

FACTORS MILITATING AGAINST PUBLIC HEALTH FINANCING IN NIGERIA: AN EMPIRICAL REVIEW

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ABSTRACT

An effective and quality health care service is one of the fundamental visions of every government to its citizenry because it is only the healthy people that can be governed and will value developmental projects. Citizens having access to quality health services translate to significant development in modern society. Therefore, the provision of adequate funds for the sector is essential. However, the Nigeria health care sector is currently confronted with colossal issues that should be surmounted to enhance effective and quality health care delivery to the citizens. This study is rooted in the evidence of appropriate works of literature in the financing of public health care service in Nigeria. From the extant works of the literature surveyed, it was revealed that public health care services in Nigeria are financed by revenue that is accrued from public tax, funding from donors, health insurance, and direct payments made by individuals. Furthermore, public health service is mostly financed by direct payments made by individuals with the government. The most perturbing issues combating public health care financing are direct payments made by individuals, poor government funding, health care policy defects in implementation, and corruption scandals. On this note, the study recommended an effective and robust government funding of public health, implementation of sound health care policies, efficient monitoring of public funds utilization, and discouraging foreign medical trips.

Keywords: Health Finance, Challenges, Financing, Nigeria.

JEL Classification Codes: A19, B10, B25, C10, C53.

INTRODUCTION

Healthcare financing indicates the ways by which healthcare expenditures are a sponsor or pay for. The right and stick connection between the healthcare sectors and the development of the economy of a country solely depends on the availability of funds and finance on the healthcare sector to accomplish improved level in healthcare status and growth of the economy (Agbatogun & Taiwo, 2010). However, having the right connection between the healthcare sector and the development of the economy, the Healthcare sector in Nigeria has faced many challenges that have reverse positive impacts on healthcare delivery in the country. Different scholarly researches revealed that there are three origins at which healthcare sectors obtain their financial status; these include the general public, private individuals and donors (Onwujekwe et al., 2009). Therefore, there are different comparisons in different countries in which these funds are obtained from different origin to raise the healthcare status of the country (Ichoku & Fonta, 2009). The healthcare sector in Nigeria is funded via tax revenues, out of pocket payments, health insurance (local and societal based insurance), individual finance, and subsidies (Abiuro & McIntyre, 2012; Lawanson et al., 2013; Olakunde, 2012).

Moreover, different strategies put in place to funds the country healthcare systems is directly proportional to the quality health status of any individual in the country (Carrin et al., 2007). The different implementations countries used to respond to sufficient and universal healthcare coverage through the healthcare finance for proper healthcare delivery for the citizenry is very important if the country wants to accomplish its national healthcare and universal healthcare coverage objective of health for all (Carrin et al., 2007; Drouin, 2008). The ability to finance the healthcare system through the money generated, allocated, and organized for healthcare delivery will have a great influence on health equity, healthcare accessibility, positive healthcare outcome, healthcare efficiency and will reduce the prevalence of diseases among people in the country (Drechsler & Jütting, 2005).

The Healthcare finance and expenditure in Nigeria have reduced drastically, even in comparison with different countries in Africa (Alsan et al., 2006). Therefore, this indicates that accomplishing beautiful healthcare delivery and finance is becoming more of a burden for Nigeria healthcare system to bear due to low technical and institutional ability, low economic development, corruption, and government priorities (Adinma & Adinma, 2010). These factors pose challenges, burden and affect the smooth flow and effective balance of healthcare delivery and finance in Nigeria.

Other factors that influence the healthcare finance system and its efficiency include poor healthcare management, insufficient healthcare equipment, low funding/finance, low healthcare equity, lack of developmental sustainable plans for the finance of the healthcare sectors, low education, low healthcare delivery, insufficient supervision of the healthcare providers in ensuring there is constant healthcare service delivery etc.

The financing of the healthcare service become a huge concern in Nigeria as the healthcare delivery and services face many challenges as people have low acceptance and belief in the out-of-pocket expenditure by the government (Ogunbekun, 1999). This result in too many people seeking quality healthcare delivery in the private own sectors which lead to damaging the progress of the public healthcare system made in Nigeria. People are moving out of the public healthcare system because there is low finance, insufficient medical equipment, insufficient medical professionals, low healthcare delivery etc., which in turn affect people lives negatively (Olaniyan, 1995). Therefore, the increase in people finding quality health in the private sectors from their out-of-pocket expenditure, in turn, increase the burden of disease on people with

poverty who can't withstand the payment of the healthcare delivery in the private own healthcare institution.

