



Policy Brief:

Payment Patterns in Nigeria's Public Facilities: Unexpected costs and implications for health-seeking behaviour in Nigeria

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1. The context:

Adequate health financing is a critical element of any strong healthcare system. In Sub-Saharan Africa, financing and payment models for primary, secondary, and tertiary health care can be significant tools for improving issues of access, quality, and equity in care delivery. While much effort is made to understand the financing approaches that may be optimal for health systems at large, little is known about financing mechanisms that may work best considering the dominance of out-of-pocket payment and, more importantly, the impact that unexpected, informal costs for care may have on health-seeking behaviour. The abolition of user fees for public health facilities has become increasingly popular in many low-income countries, with results from numerous studies noting an increase in access and utilization for the poorest populations. However, abolishing user fees often does not remove the cost of many goods and services related to a care episode. Though some patients may pay no initial fees for a basic service such as an initial consultation, there are often treatment-related costs that are unknown to the patient.

2. The Problem

Even with health insurance or under “free” social schemes, evidence suggests that many patients in Nigeria’s public health facilities still pay a significant amount of care-related costs. The discrepancy between the expected free cost of care at public facilities and the actual cost of treatment often means that poorer patients pay as they are able to gather funds. Abolition of user fees and fee exemptions may not effectively protect access to health services among the poor. The majority of fee removal and exemption mechanisms have not meant an end to the existence of informal fees and other care-related costs. A better understanding is needed of the existence of fee removal mechanisms, whether they are able to increase access for the poor, or if other supplemental mechanisms may be necessary.

In Nigeria's health system, a better understanding is needed on the impact that unexpected costs have on health seeking behaviour. Of note, patients' health-seeking choices between public vs. private facilities is influenced by their ex-ante perception of public vs. private facilities' cost, quality, and accessibility. Lowered or abolished user fees at public facilities tend to increase utilization because patients believe the full cost of care is lowered. However, evidence points to care-related costs being passed off to the patient in other ways and at various points in a care episode. Since little is known about the impact that payment expectations and patterns have on health seeking behaviour, the ideal user fee payment structure and appropriate ways of financing it are also poorly understood.

In this country case study, we explore patterns in user fees at public hospitals and its potential relationship to utilization, investigate the phenomena of unexpected antenatal and delivery costs and payment patterns specific to Lagos' public hospitals, and examine the relationship between unexpected costs and patients' attendance of public facilities in 11 local government areas within Lagos state

3. Background

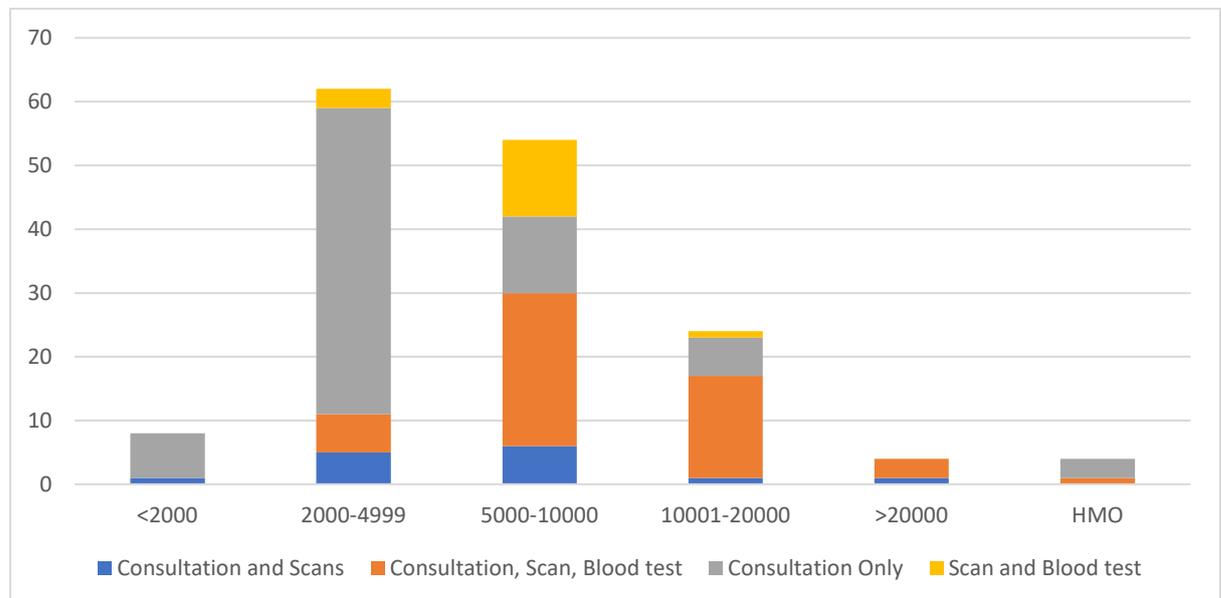
Many low- and middle-income countries face inadequate government financing for health, causing a heavy reliance on out-of-pocket payments (OOP) to cover costs [1]. Health in Africa policymakers and health financing stakeholders have noted that user fees are a significant obstacle to accessing care [2]. In recent years, more and more African governments have been considering and implementing the removal or phased implementation of user fees as a way to increase the accessibility of basic healthcare goods and services [3] [4]. Countries such as Mali, Niger, South Africa, and Uganda have done away with user fees completely in public facilities. Early evidence supports the idea that removal of user fees is indeed effective for improving access to healthcare, particularly for the poor [5] [6].

