Health Insurance in Nepal: Need for Reform and Accelerating Progress

Pratik Khanal, PhD Research Fellow

April 10, 2024

B·CEPS

UNIVERSITY OF BERGEN

Things to watch out!

Are our social health security programs universal?

Are these adequate? (in terms of range of services, quality and timeliness)

Are they sufficient to ensure financial protection?

When health insurance might go wrong?

- Institutions and systems that are not ready to handle the burden of insurance implementation
- Lack of cost controls
- Insurance funds without adequate oversight
- Lack of capacity to ensure quality of providers
- Not designed pro-poor
- Broad and expensive benefit package
- Curative services emphasized over preventive and promotive services

Problem with system design

- Voluntary enrollment (leading to adverse selection)
- Flat contribution amount (regressive way of revenue raising, weak social solidarity and limited risk pooling)
- Limited coverage of benefit package

Problem with system operation

- Fragmented operation (overall inefficiency due to the fragmented/overlapping health security schemes)
  - within health sector (basic health services, social service unit, deprived citizen fund, vertical programs)
  - outside health sector (social security fund, employee provident fund, citizen investment trust)
- HIB role more focused on handling claim reviews and reimbursements; major tasks to focus: benefit assessment and quality management
- Limited resource mobilization and financial management (Increasing fiscal imbalance)

Problem with operational environment

- Shortage of health workers in health system
- Shortage of staff at HIB (diverse skill set required)
- Limited health insurance literacy
- Limited participation of private sector
- Lack of specific strategies and detailed implementation plan to achieve UHC
- Delay with progress from other agencies and linkage (Identification of poor households, national ID, enforcement, legal issues, income status)

What are the predictors of enrollment in health insurance?

Predictor variables	Reference
Higher socio-economic status	Ghimire(2019), Bhusal (2019), Paudel (2019),
Privileged ethnic groups	Ghimire (2019), Bhusal (2019)
Family members having chronic illness	Ghimire(2019), Paudel (2019)
Households head with higher educational status	Bhusal (2019), Paudel (2019)
Knowledge on health insurance	Acharya (2020)
Exposure to mass media	Bhusal (2019)
Province	Bhusal (2019),

What are the predictors of drop out from health insurance?

- Family from the underprivileged ethnic group, perceived low quality of service and poor knowledge score about health insurance (Chaudhary 2019)
- Richer households, poor health satisfaction, and low frequency of visits to health facility (Gurung 2022)

The staircase of inequality

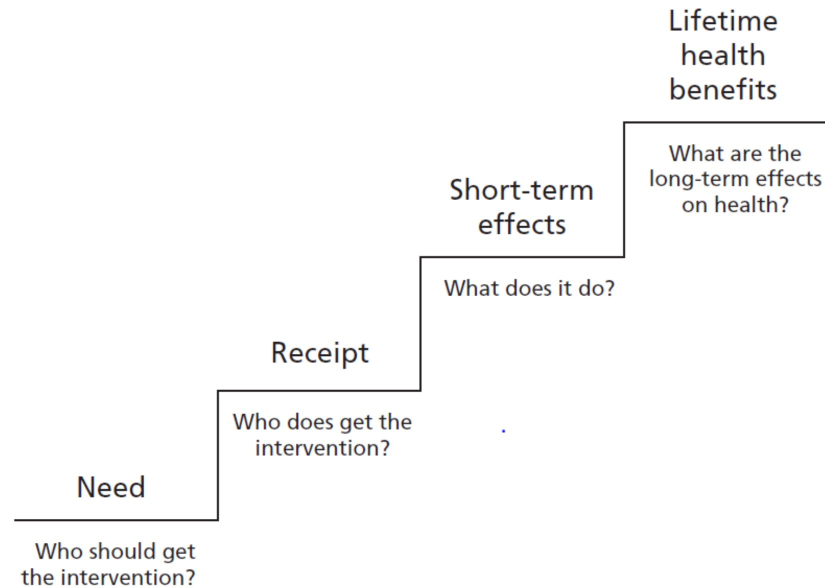


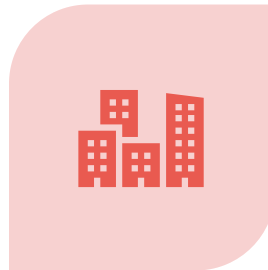
Figure 8.1 Overview of the staircase of inequality.

