

Improving health system efficiency in Nepal: imperative for accelerating health gains in federal context

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Data Sources

We conducted secondary data from the existing sources of the Ministry of Health and Population (MoHP).

Health expenditure budget figures were used from the LMBIS, PLMBIS, SuTRA and report of National Health Account.

We reviewed the health sector progress report of MoHP.

Health system of Nepal

Federal system with three tiers of Governments: a federal government, 7 provincial governments and 753 local governments

Nepalese health system caters the need of 30 million¹ population and the health status vary widely across country

¹National Statistics Office, Kathmandu. National Population and Housing Census 2021 (National Report). National Statistics Office; 2023.

Health system of Nepal..

The rights to get BHCS is constitutionally guaranteed in Nepalese context with the responsibility of service delivery falling within the jurisdiction of the Local Governments¹

All Specialized services will be provided through Health Insurance¹

Current healthcare system in Nepal has various issues related to the provision and financing

¹*Constitution-of-Nepal.pdf [Internet]. [cited 2024 Feb 1]. Available from: <https://lawcommission.gov.np/en/wp-content/uploads/2021/01/Constitution-of-Nepal.pdf>*

Health financing in Nepal

- a) Tax based financing (Basic health care services, Free programs, Aama program, Bipanna, Rs. 5000 for selected diseases monthly),
- b) Mandatory provision (Social Security Fund, employment provident fund, National health insurance, Citizen investment trust),
- c) Health insurance
- d) Others: 10 % beds for poor people at private providers, private insurance

