

**IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT  
OF THE FOURTH REPUBLIC OF GHANA**

**REPORT**

**OF THE**

**COMMITTEE OF THE WHOLE**

**ON THE**

**PROPOSED FORMULA FOR THE DISBURSEMENT OF THE  
NATIONAL HEALTH INSURANCE FUND FOR 2020**

**MARCH, 2020**

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**1.0 INTRODUCTION**

1.1 On **Wednesday, 25<sup>th</sup> March, 2020**, the **Proposed Formula for the disbursement of the National Health Insurance Fund for 2020** was presented to Parliament. In accordance with the Standing Orders of the House and Article 103 (3) of the 1992 Constitution of the Republic of Ghana, the Formula was referred to the Committee of the Whole for consideration and report.

**2.0 REFERENCE DOCUMENTS**

2.1 The Committee during its deliberations referred to the following:

- i. The 1992 Constitution of the Republic of Ghana
- ii. The Standing Orders of the House
- iii. The National Health Insurance Act 2012 (Act 852) as amended by the National Health Insurance (Amendment) Act, 2015 (Act 888)
- iv. The National Insurance Act, 2006 (Act 724)
- v. The Formula for the Disbursement of the National Health Insurance Fund for 2019
- vi. The Report of the Committee of the Whole on the Formula for the Disbursement of the National Health Insurance Fund for year 2019

**3.0 ACKNOWLEDGEMENT**

3.1 In attendance at the Committee's deliberations were Mr. Alexander Kodwo Kom Abban, Hon. Deputy Minister for Health, Dr. Lydia Dsane-Selby, Chief Executive Officer, National Health Insurance Authority (NHIA), Mr. Francis Owusu, Deputy Chief Executive, Finance and Investments, NHIA, Mr. Ahmed Imoro, Director for Finance, NHIA. The Committee is grateful to them for their assistance.

#### **4.0 BACKGROUND**

- 4.1 The Government of Ghana through the Ghana Poverty Reduction Strategy (GPRS) planned its policy strategies of the essential components of the GPRS. One of the strategies was aimed at delivering accessible and affordable healthcare to all residents in Ghana, especially the poor and vulnerable. In achieving the objective of universal health care, the National Health Insurance Scheme (NHIS) was established by the enactment of the National Health Insurance Act, 2003 (Act 650) to provide financial risk protection against the cost of quality basic healthcare for all residents in Ghana. The district-wide mutual health insurance scheme was then introduced to enable access to basic healthcare services without paying cash at the point of delivery. The National Health Insurance Act, 2003 (Act 650) was later repealed and replaced by the National Health Insurance Act, 2012 (Act 852).
- 4.2 The enactment of Act 852 brought the National Health Insurance Authority (NHIA) into being, to secure the implementation of a National Health Insurance Policy. The Law, Act 852 also established the National Health Insurance Fund (NHIF) under Section 39 and mandates the Board of NHIA to take charge of the responsibility of managing the Fund. The National Health Insurance Act, 2012 (Act 852) was also later amended by the enactment of the National Health Insurance Act, 2015 (Act 888) to limit the scope of exemptions in respect of exempt supplies.

#### **5.0 OBJECT OF THE FUND**

- 5.1 The object of the Fund is to pay for healthcare services of members of the National Health Insurance Scheme (NHIS).
- 5.2 For the purposes of implementing the object of the Fund, Section 40 (2) of Act 852 stipulates that monies from the Fund shall be expended as follows:



- i. To pay for the health care costs of members of the National Health Insurance Scheme
- ii. To pay for approved administrative expenses in relation to the running of the National Health Insurance Scheme
- iii. To facilitate the provision of access to healthcare services
- iv. To undertake investments to promote access to health services as may be determined by the Minister for Health in consultation with the Board of the Authority

## **6.0 SOURCES OF THE FUND**

6.1 The sources of the Fund as stipulated in Section 41 of Act 852 are as follows:

- i. The National Health Insurance Levy (NHIL)
- ii. Two and a one half per cent (2.5%) of each person's contribution to the Basic SSNIT Pension Fund
- iii. Monies approved for the Fund by Parliament
- iv. Moneys that accrue to the Fund from investments made by the Authority
- v. Grants, donations, gifts and any other voluntary contributions made to the Fund
- vi. Fees charged by the Authority in the performance of its functions
- vii. Contributions made by members of the Scheme, and
- viii. Monies accruing from the National Insurance Commission under Section 198 of the Insurance Act, 2006 (Act 724)

