

# Effectiveness of Social Health Insurance Program in Nepal: Challenges and Recommendations

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## **Abstract**

*The article explores into the concept of health insurance in Nepal as a means of financial protection against unexpected medical expenses. It outlines commitment to providing fundamental health care as a citizen's right and the challenges faced in Nepal to achieving this goal. The study highlights the initiation and expansion of the Social Health Insurance Program, marking to suggestion financial security to individuals and families during illness. Despite progress, economic, social, and institutional barriers hinder many citizens' access to adequate health services. The paper emphasizes the importance of health insurance for low and middle-income families, addressing concerns of economic hardship due to healthcare costs. Challenges in the implementation of the program are discussed, including issues related to organizational systems, service delivery, infrastructure, and budgetary constraints. The need for collaboration between government bodies, quality improvement in healthcare facilities, and better management of health workers is emphasized. The successful implementation of health insurance in Nepal is seen as a pivotal step towards achieving universal health coverage, alleviating financial burdens on citizens, and contributing to national development goals and international commitments.*

**Keywords:** *health insurance implementation, universal health coverage, financial protection, healthcare access challenges, social health security program, health service improvement*

## **Introduction**

Insurance is a means of protecting oneself financially in the event of unexpected and uncontrollable events. Health insurance protects an individual's risk by covering all or part of the medical expenses of an individual or family. The insurer of the overall risk of health care and health system expenses has to pay a fixed premium for the health care benefit packages mentioned in the insurance contract.

Nepal is a federal democratic republic state; the constitution of Nepal has established basic and emergency health care as a fundamental right of every citizen. In the spirit of Nepal's constitution and the global campaign of primary health care started in 1978 in Alma-Ata conference held in Kazakhstan in 1978, Nepal has also expressed its commitment

to further continue the global campaign to expand access to quality primary health care. In this way, the government is determined to fulfill the national and international commitments. Currently, the country has moved to a federal system of government, and the local governments have started to bring more programs to improve health service delivery, but until now, the expansion of the health service network by the central government, including the classification of services, the quality of services, the management of skilled technical manpower, and the delivery of health services in accordance with the expectations of the local people have remained challenging. Even though the government has promoted the delivery of health services to the private sector, they are concentrated in the city, and they are

not able to be properly monitored and inspected. There are various agencies that regulate the quality of manpower service delivery, but it is necessary to make these agencies more active and improve their efficiency and quality. State governments and local governments should formulate and implement policies for the development and expansion of the structure of health services in accordance with their jurisdiction and responsibilities. It is inevitable. It is the responsibility of the state to provide quality health services to all citizens.

In order to provide easy access to public health services, the government issued the National Insurance Policy 2071 and the Social Health Security Development Committee Formation Order 2071. The Social health insurance program has been started from 2072/73. This program provides financial security to individuals and families in case of illness. The health insurance program was started in three districts of Nepal, Kailali, Ilam and Baglung and is gradually expanding in the financial year 2077/78. By the end of 2021AD, the service has been extended to 77 districts.

Nepal has made significant progress in promoting the health of its citizens in the past few decades. Still many citizens are not able to get adequate health services due to economic, social, cultural, geographical and institutional barriers.

Health insurance, especially for poor and middle-class families, is a reliable means of getting care, freeing them from debt and hardship. Low-income families may be unable to afford preventive or curative care for a variety of illnesses. Health insurance can reduce the financial risk of the family due to health problems.

It is a comprehensive social partnership initiative that ensures universal access to healthcare. It involves direct participation of individuals, communities and governments. In this, the risk is managed through the advance contribution amount

so that the patient does not have to bear the huge cost of the treatment.

Health insurance is an important step in realizing the policy of universal access. According to the World Health Organization, universal access to health is the provision of free basic health services to all citizens and communities. The health insurance program should be made effective in order to ensure access to quality health services for the Nepalese people. However, there are many distortions and inconsistencies in it, we will discuss about these here.

Universal coverage of social health insurance appears challenging given existing poverty levels. The government has provided high-quality health services to the common people through health insurance and has provided subsidies for low-income people who cannot pay the premiums.

The World Health Organization (WHO) defines the enjoyment of an optimal standard of health as a fundamental right of every person, regardless of race, religion, political affiliation, economic or social status. Every country in the world has adopted the best concept. However, at least half of the world's population lacks access to essential health services. Millions of people in the world are forced to die for lack of treatment due to the lack of purchasing power of healthcare. Apart from the administrative costs of implementing social health insurance, it imposes a huge burden on the Government of Nepal. Bima board to be paid the remaining amount Rs 5 billion 7 hundred 65 million from 2078/79, to the service provider health institutions. It is very difficult for the government of Nepal to bear the expenses.

