

THE ROLE OF THE NATIONAL HEALTH INSURANCE AUTHORITY (NHIA) IN REGULATING CORPORATE HEALTH INSURANCE PLANS IN NIGERIA*

Abstract

This research examines the role of the National Health Insurance Authority (NHIA) in regulating corporate health insurance plans in Nigeria. Utilising a doctrinal research methodology, the study delves into the legal framework governing corporate health insurance, analysing the oversight functions of the NHIA, including its efforts to ensure compliance with regulatory requirements, protect consumer interests, and maintain fair market practices. The research looks at the specific needs of corporations for such plans and examines the challenges faced by the NHIA in effectively fulfilling its regulatory mandate. Drawing upon primary sources such as relevant Acts of the National Assembly and secondary sources including scholarly articles and books, the study concludes by evaluating the impact of NHIA's regulatory actions on the affordability, accessibility, and quality of corporate health insurance plans within the Nigerian healthcare landscape.

Keywords: National Health Insurance Authority (NHIA); Corporate Health Plans, Health Maintenance Organisations (HMO), Third-Party Administrators, Nigeria.

1. Introduction

Employee health, safety and well-being are no longer peripheral concerns in modern corporate strategy; they have evolved into strategic imperatives for organisational success. A healthy workforce translates to increased productivity and performance, making a company's human capital its most valuable asset. Corporate health insurance plans are a strategic investment that safeguards employee well-being by providing access to essential healthcare services, mitigating health risks, and promoting a healthier workforce.¹

In Nigeria, the journey towards a national health insurance scheme began in 1962 with a proposed bill for a health insurance programme in Lagos.² However, initial efforts faced resistance from the Nigerian Medical Association.³ A 1988 committee laid the groundwork for a national scheme, culminating in the National Health Insurance Scheme (NHIS) Decree of 1999 (later converted into an Act). Operational delays plagued the scheme until its 2005 launch under the administration of President Obasanjo.⁴

This article examines the National Health Insurance Authority,⁵ established by the National Health Insurance Authority Act of 2022,⁶ an Act which repealed the NHIS Act and entrusted the NHIA with the task of promoting and integrating all health insurance schemes in Nigeria.⁷ Notably, the Act assigns the NHIA a tripartite role: Regulator, insurer, and investor in health insurance matters.⁸ We will focus on the NHIA's regulatory functions in overseeing corporate health plans. We will also analyse how this function contributes to the sustainability of health insurance schemes in Nigeria.

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¹E O'Brien, "Employers' Benefits from Workers' Health Insurance" *The Milbank Quarterly*, (2003) 81 (1) 9 <<https://pubmed.ncbi.nlm.nih.gov/12669650/>> accessed 16 November 2024

²BA Raji, O Ayotunde and A.I Tanimu, 'Health Status of Senior Citizens vis-à-vis the National Health Insurance Scheme in Nigeria', *NAUJILJ* (2019) 10 (1) 178 <<https://www.ajol.info/index.php/naujilj/article/view/183753/173110>> accessed 16 November 2024.

³*Ibid*; See also, C Uwanaka, 'Health Insurance as Nigeria's Healthcare Elixir', *This Day*, (Lagos, 28 May 2024) <<https://www.thisdaylive.com/index.php/2024/05/28/health-insurance-as-nigerias-healthcare-elixir/>> accessed 19 November 2024.

⁴*Ibid*.

⁵Hereinafter referred to as NHIA

⁶Hereinafter referred to as NHIA Act

⁷*Ibid*, s. 3 (a), (b) and ©.

⁸*Ibid*, s. 42.

The 2022 Act strengthens the NHIA's oversight of Health Maintenance Organisations⁹ by mandating a security deposit before registration. This deposit serves as a safety net, ensuring that enrollees retain their insurance coverage and are not financially burdened if an HMO encounters financial difficulties or ceases operations.¹⁰ As an investor, the NHIA can invest idle funds in government securities approved by the governing council. This strategy fosters the long-term sustainability of health insurance schemes. By pooling funds at the NHIA level, a backup system is created to support schemes facing financial challenges.

This article delves into the legal framework governing the regulatory role of the NHIA with particular focus on assessing its effectiveness in ensuring the viability of corporate health insurance plans within Nigeria's health insurance landscape. Additionally, we will critically evaluate relevant laws and explore potential areas for improvement to optimise the regulatory framework and promote a robust corporate health insurance market in Nigeria.

2. Theoretical Foundations and Conceptual Clarifications for Regulating Corporate Health Insurance Plans Under the NHIA

To effectively analyse the influence of the NHIA in regulating corporate insurance plans, a robust theoretical framework is essential. This framework will provide a structured approach to understanding the complexities of the NHIA's regulatory functions, the intricate interplay between the NHIA, corporate entities, and Health Maintenance Organisations (HMOs), and the broader implications for the Nigerian healthcare system.

2.1 Regulatory Capture Theory and its Implications in Corporate Health Insurance

Regulatory capture describes an economic phenomenon whereby regulated entities exert undue influence over the regulatory agencies tasked with the duty of overseeing them, such as industries, professions, and interest groups. This phenomenon can have significant policy implications that prioritise the interest of the regulated industry over the broader public interest. Consequently, the effectiveness of regulations may be compromised, leading to suboptimal outcomes. Such failures can manifest as market inefficiencies and consumer harm,¹¹ highlighting the critical need for robust mechanisms to ensure the independence and integrity of regulatory bodies.

Captured regulatory agencies are often vulnerable to corruption and rent-seeking behaviour, which can further exacerbate existing issues. Regarding the prevalence of corruption within Nigeria's health sector, numerous scholars have acknowledged its widespread nature¹⁶ Consequently, it has been

⁹Hereinafter referred to as HMO

¹⁰National Health Insurance Authority Operational Guidelines (hereinafter referred to as NHIA Operational Guidelines) section 3.3.25, made by the NHIA in 2023. The Guidelines accord with its regulatory powers of the NHIA with the health insurance sector.

