

PHARMACEUTICAL SOCIETY OF GHANA (PSGH)
**PROPOSAL OF RECOMMENDATIONS FOR FINANCIAL
SUSTAINABILITY AND REVIEW OF THE NHIS SUBMITTED TO THE
NHIS TECHNICAL REVIEW COMMITTEE**

1.0 INTRODUCTION

The Pharmaceutical Society of Ghana (PSGH) is the recognized registered professional association of pharmacists in Ghana. The PSGH is made up of pharmacists in all areas of practice including hospital practice, community pharmacy practice, industrial pharmacy practice, medical representation, research, academia and regulation.

The PSGH considers the National Health Insurance Scheme (NHIS) being implemented by the National Health Insurance Authority (NHIA) as very important and necessary for the health and development of the nation. The success of the NHIS will depend on cost containment, efficiency and prompt reimbursement of service providers to ensure long term sustainability and continuous provision of quality health care. The PSGH therefore submits this draft proposal to the NHIS Technical Committee for consideration for inclusion into its final report to be submitted to the Government to help reform the NHIS along the lines of SUSTAINABILITY, EFFICIENCY, EQUITY and ACCOUNTABILITY.

The background to the Terms of Reference (TOR) for the Technical Review Committee was silent on delayed transfer of funds to the NHIA as well as the funding gap in the amount accrued to the NHIL as opposed to the amount of NHIL transferred to the NHIA. Based on the analysis of the 2012 NHIA Report, the PSGH sees the delayed transfer of funds to the NHIA as one of the main factors responsible for the delayed reimbursement of service providers. Delay in claims payment also affect the cost of medicines, the cost of credit which is approximately 40% per annum would eventually be passed on to the cost of medicines in one way or the other. This is well in line with the "time value of money" principle in finance .

The continued backlog in reimbursement of service providers affects suppliers especially pharmaceutical suppliers (local manufacturers and importers). This, if not addressed will lead to the inability of pharmaceutical service providers to continue to supply medicines to clients as they may be unable to pay the pharmaceutical wholesalers. This may in turn affect the willingness of pharmaceutical suppliers/wholesalers to continue to supply medicines to the NHIS Service

Providers. This chain of events will ultimately affect the sustainability and efficiency of the scheme.

The PSGH also identified possible lack of efficiency in NHIA's procurement of goods and services such as Biometric ID Cards. This should be further analyzed for possible review.

The PSGH hereby submits the following recommendations for the consideration of the NHIS Technical Review Committee:

2.0 PSGH PROPOSED RECOMMENDATIONS FOR CONSIDERATION BY THE NHIS TECHNICAL REVIEW COMMITTEE

2.1 SUSTAINABILITY

The following recommendations are being made to the NHIS Technical Review Committee for the financial sustainability of the NHIS

- 1. GOVERNMENT BAILOUT:** In the short term, the PSGH urges government to seek for financial bailout to clear all outstanding indebtedness to Service Providers under the NHIS as this is having a crippling effect on the provision of quality health care and to sustain the providers which will lead to the overall sustainability of the NHIA.
- 2. INCREMENT IN NHIL COMPONENT OF THE VAT:** Currently, out of the 17.5% VAT, 2.5% is allocated to NHIL. The PSGH is recommending an increase of the NHIL component from 2.5% to 3.5%. Please note that the PSGH is not recommending the increment of the VAT to 18.5% but is requesting for the increment of the NHIL component within the 17.5% VAT.
- 3. GOVERNMENT COMMITMENT:** Government must commit to allocating and paying from the annual national budget to meet any funding gap that may still exist after the annual funding allocation of the NHIA is done.

2.2 EFFICIENCY

The following recommendations are being made to the NHIS Technical Review Community to enhance the efficiency of the NHIS

- 1. REVIEW OF NATIONAL HEALTH INSURANCE ACT 2012, ACT 852** to achieve the following:
 1. to clearly separate the National Health Insurance Scheme Administration, National Health Insurance Fund Administration and the Regulation of the Health Insurance Sector. Currently, NHIA is performing all these functions.