### **Identification of the Problem**

People are getting poorer due to the high cost of health care. According to the statistics of Nepal Health Account 2008/09, 55% of the total medical expenses are borne by individuals and families out

of pocket (MOHP, 2012). It has gone to private service providers. After the detailed study, how many people are being pushed below the poverty line every year after spending on health care, the statistics have not come out, but the sign of a significant number of Nepali people being pushed towards poverty can be seen (GIZ, 2012). 70% of the health sector in Nepal is occupied by the private sector. It is also especially focused on the city. 73.2% of urban residents use private health services while only 26.8% use government health services. Private health care is expensive, people and families with poor financial conditions cannot afford this cost. When you are sick, you have to spend a lot of money and return home poor.

45% of the total health manpower i.e. 14786 manpower are working in Kathmandu valley and central region (MOHP, 2013) while the rest are completing the formalities depending on the remote service provider organizations. People have been deprived of a mechanism to provide protection from the economic status of the service recipient and possible financial risks for complete health services. Can health insurance solve these problems?

### **Objectives of the Study**

The main objective of social health insurance is to ensure universal health coverage by increasing access and utilization of necessary quality health services. To provide financial protection to the general public through pre-payment and risk reduction arrangements in the field of health services. To reduce the out of pocket expenses of the people below the poverty line by achieving the fundamental rights and sustainable development goals guaranteed by the constitution through health insurance. Ending the system where the poor are getting poorer due to medical expenses.

### **Concept and Evolution of Health Insurance**

Health insurance generally means the program of covering health expenses. It is insurance against

the risk of health-related expenses due to illness and accidents. Buyers of health plans contribute to a common fund to cover unexpected health expenses that may occur in the future. Of such contribution maybe in the form of tax, fee or as a premium. For this, which insurance package of services the insured will get depends on the insurance policy. The government allocates budget through the Social Health Security Program for low-income people who cannot afford health insurance plans. The health insurance program is a priority program introduced by the government under the concept of providing financial security by managing the risk of unplanned expenses incurred while using health services. A health insurance program has been launched with the background of to ensure quality health care for all by improving access and utilization. Before the start of social health insurance program, targeting the low- and middle-income people in Nepal, in accordance with the spirit and spirit of the Alma-Ata conference. Community health insurance program (CBHI) was started as a pilot program in Manglabare and Dumkauli health centers in 2005, Although it was extended to Udaipur, Dang, Rautahat and Kailali in 2006, this program could not increase relatively and it was closed. Before this, some non-profit programs were brought into operation from the non-governmental sector. In 1976, the United Mission to Nepal started a medical insurance scheme in Lalitpur Ashrang, B.P Koirala Institute of Health Sciences Dharan started a community based health insurance program for Sunsari resident in 2002. In connection with the CBHI program in the year 2007 Karuna Foundation, an international non-governmental organization launched a community-based health insurance program, some villages of Kavre, Sunsari and Rasuwa. but none of the programs were sustainable. While the World Health Organization and the World Bank are repeatedly suggesting to

the Nepalese government to reduce out-of-pocket expenses and to end the system in which the poor people are becoming poorer, the government taking into account the international commitments through the social health protection program, the very poor, low-income people living in rural areas and the health insurance program of Subsidy to targeted people started in the year 2072 Chaitra, from the Far western region Kailali.

According to a study conducted by Chhabil Ranabhat on the rate of low- and middle-income people not giving up or renewing health insurance in Nepal, according to a study 67% 44% 38% leave rate in 3 consecutive years between 2016/2017/2018. has been seen. According to the research done by Praveen Sharma on the basis of Pokhara Metropolitan City regarding the dropout of the health insurance program, the dropout rate has been found to be 38% but the withdrawal rate from the health insurance program has been found to be 15 to 96% according to the district. As it is a new subject in the context of Nepal, the study was done by the NHRC in the first three districts.

### **Challenges and Recommendations**

Social Health Protection Program Health Care Financing is one of the key methods of health care financing. In recent countries, many low and middle-income countries, including Nepal, have taken this path. Although 20% of the people in Nepal are using adequate treatment and health services in private and public health institutions, The 80% of the citizens life is challenging for servable. The constitution defines the health of the citizens as a fundamental right and the basic health care will be provided to all citizens free of cost and no one will be deprived of emergency health care, but the people are not able to get health care accordingly.. Only through quality health care can people's lives be made happy, prosperous and healthy. It is the right of the people to get health care in a simple and easy way from the state. Since the constitution of Nepal