However, in many instances of free care, where user fees have been abolished for at least a segment of the population, a significant amount of often unexpected out-of-pocket payments are made by patients to receive treatment. Many policymakers do not account for these “hidden” or unexpected OOPs when assessing the impact of abolishing user fees. The removal of user fees together with these additional OOPs bring with them a number of issues for health financing, including (a) overcrowding of public health facilities, which drives marginally wealthier patients to the private sector; (b) dispersed out-of-pocket payment, which extends the time from initial consultation to the end of a care/treatment episode; and (c) private out-of-pocket funds being inefficiently used on non-direct care costs.

4. Research Results

Results from the findings from the survey of 250 pregnant women and 20 health care worker show that majority of respondents pay a lower out-of-pocket fee to access ANC services in public health facilities.

Figure 1: Antenatal Care Package by Registration Fee



However, they incur unexpected/extra cost amounting to over 300% to access additional services (i.e. blood test and scans) from private independent providers. In addition, there is the

presence of information asymmetry as health workers have access to information on policies related to costing and quality of services that patients do not have access to. Lastly, the occurrence of unexpected/extra cost influences the desire of respondents to utilize ANC services.

Figure 2: Cost of extra fees by antenatal package

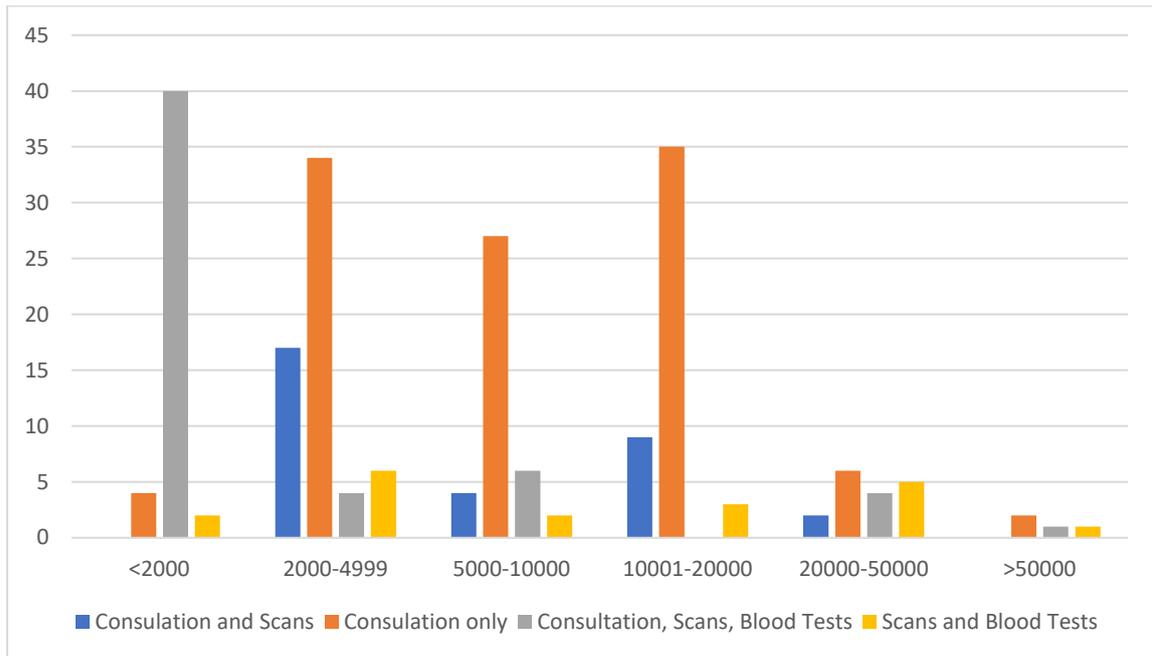
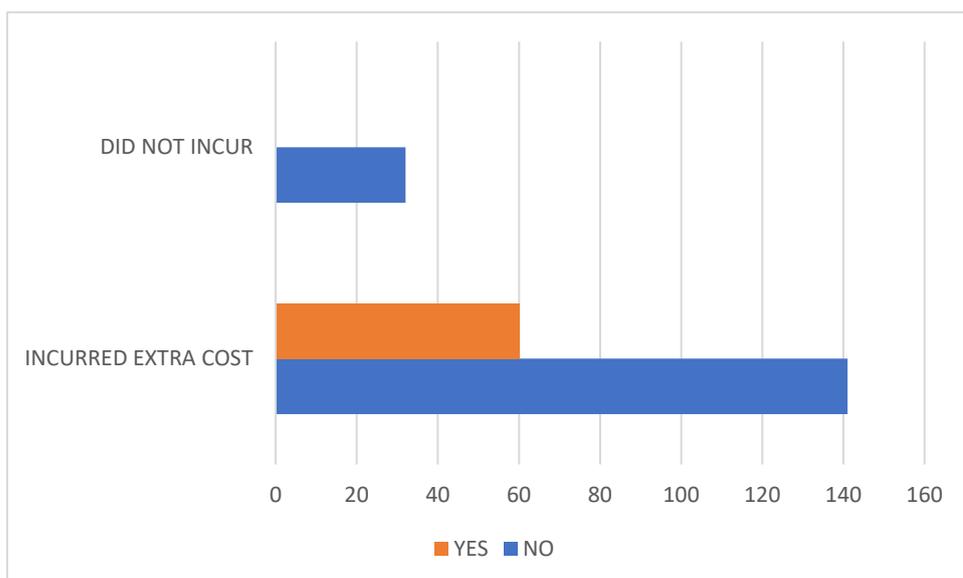