## **7.0 RECEIPTS AND PAYMENTS FOR 2019**

7.1 As indicated afore, **NHIL** forms part of the sources of the Fund and in respect of that, **the Authority received an amount of GH¢1,316.89 billion** from the Ministry of Finance for the year ended 31<sup>st</sup> December, 2019. **Premium amounted to GH¢65.49 million, Processing Fee Income, GH¢69.65 million and Disinvestments, GH¢12.63 million.** During the period also, **Donor Receipts and Other Income**

### **Minister of Finance to Report on Fund Releases to NHIA**

- 13.6 The Committee also observed that the Minister responsible for Finance has not been reporting to Parliament on fund releases to the National Health Insurance Authority in respect of levies, every six (6) months, as required by the National Health Insurance Law.

Section 52 of the National Health Insurance Act, 2012 (Act 852) has to do with **payment of levy into the Fund** by the Minister responsible for Finance and sub-sections 1 and 2 states:

*“(1) The Minister responsible for Finance shall within thirty days after the collection of the levy cause the levy to be paid directly into the Fund and furnish the Minister responsible for Health and the Authority with evidence of the payment.*

*(2) The Minister responsible for Finance shall present to Parliament every six months a report on payment of levies into the Fund.”*

- 13.7 It would be recalled that, in its Report on the proposed Formula for NHIF for 2019, the Committee recommended that the provision of Act 852 stated afore, be invoked to enable the House have information on the financial situation of the Authority periodically in order to assure itself of the sustainability of the Scheme.

- 13.8 The Committee recommends to the House to summon the Minister for Finance to comply with the provision.

### **Sources of money for the National Health Insurance Fund**

- 13.9 The Committee raised the issue of sources of money for NHIF, specifically those that have to be transferred into the Fund by the National Insurance Commissioner but the Officials of NHIA could not furnish Honourable Members with any detail in that respect.

Section 41(1)(h) of the National Health Insurance Act, 2012 (Act 852) states that **sources of money for the National Health Insurance Fund** include “*moneys accruing under section 198 of the Insurance Act, 2006 (Act 724)*”.

Section 198 of the Insurance Act, 2006 (Act 724) provides for **Emergency treatment for road traffic accident victims states:**

*“A percentage of the emergency motor insurance premium to be jointly agreed by the Commission, motor insurer and the National Health Insurance Council shall be paid to the National Health Insurance Fund by motor insurer to cover the cost of emergency treatment of road accident victims”.*

Section 41(4) of the National Health Insurance Act, 2012 (Act 852) states:

*“The National Insurance Commissioner shall cause the transfer of moneys referred to in section 41 (1) (h) to the Fund at the end of each month”.*

- 13.10 The Committee requested the Officials of the National Health Insurance Authority to from time to time, provide briefing on monies transferred by the National Insurance Commissioner per the provisions in Act 724 and Act 852 as stated afore.

### **Information and Communication Technology**

- 13.11 The Committee was of the expectation that, since about 12.3% of NHIF was allocated to Information and Communication Technology (ICT)-related activities in 2019, moving forward, allocations made from the Fund for the same purpose in 2020 would be lower but that did not happen. It was observed that about 13.7% of the Fund has been allocated for the purpose. An issue was therefore raised concerning why NHIA was not involving NITA to fully manage its data to reduce its expenditure on ICT-related



activities. The Officials however responded that currently, the Authority has part of its data managed by NITA but it is not any less expensive, compared with the cost of managing its own data centre and undertakes the other ICT related activities all by itself. The Authorities also informed the Committee that some efficiency gains have been made from its various ICT-related activities under implementation and cited the case of the mobile membership renewal system which has made it very convenient for clients to access certain services of NHIA without visiting any of its offices. All clients need to do is to dial the short code \*929# and follow the prompts to get their membership renewed. It was disclosed to the Committee that at the end of 2019, mobile renewal rate stands at 71.2% as against office renewal rate of 28.8%.