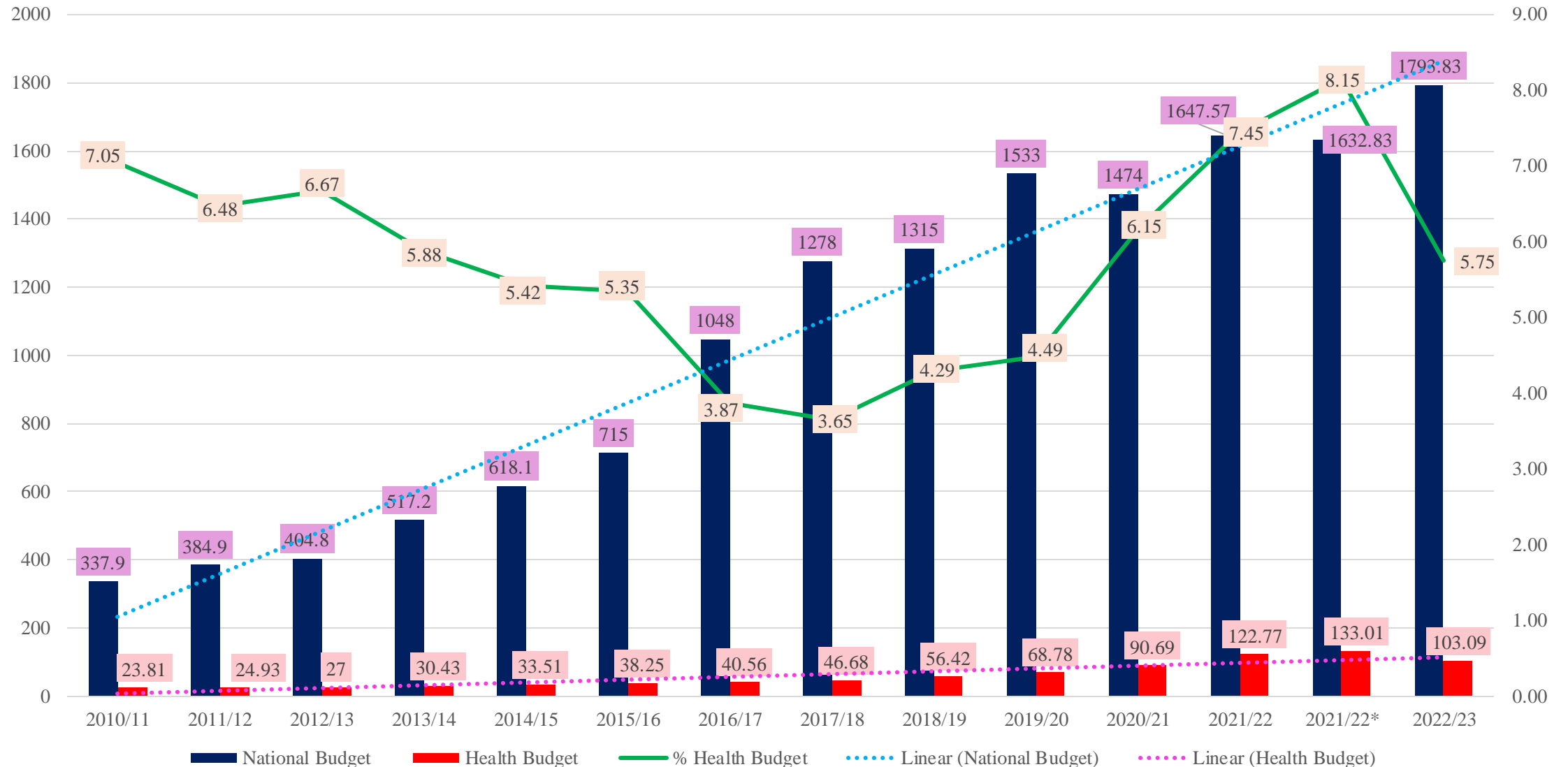
Major progress in current health system

- In the federal government system, the MoHP is the largest agency for managing government health expenditure followed by local governments and provincial governments.
- Curative care accounted for the largest share of government health expenditure followed by preventive care.
- Provincial Public Service Commissions started to recruit staff as per the approved new organograms.
- Minimum Service Standard (MSS) has developed for different levels of health facilities ranging from health post to super-specialized hospitals and rolled out across the country to assess health facility readiness to deliver quality health services.

Major progress in current health system

- Laboratory services have been expanded.
- Various public health programs are implementing throughout the country.
- Program guidelines and directives were prepared to implement the different programs.
- The MoHP, Provincial health ministries and Local Levels use LMBIS and P-LMBIS and SuTRA respectively for planning and entering health activities to be implemented.
- Two major guiding documents viz National Health Financing Strategy (2023-33) and Nepal Health Sector Strategic Plan (NHS-SP) were endorsed in 2023.
- Routine health information systems, periodic surveys and research are in place to generate data for the evidence based decision-making process.