2. to ensure a strong representation of private service providers on the NHIA Governing Board to ensure fair representation of providers and be included in the management of the National Health Insurance Fund.

2. SEPARATION OF PRESCRIBING AND DISPENSING SERVICES WHERE POSSIBLE

The PSGH recommends a pharmaceutical reform that mandates the separation of drug prescribing and dispensing. This policy change/enforcement will facilitate quality and cost-effective health care and reduce the overuse and misuse of medicines.

Drugs have been an important source of income for service providers. The PSGH recommends that in order to reduce polypharmacy and high expenditure on medicines, there must be a policy change aimed to reduce the overuse and misuse of medicines. Currently, Hospitals and Clinics in private practices have had the right to prescribe and dispense, thus overlapping and diluting the role of community pharmacies, resulting in the overuse and misuse of drugs. This recommendation attempts to change the “possible” prescriber’s economic incentives by eliminating the providers' profit from drugs.

A study conducted in Korea before and after Separation of Prescribing and Dispensing Practice in four Health Centers revealed that for acute respiratory diseases, number of prescribed drugs per each claim decreased significantly after the Separation of Prescribing and Dispensing and the prescription rate of injection decreased significantly from 63.8% to 7.70%, and the prescription rate of antibiotics decreased significantly from 337% to 19.1%.

3. CONTINUOUSLY MONITORING AND EVALUATION OF SERVICE PROVIDERS AND THE QUALITY OF SERVICES THEY PROVIDE.

Presently, there is no emphasis on quality indicators such as hospital re-admission rates for certain medical conditions.

Health facilities are reimbursed for care provided to subscribers re-admitted within short period of discharges (less than 30days).

This situation doesn't only lead to poor care but also results in wastage of financial resources which can be prevented or controlled.

Providers aren't motivated to monitor re-admission rates and implement measures to curb preventable re-admissions owing to the present quantity-based payment model which places emphasis on paying for the number of services provided. There's no mechanism for penalties and incentives regarding preventable re-admissions.

Although an impending nationwide implementation of the Capitation Programme is partly a measure which should drive providers to adopt quality-based care processes such as monitoring of facilities' re-admissions rate and make attempts at measures to reduce them, the programme fails to put a cap on the use of medicines for such preventable re-admissions.

NHIS can be saved substantial amounts of care costs should hospital re-admissions by providers be monitored and analyzed as a quality care indicator so the necessary actions eg. sanctioning, incentives or penalties etc. can be taken. NHIS can collaborate with care experts and identify disease conditions (eg. acute asthma, heart failure, nosocomial infections etc) that can fall under the re-admissions monitoring programme.

- 4. PROMPT PAYMENT OF CLAIMS:** Claims payment ought to be considered a topmost priority of the NHIA.
- 5. ELECTRONIC SUBMISSION OF CLAIMS:** Prompt payment as an incentive for submission of claims electronically by providers should be implemented to enhance ease of auditing and processing of claims.
- 6. REVIEW OF BENEFIT PACKAGES:** The PSGH recommends the periodic review of the various benefits package, some of which are "too" open ended eg. Tertiary Level Treatment.
- 7. RESPONSIBLE USE OF MEDICINES:** The PSGH recommends that the Ministry of Health should strengthen Drugs and Therapeutic Committees (DTCs) to undertake responsible use of medicines (RUM) activities in the various hospitals to help reduce the expenditure on medicines. We recommend the NHIS places value on functional DTCs as an accreditation requirement holding the potential to gaining significant scores during the accreditation process. Not only do we anticipate this emphasis to feed into the overall scores and grading of facilities with vibrant DTCs striving to promote rational prescribing and dispensing but also encourage providers to attach seriousness to the work of the committee.
- 8. NEGOTIATING WITH PHARMACEUTICAL MANUFACTURERS AND IMPORTERS:** NHIA could negotiate with Pharmaceutical Manufacturers and Importers to agree on significant reduction in wholesale prices of selected medicines and inform pharmaceutical service providers who will then apply an agreed mark up to bring down the cost of medicines to the scheme. Negotiations with Pharmaceutical Importers and wholesalers on Prices should be done with a foreign exchange factor so that there wouldn't be the need for regular review of prices. This would help in planning and also ensure sustainability of the scheme as well as The Pharmaceutical Industry against exchange rate losses.