This study is conducted as an attempt to reveal the factors militating against health care financing in Nigeria, as it is essential to provide adequate healthcare financing for improving the healthcare service of the people living in poverty, and also improving funding in the healthcare sectors so that the shape of the healthcare institution in Nigeria will be accessible by all and quality.

LITERATURE REVIEW

Healthcare finance is the general collection of money or funds from different origins such as (individuals, privates, donors, and governments) by identifying the need to divide the finance to people with low healthcare delivery to improve their health status and also using the funds to pay for their healthcare services to the providers of the healthcare response. The attributes of financing the healthcare system in Nigeria is to ensure there is the availability of money to mitigate healthcare delivery, making sure their effective demand and purchase of cost-effective interventions, outreach exact healthcare finances to providers and ensure that all individuals have access to effective health services (Bakare & Olubukun, 2011).

The healthcare system of Nigeria has poorly financed and managed for many years back. For instance, the household healthcare expenditure in direct relation to the total healthcare expenditure is 64.5% in 1998 and 2002 (Soyibo, 2005). The instance explained that the challenges facing the healthcare finance and expenditure on the household healthcare delivery are on a high level. Therefore, there is a need to examine and ensure that there is free healthcare service through funds from the governments that will ensure that there is effective, fair and quality healthcare delivery for people in the country (the Federal Republic of Nigeria, 2004). The low healthcare financing has influenced the healthcare delivery in Nigeria and as of 2008, Nigeria healthcare indicators show that there were 630 maternal deaths from 100,000 births and also there is under five year's old death rate of 124 deaths from 1000. Though Nigeria has a reduction of 38% in infant mortality rate to 78 deaths per 1,000 births in 2012, Nigeria remains a huge burden on child and maternal deaths because of low healthcare finance (Obansa & Orimisan, 2013).

major approach to finance the healthcare system in Nigeria is from government, comprising of the three tiers of the government (Federal, state, and local government), using public revenue from taxes, health care insurance, private sectors, and international health organizations (Soyibo, 2005). Nigeria has created many policies and plans that will have a positive influence on the healthcare sector and how its effectiveness will help the financial aspect (Uzochukwu, 2013). These planned policies serve as a route to which the government implement actions and effectively allocate and fund the healthcare sectors. The Nigerian policies and plans for responding to the health care financing include; The National Health Policy, Health Financing policy, National Health Bill and the National Strategic Health Development Plan (National Health Plan) (Uzochukwu, 2013).

The National Assembly passed the National Health into the bill on March 22, 2014. The aim of the National Health Policy is to improve the healthcare system of Nigeria so that it will provide great, sufficient, quality, accessible, equitable, and affordable health services that will increase the status health of Nigerians. The bill is the basis of the growth of a National Health Financing Policy, by which the people in Nigeria obtain accessible, sustainable, affordable, equitable and efficient health care delivery (Federal Republic of Nigeria FRN, 2006).

The status of the government expenditures and finance in the Nigeria health sector for some years back indicates low priority from the government, before the democratic government assume power in 1999, the annual government expenditures and finance on health In Nigeria was \$533.6 million in 1980 after which it nose-dived, reaching a trough of \$58.8 million in 1987. By 1999, there is an increase in health expenditure, reaching a peak in 2002 at \$524.4 million and since then there has been a drastic reduction in the healthcare finance status of people in Nigeria (HERFON, 2006, Central Bank of Nigeria CBN, 2006).

EMPIRICAL REVIEW

The simplified path that will ensure more quality health is through the provision of good healthcare finance that will support people that cannot afford quality health and use good healthcare services. This path will ensure that there is good provision of good healthcare delivery, lowering risk in the healthcare sectors and however, any unforeseen risk can be covered by the healthcare finance thereby reduce different mortality cases due to negligence of individual inability to pay for healthcare services (Carrin et al., 2007). The objective of financing the healthcare sector as reported from research studies is to provide sufficient equity and accessibility to healthcare sectors without making any healthcare services payments and this can be achieved when there are full funds provided for the people in the country through their social health insurance or health budgets (Carrin & James, 2004; Kutzin, 2007).