¹¹NHIA Act, s. 34.

¹²*Ibid*, s. 42 (4).

¹³E Etzioni, 'The Capture Theory of Regulations', *Society* (2009) 46: 318-323, available at <https://www.researchgate.net/publication/225821550_The_Capture_Theory_of_Regulations-Revisited> accessed 19 January 2025.

¹⁴E.g. placing the interests of insurers over the needs of the insured.

¹⁵Oxfam India, 'Regulatory Capture and Access to Health: India Case Study Commissioned by Oxfam, India, available at <<https://www.oxfamindia.org/sites/default/files/INDIA%20CASE%20STUDY.pdf>> accessed 19 January 2025.

¹⁶O Onwujekwe, *et al*, 'Where Do We Start? Building Consensus on Drivers of Health Sector Corruption in Nigeria and Ways to Address It' *Int J Health Policy Manag* (2020) (9) 7, 286-296, available at <https://www.ijhpm.com/article_3723_ce9bbe11a3eb017d2e6e9fa04f0a8a66.pdf> accessed 25 January 2025; Social Action Integrated Development Centre, Unveiling the Shadow of Corruption, a glance at the Nigerian health Sector (Updated 26 July 2024), available at <<https://saction.org/unveiling-the-shadow-of-corruption-a-glance-at-the-nigeria-health-sector/>>, accessed 25 January 2025; OS Ilesanmi, *et al*, 'Driving the Implementation of the National Health Act of Nigeria to Improve the Health of her Population' *Pan African Medical Journal* (2023) 45 (157) 5 available at <<https://www.panafricanmedjournal.com/content/article/45/157/full>>, accessed 19 January 2025.

posited that the NHIA fund, may not be entirely immune to corrupt influences, given the NHIA's reflection of the broader societal realities in Nigeria.¹⁷

Undoubtedly, corruption can severely undermine the NHIA's independence and its capacity to act in the public interest.¹⁸ Furthermore, on a global scale, corruption in the health sector has been identified as a significant obstacle to achieving universal health care (UHC). Estimates suggest that the costs associated with corruption in the health sector exceed the financial resources required to attain UHC. The World Health Organisation emphasises good governance as a crucial factor in the successful implementation of UHC.¹⁹

As a symptom of regulatory capture, corruption can involve regulatory officials demanding or accepting bribes in exchange for approving products, healthcare professionals, or health facilities. This conduct can potentially violate the NHIA's ethical obligations and to the public.²⁰ To mitigate these risks, the NHIA should prioritise strengthening its institutional capacity.²¹ This includes investing in staff training and development to enhance their expertise and ethical decision-making. Additionally, ensuring adequate funding for the NHIA's operations is crucial for its effective functioning.²²

Furthermore, robust reporting mechanisms, public hearings, and independent audits²³ can significantly enhance transparency and accountability within the organisation. Implementing strict ethical guidelines and disciplinary measures is equally important to deter corruption and misconduct.

Ultimately, the NHIA's independence is paramount. It must act solely in the public interest, prioritising the needs of the insured over the interests of any specific group, including HMOs and employers.

2.2 Principal-Agent Theory and the Role of NHIA in Regulating Corporate Health Insurance Plans

The principal-agent theory provides a framework for understanding the regulatory dynamics between the NHIA (as primary principal) and the Health Maintenance Organisations (as agents) in the context of corporate health insurance plans.²⁴ This theory highlights the inherent conflicts of interest that arise due to differing objectives and information asymmetries between a regulatory agency, such as the NHIA, which aims to ensure quality and affordable healthcare, and HMOs, which may prioritise profit maximisation.²⁵

¹⁷ T.M. Ipinimo and others, 'The Nigerian National Health Insurance Authority and its Implications Towards Achieving Universal Health Coverage' *Nigerian Postgraduate Medical Journal* (2022) 29 (4) 283- 284, available at <https://npmcn.edu.ng/downloads/03_the_nigeria_national_health_insurance_authority.1.pdf> accessed 9 January 2025

¹⁸ *Ibid.*

¹⁹ K Hussmann, 'Health sector corruption. Practical recommendations for donors' Bergen: Chr. Michelsen Institute (U4 Issue 2020:10) 4 available at <<https://www.cmi.no/publications/7281-health-sector-corruption-practical-recommendations-for-donors>> accessed 25 January 2025

²⁰ Transparency International, 'Health System Regulation' available at <<https://ti-health.org/health-system-regulation/>> accessed 25 January 2015

²¹ See for instance, DGI Consult, 'Technical Brief: Strengthening the Technical Capacity of the Primary Healthcare and health Insurance Agencies at Sub-national Level' (August 2024) <<https://dgiconsult.org/strengthening-the-institutional-capacity-of-the-primary-health-care-and-health-insurance-agencies-at-sub-national-level/>> accessed 27 January 2025

²² Inadequate budgetary allocation has been identified as a major barrier to the successful implementation of the NHIA Act; Health and Strategy Foundation, 'The National Health Insurance Authority Act, its impact on Nigerians and key actions required for implementation (May 2023) available at <https://hsdf.org.ng/wp-content/uploads/2023/10/C_NHIA_KP_PM-The-Nigerian-health-insurance-authority-copy-3.pdf>, accessed 27 January 2025; see also, TM Ipinimo, *et al* (n. 17) 283.

²³ , IO Mbachu 'Why NHIS Should be Monitored by investigative auditors' *Vanguard* (Lagos, 25 April 2016) available at <<https://www.vanguardngr.com/2016/04/nhis-monitored-investigative-auditors/amp/>> accessed 27 January 2025.

