

**MANDATORY HEALTH INSURANCE AND THE NIGERIAN WORKPLACE: A NEW ERA OF EMPLOYEE WELFARE UNDER THE NATIONAL HEALTH INSURANCE AUTHORITY ACT 2022\***

**Abstract**

*The National Health Insurance Authority (NHIA) Act 2022 marks a significant shift in Nigeria's healthcare and employment framework, transitioning from a voluntary to a mandatory health insurance model to achieve Universal Health Coverage (UHC) by 2030. Replacing the 1999 NHIS Act, the new law mandates employers with five or more staff to enroll them in NHIA-approved health insurance plans, covering employees, one spouse, and up to four children under 18, with penalties for non-compliance. This reform integrates health coverage into labour law, imposing obligations such as HMO registration, timely contributions, and record-keeping, while fostering family health protection and social welfare. For employers, particularly SMEs, challenges include cost burdens, administrative complexities, and awareness gaps, but benefits like improved employee morale, productivity, and talent retention may offset these hurdles. The Act also aligns health benefits with HR strategies, enhancing organizational development. Private sector actors, especially HMOs, play a critical role in implementation, impacting service delivery and accountability. Drawing lessons from countries like Rwanda and Thailand, the article highlights international best practices adaptable to Nigeria's context. While the NHIA Act introduces compliance demands, it presents an opportunity for employers to invest in employee well-being and sustainable productivity. The analysis provides insights for policymakers, employers, HR professionals, and legal practitioners navigating Nigeria's evolving health regulation landscape, emphasizing the Act's potential to transform workplace health benefits despite implementation challenges.*

**Keywords:** Health, Insurance, Nigeria, Workplace, Employee

**1. Introduction**

The landscape of healthcare delivery in Nigeria has undergone a significant transformation with the enactment of the National Health Insurance Authority (NHIA) Act, 2022. Historically, the health insurance system in Nigeria was largely voluntary and fragmented, with very low enrolment rates, particularly among workers in the informal and formal private sectors. This left a substantial portion of the population—especially low-income earners and vulnerable groups—without access to essential healthcare services. The consequences were dire: out-of-pocket healthcare expenditures dominated, pushing many households into poverty and limiting access to timely medical intervention.<sup>1</sup> The NHIA Act 2022 has initiated a bold policy shift by introducing a compulsory health insurance framework, designed to actualize the long-elusive goal of Universal Health Coverage (UHC) in Nigeria. For the first time, health insurance is no longer an optional welfare benefit, but a statutory obligation. This legislative reform establishes health insurance not just as a social good but as a legal right and responsibility—binding on both the government and employers across sectors.<sup>2</sup> One of the most consequential implications of this Act lies in its specific imposition of obligations on employers, especially those in the formal sector. Section 14(1) of the NHIA Act explicitly mandates that every employer, whether in the public or private sector, with five (5) or more employees, must provide health insurance coverage for their staff through an accredited health insurance scheme.<sup>3</sup> This new obligation signals a paradigm shift in Nigeria's employment landscape, where employee health is now legally recognised as an integral part of the employment contract and workplace compliance structure.

Prior to the Act, only a limited number of public servants and employees of large private corporations had access to structured health insurance plans, largely due to employer goodwill or international best practices. Small and medium-scale enterprises (SMEs), which constitute a significant portion of Nigeria's formal economy, often excluded health coverage in their compensation structures, citing cost, low awareness, and absence of legal obligation.<sup>4</sup> The NHIA Act 2022 closes this loophole by ensuring that access to healthcare is democratized across employment levels. Employers are no longer at liberty to opt out of health insurance schemes without legal consequences. Under the new regime, failure to comply with the provisions of the NHIA Act is an offence. Section 48 of the Act stipulates stringent penalties for defaulters. A first-time offender may be liable to fines of up to ₦1,000,000, imprisonment of up to two years, or both. Repeat offenders could face fines of ₦2,000,000 and/or imprisonment for up to five years.<sup>5</sup> In addition, Section 48(3) empowers the government to initiate further prosecution under other applicable laws, particularly financial and regulatory laws, which adds another layer of enforcement. Beyond compliance, the workplace is now a frontline platform for the implementation of national health reform. Employers are expected not only to enrol employees in a registered health insurance scheme but also to ensure that the health insurance package covers the minimum statutory requirement. According to the guidelines, this includes health coverage for the employee, one legal spouse, and up to four biological children under the age of 18.<sup>6</sup> This broader coverage mandate underscores the Act's recognition of family health as central to national health outcomes. From a policy perspective, this transition to mandatory employer-sponsored health insurance also reflects Nigeria's broader commitment to the Sustainable Development Goals (SDGs),