Comparison of National and Health Budget Over Years



Source: Budget speech of Government of Nepal

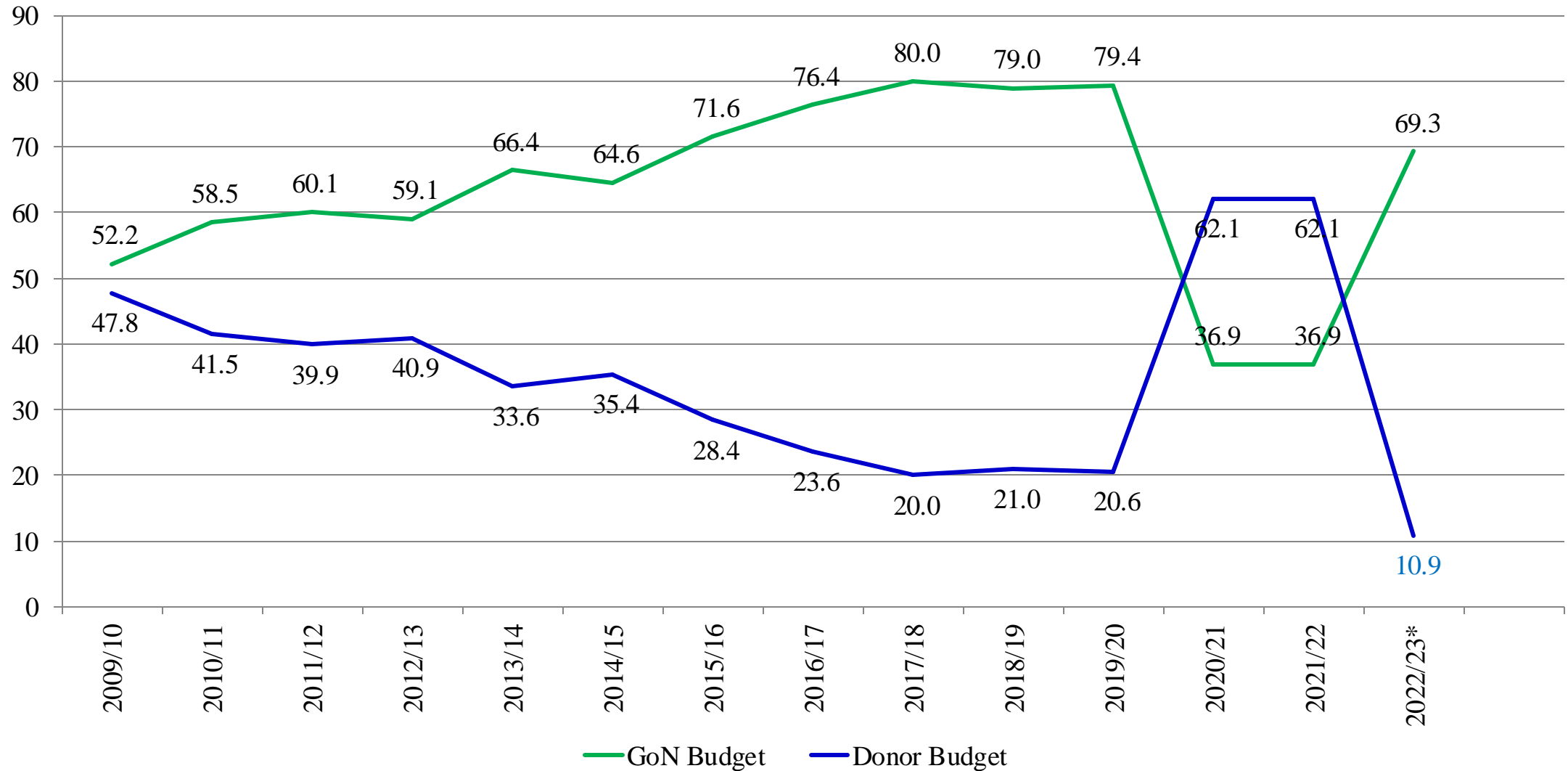
Budget and Percentage Expenditure by Capital and Recurrent

Amount in NPR Billion

Budget Type	FY 2018/19		FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23
	Budget	% Exp	Budget	% Exp	Budget	% Exp	Budget	% Exp	Budget
Capital	8.6	68.4	9.3	77.5	15.2	72.2	13.8	100	14.5
Recurrent	20.8	89.6	29.7	80.5	47.2	49.4	87.1	55.4	54.8
Total	29.4	83.4	39.0	79.8	62.4	66.7	100.9	61.7	69.3