²⁴ A Sekwat, 'Principal-Agent Theory: A Framework for Improving Health Care Reform in Tennessee' *Journal of Health and Human Services Administration*, (Winter 2000) 22 (3) 284 available at <<http://www.jstor.org/stable/23211888>> accessed 1 January 2025.

²⁵ *Ibid.*, 283.

Challenges identified within this framework include moral hazard, adverse selection, and information asymmetry. Moral hazard occurs when insured individuals engage in riskier behaviour or overutilise healthcare services,²⁶ leading to increased costs and inefficiencies.²⁷ To mitigate this, strategies such as public awareness campaigns and guidelines for healthcare providers are suggested to promote responsible healthcare utilisation.

Adverse selection in health insurance stems from inherent information asymmetry. Individuals, possessing knowledge of higher health risks than insurers, are more likely to purchase health plans compared to healthier individuals. This information asymmetry leads to a scenario where individuals with higher expected medical costs, recognising their greater need for coverage, actively seek insurance. Conversely, healthier individuals perceive premiums as excessive given their lower risk, deterring them from purchasing plans. To compensate for the increased costs associated with insuring a sicker pool, insurers are compelled to raise premiums. These elevated premiums further discourage healthy individuals from enrolling, exacerbating the adverse selection problem. This cyclical effect can spiral, rendering insurance prohibitively expensive for most, ultimately leaving only the sickest individuals within the insured pool, a phenomenon known as the 'death spiral'.²⁸

Understanding these dynamics is essential for policymakers and stakeholders in designing effective health insurance systems that balance risk, cost, and access to care.

2.3 Institutional Theory Interpretation of the Role of NHIA in Regulating Corporate Health Insurance Plans

Institutional theory provides a framework for understanding how organisations, including regulatory bodies, influence and are influenced by their institutional environment. The theory argues that organisations are influenced by their social and cultural environments, and that they adopt structures and practices that are seen as legitimate and appropriate within that environment.²⁹

The institutional theory may be applied to the regulation of corporate health insurance plans in to understand how the National Health Insurance Authority (NHIA) is significantly influenced by its institutional environment, particularly through the three forms of isomorphism: Coercive, mimetic, and normative.³⁰

Coercive isomorphism arises from both formal and informal pressures exerted upon organisations. These pressures originate from various sources, including the legislature, regulatory agencies and societal expectations.³¹ Accordingly, the NHIA as a government body established by law, finds its

²⁶ L Einav and A Finkelstein, 'Moral Hazard in Health Insurance: What we Know and how we Know it'

Journal of European Economic Association (2018) 16 (14) 958-982 available at <<https://doi.org/10.1093/jeea/jvy017>>, accessed 18 December 2024; M. Jowett, 'Theoretical Insights into the Development of Health insurance in Low-income Countries' (The University of York, Centre for Health Economics, Discussion Paper No.188, 2004) 7 <<https://www.york.ac.uk/che/pdf/dp188.pdf>> accessed 5 January 2025.

²⁷ DM Cutler and RJ Zeckhauser, 'The Anatomy of Health Insurance' in AJ Culyer and JP Newhouse

(eds), *Handbook of Health Economics* (Elsevier Science BV: 2000) 576, available at <https://scholar.harvard.edu/files/rzeckhauser/files/anatomy_of_health_insurance.pdf> accessed 5 January 2025; IS Adbulraheem and others, 'Assessment of Moral Hazard Behaviors under the National Health Insurance Scheme in Nigeria: An Explorative Study' *Texila International Journal of Public Health* (2013) 8 (2) 1-9, available at <https://www.texilajournal.com/thumbs/article/Public_Health_Vol8_Issue2_Article_40.pdf> accessed 29 January 2025.

²⁸ SO Olayinka and OA Olaniyan, 'Adverse Selection in Health Insurance in Nigeria' *African Journal of Health Economics* (2017) 6 (1) 17-25 available at <<https://www.ajol.info/index.php/ajhe/article/view/249055/235516>>, accessed 29 January 2025

²⁹ See L. G. Zucker 'Institutional Theories of Organization' *Annual Review of Sociology* (1987) (13) <https://edisciplinas.usp.br/pluginfile.php/7948425/mod_resource/content/3/ZUCKER%2C%20Lynne%20G.%20Institutional%20theories%20of%20organization.%20.pdf> accessed 6 January 2025.

³⁰ A Krajnovi, 'Institutional Theory and Isomorphism: limitations in multinational companies' *Journal of Corporate Governance, Insurance, and Risk Management (JCGIRM)* (2018) 5 (1) 4-5 <<https://pdfs.semanticscholar.org/4ea3/9efb55c7d52d13179ac14a5e7cc5d03a445f.pdf>> accessed 27 January 2025.

regulatory actions significantly influenced by legal mandates and policy directives. Furthermore, within this framework of coercive isomorphism, the NHIA may face pressure from international organisations, donor agencies, and other stakeholders to adopt specific regulatory practices and standards.

Mimetic isomorphism reflects the tendency of a regulatory institution to adopt successful regulatory practices from other countries or organisations.³² By benchmarking and imitating successful models, including international best practices in health insurance regulation, the NHIA aims to enhance its legitimacy and effectiveness.³³ This approach allows the NHIA to align its regulations with those perceived as successful in a global context, thereby improving the credibility of Nigeria's health insurance system.³⁴

Normative isomorphism emphasises the role of professional norms and values in shaping the regulatory framework of a regulatory body.³⁵ **On this note, it is hereby posited that** NHIA's engagement with industry associations and the employment of professionals with expertise in health insurance contribute to the establishment of standards that reflect best practices in the field.

The regulatory actions of the NHIA are not solely based on technical considerations; they are also shaped by broader institutional factors. For instance, initiatives aimed at promoting transparency and accountability are responses to normative pressures for improved governance. Additionally, the adoption of international standards is driven by mimetic pressures to enhance the credibility of Nigeria's health insurance system.