The Central Bank of Nigeria revealed that the Nigeria federal government funds on the healthcare sector improve from US\$141 million in 1998 to equate of US\$228 million in 2003 (CBN, 2005). The funds provided for the healthcare sectors by the federal government decrease between 1998 and 2000; though improve in the following years, moving high to about 3.2% in 2003. Most of the finance of the federal government's healthcare sectors quotation is on the teaching and specialized hospitals and other Federal owned medical centres (CBN, 2005).

The state government finance on the healthcare sectors is at the range of about 6.3%, which have used to improve the quality of health being of people living in their states and increase healthcare daily delivery. The state government on the healthcare finance focus on the role of the state in improves healthcare services and state hospitals. In 2003, the available outcome indicates that the financial status of healthcare is US\$300 million or US\$2.45 per capita (Central Bank of Nigeria, 2005). Therefore, the local government healthcare finance and healthcare delivery depend on the personnel interest of the local government chairman and the available funds from donors and individuals to increase the healthcare services and delivery in the local area (Central Bank of Nigeria, 2008).

Low healthcare finance has improvised more poverty and hard economy into the lives of people in Nigeria as many cannot afford the payments for quality healthcare delivery. A study examined the healthcare expenditures of the household of a sample number of 19,159 (Palmer et al., 2004). It was found that the minimum annual per capita finance of citizen of healthcare service is 2,999 Naira, this finance from the household take a portion of 8.7% of the total finance the household spend on the healthcare delivery (Palmer et al., 2004). The finance of the household includes the money for out care patients, healthcare facilities, medications, and treatments, which indicate the burden the healthcare delivery is on individuals due to the low budget and low finance of the healthcare sector in the country.

The level of corruption has affected the provision of financing the healthcare sectors and supply of quality healthcare delivery, this influence corruption has increased many effects such as low funds of healthcare sectors, mismanaged of allocated funds, inequality in treatment, fake

drugs and treatments, selling of free drugs etc (Aregbeyen, 2001; Lowell, 2010). There was a report about how the former minister of health in Nigeria was sack in 2008 over mismanaged and informal share of funds (300 million nairas) that belong to the healthcare sectors. This instance shows the level of corruption which have become cankerworm, and this continues to block any great development in the country (Soyiboet al., 2009). Nigeria healthcare sectors lost close to £225 billion due to a high level of corruption and mismanagement (Chike, 2006). The level of corruption in Nigeria existence has influenced a lot of effects that have blocked the development and growth of people lives, which is the main interest to many professionals in the healthcare sectors as the level of corruption have to affect achieving universal health coverage which continues affecting the healthcare delivery and improving quality health lifestyle of Nigerians. The level of corruption has affects the reproducibility of healthcare services as there is lower funds incurred on the healthcare sectors as many people in power have been mismanaging the funds and putting low consideration on the healthcare sectors as many prefer to take their healthcare service abroad (Health Reform Foundation, 2006).

In the study of Imoughele & Ismaila (2013), it was revealed that the significant property of healthcare sector depends on the finance status of spend in Nigeria and the other factors that affect the public healthcare finance. Bakare & Sanmi (2011) recommended that quality education, good healthcare sectors, skills healthcare training, and financing the healthcare sector and services will increase the capacity of human lives that might have an effect on the development of the country economic. Babatude (2012) identified that provision of finance to the healthcare sector enhance the quality of the healthcare delivery which improve the medical professionals working style and improve the tax payments of the government, resulting to great fiscal status in the country. This improvement will results to quality economic growth and development.

Agbatogun & Taiwo (2010) examined the healthcare expenditure and its determinants factors in Nigeria. The study emphasized on the need for attention and consideration to improve the healthcare sector in order to achieve sustainable economic growth and development, and revealed that the main determinants factor of the health care sector in terms of allocation, budget and finance is the gross domestic products, while the rate of literacy and growth rate of the population have no contributing importance to the healthcare expenditure determinant in Nigeria. Saad & Kalakech (2009) conducted similar study in the on the economy of Nigeria and how it directly affect the healthcare sectors during 1970-2003 by adopting co-integration analysis for the research.

