



THE TRUE COST OF HEALTHCARE SERVICES IN NIGERIA

By BRICON GLOBAL CONSULT LIMITED 2015



TRUE COST OF HEALTHCARE



- **FINANCIAL** -The actual monetary cost of accessing the care
- **ECONOMIC** cost / impact resulting from poor access or inadequate care
- **SOCIAL** – morbidity / mortality from the above

HEALTH IS WEALTH...



- Link between health and economic growth is well documented
- 50% of economic growth differentiation between developing and developed nations linked to ill health + consequent low life expectancy (World Bank)
- 3/8 millennium goals are related to health -reduction of child mortality, improvement of maternal health and combating HIV/Aids and other diseases
- Together with Education, Health sector is one of the most important areas to be developed to increase human capital development and encourage economic growth

Health as economic driver



Ill-health and disability negatively influence:

- Cognitive development,
- Learning,
- The amount of schooling and idea production

Negatively impact :

knowledge generation and human capital production, which are the core drivers of technological progress for long-term economic growth.

In summary ILL WORKERS cannot be productive workers

ALARMING STATISTICS



- So we have surmised, almost obviously, that ill-health affects education outcomes that, in turn, affect economic growth
- The 0 - 14 age group is 43.8% * - 48% **
- 15 - 24 age group is 19.3% *
- Over 60% of Nigeria's population is below the age of 25; the 17th lowest in the world, despite being one of the most populated nations in the world
- A recent world bank report puts the average life expectancy in Nigeria at 52 years, time is running out to put functional structures in place to address this oncoming "Tsunami"

WHO 2008 REPORT STATES



- Most of the world's health-care systems continue to rely on the most inequitable method for financing health-care services: out-of-pocket payments by the sick or their families at the point of service
- 5.6 billion people in low and middle-income countries, over half of all healthcare expenditure is through out-of-pocket payments
- 100 million people around the world are pushed into poverty each year because of catastrophic healthcare expenditures
- Catastrophic expenditure are less frequent in those countries in which there is more prepayment for health care and less out-of-pocket payment

NIGERIA has...



- NO major health equipment manufacturers
- NO major producers of medical consumables
- LOW drug production vs. needs
- ERRATIC power supply

Resulting in:

- INADEQUATE medical infrastructure
- HIGH cost of doing business
- HIGH MIGRATION - Brain drain

driving health workers to countries who can provide them good pay, better working conditions and adequate infrastructure needed



The consequence



- Medical tourism industry that, according to the economist in an article on 17th October 2013, is estimated to cost Nigeria 250 billion naira annually. With the current fall in naira the implications are even more catastrophic
- This money, instead of being spent or invested within growing Nigeria's economy, is feeding that of India, South Africa, Europe and more recently the Middle East.

Way forward...



- If Nigeria is to cast aside her medically and educationally handicapped economy and join the ranks of the major economic powers, she needs to address the areas of
- Health infrastructure
- Health provision
- Health expenditure

The ultimate solution



- Increased investment in health sector that addresses the areas via PPP, improved monitoring and regulation, adoption of policies that positively enhance the deficiencies in this area and increase accountability and transparency
- Investment in human capital (education and continuous training)
- Adoption of health insurance to reduce our of pocket expenditure

The players in the health industry



- The providers (hospitals, labs etc..)
- The Insurance industry (HMOs)
- Government / regulatory bodies (NHIS)
- The patients (corporate and individuals)

The challenge....



Challenges to Companies..



- ▶ Health insurance industry is in its infancy
- ▶ Everyone seems to be offering same / similar products
- ▶ Quantity and quality of the data questionable
- ▶ Few companies have / use actuaries to price products appropriately resulting in products being either
- ▶ **Over priced**
- ▶ **Under priced** to attract clients, resulting in poor service from providers and dissatisfaction by clients

Common Errors



- Selecting more than 1 HMO for staff to choose from (provider relationships / services differ) also losing economies of scale
- Switching HMO without diagnosing exact problem e.g. if plan bought was appropriate , poor member education etc...
- Choosing HMO purely on lowest price – reality is quality healthcare isn't cheap
- Choosing HMOs without checking capabilities, experience of others e.g. similar clients etc...

Bricon...



- Help you find appropriate solutions that meet your needs and pocket, both locally and for international locations
- No one size fits all solution; each company in each industry still has its own peculiarities
- Over 40 years combined experience in health industry both locally and internationally
- Have been on both sides, on HMO / insurance side and as a client

Our strategic alliances



- Bupa Global
- Bupa Global Travel (formerly ihi Bupa)
- William Russell
- CIGNA

In addition, we work with most of the HMOs providing support in marketing & customer service training and operational reviews

So where do you stand?

