

Are There Evidence to Support the Informal Sector's Willingness to Participate and Pay for Statewide Health Insurance Scheme in Nigeria?

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Abstract

In recent times, many states of the federation have attempted to implement a social health insurance scheme. This is with a view to achieving universal health coverage in their states. One of the main target populations of the scheme is the informal sector workers. There are still concerns about whether enough pieces of evidence were used to establish the scheme across the country. This perspective article briefly highlights some evidence to support the informal sectors willingness to participate and pay for a statewide health insurance scheme in Nigeria.

Keywords: Informal sector, insurance, Nigeria, willingness to pay

The Federal Government of Nigeria Act 35 of 1999 established National Health Insurance Scheme (NHIS) but was launched 6 years later in 2005.^[1] The target of the scheme was to achieve universal health coverage for Nigerians by the year 2015. But as of 2018, its coverage was <5% of the citizen, predominantly workers within the formal sector.^[2,3] The implementation of the scheme excluded the informal sector workers and the poor population up until a few years ago following the basic health-care provision fund requirement that all states of the federation should key into NHIS.^[4] This led to massive implementation of statewide social health insurance scheme across the country. A major concern with the countrywide implementation of social insurance scheme is whether the dynamics of the uptake of such a scheme by the Nigerian informal sector is adequately understood. Even though there are scarce data on the employment quota attributable to the informal sector in Nigeria, it is estimated to be about 82%, 66% and 51% of non-agricultural employment in South Asia, Sub-Saharan Africa and Latin America, respectively.^[5] The importance of the sector in the nation's economy is enormous. Sizeable Nigeria workforce belongs to the informal sector,

and it is the alternative to formal employment in terms of income generation.^[6] This sector not only provides economic empowerment but also channels creativity.^[7] Therefore, the sector needs to be adequately studied and understood for successful social health insurance coverage in the country.

By the current NHIS plan, the informal sector pays a benched annual premium of ₦15000 to access health-care services. Many states of the federation that have launched the statewide scheme benchmarked at <₦15000. Even at this rate, researchers and stakeholders have argued the premium to be retrogressive as informal sector earnings, in terms of quantity and regularity is not considered, unlike the formal sector.^[8] Deciding the amount that will be progressive is a difficult task as the informal sector workers' earnings are varied intra-and inter-personally, and the sector is inadequately organised. Although there is scanty literature on the willingness to pay (WTP) for health insurance scheme amongst the informal sector in Nigeria,

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available studies have reported high willingness to participate for health insurance scheme amongst workers in this sector with variations across the country.^[9-13] The high willingness is an important motivation for the demand for health insurance and a potential strength for the statewide enrolment in the scheme. However, the major drawback to this is the reasons adduced to an unwillingness to pay for the scheme. Some workers in the informal sector do not trust the health insurance administration and the government, and they harbour serious doubt about the security of the pooled fund. In some instances, the workers like the general population do not understand the concept of prepayment and pooling of fund in health insurance.^[9,14] Therefore, there are calls for comprehensive engagement and awareness creation by the health insurance administration, which will strengthen the informal sector's confidence in the scheme. It will also create adequate and sustained awareness about the premiums, benefits packages and exclusions, and understand the roles of Health Management Organisations and health-care providers within the scheme including co-payment proportion and its importance.

Evidence available reports that, on the average, amount willing to pay for social health insurance by the informal sector workers per year ranged between ₦450 and ₦24,000 using both discrete choice experiment and contingency valuation bidding methods.^[10,12,15-18] There were rural-urban variations with urban informal sector worker's willing to pay higher compared to rural workers.^[17,19] Besides, the informal workers in high-income states like Lagos reported willing to pay higher than those in a low-income state like Kwara.^[15,16,18,20] Although the range of the amount willing to pay for health insurance scheme by the informal sector falls within the benched annual premium of ₦15000 by the NHIS, many of the workers in rural and low-income states are unwilling to pay this much. Factors influencing informal sectors' WTP for Nigerian social health insurance scheme are similarly sparse, but some inference can be drawn from the general Nigerian population. Age,^[17] gender^[17,21] education^[10,17] income^[17,18,22] and family size^[17,18] have all been shown to positively influenced WTP in the country. Marital status,^[16,17] adequate awareness and good perception are also very good influencers of participation in the scheme^[11,23] Having chronic illness showed contrasting evidence. While some studies outside Nigeria reported that people with chronic illness have a high likelihood to participate in a health insurance scheme,^[24-26] other studies from Nigeria showed less likelihood to participate amongst people with chronic illness.^[23] Frequent spending on health-care services was evident as a potent predictor of WTP for health insurance scheme,^[19,21] likewise, the experience of catastrophic health expenditure motivates people to participate in health insurance scheme^[22] These determinants and pattern of WTP are of essence for the insurance administrator to understand. They influence the success or otherwise of the scheme. They can cause the market failure of the health insurance scheme, which occurs when resources are not been allocated efficiently due to failure to regulate a market. This failure is mostly determined

by moral hazard and adverse selections. Moral hazard arises because the cost of health-care services at the point of care is less than having to pay fully out of pocket,^[27] while adverse selection arises when a party enters into the scheme, in which they use their medical characteristics (factors) to the disadvantage of another party.^[28] This is common with people with a pre-existing chronic medical condition that is likely to enrol for health insurance relative to those without such medical condition. When these individual factors are not balanced, they may make the pool unsustainable.

Conclusively, some evidence is available to support the implementation of a statewide health insurance scheme in Nigeria. However, a robust pre-implementation market survey and literature review by the States of the Federation would be desirable to understand the interplay between health demand, consumption and financing amongst the informal sector in Nigeria. Furthermore, while some of the Nigerian informal sectors are well organised, many others are not adequately organised, posing an unpredictable investment platform for health insurance plans. Such a market survey will provide insight into how best to engage the dynamics in the Nigerian informal sector.

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Conflicts of interest

There are no conflicts of interest.

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