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# MEMORANDUM ON THE OPERATIONS OF THE NATIONAL HEALTH INSURANCE MANAGEMENT AUTHORITY 2025

By the Zambia Medical Association



ZAMBIA MEDICAL ASSOCIATION

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## Introduction

The Zambia medical association is a membership organization of doctors and dental surgeons in Zambia with close to four thousand six hundred professionals and counting as of end of 2023. The members include public and private practitioners across the country. The association has international recognition across the African region and globally through its affiliation to the World Medical association and has established representation of doctors in the diaspora based in Geneva, Switzerland, United States of America, New Zealand, South Africa, China thereby benefiting from international benchmarking to global practices in medical regulation and trends in ethics.

The Zambia Medical Association (ZMA) is a strategic and necessary partner towards achieving Universal Health Coverage through sustainable financing mechanisms. By harnessing its expertise and commitment to the medical profession, ZMA, while working with the government, aims to contribute to the strengthening of the National Health Insurance Management Authority's (NHIMA) implementation of the National Health Insurance Scheme (NHIS) as prescribed in the National Health Insurance Act number 2 of 2018. Successful operational implementation of the NHIS will benefit both healthcare providers and the public they serve.

## Goal Statement

The National Health Insurance Scheme (NHIS) was established by the National Health Insurance Act No. 2 of 2018 and SI63 of 2019 as a compulsory scheme for all Zambian Citizens and Legal residents to provide for sound and reliable healthcare financing for the health sector. This was part of a broader health policy to improve access to health care for all Zambians and improve the financial sustainability of the health system as well as eliminating financial barriers to accessing healthcare by removing out-of-pocket payments which were limiting access to health services, particularly for the poor.

The National Health Insurance Management Authority (NHIMA) was established as a body corporate pursuant to section 4 of the National Health Insurance Act No. 2 of 2018. NHIMA is Zambia's public health insurance provider, with the mandate of spearheading Universal Healthcare Coverage (UHC) through the implementation of the National Health Insurance Scheme (NHIS). Its mandate includes providing access to insured quality health care services through strategic purchasing arrangements with accredited public and private health facilities.

The NHIS is a means of harmonizing funding into the health system by having premiums collected based on ability to pay from all eligible citizens and legal residents, with exemptions and subsidies for the vulnerable, elderly (above 65yrs), and the mentally and physically challenged. The collections feed into a single, unified National Health Insurance Fund (NHIF) that reduces fragmentation in health insurance fund management.

Through the implementation of the Scheme, equity and access to healthcare services are guaranteed under a unified national health insurance system where access is based on need and

contributions based on ability to pay. Under the NHIS, access to health care is enhanced by reducing out-of-pocket payments (legal or otherwise), which deter the poor from seeking appropriate healthcare, thereby progressively moving towards the attainment of Universal Health Coverage. Prepaid members access insured services in a cashless manner at the time of illness. In its form, the NHIS is not only a form of raising revenue for the healthcare system but is also a steppingstone that create the enabling environment for broader social health protection system reforms – building social solidarity and equitable health care access by ensuring largely prepaid revenues; pooling revenues into a single fund; and leveraging the large, pooled health fund to improve health system efficiency – particularly by shifting from paying for inputs to purchasing outputs and health service performance. This demand-side financing approach transfers power from the provider to the patient as the money follows the patient to their provider of choice. This improves provider responsiveness to patient needs since they must deliver quality care to be paid – a pragmatic mode of results-based financing.

Operationally, the core functions of NHIMA as articulated in Section 5 of the NHI Act are:

1. To implement, operate and manage the NHIS and advise the Minister of on health insurance and health insurance policy formulation;
2. To manage the National Health Insurance Fund and undertake programmes for the sustainability of the National Health Insurance Scheme;
3. To accredit healthcare providers and receive, process, and pay out claims for services rendered by accredited health care providers;
4. To develop a comprehensive benefit package to be accessed by National Health Insurance Scheme Members and effectively monitor the provision of health services under the benefit package; and
5. To register and issue membership cards to members and facilitate access of health care for the poor and vulnerable and to ensure protection of the poor and vulnerable against deprivation of health services.