Need	Catastrophic spending on poorest wealth quintiles
Receipt	Skewed towards higher SES
Short term effects	Affected by the quality, adherence to care, existing comorbid conditions, clustering of unhealthy behaviors
Lifetime health benefits	To be evaluated

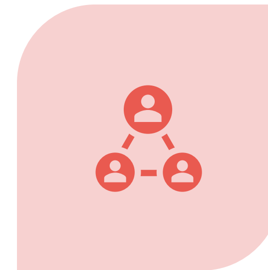
The staircase of inequality provides a framework for modelling the health inequality impacts of a policy intervention

Targeting population into health insurance

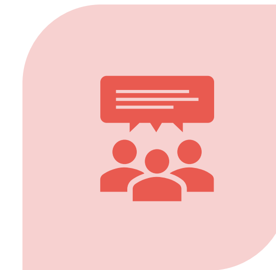
FORMAL PUBLIC SECTOR



FORMAL PRIVATE SECTOR

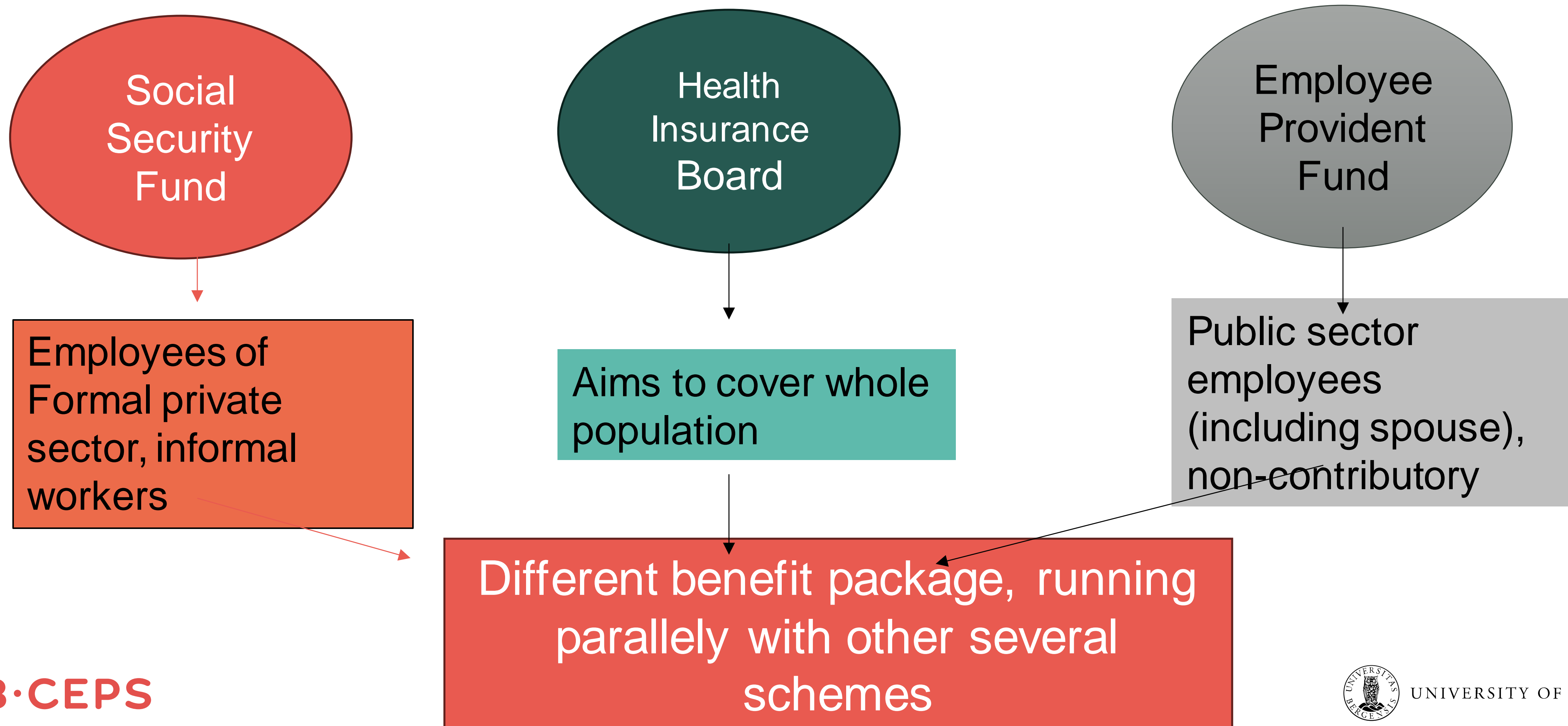


INFORMAL ECONOMY (NON-POOR)

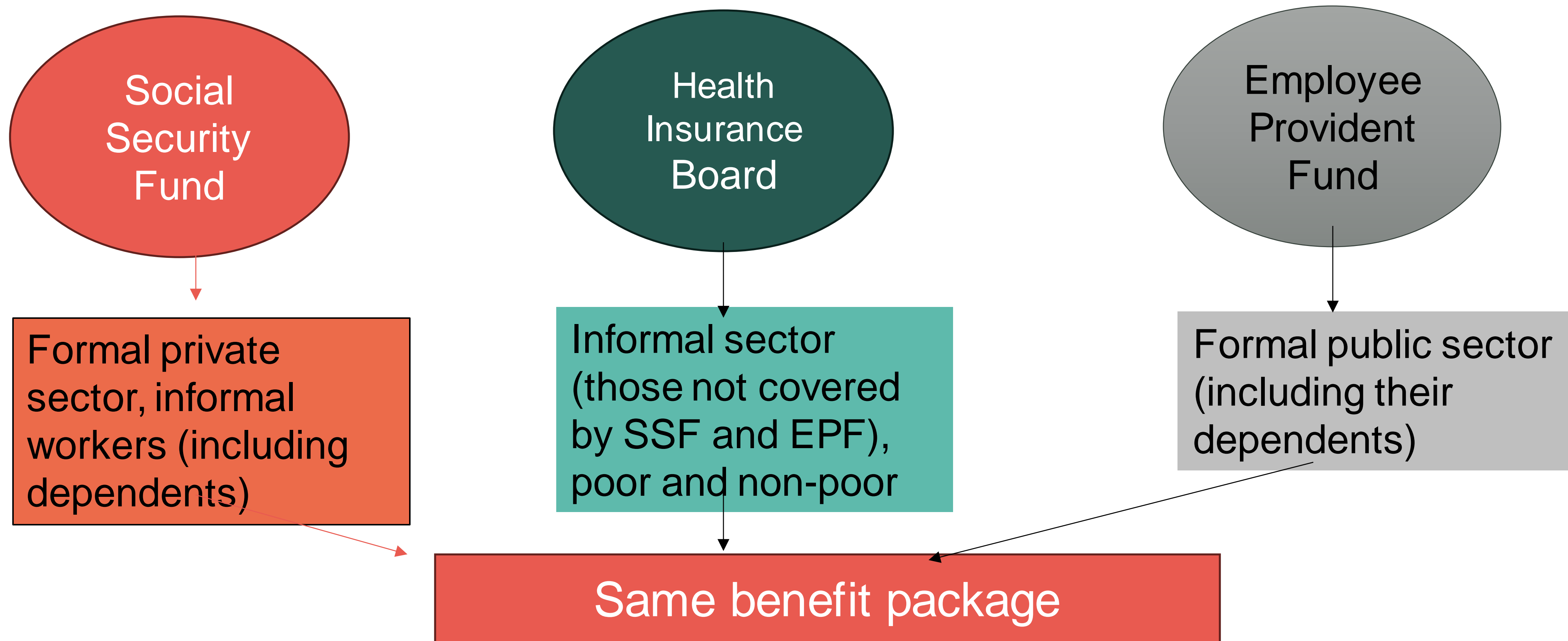


INFORMAL SECTOR (POOR)

