



**NATIONAL HEALTH INSURANCE FUND  
(NHIF)**

**ALLOCATION FORMULA  
2007**

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# NATIONAL HEALTH INSURANCE COUNCIL

## NATIONAL HEALTH INSURANCE FUND ALLOCATION FORMULA-2007

### 1.0 INTRODUCTION

The Government through the Ghana Poverty Reduction Strategy (GPRS) has outlined its policy strategy of dealing with poverty in Ghana. A major component of the GPRS is the strategy to deliver accessible and affordable health care to all resident in Ghana especially the poor and vulnerable.

In furtherance of this strategy, the Government decided to introduce the National Health Insurance Scheme, which is district-wide mutual health insurance scheme, to enable residents in Ghana to have access to basic healthcare services without having to pay cash at the point of services use.

One major underlying principle of the National Health Insurance Scheme is fairness and this is in line with the Health Sector's desired objective of bridging the equity gap in the health status that exist across regions in the country. In particular, it seeks to provide protection for the poor and is to be achieved by ensuring that the well to do help support those who do not have and therefore pay lesser contributions.

The National Health Insurance Council (NHIC) was established by the National Health Insurance Act, 2003 (Act 650). The object of the Council under Act 650 is to secure the implementation of a national health insurance policy that ensures access to basic healthcare services to all residents.

Section 76 of Act 650 established the National Health Insurance Fund (NHIF) and made the NHIC responsible for its management. The object of the Fund is to provide finance to subsidize the cost of provision of healthcare services to members of District Mutual Health Insurance Schemes (DMHISs) licensed by the Council.

For the purpose of implementing the object of the Fund, section 77 (2) of Act 650 stipulates that the monies from the Fund shall be expended as follows:

- to provide subsidy of such level as the Council shall determine to DMHISs;
- to reinsure DMHIS against random fluctuations of cost under conditions to be determined by the Council;
- to set aside some monies from the Fund to provide for the health care cost of indigents;
- to provide support to facilitate provision of or access to health services; and
- to invest in any other facilitating programmes to promote access to health services as may be determined by the Minister in consultation with the Council.

The sources of money to the NHIF are provided under section 78 of the Act as follows:

- the National Health Insurance Levy (NHIL);
- 2.5% of each person's 17.5% contribution to SSNIT pension fund;
- such money that may be allocated to the Fund by Parliament;
- money that accrues to the Fund from investments made by the Council; and
- grants, donations, gifts, and any other voluntary contributions made to the Fund.

## 2.0 REVIEW OF 2006 RECEIPTS AND DISBURSEMENTS

### 2.1 *RECEIPT OF FUNDS IN 2006*

(Amounts in ₧billions)

	Projected Budgetary Receipts	Actual Budgetary Receipts	Interest Income	Total Receipts	Amount Disbursed	Amount To be Disbursed before Year End	Expected End of Year Bal
Beginning of Year Cash Balance		833.13		833.13			
Per Allocation Formula	1,513.70						
Receipt from SSNIT 1 <sup>st</sup> Quarter		106.42		106.42			
Receipt from SSNIT 2nd Quarter		82.59		82.59			
Interest on Investment Jan – Aug 2006			41.90	41.90			
Expected Interest on Investment Sept-Dec 2007			21.00	21.00			
Subsidy to Schemes to cover exempts groups and SSNIT contributors					156.53	150.00	
Administration & Logistics Support					61.07	67.11	
Support to Distressed Schemes					6.28	12.56	
Support to Service Providers						40.00	
Health Service Investment						334.00	
Council Secretariat					11.30	17.80	
<b>Total</b>	<b>1,513.70</b>	<b>1,022.14</b>	<b>62.90</b>	<b>1,085.04</b>	<b>235.18</b>	<b>621.47</b>	<b>228.39</b>

## 2.2 DISBURSEMENT OF FUNDS IN 2006

(Amounts in ₦billions)