Ultimately, these core functions translate into:

- a. Protection of families from the financial hardship associated with healthcare costs,
- b. Prevention of catastrophic healthcare expenditure,
- c. Ensuring equitable distribution of healthcare costs among different income groups through the principles of solidarity and cross-subsidisation,
- d. Improving efficiency in healthcare delivery and maintain high standards of healthcare delivery,
- e. Providing consistent and predictable source of healthcare financing for accredited healthcare providers,
- f. Encouraging private sector participation in healthcare provision.

## Current Status

The current model of administering the NHIS, overseen by the NHIMA is beset by numerous critical challenges that compromise the sustainability of the Scheme, diminish public confidence, and impede the effectiveness of healthcare delivery both in public and private accredited providers.

The Zambia Medical Association has noted that owing to the solvency challenges, the Authority has undertaken revisions to the benefits package resulting in a restricted scope of benefits accessible to NHIS members. This not only defeats the intended goal of protecting Zambian citizens from Out Of Pocket (OOP) payments and catastrophic healthcare expenditure, but it also reverses the scores the Scheme has achieved over the five-year implementation period.

The contributory structure of the Scheme, coupled with the national economic structure exposes the Scheme to sustainability risks arising from the following:

1. Low formal sector employment, thereby limiting the collection base for the Scheme's revenues.
2. High informal sector activity with low irregular incomes, leading to challenges in the extension of coverage to the informal economy.
3. High poverty levels, lead to high dependency on the limited formal sector contributions and threaten the solvency and sustainability of the Scheme.

The above has resulted in the following:

1. Low levels of collections to meet the demand for Universal Health Coverage.
2. Limited coverage for the informal economy members.
3. Limited coverage for the poor and vulnerable who need the most healthcare access.

To achieve Universal Health Coverage and ensure that no one is left behind, NHIMA recognized the need for a deliberate, diversified, robust, and well-coordinated mechanism for onboarding the poor and vulnerable onto the health insurance scheme. Although the purpose of the NHIS is to provide a pro-poor alternative to the Out-of-Pocket Payment system, there are immense financial challenges in registering indigents who are “exempt” from contributing to the Scheme. Recent national data shows that about 28% of the national population is indigent and on the Social Cash Programme. Finding a financially sustainable solution for subsidizing this “exempt” group presents the greatest challenge in achieving UHC. Furthermore, populations affected by conditions requiring frequent access to healthcare services should not be exposed to catastrophic health expenditures, and thus the need for Financial Risk Protection.

The Association learned that the Global Fund has supported NHIS in registering sixteen thousand (16,000) indigent households onto the Scheme as a pilot project to show proof of concept. Whereas the ZMA welcomes this support from the Global Fund, it very strongly emphasises the need of a fully home-grown healthcare financing model.

In addition to member contribution challenges associated with a low contributory premium, low formal sector numbers, low informal sector participation, the Association notes the high loss ratio where claims from accredited providers have surpassed total NHIS revenue by far.

If left unaddressed, the Scheme is bound to collapse and the nation's goal of achieving UHC by 2030 will die with it.

It is in this regard that the Association responds as follows:

- I. Legal framework:
  - The Legal framework supporting the implementation of NHIS is adequate. The National Health Insurance Act number 2 of 2018 sets out the National Health Insurance Scheme Management Authority tasked with the day-to-day management of the Scheme; the NHIMA Board to provide strategic oversight over the Authority; the Scheme to register members, accredit providers and develop benefit package and monitor its implementation, and the NHIS Fund into which member contributions are made.
  - Furthermore, the SI number 63 of 2019 operationalises the NHI Act No 2 of 2018 and provides implementational regulations.
- II. NHIMA in fostering UHC in underserved communities:
  - The Association notes inequitable distribution of accredited providers. There is a high concentration in Lusaka Province and the Copperbelt Province, with negligible numbers in rural and poorer provinces. These provinces remain underserved in both membership and coverage. Furthermore, there is no clear strategy in onboarding the indigents and other vulnerable groups who have no contributory capacity.
- III. Adequacy of strategies aimed at widening coverage:
  - Key to UHC and Scheme solvency and sustainability is ensuring adequate, reliable and predictable revenue for NHIMA and a wide population coverage. Currently, NHIS national coverage stands at less than 23% of the eligible citizens and established residents. Informal sector participation is very low and inconsistent. There is no clear communicated strategy to maximise member registration and contribution collection.
  - This has put pressure on the Scheme due to a discrepancy between the revenue (low) and the claims (high), and has set back the key target of the Scheme- UHC. Therefore, it is imperative that urgent measures are undertaken to improve the enrollment of new members onto the Scheme and maximise contributions (See recommendations).
- IV. Challenges