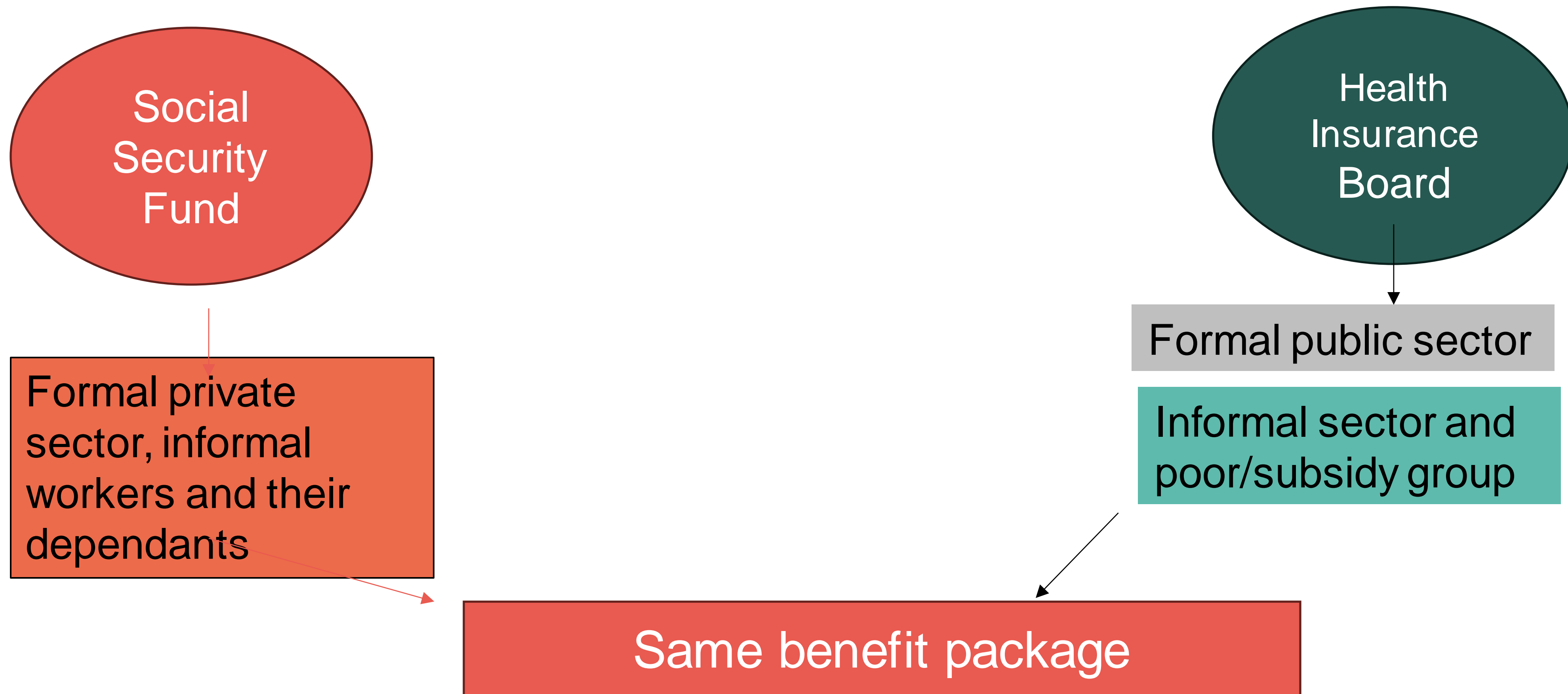
Management entity for health insurance (Existing)