Expenditure Item	Budgeted	Amount Disbursed	Amount to be Disbursed Before Year End	Estimated Unutilised Balance	Remarks
Subsidy to Schemes (incl SSNIT contributors)	692.80	156.53	150.00	386.27	The 50% registration coverage set for 2006 could not be achieved due to delays in the supply of logistics to the schemes.
Administration & Logistics Support	147.01	61.07	67.11	18.83	Printers, Fax Machines, Outboard Motors and Information Vans budgeted for were not procured
Support to Distressed Schemes	47.25	6.28	12.56	28.41	A more favourable number of distressed situations was recorded during the period.
Support to Service Providers	80.50	-	40.00	40.50	The amount provided as seed loan for drug stock for the district hospitals was not disbursed.
Health Service Investment	334.00	-	334.00	-	Disbursement to be fully made by year end.
Council Secretariat	75.20	11.30	17.80	46.10	Delays in the set-up of zonal offices of the Council and the recruitment of additional staff.
2 <sup>nd</sup> Phase of Secretariat Building	18.40	-	-	18.40	The project could not be started in 2006
MIS & ICT Solution	65.00	-	-	65.00	The project could not be started in 2006
Investment	53.54	53.54	-	-	₦100b. out of the ₦189.01b. received from SSNIT has been invested in FD.
<b>Total</b>	<b>1,513.70</b>	<b>288.72</b>	<b>621.47</b>	<b>603.51</b>	Only ₦189.01b. out of the total allocated fund of ₦1,513.70b. have been received. This was received directly from SSNIT.

## 2.3 OUTSTANDING RECEIPTS

### 2.3.1 Outstanding Receipts for Year 2006

Budgeted Receipts	¢1,513.70 billion
Actual Receipts (SSNIT's payment for 1 <sup>st</sup> & 2nd quarters)	189.01 billion
<b>Outstanding Amount</b>	<b>1,324.69 billion</b>

As at the end of August, 2006 ¢533.78 billion of the outstanding amount had been lodged in the NHIL Account while the balance of ¢790.91 is expected to be collected by the end of the year.

### 2.3.2 Outstanding Receipts from the NHIL from Year 2004 – August 2006

As at the end of August, 2006 a total of ¢2,485.54 billion had been lodged in the NHIL Account. Out of this the Ministry of Finance & Economic Planning has transferred ¢984.48 billion into the NHIF Account leaving an outstanding balance of ¢1,501.06 billion in the Levy Account.

## 2.4 INVESTMENT OF FUNDS IN 2006

### 2.3.1 Receipt from SSNIT

A total of one hundred and eighty-nine billion, eleven million, one hundred and fifty-five thousand, one hundred and twelve cedis, thirty-eight pesewas (¢189,011,155,112.38) was received from SSNIT into the NHIF Account in 2006. The amount was received in two (2) tranches as follows:

<u>Date of Receipt</u>	<u>Amount Received</u>
May 23, 2006	¢106,416,909,506.96
August 10, 2006	<u>82,594,245,605.42</u>
	<b><u>189,011,155,112.38</u></b>

### 2.3.2 Investments

At the beginning of 2006 a total amount of eight hundred and thirty-two billion, seven hundred and six million, one hundred and eighty-two thousand cedis (¢832,706,182,000) was in call/current accounts with six (6) banks as indicated below:

Ghana Commercial Bank	¢158,786,484,000
National Investment Bank	301,438,356,000
Ecobank Ghana	68,043,667,000
Cal Bank	150,021,918,000
Merchant Bank	104,415,757,000
Amalgamated Bank	<u>50,000,000,000</u>
	<b><u>¢832,706,182,000</u></b>

Out of the amount received from SSNIT during the year 2006, a total of one hundred billion (¢100,000,000,000) was invested in fixed deposits with four (4) banks as indicated below:

HFC Bank	¢40,000,000,000
Zenith Bank	20,000,000,000
Standard Trust Bank	10,000,000,000
Cal Bank	<u>30,000,000,000</u>
	<b><u>¢100,000,000,000</u></b>

