



# “PRIORITIES OF HEALTH ECONOMICS IN AFRICA”

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## **PT 02**

### **Health Sector Reforms in Developing Countries: A Study of the Financial, Institutional and Social Dynamics of Mutual Health Organisations in Ghana.**

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#### **Introduction**

The enthusiasm with which developing countries, especially, those in sub-Saharan Africa region have embraced the Community-based health insurance schemes concept as newly emerging institutional arrangement for financing and increasing access to quality and modern health care services; within the past decade or two under the health sector reforms, has been momentous. The enthusiasm has been boosted by the fact that governments believe that the schemes could easily be utilised as platforms for initiating Social Health Insurance strategies to reach the economically deprived people who would otherwise be catapulted into chronic poverty because they would have had to dispose of family's wealth in order to treat a member who falls sick.

However, as governments seek to provide equitable health to their people, it is glaring that there are major difficulties especially, as there are no strongly developed social and public administration structures in place. This gives the impetus for a study of this nature which delves into issues pertaining to the financial viability, institutional framework and social dynamics and the effects these have on the overall sustainability of the Mutual Health Organisations. Ghana, a developing country in West Africa has introduced a National Health Insurance scheme which is fused with Social health insurance and Community-based health insurance schemes. Pro-active plans to address issues around financial viability of the schemes to prevent them from going insolvent are crucial.

#### **Study aims**

The study generally aims to review the health sector reforms in the context of developing countries and Ghana in particular. More specifically, we aim to analyse the problems of financial access to health in developing countries and to evaluate the Financial, Institutional and Social dynamics of Mutual Health Organisations as innovative and newly-emerging mechanisms seeking to help resolve these problems with reference to Ghana.

## **Study methods**

Four operating District Mutual Health Insurance Schemes and one Private Mutual Health Insurance Scheme were selected using geographical locations, among other criteria, and used for case studies. Data is gathered through interviews with members and non-members of the schemes, scheme managers, health policy makers, political activists, NGO and donor organisation representatives, traditional leaders, the clergy and other stakeholders in health. Secondary data is also based on analysis of documentary evidence from the schemes including reports, financial statements and health facility attendance records. The findings of the empirical study are analysed based on the development of themes and patterns that emerged from the interview transcripts and interpreted using social policy and community field theories with the support of available documents.

## **Key Findings**

The evidence from the study generally concludes that whilst Government's intervention (implementation of NHI) has increased and expanded the membership base of the schemes: from small group-based to district-wide schemes under the ambit of the District Assemblies, such intervention has equally led to diminished community initiatives in establishing on one hand and the complete collapse of the original small group-based schemes on the other hand.

The study also finds among other things that the schemes are financially viable as long as there will be government subsidy. However, they may not be financially viable beyond subsidy-funding due to uncontrollable high utilisation rate, occurrence of fraud, moral hazard and associated exorbitant claims made on them by health care providers. There are problems with late release of reimbursement funds for discharging with claims by the central government as this has impacted heavily on the financial and strategic management and decision making processes of health institutions in the operating districts. Health managers are unable to fulfil their contractual obligations to their suppliers as their capital funds are locked up with the mutual health organisations that are also unable to provide front loading for the health providers even up to a period of three (3) months of their financial operational requirements. There is therefore, a perceived tension between the schemes and the health institutions as the health institutions prefer to treat clients who come under the 'cash and carry' group since they provide prompt payment; to the detriment of insured clients whose reimbursement is delayed causing the institutions to be cash-trapped. This requires immediate attention.