While isomorphism can lead to increased standardisation and predictability within the health insurance sector, it may also hinder innovation and competition, potentially resulting in a uniform approach that fails to address the diverse needs of various populations.³⁶ Understanding the interplay between institutional factors and regulatory actions provides a deeper insight into the NHIA's role in shaping the corporate health insurance landscape in Nigeria. By recognising the influence of these factors, policymakers can develop more effective and nuanced regulations that balance the need for standardisation with the importance of flexibility and responsiveness to the evolving needs of the Nigerian population.

2.4 Conceptual Clarifications

To fully understand the role of the National Health Insurance Authority (NHIA) in regulating corporate health insurance plans in Nigeria, it is imperative to define key concepts that underpin the discussion. These concepts provide a foundational framework for analysing the NHIA's regulatory functions and their impact on the healthcare landscape.

2.4.1 Insurance, Health Insurance, and Social Health Insurance

Insurance serves as a fundamental risk management strategy that facilitates the transfer of potential financial losses from individuals or entities to insurers.³⁷ This contractual agreement involves the insurer compensating the insured for specific losses or damages in exchange for regular premium

³¹*Ibid.*

³²*Ibid.*

³³BC Anyene, 'International Best Practices in Health Insurance Regulation,' *African Journal of Health Economics* (2014) 1-7 <<https://www.ajol.info/index.php/ajhe/article/view/264312/249477>>, accessed 27 January 2025.

³⁴*Ibid*

³⁵*Ibid*

³⁶For further insight on the Institutional theory, see, H. Maarse, *The Institutional Model in Health Policy Analysis* (Maastricht University Press 2023), available at <Health Policy Analysis - An Introduction Maastricht University Press > accessed 6 January 2025.

³⁷M Rosanes, 'Insurance: Everything you need to know' (23 November 2022), available at <<https://www.insurancebusinessmag.com/us/guides/insurance-everything-you-need-to-know-428386.aspx>> accessed 28 January 2025.

payments. Health insurance, a specialised form of insurance, specifically addresses medical expenses, offering financial protection against costs associated with medical treatments, diagnostic tests, hospitalisations, and other healthcare services. By paying premiums, individuals and families can mitigate the financial impact of unexpected medical emergencies. As provided in the NHIA Operational Guidelines, social health insurance is a non-profit health insurance scheme principally funded by mandatory contributions or statutorily imposed taxes.³⁸

In Nigeria, the legal landscape governing insurance is primarily defined by the Insurance Act of 2003, which establishes the regulatory framework for insurance companies, sets product standards, and safeguards policyholder interests. Complementarily, the NHIA Act of 2023 specifically focuses on health insurance, creating the National Health Insurance Authority (NHIA) to enhance the accessibility and affordability of healthcare for all Nigerians.

2.4.2 Corporate Health Insurance

Corporate health insurance constitutes a critical element of a sound business risk management strategy, prioritising employee well-being. Its primary advantages include mitigating the financial impact of medical emergencies, boosting employee morale, reducing absenteeism, enhancing productivity, attracting top talent, and improving company reputation.³⁹ While employer-sponsored health plans offer valuable benefits, a significant limitation arises from their inherent link to employment. Upon job termination, whether voluntary or involuntary, employees lose coverage, leaving them vulnerable to substantial medical expenses during periods of insurance gaps. This vulnerability exacerbates the stress associated with job loss and poses a considerable financial risk to individuals without alternative health insurance coverage.⁴⁰

2.4.3 Enrolee/Beneficiary

The NHIA Act defines an enrolee or beneficiary as an individual who is officially registered with the NHIA and has consistently paid their contributions or premiums, thereby qualifying for health insurance coverage.⁴¹ A principal enrolee is identified as the main contributor, typically employed in either the public or private formal sector, who has the authority to enrol other biological family members as dependents under the health insurance scheme.⁴² This structure emphasises the importance of both individual registration and the role of the principal enrolee in extending coverage to family members.

2.4.4 Premiums

A premium is the regular payment made by an insured individual or entity to an insurance company in exchange for coverage. This payment ensures that the policyholder is protected against potential financial losses due to unexpected medical expenses. Under the NHIA, health insurance operates on a pre-payment system, where individuals and organisations contribute to a pool of funds, which is then used to pay for healthcare services.

The collection of premiums occurs through various methods which include payroll deductions,⁴³ direct payments made by individuals and group payment facilitated by entities such as governmental bodies or other organisations. Each method serves to ensure that premiums are effectively gathered

³⁸See NHIA Operational Guidelines, Definition of Key Terms.

³⁹ PlanCover.com, 'Group health Insurance', available at <https://www.linkedin.com/products/plan-cover-group-health-insurance/?trk=organization_guest_main_product_card>, accessed 20 December 2024.[

⁴⁰S Kurandwad, 'Why Corporate health Insurance is Not Enough: Protect Your Future with Personal health Coverage' (18 November 2024), available at <https://www.linkedin.com/pulse/why-corporate-health-insurance-enough-protect-your-future-kurandwad-3ckvc?utm_source=share&utm_medium=member_android&utm_campaign=share_via>, accessed 20 December 2024.

⁴¹National Health Insurance Act, s. 59.

⁴²NHIA Operational Guidelines, see the segment for Definition of Key Terms

⁴³Payroll deduction is a feature of the Public Social Health Insurance Programme (PSSHIP), discussed below.

from different sources, reflecting the diverse ways in which individuals and groups contribute to premium funding. This multifaceted approach allows for greater flexibility and accessibility in premium collection, accommodating the needs of both individuals and organisations.

