Willingness to pay for contributory health insurance: Findings from an exploratory study in the state of Kaduna, Nigeria

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Many states in Nigeria are towing the path of the global and national drive of designing and implementing social health insurance schemes (SHIS). This study assesses the willingness-to-pay (WTP) for SHIS in Nigeria to provide information about the relationship between the premium that is required to cover the costs of the scheme and expected insurance enrollment levels.

The study took place in 6 local government areas in Kaduna state, North-west Nigeria. Data were collected from a household survey using a three-stage cluster sampling approach, with each household having the same probability of being selected. Interviews were conducted with 4000 individuals in 1020 households. Contingent valuation was used to elicit the willing to pay (WTP) for the household using the bidding game technique. The relationship between socioeconomic status and WTP was also examined using logistic regression models.

About 82% of the household heads were willing to pay insurance premiums for their households, which came to an average of 513Naira (1.68 USD) per month per person. The average amount individuals were willing to pay was lower in rural areas (611 Naira) compared to urban areas (463 Naira). These results were influenced by household size, level of education, occupation and household income. In addition, only 65% of the households had the ability to pay the average premium.

Socioeconomic factors influence individuals’ WTP for contributory health insurance schemes. It is important to create awareness about the benefits of the insurance scheme, especially in rural areas, and in both the formal and informal sectors in Nigeria. WTP information can also be used for setting insurance premium. However, it is important to consider differences between the WTP and the cost of benefits package to be offered, as the premium amount may need to be subsidized with public financing.