ensures the fundamental rights of the people, it is the responsibility of the state to provide accessible, quality health care. The Health Policy, Health Act and regulation to be adopted by the state for quality health care and the economic policies also play an important role. The role of doctors, nurses and health workers involved in this field is even more important for quality healthcare. Only high-morale skilled and professionally committed health workers can provide quality health care to the people. Now a new concept of full quality management has been developed in the field of management. After receiving the service, it will remember the service received forever and return to the service and provide the previous service. Therefore, for quality health care, there should be adequate physical infrastructure in the service delivery site with skilled and capable manpower. There are many problems in the service delivery of Nepal's health sector. Problems have arisen in the health sector after the state adopted a liberal policy of privatization and commercialization in the flow of health care, which is inextricably linked to the lives of the general public. The privatization and commercialization policy of the government sector in the health care has led to the decline of the services and facilities provided by the government sector to the public's right to free healthcare and treatment. Through the private sector, the people became in a position to get expensive and attractive health care. Due to such a policy, most of the corruption in the health care was in the health service, and only those who have money should not get treatment and have to die prematurely. Due to liberalization and privatization in the health sector, not only patients but also nurses working in this sector as well as other health workers have been exploited. The following steps need to be taken to make it more effective by assimilating the challenges in the field of health insurance.

### **Strengthening of Organizational Systems**

The weak organizational system in the Health

Insurance Board does not seem to be able to bring effectiveness to the work, the Board itself has not become fully autonomous, contrary to the purpose of the Health Insurance Act, the insurance program is being run by the employees assigned to the work without conducting an Organization and Management Survey (O&M). District Managers and Registration Officers who play an important role in making the insurance program successful are appointed through contractual services, so there is a lack of understanding of their work duties and responsibilities and registration assistants are not fully trained and mobilized.

### **Strengthening of Health Institutions and Proper Management of Health Workers**

In order to make the health insurance program successful, the government should strengthen the quality base and increase the capacity of the service providers. Numerically, while the program is currently being conducted in 77 districts, it does not seem to be able to make the services provided by the service provider health institutions to be efficient and hassle-free.

The Nepal government has made guidelines for the operation and upgrading of health institutions according to the standards of the World Health Organization, but it is not being implemented accordingly. Due to lack of permanence, lack of opportunities for promotion, professional development, lack of timely salary increase, lack of social security facilities, quality health services are not being provided, therefore proper implementation of established standards is necessary.

Improving health service delivery and priority to insured people

It seems that the Health Insurance Board and the government should take special vigilance towards increasing access to health services and expanding membership, management of manpower, physical infrastructure and equipment of service providers, first service centers and referral hospitals is not

effective, and the health insurance board and the government may become dissatisfied with the services received by the insured. At the same time, it seems more challenging to provide continuous service by coordinating infrastructure, equipment and manpower.

It is necessary for the Health Insurance Board and the government to jointly transmit the correct information regarding the health insurance program, to increase the awareness of insurance, the information should be disseminated through the medium of communication, as well as to give priority to the citizens who have insurance in health treatment, and to make arrangements for the operation of the First Service Center with complete infrastructure.

### **Availability of pharmacy and Quality Medicine in the Hospital**

There is no easy availability of medicines that are arranged to be distributed free of charge in Government Hospital, and due to the fact that the service provider does not have its own pharmacy, in some cases, the basis of trustworthiness of the insureds involved in the health service has weakened towards the government service system. Availability of quality medicines should be ensured in all hospitals including their own pharmacy.

Geographical severity and physician management  
Due to the geographical situation, the government health institutions are very far away in the rural areas and it is very difficult for the insured to get services. In some cases, it is a reality that the patients have to face harassment because of the absence of a doctor. It seems necessary to manage the health workers properly, considering the geographical diversity.

### **Identification of the poor and disadvantaged**

Even more confusion has been added to the program announced by the government to identify and distribute identity cards to the citizens of the poor and disadvantaged categories and to provide free health insurance to the citizens belonging to

that category, so the identity cards of the poor and disadvantaged target categories should be issued as soon as possible in all the districts.

### **Enrollment Payment and Renewal Issues**

There is also a lack of trust in the continuation of this program started by the government. It has been found that there is a delay in the system of receiving payment from the health insurance board. It seems that 5 billion 765 million are yet to be paid to the service provider health institutions in the financial year 2078/2079. If the funds are not received on time, the service provider health institutions are warning that they will stop their services.

It seems that the Health Insurance Board and the Government of Nepal should take steps to facilitate this by managing the budget in time. The level of service provided by the priority service center is poor. Due to such reasons, the insured who subscribed last year did not show interest in renewing. Therefore, in order to convince the insured for the successful implementation of the health insurance program, it is necessary for the insurance board to create and implement a clear policy of the service provided by the insured from the government level and to manage the timely payment.