### **2.3.3 Interest earned on Investment**

A total amount of forty-one billion, eight hundred and ninety-eight million, thirty-five thousand, five hundred and sixty-three cedis (¢41,898,035,563) was realized as interest on investments for the period January to August 2006. It is expected that a further amount of twenty-one billion cedis will be earned on investments for the period September to December 2006 to bring the total interest on investments for 2006 to sixty-two billion, eight hundred and ninety-eight million, thirty-five thousand, five hundred and sixty-three cedis (¢62,898,035,563). The investment income however, as a policy, is not available for allocation as it is retained as a reserve in the investment account to grow the fund.

## **3.0 GENERAL ASSUMPTIONS FOR THE 2007 ALLOCATION**

### ***3.1 BUDGETARY ALLOCATION***

On the basis of projections contained in the 2006 Budget Statement, the National Health Insurance Fund was expected to realize an amount of ¢1,513.7 billion in the year 2006. For the year 2007, the NHIF is expected to realize an amount of ¢1,665.07 billion. The expected amount is estimated to be 10% above the 2006 amount in line with general level of inflation which is expected to result in the increase of inflows into the Fund from its two major sources, namely the NHIL and SSNIT contributions.

### ***3.2 REGISTRATION COVERAGE***

In 2005 Council set a registration target of 10% of the population of Ghana. Returns received from the DMHIS indicate that as at the end of December 2005 17% of the population had registered. Based on the 2005 registration performance coupled with anticipated logistics support that was to be provided to the Schemes, Council set a target of 50% coverage for 2006. Current registration figures indicate that 345% of the population had been registered, however membership of the Scheme stood at 25% of the population because part of the registered population had made only partial payment of premium. A registration target of 55% coverage is set for 2007. The allocation of the fund is therefore based on the assumption that 55% of the population of Ghana will access benefits under the scheme in 2007.

### ***3.3 NUMBER OF SCHEMES***

As at the end of August 2006, one hundred and thirty-four (134) schemes were fully operational. Provision has been made to cover the establishment of twelve (12) more schemes in the year. These twelve have began the process of establishment and will all be operational in 2007. The allocation of the fund is therefore based on the assumption that one hundred and forty-six (146) schemes will be operating in 2007.

### **3.4 PER HEAD SUBSIDY**

An amount of ¢100,000 was paid as subsidy per head to the exempt group members and SSNIT contributors in the year 2006. However, given the rising cost of medical bills which is evident from the bills submitted by various service providers, it has been proposed to increase the subsidy to ¢120,000.00 per person for 2007.

This figure looks even lower given the fact that figures received from the various schemes as at the end of June 2006 indicate an average national per capital cost of an encounter with a health service provider to be ¢63,355. It is assumed that on average a person makes two encounters with health service providers in a year. These two encounters per a person per year give a resulting average national per capital cost of ¢126,710

### **4.0 INVESTMENT INCOME FOR 2007**

1. It is expected that an amount of Two Hundred and Twenty-Eight Billion, Three Hundred and Ninety Million Cedis (¢228,390,000,000) will remain in investment at the end of 2006. A further amount of Forty-Seven Billion, Seven Hundred and Ninety Million Cedis (¢47,790,000,000) has been allocated for investment in 2007. These investments are expected to generate an average return of 10% amounting to ¢27.62 billion.
2. The total inflow to the NHIF in 2007, including the expected investment income is therefore estimated to be ¢1,692.69 billion.
3. The expected investment income of ¢27.62 billion will however not be available for allocation as it will be retained in the investment account to grow the fund.
4. Based on the above, the allocation is made on the basis of a National Health Insurance Fund of ¢1,665.07.

