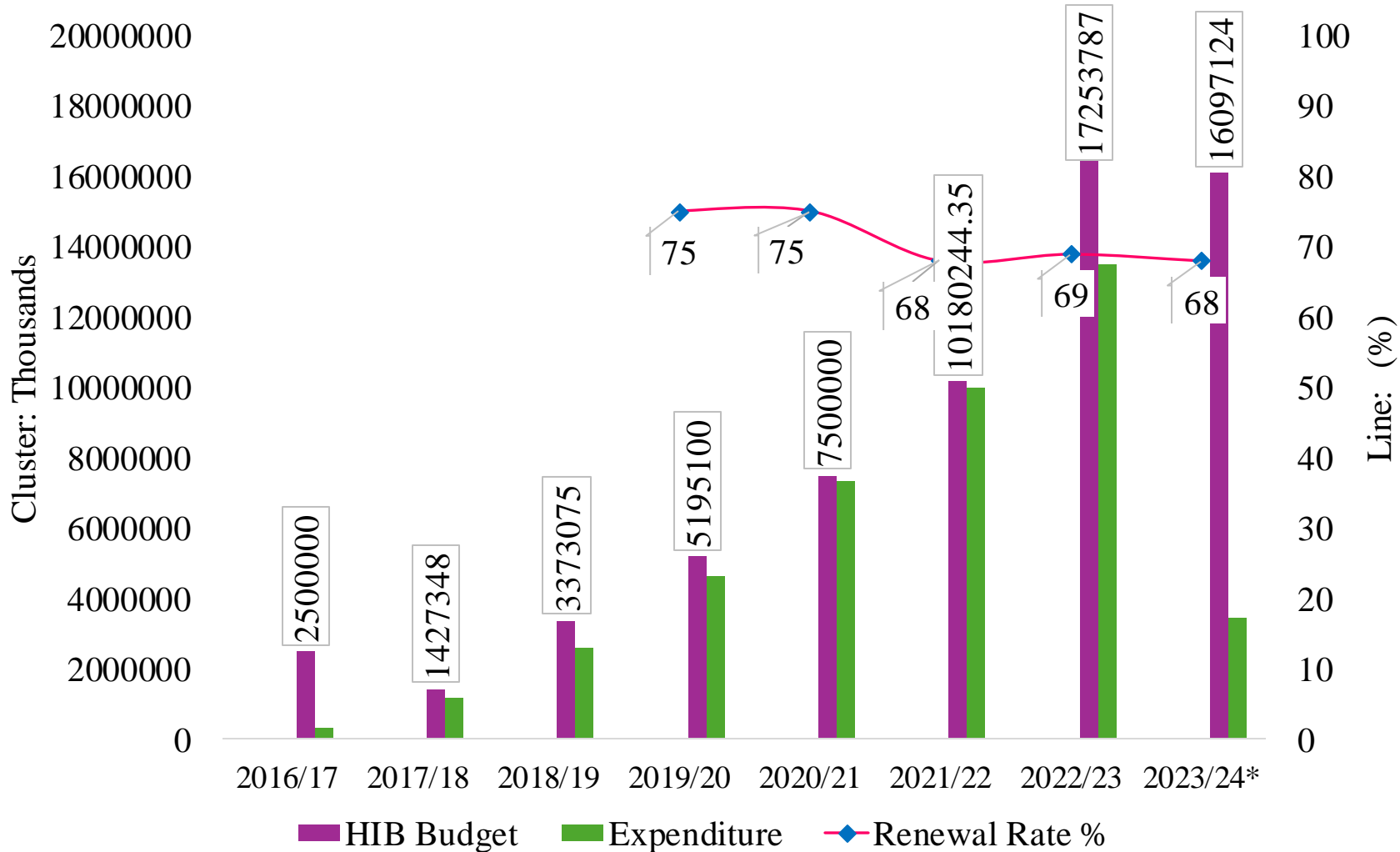
Revenue Sources of Healthcare Financing

- The government's budget contributed around one-third (30.1%) of the current health expenditure (CHE)





Status of National Health Insurance Program



Coverage:

- Districts – 77
- Local levels - 751
- Household – 36%
- Population – 26%

- ## Issues:
- Mandatory Enrollment

Recent Developments – Health Financing Priorities



Nepal Health Sector-Strategic Plan (2023 – 2030)