Source: MoHP LMBIS

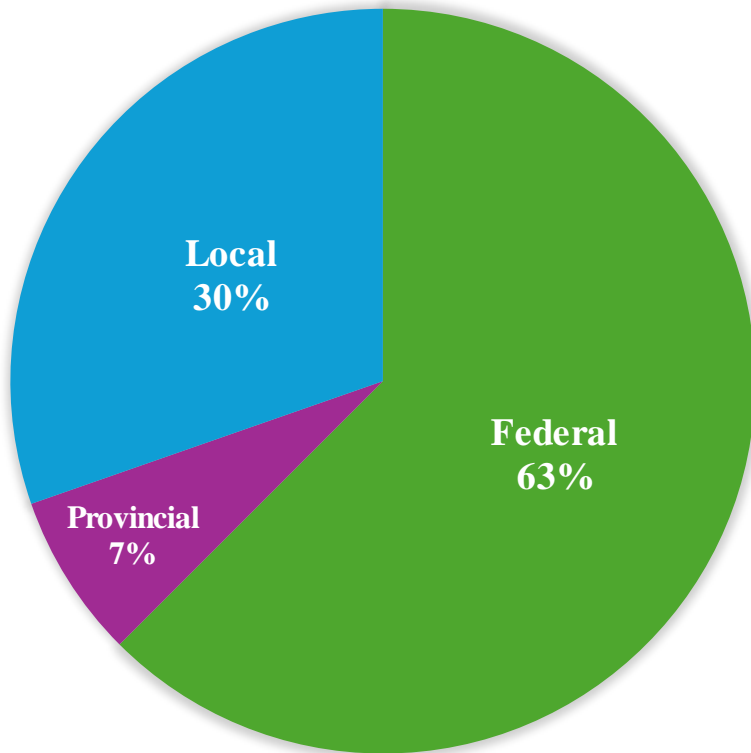
Proportion of GoN and HDP Budget Over Years