### **5.0 DETERMINATION OF ALLOCATION OF FUNDS**

Based on the above stated main objectives of the fund, the following criteria as described by Act 650 shall be applied;

#### **5.1 SUBSIDIES FOR THE EXEMPT GROUPS AND SSNIT CONTRIBUTORS**

The law (Act 650) proposes subsidies to DMHIS to cover the health care cost of those exempted by law. The exempt groups are;

- a) Indigents
- b) Under 18 years of age with both parents or guardians as contributors
- c) Under 18 years with community approved single parents
- d) Pensioners under the SSNIT Scheme
- e) Aged (70 years of age and above).

Premiums of contributors to the SSNIT Pension Scheme are to be paid from the NHIF by virtue of the payment of 2.5% of their SSNIT contribution to the NHIF.



The calculation of the subsidy below for each category of the exempt is based on certain assumptions indicated in the explanatory notes under 7.0

**SUBSIDY DISTRIBUTION TABLE**

*\*Ghana's Population as at 2000 was about 20m*

Category	Estimated Total Number	% of Population	Estimated Registered Number for 2007	Amount per Person ₵	Total Amount	Remarks
Indigent	940,000	4.70	752,000	₵120,000	₵90.24b.	10% on 20m population less the Aged and children population (i.e. 10% of 20m-(0.6m-10m) =0.94m. An amount of ₵90.24bn has been allocated to meet the premium of 80% of the aged estimated to be registered for 2007
Under 18 years	10,000,000	50.00	5,500,000	₵120,000	₵660.00b.	Children Under 18 years of age are estimated to constitute about 50% of the country's population. 55% of this population is estimated to be registered for 2007. An amount of ₵660bn is allocated to meet their contributions to HISs.
SSNIT Pensioners	70,000	0.35	59,500	₵120,000	₵7.14b.	85% of the 70,000 estimated SSNIT Pensioners are estimated to be registered for 2007. A total amount of ₵7.14bn has been allocated for their premium.
Aged (70 years & above)	600,000	3.00	510,000	₵120,000	₵61.20b.	Based on the estimated 3% of the aged population, a total amount of ₵48bn has been allocated to meet the premium of 85% of the aged estimated to be registered for 2007
SSNIT Contributors	800,000	4.00	680,000	₵120,000	₵81.60b.	An amount of ₵81.6bn has been allocated to meet the premium of 85% of SSNIT contributors expected to be registered.
<b>Total</b>	<b>12,410,000</b>		<b>7,501,500</b>		<b>₵900.18b.</b>	

**5.2 OTHER MANDATORY AND ADMINISTRATIVE COMMITMENTS OF THE NATIONAL HEALTH INSURANCE COUNCIL**

Disbursement will be made in 2007 for the following other mandatory and administrative expenditures;

- a) Council Secretariat Operations
- b) Support to Service Providers
- c) Health Service Investment
- d) Support to Financially Distressed Schemes as specified by the law
- e) Administrative and Logistical Support to the Schemes
- f) Second Phase of Secretariat Building
- g) MIS & ICT Solution
- h) Investments.