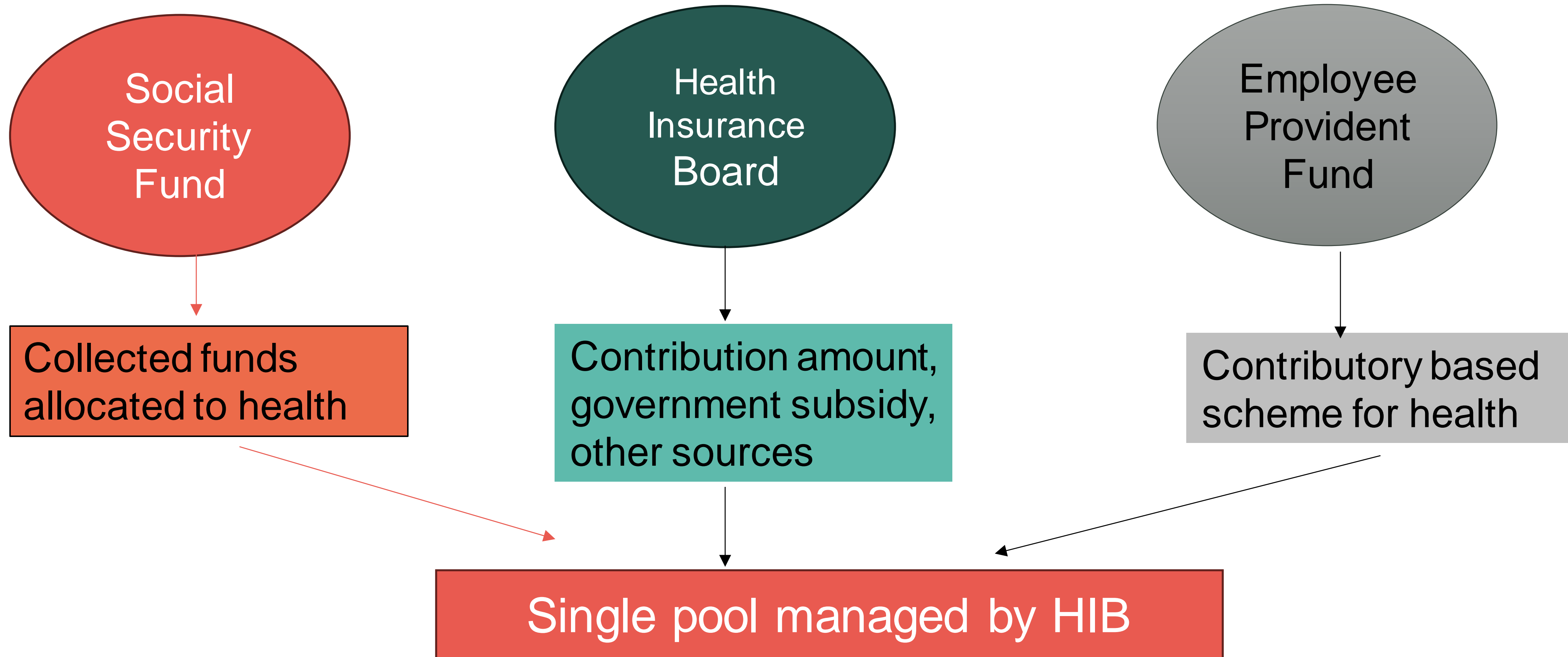
Management entity for health insurance (Option 1, Three management entity)