13.12 Further, the Officials explained that the reduction of the overall amount of money in the Formula by GH¢162.59, that is from GH¢2,534.89 billion in 2019 to 2,372.30 billion in 2020 (a reduction which translates into 6.4%), was largely due to efficiency gains made through the application of ICT to its operations. The Officials said they were desirous of making their operations as ICT-based as possible to reap more efficiency gains.

#### **Data Integration with other Establishments**

13.13 It would be recalled that NHIA had approval in 2016 to embark on data integration with other establishments, particularly the National Identification Authority (NIA) to make it more convenient for clients to access the Services of the Insurance Authority. The Officials of NHIA disclosed to the Committee that it has integrated its data with that of NIA and was piloting it. They explained that the integration will make it possible for clients to also access the services of NHIA with the National Identification Cards.

13.14 Whilst the Committee commends the NHIA for the effort made in the area of ICT, it entreats the National Communications Authority and the National Information Technology Agency (NITA), telecommunication companies and other service

providers of the Scheme to cooperate effectively with NHIA to help improve service delivery to the Ghanaian people.

### **Data Centre and Disaster Recovery Site**

13.15 The Committee further observed that, NHIA relied on its Disaster Recovery Site as its main Data Centre because its actual Data Centre at the head office was outmoded and had challenges. The Officials admitted that over-reliance on the Disaster Recovery Site as a main Data Centre was not appropriate and that explains why an amount of GH¢21 million has been allocated to upgrade the main Data Centre to make it very functional.

### **Quality Assurance Services for Claims and Control Systems Strengthening**

13.16 The Committee noted that contrary to 2019 where an amount of GH¢8.1 million was allocated for quality assurance service for claims and control systems strengthening, no provision has been made for that purpose in 2020. The Officials explained that the quality assurance provided for in 2019 was only a one-time activity undertaken with the help of other parties to deal with claims processing and vetting to eliminate fraud in the system. They added that provision would be made for quality assurance should there be the need to do so in the future.

### **The Issue of Cervical Cancer and Other Such Diseases**

13.17 The issue of cervical cancer and concerns by service providers on the cost of its treatment was also raised during the deliberations of the Committee on the proposed Formula for the disbursement of NHIF for 2020. It was disclosed that service providers complained that reimbursements for the treatment of cervical cancers was relatively lower than the actual cost of treatment incurred.

13.18 Since cervical cancer is known to be the leading cause of cancer-related deaths among women in Ghana, the Committee recommends that NHIA considers the plight



of our women by looking at how service providers would be adequately reimbursed after treating such conditions as part of the benefit package.

### **Active Membership Coverage**

13.19 The Committee noted that registration figures for the period ending 31<sup>st</sup> December, 2019 indicated an active membership coverage of 12 million which constituted approximately 40% of the estimated population of 30 million for the year. The Authority intends intensifying its efforts aimed at increasing the membership coverage by devising strategies to encourage enrolment and renewal of membership. It is expected that with the strategies to be implemented in 2020, membership of the Scheme will increase to about 45% of the estimated population.

### **Research**

13.20 It would be recalled that in 2019, an amount of GH¢0.15 million (GH¢150,000.00) was estimated to be spent on research. The Committee was informed that out of the allocation, some actuarial studies has been done to help develop a model that would be used to determine how to manage the Scheme to make it more sustainable and that the NHIA would share the findings of the research and other related issues with the Committee in due course.

### **Production of NHIS Cards**

13.21 There was also the issue of whether the NHIS Cards were produced locally to which the Authority responded in the affirmative. The matter came up because the NHIA sometimes run out of the ribbings used as part of the Card production, making it extremely difficult for new registrants to come on board the Scheme.

13.22 The Committee recommends that NHIA put in place adequate measure to deal with such situations to beef up the confidence of clients in the Scheme.