2.4.5 HMOs, MHAs and other Third-Party Administrators of Health Insurance

As part of its crucial role in regulating corporate health insurance plans in Nigeria, the NHIA oversees and regulates Health maintenance organisations (HMOs), Mutual Health Associations (MHAs), and other Third-Party Administrators (TPAs) that operate within the health insurance landscape.⁴⁴

2.4.5.1 Health Maintenance Organisations

Health maintenance organisations (HMOs) are private or public incorporated entities registered by the National Health Insurance Authority (NHIA) with the sole purpose of managing the delivery of healthcare services through accredited healthcare facilities.⁴⁵ The NHIA mandates minimum paid-up share capital requirements for HMOs based on their operational scope, as follows:

(i) National HMOs: ₦ 750,000,000 (seven hundred and fifty million naira)

(ii) Zonal HMOs: ₦ 500,000,000 (five hundred million naira)

(iii) State HMOs: ₦ 250,000,000 (two hundred and fifty million naira)⁴⁶

These minimum capital requirements are subject to periodic review by the NHIA.⁴⁷

2.4.5.2 Mutual Health Associations (MHAs)

MHAs, also called Community Based Health Financing Scheme (CBHFS), are incorporated, non-profit organisations that provide health insurance coverage to their members, often based on shared interests or affiliations. These schemes aim to enhance healthcare accessibility by mitigating out-of-pocket expenses for households are typically established by groups such as employees of a specific company, members of a professional association, or residents of a particular community.⁴⁸

2.4.5.3 Third-Party Administrators (TPAs) of Health Insurance

Third-Party Administrators (TPAs), established as limited liability companies under the Companies and Allied Matters Act⁴⁹ and registered with the NHIA, are entities entrusted with the administrative functions pertaining to health insurance. These functions relate to claim processing, premium collection, and enrolment management.⁵⁰

The NHIA Act, while encompassing HMOs within the definition of TPAs,⁵¹ distinguishes between the two. While both entities operate within the health insurance landscape, HMOs possess the authority to establish private health insurance schemes and offer relevant plans, a function that is not within the scope of TPAs. Conversely, the Act permits HMOs to function as TPAs⁵² but not as Mutual Health Associations (MHAs). This study will delve into the NHIA's regulatory role concerning these entities.

3. Analysing the Regulatory Framework for Corporate Health Insurance in Nigeria

⁴⁴ National Health Insurance Act, s. 33.

⁴⁵ National Health Insurance Act, s. 3.3.1.

⁴⁶ *Ibid.*, s. 3.3.6.

⁴⁷ *Ibid.*

⁴⁸ For details on management, membership, sources of funds, conditions, procedure for accreditation and other factors relating to MHAs, see s. 3.5 of the NHIA Operational Guidelines, 2023

⁴⁹ Cap. C 20 LFN, 2004.

⁵⁰ For the establishment and operation of TPAs, see NHIA Act, section 35. On the accreditation of TPAs, see NHIA Operational Guidelines, s. 3.4.

⁵¹ NHIA Act, s. 20 (2).

⁵² *Ibid.*

The National Health Insurance Authority (NHIA) occupies a central position in Nigeria's healthcare system with a mandate to ensure equitable access to quality healthcare for all citizens.⁵³ This subtopic will delve into the core functions and powers bestowed upon the NHIA by relevant legislation, examining its role in shaping the healthcare landscape. By understanding the NHIA's mandate and the legal framework governing corporate health insurance, we can gain valuable insights into the challenges and opportunities for improving access to quality healthcare for employees in the Nigerian workforce.

3.1 The Legal and Regulatory Framework for Corporate Health Insurance in Nigeria

The legal and regulatory framework for corporate health insurance plans involves a complex interplay of legislations, regulations and guidelines issued by various government agencies, primarily the NHIA. This subtopic will explore the key legal and regulatory instruments that govern corporate health insurance in Nigeria, including relevant provisions of the National Health Insurance Act, NHIA regulations, and other relevant guidelines. It will examine the roles and responsibilities of key stakeholders, such as employers, employees, HMOs, and the NHIA itself, within this framework.

By understanding the legal and regulatory landscape, stakeholders can navigate the complexities of corporate health insurance, ensure compliance with the law, and promote the effective and sustainable operation of these plans for the benefit of employees and the overall healthcare system.

3.1.1 The National Health Insurance Authority (NHIA) Act

The National Health Insurance Authority (NHIA) Act serves as the foundational legal framework for health insurance in Nigeria, delineating the establishment, powers, and functions of the NHIA. This Act empowers the NHIA to regulate health insurance schemes, accredit HMOs, and establish standards for healthcare service delivery. A significant aspect of the NHIA Act is the licensing and accreditation of HMOs as well as other health insurance providers such as MHAs, and third-party administrators (TPAs).⁵⁴ This accreditation process is designed to ensure that these organisations adhere to specific standards of service delivery, financial stability, and ethical conduct, thereby safeguarding the interests of employees and ensuring access to quality healthcare services.

Additionally, the NHIA is responsible for setting standards and guidelines for health insurance, including corporate plans. This includes establishing minimum coverage requirements,⁵⁵ premium rates, and procedures for claims processing and payment. By implementing these standards, the NHIA aims to foster uniformity and fairness within the health insurance industry in Nigeria,⁵⁶ while also setting benchmarks for healthcare providers and insurers to uphold high-quality standards.⁵⁷

Consumer protection is another critical function of the NHIA as outlined in the Act. The NHIA is charged with safeguarding the interests of enrollees, including beneficiaries of corporate health insurance. This involves addressing complaints, resolving disputes, and investigating issues related to poor service delivery and denied claims, thereby enhancing the overall accountability and responsiveness of health insurance providers.⁵⁸

⁵³ *Ibid*, ss. 2 and 3.

⁵⁴ National Health Insurance Act, s. 33 (1)(a).

⁵⁵ *Ibid*. s. 3 ©.

⁵⁶ On the authority of the NHIA to issue operational guidelines for the health insurance sector, see *ibid*, s. 3 (y) and (z).