Challenges facing the NHIS can be divided into two broad groups:

- a) NHIMA

- **Financial Sustainability:** Low contributory rate; claims higher than revenue; high claims for exempted group (senior citizens); Overutilisation of the Scheme
- **Low scheme uptake:** low and inconsistent informal sector participation. Low formal sector numbers. Lack of a suitable model to collect premiums from the informal sector.
- **Fraudulent service claims:** Lack of an advanced claims verification mechanism. Limited inspections and audits. Inadequate punishment of fraudulent providers and members. Lack of member interest in medical bills when closing off the bill on the biometric electronic platform.
- **Lack of awareness by the general public, especially in remote areas:** limited sensitisation on NHIS.

b) Accredited facilities

- NHIS system downtime- leading to delays, frustration and failure to provide healthcare services.
- Limited or lack of functional support services such as Laboratories, Radiological services etc.
- Underpricing of certain services/benefits especially for private providers without government subsidies.
- Limitation of scope of services in the private sector
- Increased patient volumes in the public sector owing to the exclusion of private sector from providing certain services:

The exclusion of private healthcare facilities from the NHIS benefit package will place enormous strain on public facilities, resulting in overcrowding and resource shortages. The private sector plays a crucial role in alleviating pressure on public institutions.

Despite the progressive intention of the Scheme, the aforementioned weaknesses threaten the operational implementation of the NHIS and weaken government's resolve to achieve UHC by 2030. The Association strongly believes that urgent corrective measures must be taken to salvage the Scheme and redirect it on course to achieve its mandate.

## Recommendations

The Zambia Medical Association hereby makes the following recommendations which are crucial to rescuing the Scheme from collapse:

I. Financial Sustainability

- Introduction of contributions from Pension Funds to NHIMA to cover retirees.

- Introduction of health tax on harmful products such as cigarettes, very sugary products and alcoholic beverages.
- Earmarking a percentage of VAT towards NHIS.
- Introduction of a contribution from Social Cash Transfer funds to cover indigents
- Earmarking a percentage from Worker's Compensation Fund towards NHIMA
- Levying contributions from the current basic pay to gross pay. This will align with other collecting government entities like National Pension Scheme Authority (NAPSA) and Zambia Revenue Authority (ZRA).
- Differentiating the Benefit Package to marry contributory rate to scope of benefits.

## II. Enhance Accountability

- Generate adequate data that informs service demand stratification, utilization statistics and development of Benefits Package.
- Enhanced claims verification mechanisms to prevent fraudulent payments.
- Enhanced inspections and clinical audits to prevent overutilization and abuse of insured health services
- Member awareness to check the medical bill before logging out on the electronic biometric claims system
- Stern punishment for fraudulent providers, including suspension and revocation of accreditation

## III. Private provider participation:

- The private sector providers play a crucial role in healthcare service provision towards UHC. Therefore, the Scheme should not exclude these providers. Mechanisms should be devised to identify key services/benefits that should be available in the private sector for a strata of members.

## IV. Comprehensive stakeholder consultation:

- Both public and private stakeholders should be engaged for any major changes to the operational implementation of the Scheme.

## Conclusion

In summary, NHIS offers a unique opportunity to strengthen Zambia's healthcare system; improve access to healthcare services by removing financial barriers, and supporting the goal of Universal Health Coverage. By leveraging the recommendations made above, NHIMA can enhance membership, develop comprehensive benefit packages, ensure efficient fund management, promote good governance, deliver quality services, reduce health disparities and ultimately improve health outcomes for all Zambians.

We commend the efforts of the government towards increasing financing to the health sector. We believe NHIS will play a critical role in the attainment of home-grown sustainable healthcare financing if properly managed.

ZMA remains committed to working with GRZ in advancing the health agenda and attainment of vision 2030.

Thank you.

Dr. Kaoma Oliver.

**SECRETARY GENERAL.**

Dr. Kaumba Roy Tolopu

**PRESIDENT.**