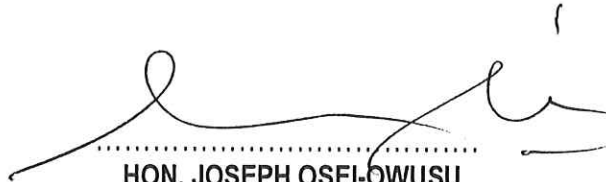
**14.0 CONCLUSION**

14.1 The Committee recommends to the House to approve the Proposed Formula for the Disbursement of the National Health Insurance Fund for 2020 to enable the NHIA undertake its activities earmarked for the year.

Respectfully submitted.



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**MICHAEL AMOATENG**  
ASST. CLERK TO THE COMMITTEE



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**HON. JOSEPH OSEI-OWUSU**  
CHAIRMAN, COMMITTEE OF THE WHOLE

**March 2020**



# APPENDIX A

## ANALYTICAL REVIEW OF 2019 FINANCIAL PERFORMANCE & POSITIONS

### A STATEMENT OF RECEIPTS & PAYMENTS AS AT DECEMBER 31, 2019

Total amount of **GH¢ 1,316.89 million** was received from MOFEP for the year ending December 31, 2019. Other receipts during the period amounted to **GH¢ 181.31 million**, giving total receipts of **GH¢ 1,498.20 million** for the period. Total payments for the 12 months ending December 31, 2019 was **GH¢ 1,501.03 million**. Excess receipts over payments as at the period ending December 31, 2019 was **GH¢ 29.11 million**.

**TABLE 4.1.1 RECEIPTS & PAYMENTS – 2019**

	GH¢ million	GH¢' million
<b>Cash and Bank Balance as at Jan. 1st, 2019</b>		<b>31.94</b>
<b>RECEIPTS</b>		
NHIL (VAT & SSNIT) Releases for 2019	1,316.89	
Premium	65.49	
Processing fees	69.65	
Disinvestments – Fixed Deposit	7.14	
Disinvestments – Call Deposit	5.49	
Donor Receipts	32.04	
Other Income	1.50	<b>1,498.20</b>
<b>Total Cash and Bank Available</b>		<b><u>1,530.14</u></b>
<b>PAYMENTS</b>		
Claims Paid	865.24	
Support to MOH & Partner Institutions	192.68	
Support to District Health Project & M & E	31.50	
Admin. Support to District Offices	23.08	
Authority Operations	224.45	
Nationwide ICT	30.34	
Biometric ID Cards & Authentication	103.65	
Purchase of Investment	13.90	
Archival Services & Digitization	5.02	
Claims Processing Centers	0.00	
Call Center	0.00	
Support for NHIS Related Research	0.00	
Office Building & other Assets	4.45	
Capitation Rollout	0.00	
Publicity & Communication	5.61	
NHIS Review	0.00	
NHIS Data Integration	0.00	
Assurance Service for Claims & Control	1.11	
<b>Total Payments</b>		<b><u>1,501.03</u></b>
<b>Cash and Bank Balance as at Dec. 31, 2019</b>		<b><u>29.11</u></b>



# APPENDIX B

## REVIEW OF 2019 BUDGET ALLOCATION & PERFORMANCE

On accrual basis, total budget expenditure for the year ending December, 2019 was **GH¢1,611.03 million**, against an annual budget of **GH¢2,534.89 million**, resulting in a positive budget variance of **GH¢ 923.87 million**. This represents a budget execution rate of **64%** for the same period.

Table 4.2.1: 2019 BUDGET ALLOCATIONS & PERFORMANCE

	2019 Annual Budget	Dec 2019 31	Budget Variance	Execution Rate
	¢'m	¢'m	¢'m	%
Subsidies & Claims	1,537.24	1,046.85	490.39	68%
Support to MOH & Partner Institutions	238.65	184.56	54.09	77%
District Health Projects & M&E	31.13	31.13		100%
Admin. Support to District Offices	56.90	19.52	37.38	34%
Authority Operations	265.61	221.41	44.20	83%
Nationwide ICT System	81.38	45.89	35.49	56%
Biometric ID Card, Equipment & Authentication System	111.51	47.16	64.35	42%
Claims Archival System & Digitization	17.60	7.38	10.22	42%
Claims Processing Center	40.20	0.00	40.20	0%
Call Center	1.00	0.00	1.00	0%
Office Building	57.72	0.41	57.31	1%
Health Related Research	0.15	0.00	0.15	0%
Sensitization, Publicity & Marketing	7.60	5.61	1.99	74%
Claims Data Capturing	42.00	0.00	42.00	0%
NHIS Review	10.00	0.00	10.00	0%
NHIS Data Integration	12.00	0.00	12.00	0%
Assurance Services for Claims & Cont.	8.10	1.11	6.99	14%
Corporate Social Responsibility	5.11	0.00	5.11	0%
Contingency	11.00	0.00	11.00	0%
	<b>2,534.90</b>	<b>1,611.03</b>	<b>923.87</b>	<b>64%</b>