Outputs

Increased domestic financing and efficiency in the health sector

Improved management of development cooperation in the health sector

Free basic health services ensured in urban and rural settings

Reformed health insurance system

Streamlined social health protection schemes

Outcomes

Improved Public Investment in Health Sector

Improved social protection in Health

Strategic Objective

Promote sustainable financing and social protection in health

Goal

Improved health condition of every citizen



National Health Financing Strategy



Major Working Policies

- Tax as a major source of health financing
- Increase health sector budget to 10% in all federal, provincial and local level
- Implementing integrated policy, programs and budget monitoring system (Milestone system at all levels)
- Make investment in health programs based on cost-effectiveness and cost benefit analysis
- Performance based grant allocation
- Policy provision for central bidding local purchasing
- Budget allocation based on performance Audit and Public Assets Assessment
- Enrolling all Nepali Citizen in Health Insurance Program
- Implementing Capitation Based, Case Based and Diagnostic Related Groupings method for reimbursement
- Creating linkages between NID and Health Insurance Card
- Ensuring budget for basic health services through
- Ensuring adequate budget for strengthening pre-hospital and emergency management system by federal, provincial and local governments

Strategies

Expanding Fiscal Space for Health

Enhancing fiscal governance for health and making it accountable and transparent

Resource pooling, and strategic purchasing via health insurance

Ensuring per-individual BHS cost based on population, geography and disease burden

