**Title: How do NHIS and HMOs work together as purchasers in the FSSHIP? A case study from Nigeria**

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**Abstract:**

**Introduction**

In Nigeria, the Formal Sector Social Health Insurance Programme (FSSHIP) was established in 2005 under the National Health Insurance Scheme (NHIS) and aims to provide health insurance coverage to both private and public formal sector employees. The NHIS purchases primary, secondary and tertiary healthcare services for the FSSHIP member from both public and private healthcare providers and hires Health Maintenance Organizations (HMOs) to manage contracts with and disburse funds to private healthcare providers. FSSHIP allows a purchaser-provider split, which theoretically facilitates the contractual relationship between purchasers and providers and the realization of ‘strategic purchasing’. The study examines how NHIS and HMOs work together to influence strategic purchasing under the FSSHIP.

**Methods**

The study employed a qualitative case study design. The data collection took place in Enugu State, Nigeria, in 2014. Information was gathered through document review, in-depth interviews and focus group discussions with purposively selected respondents.

**Findings**

The NHIS acts as a higher level of purchaser in that it develops a framework for the operation of HMOs and oversees the work undertaken by HMOs. NHIS is responsible for accreditation and registration of HMOs and is required to provide quarterly operation monitoring visits to HMOs. In practice, partly due to financial and human resource capacity constraints and some political reasons, NHIS rarely oversees the work of HMOs. NHIS is also responsible for accreditation and annual re-accreditation of healthcare providers however, due to the same capacity and political constraints, re-accreditation of healthcare providers is not always undertaken, which may impact on the healthcare service quality that members receive. HMOs send monthly and annual financial and service provision reports to NHIS. NHIS receive funds from the Federal Government and subsequently transfers quarterly payments to HMOs. HMOs then make capitation payment to providers and reimburse fee-for-service claims. However, reimbursement of healthcare providers by HMOs is often delayed, partly due to a lengthy claim verification process but also due to the fact that some HMOs mobilize the funds from NHIS for their own investment purposes before sending payment to providers. The delay in payment from HMOs, together with providers’ dissatisfaction with payment rates, has discouraged healthcare providers from treating FSSHIP members.

**Conclusion**

Current arrangements between the NHIS and HMOs do not foster strategic purchasing. Reform of the NHIS should consider how best to structure purchasing organizations and establish institutional arrangements that allow strategic purchasing to influence provider behaviour and improve the healthcare service quality.