⁵⁷ National Health Insurance Act, s. 37.

⁵⁸ *Ibid*, s. 3 (h)

3.1.2 Other Legislation Relevant to Corporate Health Insurance

Apart from the NHIA Act, **other key pieces of legislation** also impact corporate health insurance in Nigeria. These include as follows:

- (i) **National Insurance Commission Act:**⁵⁹ This Act primarily addresses general Insurance but also affects health insurance through the licensing and regulation of insurance companies.
- (ii) **Pensions Reform Act, 2014:**⁶⁰ The Act, while focused on pensions, indirectly influences health insurance by mandating employers in the public sector to maintain Group Life Insurance Policies⁶¹ and extending similar requirements to private sector organisations with a minimum number of 15 employees.⁶²
- (iii) **Income Tax Act:**⁶³ The Income Tax Act plays a significant role in the corporate health insurance landscape by governing the taxation of income, which includes deductions for health insurance premiums. This has direct implications for the affordability and accessibility of health insurance plans for employees.
- (iv) **Federal Competition and Consumer Protection Act, 2018:** The Federal Competition and Consumer Protection Act of 2018 is crucial in maintaining a fair market by prohibiting anti-competitive practices within the health insurance sector.

(i) **Data Protection Act:** the Data Protection Act ensures that health insurance providers adhere to regulations regarding the handling of personal data, thereby protecting consumer privacy.

(ii) **Insurance Act:**⁶⁴ the Insurance Act provides a general regulatory framework for the insurance industry in Nigeria.

Collectively, these legislative measures form the legal framework that is essential for the effective operation of the corporate health insurance market, promoting access to quality healthcare for employees while safeguarding the interests of all stakeholders involved.

4. Classification of NHIA Programmes and their Relevance to Corporate Health Insurance

The classification of NHIA programmes is essential for contextualising corporate health insurance offerings. By examining the various plans, stakeholders can better navigate the complexities of the Nigerian health insurance landscape. This classification not only aids in identifying the specific features and benefits of each plan but also highlights their relevance to corporate health insurance, ensuring that employers can make informed decisions regarding the health coverage they provide to their workforce.

Overall, the interplay between NHIA programmes and corporate health insurance is pivotal for enhancing employee health benefits in Nigeria. A thorough understanding of this relationship is vital for employers, policymakers, and health insurance providers as they work to improve healthcare access and affordability in the corporate sector.

Accordingly, our study will examine a classification of NHIA plans on the basis of the following factors: (1) Plans which are directly related to corporate health insurance; and (2) other plans of the NHIA and their relevance to corporate health insurance.

4.1 NHIA Plans Directly Applicable to Corporate Health Insurance

⁵⁹Cap N53 LFN, 2004.

⁶⁰Hereinafter referred to the PFA.

⁶¹*Ibid*, section 4 (5).

⁶²*Ibid*. s. 2 (2).

⁶³Cap I7, LFN 2004.

⁶⁴Act No.1 2004, which repealed the Insurance Act, Cap I17, Laws of the Federation of Nigeria 2004

(i) Public Sector Social Health Insurance Programme (PSSHIP): The PSSHIP, covering employees of the federal, state and local governments,⁶⁵ can be accurately classified as a form of corporate health Insurance. This classification is justified by the fact that PSSHIP provides health coverage to a defined group of individuals based on their employment status, mirroring the core characteristic of corporate health insurance plans typically offered by private employers to their workforce.

i) Organised Private Sector Social Health Insurance Programme (OPSSHIP): Specifically designed to provide healthcare for employees of private companies and organisations, this is the most direct equivalent to corporate health Insurance.⁶⁶

ii) State Social Health Insurance/ Contributory Schemes (SSHIS): These schemes include provisions for the employees of the FCT (Federal Capital Territory) or state-level organisations, aligning them with the concept of corporate health insurance.⁶⁷

Thus, these programmes collectively illustrate the structured approach to health insurance in Nigeria, emphasising the role of employment status in determining coverage.

4.2 Other NHIA Plans and their Relevance to Corporate Health Insurance

(i) Tertiary Institutions Social Health Insurance Programme (TISHIP): TISHIP is a healthcare support system for students in Nigeria's tertiary institutions.⁶⁸ Membership of this plan covers only students who are not on any form of mandatory insurance.⁶⁹ Hence, it is not particularly relevant to corporate health insurance.

(ii) Group, Individual and Family Social Health Insurance Programme (GIFSHIP): The Group, Individual, and Family Social Health Insurance Programme (GIFSHIP) constitutes a comprehensive health insurance initiative encompassing a diverse spectrum of beneficiaries, irrespective of employment status. The programme caters to a broad range of individuals and entities, including:

- (a) Small-scale enterprises employing fewer than five individuals.
- (b) Associations, unions, charitable organisations, and other similar collectives.
- (c) Self-employed individuals, families, and small groups.
- (d) Retirees and retiree associations.
- (e) Diaspora groups.
- (f) Foreign nationals residing within the Nigerian territory.
- (g) Individuals receiving financial support from members of the National Assembly or philanthropic organisations.⁷⁰

The GIFSHIP plan primarily targets individuals and families in the informal sector, with less direct relevance to traditional corporate health insurance models.

i) Private Health Insurance (PHI) plans: This refers to commercial health insurance plans offered by private insurance companies, distinct from the government-sponsored NHIA programmes. The key points to be distilled from the classification are as follows: Firstly, corporate health insurance plans are distinguished by their focus on providing health insurance plans specifically designed for employees of organisations, whether public or private. Secondly, PSSHIP and OPSSHIP closely align with the definition of Corporate Health Insurance. Thirdly, other

⁶⁵ NHIA Act, s. 13 (3)

⁶⁶ NHIA Operational Guidelines, 2.2.3 (c)

⁶⁷ NHIA Act, see section 13 (1) and (5)

⁶⁸ NHIA Operational Guidelines, s. 2.2.6 (a).