**OTHER MANDATORY AND ADMINISTRATIVE COMMITMENTS ALLOCATION**  
**TABLE**

ITEM	AMOUNT	% OF FUND	REMARKS
Council Secretariat Operations	79.03 billion	4.75	2007 Budget
Support to Service Providers	40.50 billion	2.43	To enable Service Providers respond to health insurance requirements, a provision is made as seed loan of ₦300m for drug stock for each district hospital payable in 6 months.
Health Service Investment	293.44 billion	17.60	Investment to be made in:  i. Training of Health Assistants ₦165b.  ii. KATH's rehabilitation ₦128.44b.
Support to Financially Distressed Schemes	50.00 billion	3.00	Average support of ₦1 billion each for estimated 50 Schemes.
Administrative and Logistical Support to the Schemes	121.33 billion	7.29	i. To provide for Vehicles, motor bikes, bicycles, outboard motors, computers/accessories, information vans, etc (₦17.57b.)  ii. To provide an administrative support of an average of ₦500m. to each scheme.( ₦73b.)  iii. Provision to cover allowance/cost for 300 service personnel for the schemes: ₦4.32b  iii. To undertake capacity building of the schemes. (₦9.79b.)  iv. To undertake adverts/publicity of schemes(₦16.65b)
2 <sup>nd</sup> Phase of Secretariat Building	20.00 billion	1.20	This amount is needed for the construction of the 2 <sup>nd</sup> phase of the Secretariat Building
MIS & ICT Solution	112.80 billion	6.77	An amount of \$24m (₦225.60b) is needed for the installation of Integrated MIS Solution, IT Infrastructure, PABX (VOIP Solution) etc. (these are all nationwide in character) The amount of ₦112.80 billion provided represents 50% of the installation cost which is expected to be paid in 2007.
Investments	47.79 billion	2.87	Estimated Inflow <u>less</u> Estimated Outflow
<b>Total</b>	<b>764.89 billion</b>		

## 6.0 SUMMARY OF PROPOSED ALLOCATION OF FUNDS

### PROPOSED ALLOCATION OF FUNDS TO VARIOUS ACTIVITIES

ACTIVITY	ALLOCATION €	PERCENTAGE (%)
Subsidy for Exempt Groups	900.58 billion	54.06
Council Secretariat & Zonal Offices Ops.	79.03 billion	4.75
Service Providers Support	40.50 billion	2.43
Health Service Investment	293.44 billion	17.62
Support to Financially Distressed Schemes	50.00 billion	3.00
Administration/Logistics	121.33 billion	7.29
Secretariat Building (2 <sup>nd</sup> Phase)	20.00 billion	1.20
MIS & ICT Solution	112.80 billion	6.78
Investments	44.79 billion	2.87
<b>Total</b>	<b>1,665.07 billion</b>	<b>100</b>

#### Subsidy's variables:

- a) Indigent
- b) Under 18 years
- c) SSNIT Pensioners
- d) Aged
- e) SSNIT Contributors

#### Allocation Formula

Allocation = (a + b + c + d + e) x €120,000 + Admin Cost & Investments

### PROPOSED ALLOCATION OF FUNDS TO VARIOUS EXPENDITURE ITEMS

(Amounts in €billions)

Expenditure Item	Council Secretariat & Zonal Offices	Reserve Fund	Secretariat Building	DMHIS	Service Providers	Total
Personal Emolument	28.13	-	-	43.80	-	71.93
Administration Exp.	26.73	-	-	33.52	-	60.25
Service	10.43	-	-	976.62	205.50	1,192.55
Capital Expenditure	13.74	47.79	20.00	130.37	128.44	340.34
<b>Total</b>	<b>79.03</b>	<b>47.79</b>	<b>20.00</b>	<b>1,184.31</b>	<b>333.94</b>	<b>1,665.07</b>
<b>% of Total Budgetary Amount</b>	<b>4.75%</b>	<b>2.87%</b>	<b>1.20%</b>	<b>71.13%</b>	<b>20.05%</b>	<b>100%</b>

## **7.0 EXPLANATORY NOTES**

### **7.1 *SUBSIDY***

#### **7.1.1 Indigents**

Indigents as described by law are people who are very poor. The Ghana Living Standard Survey puts the poverty rate in Ghana at 40%. It must be stated that most of those considered very poor can not afford the annual highly subsidized premium of ₵72,000.00. Without relevant statistical data certain assumptions were made in arriving at a proportion of the population who would be considered indigents. Ghana's population as at 2000 was about 20 million. To estimate the indigent population, there is the need to avoid double counting, considering the fact that certain population groups are already covered under the DMHISs. Consequently, 600,000 people constituting the aged population (i.e. 3% of 20 million) and another 10,000,000 representing the population of those less than 18 years (i.e. 50% of 20 million) are subtracted from the total population. The remaining population will be 9.4 million (viz 20 million less 10.6 million).