NB: 1. Expenditure is reported based on actual liability incurred and accrued for the period January – December 2019.

2. Total claims paid in 2019 amounted to GHS 865.24 million, out of which **GH¢164.32 million** relates to the year 2019.

3. A total of **GH¢ 31.50 million** was released for District Health Projects, out of which **GH¢19.16 million** relates to the year 2019.

# APPENDIX C

## DETAILS OF 2020 NHIF ALLOCATIONS

No.	ITEM	Amount GH¢ 'm	% of Fund	Details	2020 GH¢	2019 GH¢	
1.0	Claims for 2020	1,303.11	54.9%	<i>Claims Payment for 2020</i>			
		-----		1.1 Premium Subsidy- Formal	179.38	156.30	
		Total		1,303.11	1.2 Claims Subsidy	1,052.34	1,318.74
					1.3 Premium- Informal	71.39	62.20
2.0	NHIA Operational Cost	294.54	12.42%	2.1 Compensation 2.2 Goods & Services 2.3 Assets	221.83 60.52 12.19	211.78 49.24 4.59	
3.0	Support to District Offices	56.90	2.40%	3.1 Admin Support to District Offices 3.2 District Staff Training & Dev't. 3.3 District Vehicles- 50 no.	41.62 4.42 10.86	41.62 4.42 10.86	
4.0	Support to MOH	244.00	10.29%	<i>Public Health &amp; Preventive Care</i> 4.1 Malaria Contol Programs 4.2 Sickle Cell Screening 4.3 ARV Medicines & Counterpart Funds 4.4 Ambulance Service 4.5 Expanded Prog on immune (EPI) Vaccines 4.6 Rababies Vaccines 4.7 Psychotherapeutic Medicines 4.8 Contraceptives 4.9 Tetanus Immunization 4.10 Anti-snake W/African Polyvalent Sera (PFR) 4.11 CSM Vaccines & Medicines 4.12 Commodities for TB 4.13 Blood Cillection Bags & Ragents For NBTS 4.14 Fellowship for Continuining Students  <i>Health Service Investment</i> 4.15 Const. Health Training Schools 4.16 Health Provider Sys. Integration	60.00 1.00 18.00 10.00 68.00 2.00 5.00 3.00 2.00 15.00 2.00 3.00 2.00 6.00 7.00 40.00	51.00 2.00 18.00 6.00 73.00 2.20 7.35 2.10 2.10 15.00 2.10 2.10 1.05 4.00 10.65 40.00	
5.0	Support for District Health Projects	34.50	1.45%	5.1 District Health Projects 5.2 Special Projects 5.3 Monitoring & Evaluation	19.25 7.00 8.25	19.25 5.00 6.88	
6.0	Claims Processing Centers & E-Claims	33.40	1.41%	6.1 Const of 2 no. CPC Buildings 6.2 E-Claims Software Enhancement & Support 6.3 CPC Data Center Maintenance	30.00 3.00 0.40	30.00 9.80 0.40	
7.0	Biometric ID Cards & Authentication System	87.40	3.68%	7.1 BMS Enrolment Kits (ID Card Printer & Other			