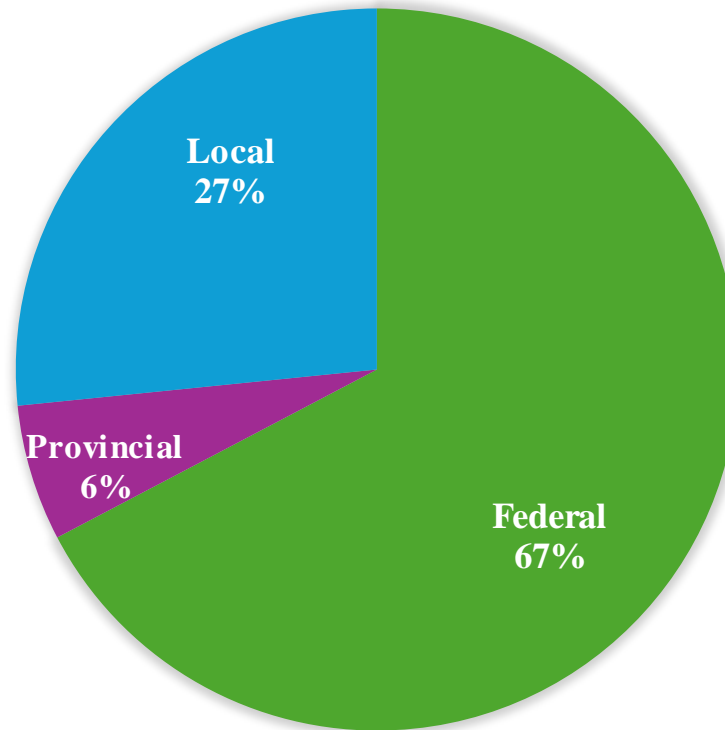
Source: Red book, MoHP

Health Budget Distribution

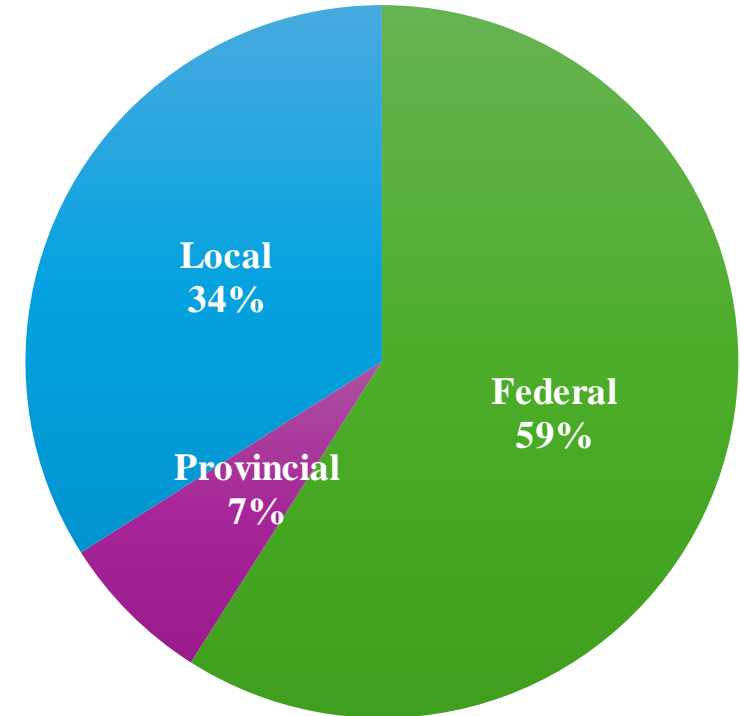
FY 2021/22



FY 2022/23



FY 2023/24



Source: Red book, MoHP

Importance of efficiency in Health system

Efficiency measures the use of resources to optimize the desired outcomes.

Health system efficiency is a priority concern for policy makers to achieve universal health coverage.

Approximately, 20–40% of health resources were wasted due to inefficiency¹, which if saved could secure additional resources for health system in resource constraint setting like Nepal

¹*World Health Organization. The world health report: health systems financing: the path to universal coverage 2010.*

Importance of efficiency in health system..

About 42% of progress towards UHC can be achieved by improving efficiency in LMIC¹

Governments could do more to improve efficiency and reduce health resource waste

¹Dieleman JL, Sadat N, Chang AY, Fullman N, Abbafati C, Acharya P, et al. Trends in future health financing and coverage: future health spending and universal health coverage in 188 countries, 2016–40. *The Lancet*. 2018 May;391(10132):1783–98.

Evidence of efficiency in Nepal health system

- Only focuses for disease centric vertical programs and could not shift to NCDs and Mental health.

(Sharma and et.al, 2018)

- Studies on the productivity of 32 hospitals in Nepal between 2011/12 and 2013/14 found that productivity increased in only 12 (37.5 percent) and declined in the remaining 20.

(Silwal and Ashton 2017)

- According to health procurement assessment of the local governments in Nepal, the main problems that currently compromise the efficiency of the procurement processes at the local governments:
 - a) lack of public financial and procurement management expertise;
 - b) conditional grants that are insufficient for paying staff salaries, purchasing drugs, and covering the costs of other basic health care functions;
 - c) inefficient procurement of drugs

(Crown Agents 2019),

Evidence of efficiency in Nepal health system..

- Efficiency issues could be raised by the lack of qualification of the local government contracting authorities, especially in the functions of purchasing services and procuring supplies.

(Thapa et al. 2019)

- There is increasing evidence that centralized procurement systems allow public buyers to obtain significantly lower prices and increase efficiency in the procurement processes.

(Dubois et al. 2019)

- Inappropriate and ineffective use of pharmaceuticals
- Inefficiency increase due to under motivated health workers.

(Government of Nepal, MoHP 2019)

Conclusion

- Significant progress on health sector despite of the resource constraints
- Improving efficiency in health services is important to achieve health related SDGs and UHC in Nepal
- Evidence of efficiency in Nepal's health sector is scarce.
- Government approach to improving efficiency in health services delivery is an urgent task
- Nepal needs additional resources reducing wastage and inefficiency, which further requires evidence on efficiency

Recommendation

Gap exists concerning the rigorous measurement of efficiency, particularly through methodologies such as

- Health expenditure analysis,
- Cost effectiveness analysis of health interventions and
- Allocative and technical efficiency

Thank you