It is assumed that 10% of the net population of 9.4 million would constitute the indigent population and hence the indigent population estimated to be 940,000. 80% of indigents (i.e. 752,000 indigents) are estimated to be covered under the scheme in 2006. An amount of ₵ 120,000 is allocated as premium for each indigent and hence, a total amount of ₵90.24 billion (i.e. ₵120,000 x 752,000) will be required as subsidy to DMHISs for the indigents in 2007.

#### **7.1.2 Children under 18 years**

The law prescribes that those under 18 years be catered for by government. The 2000 population Census estimated the population strength of this category to be 10 million. It is estimated that 55% of this number will be covered under the scheme in 2007. A provision of ₵660 billion (i.e. ₵120,000 x 5,500,000) has been made to cover the premium of the 5,500,000 under 18 years estimated to be covered under the scheme in 2007.

#### **7.1.3 SSNIT Pensioners**

From data available at SSNIT the number of SSNIT pensioners is estimated to be 70,000 in 2007. It is estimated that 85% of this number (i.e. 59,500) will be covered under the scheme in 2007. An amount of ₵7.14 billion (i.e. ₵120,000 x 59,500) is allocated to cover the premium of the 59,500 SSNIT pensioners expected to be covered under the scheme in 2007.

#### **7.1.4 The Aged**

Those considered to be the aged population are those of 70 years and above. The 2000 population Census estimated that the aged population is 3% of the total population of the country (i.e. 600,000). Considering the fact that the aged suffer a number of chronic diseases such as hypertension, diabetes, cancers, heart diseases etc, and the fact that they are economically vulnerable makes them a very important population group to be considered in the development of the health insurance formula. It is expected that 85% of the aged (i.e. 510,000) will be covered under the scheme in 2007. An estimated amount of ₵61.2 billion (i.e. ₵120,000.00 x 510,000) is allocated for the premium of the 510,000 aged expected to be covered under the scheme in 2007.

### **7.1.5 SSNIT Contributors**

From data available at SSNIT, the total number of SSNIT contributors is estimated at 800,000 for 2007. SSNIT contributors are automatically covered under the law because of their 2.5% monthly contribution to the NHIF. It is estimated that 680,000 SSNIT contributors representing 85% of the total number of SSNIT contributors will be covered under the scheme in 2007. An amount of ₦81.6 billion (i.e. 680,000 x ₦120,000) is therefore allocated to cover their premium to the DMHIS in 2007.

### **7.2 COUNCIL SECRETARIAT & ZONAL OFFICES OPERATIONS**

Act 650 does not provide limitation on expenditure of the Council's Secretariat. However, the Finance Committee has directed that expenditure on Council Secretariat should not exceed 5% (in line with international best practices) of total revenue to the Council. A total of ₦79.03 billion has been earmarked for the activities of the Secretariat of the NHIC. Expenditure on the Secretariat operations covers both recurrent and investment cost. The Secretariat's budget represents 4.75% of total revenue of the Council. An amount of ₦20.00 billion has been provided for separately from Council Secretariat Operations for the 2<sup>nd</sup> phase of the Secretariat Building as indicated in 7.7 below.

### **7.3 SUPPORT TO SERVICE PROVIDERS**

The Act enjoins Council to facilitate access of the population to basic health services. To enable health care providers deliver quality care and to improve access to health services, ₦40.50 billion has been allocated for this purpose. The amount is expected to be given as seed loan to district hospitals for drug stock and will be payable over a 6 month period. Each hospital will be granted a loan of ₦300 million.

### **7.4 HEALTH SERVICE INVESTMENT**

As support to the Ministry of Health to expand health services in the country an amount of ₦293.44 billion is provided for health service investment. The investment to be made in:

- i. Training of Health Assistants ₦165b.
- ii. KATH's rehabilitation ₦128.44b.