To make it attractive to pharmaceutical manufacturers and importers, negotiations of Prices should be dollar or forex indexed with a factor that would enable automatic price adjustments when the exchange rate changes. This would save time and money for the periodic review of prices especially in an environment where the forex rates are unstable. The NHIA should be able to engage the Pharmaceutical Industry to ensure that when Patent expires for innovator products, Generic products are introduced early enough to ensure cost savings for the Scheme. In addition Pharmaceutical Economic models should be employed to ensure more cost effective medicines are prescribed for various conditions in situations where there are two or three different medicines for the same condition. There should be ways of encouraging prescribers to use the most cost effective medicines for available conditions to help in cost containment.

2.3 ACCOUNTABILITY

The following recommendations are being made to the NHIS Technical Review Community to enhance the accountability and transparency of the NHIS

- 1. PROMPT AUDITING AND TRANSFER OF ACCRUED FUNDS:** The PSGH recommends a direct and prompt transfer of the NHIL from the Ghana Revenue Authority (GRA) as well as contributions from SSNIT and the National Insurance Commission (NIC) into the National Health Insurance Fund. Prompt computations followed by monitoring and evaluation of the accrued funds should be effected.
- 2. CONTINUOUS STAKEHOLDER ENGAGEMENTS:** PSGH recommends the creation of a platform for a dispassionate national stakeholders' forum to continuously discuss and find practical and sustainable solutions to the problems of the scheme.

2.4 EQUITY

The following recommendations are being made to the NHIS Technical Review Community to enhance equity and access to the scheme:

- 1. EXPANDED ROLE OF COMMUNITY PHARMACIES UNDER NHIS**
Community Pharmacies can be encouraged with incentives to set up in districts and sub-districts to bridge the equity gap.

- a. Community Pharmacies must be integrated fully into the NHIS. They are well placed to provide healthcare, education and preventive services to the community to improve adherence to medication therapy in order to prevent complications, reduce the frequency of hospital emergencies, preventable hospitalization and readmissions.
- b. Community pharmacies can help solve many of the challenges in patient care facing the NHIS clients today. Community Pharmacy resources must therefore be leveraged to improve the sustainability of the NHIS.
- c. One of the ways to improve on quality care is to ensure the patients' adherence to medication therapy. This would involve research to determine medication use process, level and reasons for adherence or non-adherence to medication therapy.
- d. On the issue of Expandable role of Community Pharmacies , certain diseases of common occurrence like malaria where RDT are available for diagnosis should be formally recognized and accepted by the NHIA to enable Pharmacists diagnose and treat to help reduce cost of consultation ,laboratory etc .
- e. Prescription refills for chronic conditions like hypertension, diabetes etc where the Pharmacists in the community can do monitoring should be encouraged as part of the expanded role of Pharmacists.

2.5 OTHER RECOMMENDATIONS

Considering the fact that about 50% of reimbursement for claims is for medicines, the PSGH recommends inclusion of experts on medicines utilization and financing on the Advisory Committee. The PSGH recommends Mr. Emmanuel Kwesi Eghan (MSH, USA) and Mr. Godfried Kofi Abu (TVS, Ghana) as International and Local Experts respectively.

Thank you.

Pharm. Thomas Boateng Appiagyeyi,
PRESIDENT