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No.	ITEM	Amount GH¢ 'm	% of Fund	Details	2020 GH¢	2019 GH¢
				Peripherals; 400 no @ Ghc 40,000.00	16.00	10.60
				7.2 Colour Ribbons/Polychrome (5000 no. @ Ghc 500.00)	2.50	13.90
				7.3 Health Provider Auth.	0.00	2.00
				7.4 Biometric ID Card (4.0 million no. Ghc 17.00)	68.40	81.50
				7.4 Monochrome Ribbons (1000 no. @ Ghc 500.00)	0.50	3.51
8.0	Nationwide ICT Network	122.17	5.15%	<b>Licensing &amp; Application Support</b>		
				8.1 ERP & Application License	10.20	7.70
				8.2 ISO Security Certification	1.00	0.55
				<b>Nationwide Network Maintenance</b>		
				8.3 Document Management System	2.50	2.50
				8.4 Infrastructure & SLA mgt tool & Hardware maintenance	4.50	3.50
				8.5 ICT Solution (EBS, BMS,DC/DR	45.00	38.00
				<b>ICT Equipment &amp; Accessories</b>		
				8.6 Computers & Access -500 no. (@ Ghc 7,500.00)	3.75	2.25
				8.7 Mobile Platform	0.40	0.90
				8.8 LAN switches & firewalls	0.50	0.50
				8.9 VSAT relocation-new reg.cent	0.00	0.30
				8.10 Multi-Function Printer, Projectors and Scanners	0.00	0.30
				8.11 WAN & Internet (MTN,Vodafon MAINONE and NITA)	2.00	2.50
				8.12 Provider Stamp- M & D Council	0.00	0.30
				8.13 E-Claims/Claim IT Implementation	11.00	8.63
				8.14 POS Printers (50 No), Net BK (20 No), & Consumables (Ghc 7,920/District Office.	2.32	2.32
				8.15 System Modification for NIA Integration	2.00	10.00
				8.16 License, Mainte & Support (SAGE Accounting Software	1.00	1.13
				8.17 Maintain & Enhance Data Warehouse (EDI) Solution	3.60	0.00
				8.18 Mobile Renewal, USSD & SMS Authentication	4.00	0.00
				8.19 WAN Back-up – Dist & Reg ops	5.00	0.00
				8.20 Sep-up for New Dist & Reg. Off.	1.20	0.00
				8.21 Upgrade Data Centre to Tier 4	21.00	0.00
				8.22 Maintenance – Power Inverters	1.20	0.00
9.0	Office Buildings	94.31	3.98%	9.1 Ongoing Projects (9 no. District	20.81	20.72



# APPENDIX C

No.	ITEM	Amount GH¢ 'm	% of Fund	Details	2020 GH¢	2019 GH¢
				Offices, 6 no. District Offices Yet to be awarded and 4 Units Washrooms)		
				9.2 New Projects (6 no. Regional Offices)	12.00	12.00
				9.3 New Projects (35 no. New District Offices @ 1.5 million each)	52.50	25.00
				9.4 Settlement of Car Park	9.00	0.00
10.0	Call Center	1.19	0.05%	10.1 Call Center Operational Cost	1.19	1.00
11.0	Archival System & Document Management	16.92	0.71%	11.1 Materials, Storage, & Services 11.2 Document Digitization	13.32 3.60	14.00 3.60
12.0	Support for NHIS Related Research	0.20	0.01%	12.1 Support for NHIS-related Research work	0.20	0.15
13.0	Sensitization, Publicity & Marketing	7.60	0.32%	13.1 Sensitization, publicity, publicity tools, and marketing programs	7.60	7.60
14.0	Claims Data Capturing	42.00	1.77%	15.1 To capture 60 million claims data	42.00	42.00
15.0	NHIS Restructuring	8.09	0.34%	15.1 Policy, Operational & System Reforms	8.09	10.00
16.0	Data Integration	12.20	0.51%	16.1 Data Integration (EDI Solution)	12.20	12.00
17.0	Assurance Services for Claims & Control Systems Strengthening	0.00	0.00%	17.1 Assurance Services for Claims & Control System Strengthening	0.00	8.10
18.0	Corporate Social Responsibility	5.50	0.23%	18.1 Corporate Social Responsibility	5.50	5.11
19.0	Contingency	8.27	0.35%	19.1 Amount allocated for contingencies	8.27	11.00
	<b>Total</b>	<b>2,372.30</b>	<b>100%</b>	<b>Total</b>	<b>2,372.30</b>	<b>2,534.89</b>