Bokhari et al. (2007) investigate the financing status of the healthcare sectors in Nigeria. The study identified that the government show low consideration on financing the healthcare sector, which indicate how the healthcare status does not really matters to them. It was discovered in the study that the expectancy life and rate of literacy in Nigeria are influenced by the healthcare sector and good financial status of the health care sector on the lives of individuals in Nigeria. Alabi (2010) identified that Nigeria government have less than 1% of GDP allocated to healthcare provision and service, and almost 2% of Nigeria government oil revenue was allocated to healthcare sector in Nigeria between 1981 and 2006. This shows how low the Nigeria government finance and consider the healthcare sector in the country thereby triggering many health effects among people in the country without proper healthcare delivery implemented.

Idowu et al. (2018) identified that the financing status of the healthcare sector have a huge impact on the public health status in Nigeria. The ability to finance the healthcare sector

greatly have an importance influence on the mortality and morbidity cases in Nigeria as good finance will reduce those impacts because little healthcare delivery were been offered by the medical professionals as there is little or no finance to care and save lives. Therefore, the study recommend that Nigeria government should increase their finance allocation to the healthcare sector for better and quality health to be put in place.

In the studies of Umoru & Omolara (2013); Nkpoyen et al. (2014), the usage of healthcare facilities was focused as it is affected by the low economic growth and low access to the healthcare equipments and facilities, and high medical care. The effects are due to the low finance for the healthcare delivery of the public in Nigeria. Yaqub et al. (2012) identified investigate the potency of financing the healthcare sector and the state of the healthcare sector in Nigeria. The findings revealed that there is low finance in the healthcare sector, and it is result to the high level of infant mortalities rate in Nigeria.

CONCLUSION AND RECOMMENDATIONS

An effective and quality health care service is one of the fundamental visions of every government to its citizenry because it is only the healthy people that can be governed and will value developmental projects. Citizens having access to quality health services translate to significant development in modern society. Therefore, the provision of adequate funds for the sector is essential. The Nigeria government adopt various strategies to finance healthcare sectors, but there are minimal development and growth in financing the healthcare sectors which remains a challenge in accomplishing quality healthcare delivery in Nigeria.

The Nigeria health care sector is currently confronted with colossal issues that should be surmounted to enhance effective and quality health care delivery to the citizens. This study is rooted in the evidence of appropriate works of literature in the financing of public health care service in Nigeria. From the extant literature surveyed, it was revealed that public health care services in Nigeria are financed by revenue that is accrued from public tax, funding from donors, health insurance, and direct payments made by individuals. Furthermore, public health service is mostly financed by direct payments made by individuals with the government.

The most perturbing issues combating public health care financing are direct payments made by individuals, poor government funding, health care policy defects in implementation, and corruption scandals. On this note, the study recommended an effective and robust government funding of public health, implementation of sound health care policies, efficient monitoring of public funds utilization, and discouraging foreign medical trips.

Other recommendations for the financing of healthcare sectors in Nigeria are:

- 1) Reformation of the people expenditure concerning their known priorities, pricing policies and funding the communities by allotting them with their exact healthcare finance that can improve their healthcare services.
- 2) There is a need for the government to finance and increase more access of people to primary healthcare because that is the public engage with mostly due to it is near to them.

- 3) It requires improving the salary of the medical professionals, providing them with good performance bonus and other quality programs that will improve their skills as professionals. These will efficiently improve the quality of healthcare delivery in the country.
- 4) There is a need for the healthcare sector to examine their impacts, not on the hospitals and equipment provided but by the changes brought in to respond and contain the burden of disease and mortality.
- 5) There should be clean leadership, well-strategized and future plan in the healthcare sector and delivery in Nigeria.
- 6) There should be the provision of adequate finance and partnership that will mitigate the quality of healthcare services and delivery in Nigeria.
- 7) There is a need for efficient monitoring and evaluation of impacts made by the healthcare services, trace of how the healthcare professionals use the available resources and reformation of healthcare policies.

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