Fiscal management for strengthening health emergency response system

Goal

Equity Based Financing for Universal Health Coverage

Vision

Healthy Nepali

Prosperous Nepal



Monitoring Health Financing for next 6 years – Major Indicators

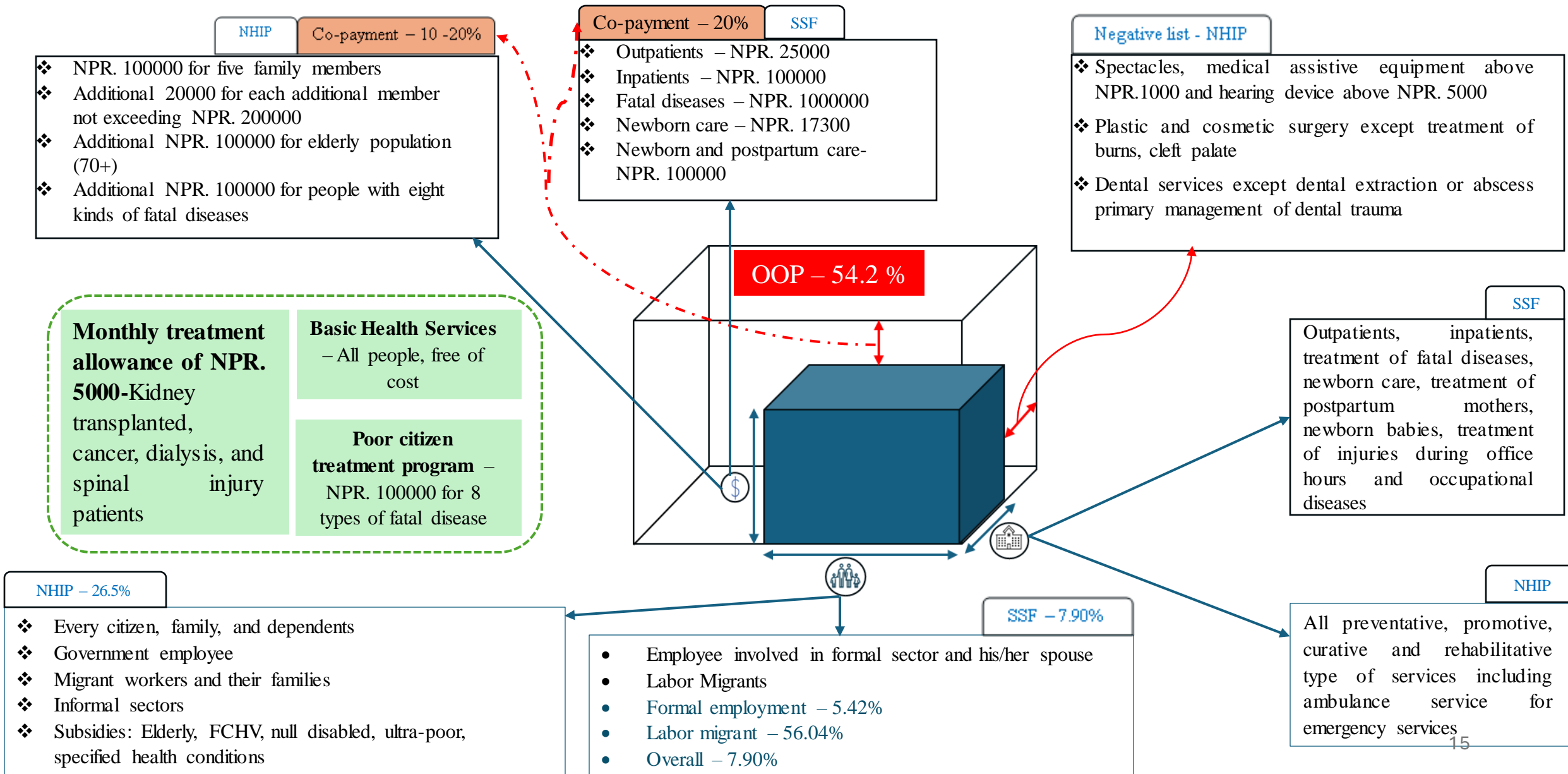


Indicator	Baseline	Target 2030
National Health Sector-Strategic Plan (2023 – 2030)		
Impact level		
Incidence of impoverishment due to OOP expenditure in health	1.7	0
Outcome Level		
UHC services coverage index of essential health services (%)	53.6	100
Population with catastrophic expenditure on health (in 10% threshold) (%)	10.7	2
Percentage of population under health insurance coverage	26.5	85
Output level		
<i>Share of the health sector in the annual budget (%)</i>	8.15	10
<i>Percentage of official health development assistance reflected in national budget (Increase)</i>	25	65
<i>Renewal rate in national health insurance scheme</i>	69	90
<i>Percentage of social protection programs streamlined with national health insurance scheme</i>		100
National Health Financing Strategy (2023 – 2030) – Those included in NHS-SP excluded here		
Government expenditure on health – per capita (US\$)	36	86
Budget Absorption Rate (%)	80	95

Issues and Challenges and Way Forward



Fragmented Financing Channels





Multiple way of Hospital Funding



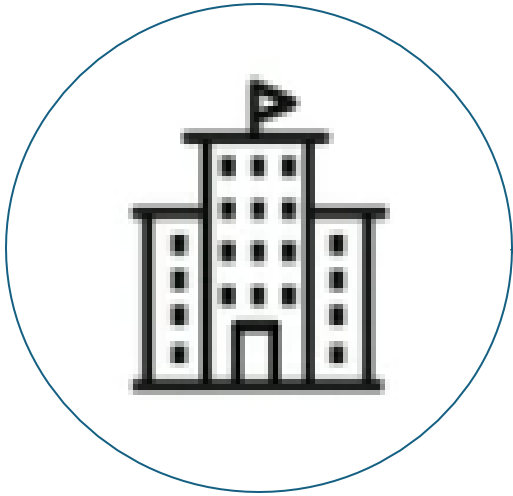
Philanthropic
Organizations/Individual
donors

Government's
Budget

Hospital Development
Committee – Internal
Income – User fee,
diagnostics, pharmacy
etc.

Health
Insurance

Direct foreign
support



- Multiple funding mechanism in hospitals

- Need to have good track of revenue sources and expenditure (both internal and external) for the efficient use of resources



Issues/Challenges



- Fragmented schemes
- Implementation of health insurance policy and laws
 - Limited coverage and
 - Limited pooling
- Resource Allocation and Operationalization of Basic Health Services (people's right)



Way Forward

- **A Two-Pillar Health Financing Model Mandated by the Constitution**
 - **Pillar 1: Free Basic and Public Health Services**
 - **Funding Mechanism:** Tax-based financing, ensuring equitable access to essential health services for all citizens.
 - **Pillar 2: Curative and Specialized Health Services**
 - **Funding Mechanism:** Social Health Insurance, with mandatory and progressive contributions to cater to complex and specialized healthcare needs.
- **Action Required:**
 - Implement the National Health Financing Strategy



Investment in health is an investment in our nation's future- it's a choice that we will never regret

Thank You !