### **State and Local Health Safety Coordination Committee**

This is a program of the Nepal government and we need to adopt it, so the state and local levels should cooperate. It cannot be dismissed as a program of the insurance board. The Nepal government should issue instructions to the state and local levels and make these committees more effective.

### **Strict compliance with Health Insurance Policy, Health Insurance Act and Regulations**

Organized sectors should be brought under the scope of insurance, all government employees working in unions should be brought under the scope of compulsory insurance as provided in the law, this will strengthen the insurance fund, the responsibility of investing and diversifying the

amount of the insurance fund should be given to the Insurance Board Executive Council. By doing this, the expenditure burden of the Nepal government will be reduced to some extent.

### **Coordination Between Service Provider Health Organizations and Insurance Board**

After the initial agreement between the health insurance Board and the service provider hospitals, the insurance Board is said to have done so. There should be regular monitoring of what kind of services the insured received from the hospital. From time to time, it is necessary to monitor and inspect even from the Ministry of Health. Because there are more insurance patients in some hospitals, the patients who need to be operated have to wait for months to get an appointment.

Compliance with System and Protocol by doctors and health workers and health care providers. It is necessary for doctors and health workers and health service providers to show high moral character from their respective fields. This work should be monitored and inspected by the Nepal Medical Council, Health Insurance Board and the Ministry of Health and Population.

### **Payment of Insurance Fees from Private Hospitals and Health Institutions**

Complaints are coming from some private hospitals and health institutions that the insurance fee has been paid, where do we come to treat these patients, we can get an amount equal to one lakh from the Bima board, and there is information that the family insurance fee of the insured is paid. The system of regular monitoring by the committee should be implemented effectively.

### **Increase the Scope of Tax on Unhealthy Items**

In Nepal, the tax rates on unhealthy foods like cigarettes, alcohol, tobacco gutkha etc. are very low. Its need to increase tax. Insurance fund operating procedures. In the insurance fund, funds such as grants given by the Government of Nepal, donors and premiums paid by the insured are accumulated.

The procedure for spending the accumulated amount has not been prepared yet, it should be prepared as soon as possible.

### **Involvement of private sector insurance professionals**

The Health Insurance Social Health Security Program introduced by the Government of Nepal is the government's own program. Unlike other insurances, it does not have Re Insurance. It is provided free of charge by the state for the poor, disadvantaged and targeted groups. As private sector insurance companies are profit oriented, they do not provide free insurance. At the instigation of the businessmen, even the leading classes in the government are trying to run against the meaning and spirit of this program. Therefore, it is necessary to understand the meaning and spirit of this program for whom it was brought. It is a social health security program is also a program to help those who have nothing, healthy people help those who are sick.

### **Increase of Benefit Package and Arrangement of Co-payment**

The current benefit package of one lakh should be increased to two lakh. The current premium fee should be increased from Rs.3500 to Rs.5000. It seems that insured is pressuring doctors and health providers to do check-ups if he does not want to, even though he is not sick when his insurance period is about to expire. Since co-payment has been arranged in the insurance policy 2071, it is necessary to arrange for the insured to bear 10 to 20% of the expenses incurred during health treatment, in this case, if the service recipient also has to pay some money, then the expenses such as whole body check up are discouraged because this arrangement is effective. Maybe, it seems necessary to be monitored by the insurance Board and the Ministry of Health and Population, government of Nepal.

### **Nepal Government's Drug Treatment Program for the Poor**

Under this program, the facilities provided by local bodies for serious diseases such as cancer, heart disease, kidney disease, head injury, spinal injury, sickle cell anemia, Parkinson's and Alzheimer's will be distributed free of charge, including the mother's safety program, and all expenses will be provided through the Insurance Board under a one-door system.

### **Insurance Management Information System**

The board should also make its insurance management information system more systematic and agile. There should be an arrangement to make the online system systematic and reliable and for the insured to easily get information about the amount of my benefit package that has been spent and what is left. There should be a system to renew membership online.

Only with the successful implementation of the health insurance program, a one-door system will be established in the overall health service, equal access to health services will be established for all levels and levels of people, the financial burden will decrease, equitable financing will be mobilized, and the burden of personal pocket expenses will be reduced in health services. In addition to this, in addition to reaching the important support in achieving the sustainable development goals taken by the government, in addition to the fulfillment of the international commitments expressed by Nepal, Universal Health Coverage will be achieved and the common people will be saved from poverty due to medical expenses and they will live a healthy and productive life and the life expectancy of Nepalese will also increase as an important national indicator. It will also be a significant contribution.

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