### **7.5 SUPPORT TO FINANCIALLY DISTRESSED SCHEMES**

For DMHIS that are financially distressed Act 650 mandates the Council to provide them with the necessary assistance to enable them adjust their economic position to make them viable and sustainable provided they operate under sound management and financial practices. It is estimated that 50 Schemes will be financially distressed in 2007. It is estimated that schemes that will be distressed will need an average amount of ₦1 billion each to enable them adjust their financial situation. A total amount of ₦50 billion ( 50 x ₦1 billion) has therefore been set aside to enable the Council fulfill this mandate. It is recognized that all 146 DMHIS have a possibility of being financially distress, however, a worse case scenario of 50 distressed cases in the year is used.

## **7.6 ADMINISTRATIVE AND LOGISTICS SUPPORT FOR SCHEMES**

To ensure an effective administration of the schemes, the schemes need to be assisted to build their administrative and logistics capacity on continuous basis to meet their expanding responsibilities. A total amount of ₦121.33 billion will be required by Council to provide administrative and logistical support to the Schemes. The following are expected to be covered under this budget:

- i. Provision of vehicles, motor bikes, bicycles and computers/accessories for new schemes and printers fax machines and photo copiers for all schemes, as well as the provision of outboard motors and information vans: ₦17.57 billion.
- ii. Provision of an average administrative support of ₦500 million to each scheme: ₦73 billion. The ₦500 million per scheme is expected to cover the following:
  - salaries of staff - ₦300 million; and
  - general administrative expenses - ₦200 million..
- iii. Provision to cover allowance/cost for 300 service personnel for the schemes: ₦4.32b.
- iv. Capacity building of the schemes through training: ₦9.78 billion.
- v. Adverts/publicity of schemes: ₦16.65 billion.

## **7.7 2<sup>ND</sup> PHASE OF SECRETARIAT BUILDING**

The National Health Insurance Council Secretariat which is housed in a refurbished bungalow is not large enough to accommodate further staff and thus putting constraints on the employment staff. Most of the key positions as well as other supporting staff positions at the Secretariat are yet to be filled and therefore the need for adequate office space.

There is space for the expansion of the Secretariat's building and a budget of ₦20 billion is made for a 2<sup>nd</sup> phase of the building this year.

Council wishes to undertake the expansion with dispatch, however some administrative procedures that must be followed, especially to comply with the provisions of the Public Procurement Act, 2003 may delay the start of the project and result in spending less than the budgeted figure in 2007. Any amount left unspent in 2007 will however remain in investment.

## **7.8 MIS & ICT SOLUTION**

ICT solutions are required to facilitate the day to day operations of the secretariat and the business activities of schemes listed above, making sure that:

- There is effective communication between the schemes, the secretariat and service providers for data collection, which is critical for meeting the objectives of the council;
- Managing risk, controlling fraud and ensuring sustainability; and
- Addressing the portability requirement.

A total amount of \$24m (¢225.6 billion) is needed for the installation of Integrated MIS Solution, IT Infrastructure, PABX (VOIP Solution) etc. (these are all nationwide in character). An amount of ¢112.8 billion representing 50% of the total installation cost is expected to be paid in 2007 and has therefore been provided for this year. The balance of ¢112.8 billion is expected to be provided for in 2008 when the project will be completed.

## **7.9 INVESTMENTS**

Act 650 enjoins the Council to manage the National Health Insurance Fund (NHIF). One of the responsibilities of the Council in managing the NHIF is to invest the funds to generate investment income which has been classified under the Act 650 as a source of money for the NHIF.

The Council is required to invest all its surplus funds after meeting its obligatory requirements and other administrative commitments. The amount of funds to be invested represents a balancing figure in the allocation formula. An amount of ¢47.79 billion is therefore available for investment in 2007.

It must however be noted that the amount of ¢47.79 billion expected to be available for investment in 2007 is based on the following assumptions:

- the amount of ¢1,665.07 billion expected to be released from the NHIL Account into the NHIF will be released in full by the Ministry of Finance and Economic Planning; and
- budgeted disbursements for the year will be fully made.