⁶⁹ *Ibid*, section 2.2.6 (a).

⁷⁰ *Ibid*, s. 2.5.1.

programmes, while not exclusively focused on corporate entities, may have provisions that indirectly benefit employees of organisations. In essence, this classification helps to understand how the various NHIA programmes relate to the concept of corporate health insurance and its role within the Nigerian healthcare system.

4.3 Classification of NHIA Programmes on the basis of Funding Mechanism

In terms of funding mechanism, there are three main types of schemes, designed to cater for different segments of the Nigerian population under the NHIA Act. These include the contributory scheme, non-contributory scheme, as well as, the supplemental/ complementary schemes. The focus of the segment is to determine whether a programme is fully funded, partially funded or whether indeed, it is voluntary. By effectively classifying NHIA programmes and understanding the nuances of their funding, the NHIA can better fulfil its regulatory mandate, ensuring that corporate health insurance plans operate efficiently, equitably and sustainably within the Nigerian healthcare system.

4.3.1 The Contributory Social Health Scheme (CSHIS)

A contributory health insurance scheme necessitates financial contributions from its beneficiaries, typically involving shared responsibility between individual members and their employer.⁷¹

Within the NHIA, specific programmes under the Contributory Social Health Scheme (CSHIS) may be categorised as follows:

(i) The Public Sector Social Health Insurance Scheme (PSSHIP): under the PSSHIP which provides healthcare coverage for government employees and their dependents, contributions are based on payroll deductions and this is determined based on either individual basic salaries or consolidated employee salaries. With regard to the Public (Federal) sector programme, the employer pays 3.25% while the employee pays 1.75% representing 5% of the employee's consolidated salary.⁷² For other tiers of government, the employer pays 10% while the employee pays 5%, representing 15% of the employee's basic salary. However, the employee may decide to pay the entire contribution and may also undertake extra contributions for additional cover to the beneficiary.

(ii) The Organised Private Sector Social Health Insurance Programme (OPSSHIP): Under the OPSSHIP which provides health insurance coverage for private sector workers and their families, payment of contributions for the Organised Private Sector (OPS) is as follows: The employer pays 10% while the employee pays 5%, representing 15% of the employee's basic salary.⁷³ It is pertinent to note that the OPSSHIP, administered by the NHIA is distinguishable from the Private Health Insurance plan which is administered by HMOs under the platform of Supplemental/ Complementary Schemes.

(iii) Group, Individual, Family Social Health Insurance Programme GIFSHIP: This programme is financed from contributions made by interested individuals, families and groups. The contribution rates for this plan, as provided in the NHIA Guidelines, vary from individual subscriber to group enrolment.⁷⁴

(iv) Armed Forces, Police and other Uniformed Services Social Health Insurance Programme: This type of coverage is a social security system where the Federal Government assumes the full financial responsibility for the healthcare of all members of the Armed Forces, The Nigerian Police Force, Nigerian Customs Service, Nigerian Immigration Service, Nigerian Correctional Service and other Federal uniformed services.⁷⁵

⁷¹ *Ibid*, s. 2.2.1

⁷² *Ibid*, s. 3.2.3.

⁷³ *Ibid*, s. 3.2.3

⁷⁴ *Ibid*, section 2.5.3.

⁷⁵ *Ibid*, s. 2.4.

(v) Tertiary Institutions Social Health Insurance Scheme (TISHIP): This scheme, is paid for, from funds created by pooling the contributions of students.⁷⁶

(v) State Social Health Insurance/ Contributory Schemes: The State-Supported Health Insurance Schemes (SSHIS) are administered by the various State Social Health Insurance Agencies established by law at State Government and FCT (Federal Capital Territory) level.⁷⁷ All SSHIS is to be implemented in partnership with the NHIA. The programme varies across the states.⁷⁸

4.3.2 The Non-contributory (Subsidy) Health Insurance Schemes

A non-contributory health insurance Scheme is one where the beneficiary does not directly contribute to the cost of health care coverage. The costs are borne by the government and other third-party payers.⁷⁹

The NHIA's Vulnerable Group Social Health Insurance Programme targets specific populations who may not be able to afford health insurance.⁸⁰ The Programme covers the health needs of the following:

- (a) Physically Challenged Persons
- (b) Inmates in correctional facilities
- (c) Children under five
- (d) Refugees, Victims of Human Trafficking, internally displaced persons; and
- (e) Pregnant women
- (f) Other persons as may be approved by the NHIA Governing Council⁸¹

The Vulnerable Group Social Health Insurance Programme (VGSHIP) is financed by funds from:

- (a) Vulnerable Group Fund (VGF)
- (b) Basic Healthcare Provision Fund (BHCPE)
- (c) Health insurance levy
- (d) Special intervention fund allocated by the government and appropriated to the Vulnerable Group Fund (VGF).
- (e) Monies that accrue to the VGF from investments made by the NHIA Council
- (f) Grants, donations, gifts and any other voluntary contributions made to the VGF.⁸²

4.3.3 Supplemental/ Complementary Schemes (Voluntary)

This is a health insurance scheme that supplements or complements existing coverage, often providing additional benefits or coverage beyond what is offered by a primary health insurance plan.⁸³

Private Health Insurance Schemes are subsumed under this category.⁸⁴ Usually, plans under this scheme involve additional premiums paid by the employee or the employer to access the enhanced benefits.⁸⁵

While the specific details of the schemes examined above, including eligibility criteria, benefit

⁷⁶ *Ibid*, s. 2.6.

⁷⁷ NHIA Act, s. 13; see also NHIA Operational Guidelines, s. 2.8. For further information, including a comprehensive list of the State Social Health Insurance Agencies (SSHIA) operating in Nigeria, visit Available at <<https://www.nhia.gov.ng/sshias/>> accessed 7 January 2025.