Figure 3: Effect of extra fees on respondents' desire to access care by extra cost incurred



5. Implication for Policy makers

On the patterns of user fees at public hospital and health centers, survey results show the presence of lack of information and information asymmetry on government policy on the cost and status of ANC services available in public health facilities. This is supported by the limited or the almost non-existence of literature of Nigeria's government policy for ANC. This is indeed worrisome given the high level of maternal mortality rate in Nigeria. Therefore, the first step the government needs to take is to put together a policy framework on the status and cost of ANC available in each state and LGA.

Following the lack of uniformity in available information, respondents (pregnant women) report varying cost of for accessing ANC services. While majority of respondents (42%) report registration fee costing below N5000; the cost of registration for about one third of respondents ranged between N5000-N10000. 15% of respondents paid above N10,000 but below N20,000 with and meagre 2.5% incurring more than N20000 to cover registration for ANC utilization.

However, further analysis shows that respondents who pay below N5000 are offered only consultation services and have to be up to 300% above the registration cost to access additional services from private independent providers. Thereby at the end of the episode of ANC, a patient might have spent up to N25000 to access ANC services. The fundamental reason for this is that most public health centers do not have well equipped laboratories and ultrasound scan machine to carryout blood test and scan.

The lack of adequate facilities in public hospitals and health centre is increasing the cost of ANC by almost 300%. Given the level of poverty in Nigeria and the low wealth index of households, the utilization of ANC will remain low as the vulnerable – “the poorest of the

poor” who account for the highest proportion in Nigeria’s population cannot afford ANC. Therefore, it is imperative that Nigeria needs to take a more proactive step towards improving ANC utilization by ensuring that public health facilities are equipped with adequate and sufficient infrastructure and man-power.

Analysis of results from this survey, infers that Nigeria could experience a further decline in ANC utilization as respondents report that incurring unexpected/extra cost in their care episode reduces their desire to utilize ANC. To avoid this occurrence, an alternative policy for government given the reality of budget constraint will be partnering with private laboratories or ultra-scan centers to provide these services at subsidized rates for pregnant that provide proof of registration in a public hospital or public health centers. Implementing this would result in significant deduction in the cost of ANC utilization and could lead to improved utilization in the long run.

Lastly, there is need for a comprehensive monitoring and evaluation framework by government officials on the quality of ANC services offered to patients. Observation from our survey shows that patients are not offered equal and uniform services. The socio-economic (mainly financial status) happens to be a major determination of the nature of service patients receive from health care providers. Therefore, it is required that government officials provide a framework for monitoring and evaluating the quality of ANC services patients receive in their episode of care. In addition, health workers report an break in communication between the lower and higher management levels as well as misappropriation of funds budgeted for equipping health facilities with adequate infrastructure.

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