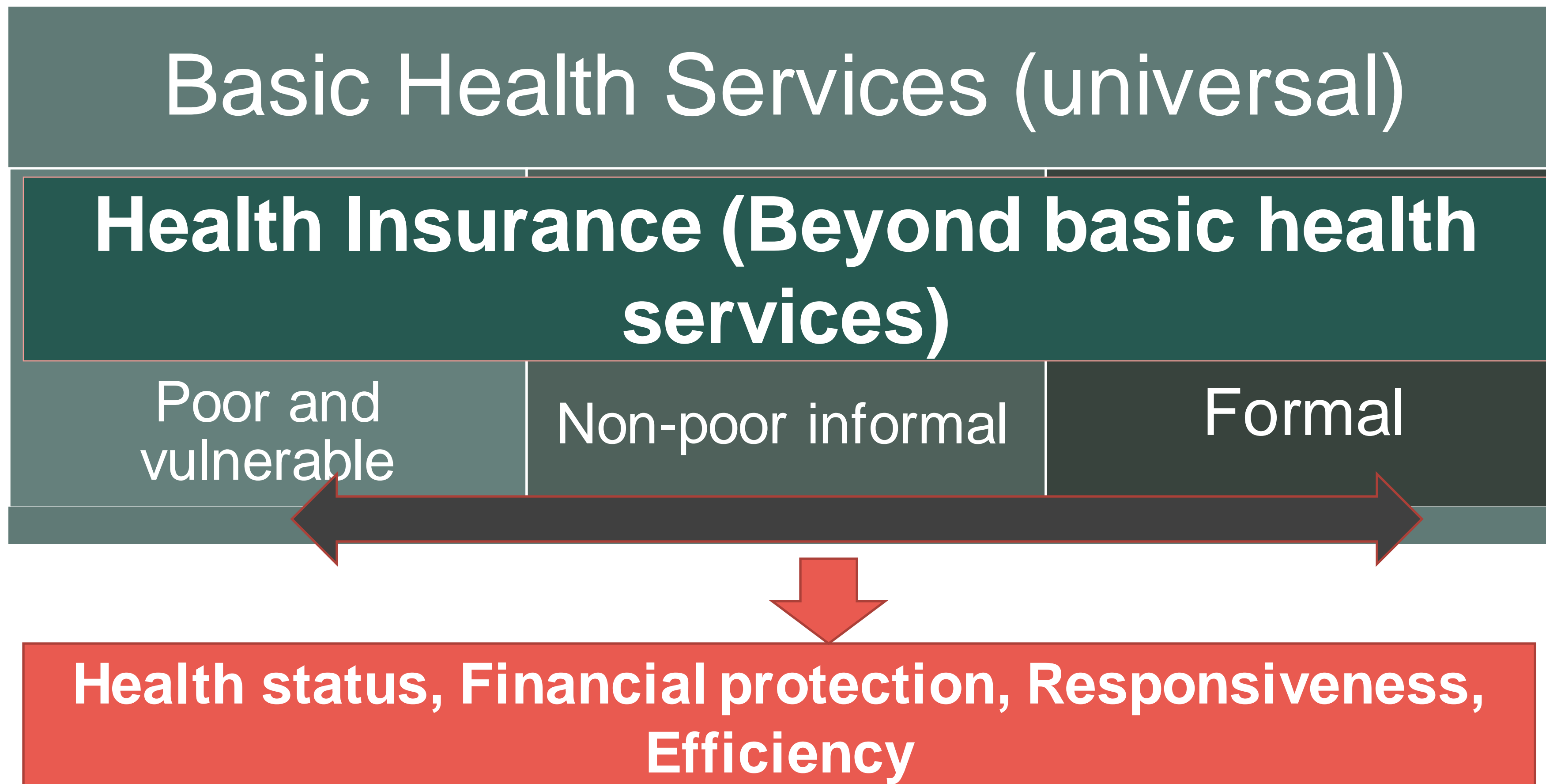
Management entity for health insurance (Option 2, Two management entity)



Management entity for health insurance (Option 3, Single pool)



Design of social health protection in Nepal (expected)



Learning by doing and moving ahead (1)

Learning by doing and moving ahead (2)

Develop sustainable financing strategy (revenue, expenditure, investment)

Introduce innovating financing mechanisms for increased allocation of funds (tobacco and alcohol tax, sugar tax, airlines , telecom, petroleum and VAT)

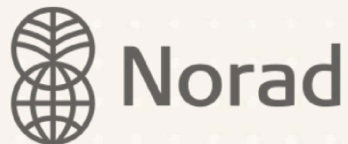
Improve systems for enhancing access to quality to health services (Governance and service delivery arrangements)

Conduct benefit assessment and improve management capacity (structure, human resource, coordination, benefit package expansion, strong IT system for insuree management)

Pratik Khanal
PhD Research Fellow
pratik.khanal@uib.no

B:CEPS

BERGEN CENTRE
FOR ETHICS AND
PRIORITY SETTING
IN HEALTH



www.uib.no/en/bceps

UNIVERSITY OF BERGEN