⁷⁸ NHIA, 'State Social Health Insurance Schemes', available at <<https://www.nhia.gov.ng/service/home-insurance/>>, accessed 7 January 2025

⁷⁹ NHIA Operational Guidelines, s. 2.7.1.

⁸⁰ NHIA Act, section 26 (1).

⁸¹ NHIA Operational Guidelines, s. 2.7.2.

⁸² NHIA Act s. 25 for provisions on the establishment and funding of the Vulnerable Group Fund.

⁸³ *Ibid*, s. 32 (2); NHIA Guidelines, s. 2.9

⁸⁴ Note that all private health insurance schemes or plans are regulated by the National Health Insurance Authority –NHIA Act, s. 15 (9).

⁸⁵ *Ibid*, s. 31 (5).

packages and payment mechanisms vary, understanding these categories is crucial for accurately placing corporate health insurance plans within the broader context of the NHIA's mandate.

4.4 Importance of Classification of NHIA Programmes and Implications for the Regulation of Corporate Health Insurance Plans

The classification of NHIA programmes has significant implications for the regulation of corporate health insurance. These include:

- (i) Tailored Regulations: This ensures that regulations are appropriate for the specific needs and contexts of different types of corporate health insurance plans. Recognising the distinct characteristics of each programme allows for the development of tailored regulatory frameworks.
- (ii) Equitable Access: Proper classification helps ensure equitable access to healthcare services for all employees, regardless of their employer's size or industry.
- (iii) Efficient Resource Allocation: By understanding the specific needs and challenges of different programmes, the NHIA can allocate resources more effectively, ensuring that adequate funding and support are provided to each sector.
- (iv) Monitoring and Evaluation: Classifying programmes facilitates effective monitoring and evaluation of their performance. This allows the NHIA to identify areas for improvement and make necessary adjustments to ensure the sustainability and effectiveness of the programmes.

A clear understanding of the above classification is essential for effective regulation of corporate health insurance in Nigeria. By recognising the unique characteristics and needs of each programme, the NHIA can develop and implement targeted regulations that promote equitable access, improve service delivery, and ultimately contribute to a more robust and sustainable healthcare system for all Nigerians.

5. Key Challenges faced by NHIA in Regulating Corporate Health Insurance

The NHIA faces several key challenges in regulating corporate health insurance plans in Nigeria:

- (i) Inadequate Funding: Insufficient funding hampers the NHIA's ability to effectively supervise and regulate the industry. This limits its capacity for robust enforcement, data analysis, and the development of necessary infrastructure.⁸⁶
- (ii) Corruption and Inefficiency: Corruption and inefficiency within the healthcare system, including within the NHIA itself, can undermine the effectiveness of regulatory efforts and hinder the delivery of quality healthcare services.⁸⁷

Rapidly Evolving Healthcare Landscape: The healthcare landscape is constantly evolving, with new technologies, treatments, and challenges emerging.⁸⁸ The NHIA must adapt its regulatory framework to keep pace with these changes and ensure the continued relevance and effectiveness of regulations.

Addressing these challenges require a multifaceted approach as recommended in the next segment.

5.1 Conclusion/ Recommendations for Enhancing the NHIA's Regulatory Effectiveness in the Nigerian Insurance Market

To address the key challenges identified in the preceding section, the following recommendations are crucial:

5.1.1 Improving Data Management and Analysis

⁸⁶ TM. Ipinimo and others, (n. 17) 283.

⁸⁷ *Ibid*

⁸⁸ YJ Bakare 'Harnessing Digital Technology for Universal health Coverage in Nigeria' *Nigeria health Watch* (December 2023) available at <<https://articles.nigeriahealthwatch.com/harnessing-digital-technology-for-universal-health-coverage-in-nigeria/?amp=1>> accessed 26 January 2025.

A robust data collection system is essential for gathering accurate and timely information on various metrics, including enrolment, claims, utilisation patterns, and provider performance. This system should be comprehensive and standardised to ensure consistency and reliability in the data collected. Furthermore, it is recommended that the NHIA utilise data analytics tools to effectively analyse the collected data. By identifying trends and assessing the effectiveness of existing regulations, the NHIA can pinpoint areas within the health insurance market that require improvement. This analytical approach will facilitate informed decision-making and enhance regulatory oversight.

Additionally, promoting secure and responsible data sharing among stakeholders—such as insurance providers, healthcare providers, and the NHIA—is crucial. This collaboration will not only improve data quality but also enhance overall efficiency within the health insurance system, ultimately leading to better health outcomes for the population.

5.1.2 Enhancing Transparency and Accountability

Enhancing transparency and accountability in the insurance sector is crucial for empowering consumers and ensuring regulatory compliance. One of the primary strategies proposed is the promotion of public disclosure, which involves mandating insurance providers to make key information about their plans readily available. This includes details on premiums, benefits, network providers, and claims data, all of which should be easily accessible to the public. Such transparency is intended to enable consumers to make informed decisions regarding their insurance options.

Additionally, the implementation of regular audits and inspections of insurance providers is recommended. These audits serve to ensure that providers comply with existing regulations and help identify areas that require improvement. It is essential that these audits are conducted in a transparent and impartial manner to maintain trust and accountability within the industry.

5.1.3 Fostering Innovation and Equipping the NHIA with Modern Technological Infrastructure

There is also an urgent need for government to foster innovation in health insurance delivery (e.g., telemedicine and technology-driven access) as well as increased funding and better working conditions for medical personnel, in order to check the current rate of brain drain bedeviling the medical sector. By implementing these recommendations, the NHIA can significantly enhance its regulatory role, ensuring a more robust, equitable, and sustainable corporate health insurance market in Nigeria. This will ultimately contribute to improved access to quality healthcare for all Nigerians and the overall development of the country's healthcare system.