\*By **Nancy NZOM, MCiarb (UK)**, Notary Public, Barrister & Solicitor of the Supreme Court of Nigeria; and

\***Daniel Moses EYYAZO**, Lecturer, Department of Private and Business Law, Faculty of Law, Nasarawa State University, email: danielleyyazo@nsuk.edu.ng

<sup>1</sup> National Health Insurance Authority Act 2022, s 1; see also World Bank, *Nigeria Health Financing Diagnostic Review* (2020) 12.

<sup>2</sup> NHIA Act 2022, s 1(2)(a)–(b).

<sup>3</sup> *ibid* s 14(1).

<sup>4</sup> See O Oyegbile, 'How Employers Undermine Health Insurance in Nigeria' *Business Day* (Lagos, 14 February 2023) 5.

<sup>5</sup> NHIA Act 2022, s 48(1)–(2).

<sup>6</sup> National Health Insurance Authority, *Implementation Guidelines on Mandatory Coverage* (2023) pt II cl 4.

particularly Goal 3 on good health and well-being.<sup>7</sup> By institutionalising health insurance in the workplace, the NHIA Act aligns Nigeria's domestic legislation with international health and labour standards, including those of the International Labour Organization (ILO), which advocates for social protection floors and decent work environments.<sup>8</sup> Furthermore, this paradigm shift opens a new frontier for corporate governance and human resource management. Health insurance is now a statutory benefit that must be integrated into recruitment, onboarding, payroll, and employee retention strategies. Human Resource professionals must re-evaluate compensation frameworks, negotiate group premiums with accredited Health Maintenance Organizations (HMOs), and ensure that employee records are properly documented for verification and audit purposes by the NHIA.<sup>9</sup>

The economic implications are equally profound. By institutionalising health insurance, the NHIA Act reduces the financial burden on the government to provide emergency healthcare for uninsured populations and potentially improves national productivity. A healthy workforce is more engaged, less prone to absenteeism, and more likely to contribute meaningfully to the economy. Employers who embrace this reform not only fulfil a legal mandate but also gain reputational capital as progressive organisations committed to employee welfare.<sup>10</sup> However, the transition is not without its challenges. For many small and medium-sized businesses, the cost of health insurance coverage may be perceived as an additional financial burden in a volatile economic environment. There may also be gaps in awareness, compliance infrastructure, and the availability of affordable HMO options. Therefore, the implementation phase must be complemented by robust sensitisation campaigns, technical support for employers, and strategic partnerships between government, private health providers, and employer associations. The NHIA Act 2022 represents a watershed moment in Nigeria's journey towards equitable and sustainable healthcare access. By mandating health insurance through the workplace, it not only restructures employment law obligations but also redefines corporate responsibility in the context of national development. The success of this reform will depend on the collective commitment of all stakeholders—employers, employees, regulators, and healthcare providers—to implement the letter and spirit of the law in a manner that truly delivers health for all.

## **2. Legal Framework: Understanding the NHIA Act 2022**

The enactment of the National Health Insurance Authority (NHIA) Act 2022 marks a pivotal shift in Nigeria's legislative approach to healthcare financing and social protection. Repealing the National Health Insurance Scheme (NHIS) Act 2004, the new legislation introduces a mandatory and inclusive health insurance system designed to operationalise the Federal Government's objective of Universal Health Coverage (UHC). Central to the legal framework is the imposition of enforceable obligations on employers across both public and private sectors, with significant implications for regulatory compliance, employee welfare, and corporate governance. This section provides a detailed analysis of the statutory obligations imposed on employers by the NHIA Act, the penalties for non-compliance, and the supporting mechanisms for ensuring health equity through coverage for vulnerable populations.

### **Mandatory Employer Contributions: Section 14**

Section 14 of the NHIA Act, 2022 provides that every employer in Nigeria, whether public or private, who engages five or more employees is statutorily required to enrol such employees in a health insurance scheme approved by the Authority.<sup>11</sup> This provision transitions health insurance in Nigeria from a voluntary framework to a legally enforceable obligation, thereby creating a structured entry point for employees into the national healthcare system. In compliance with this provision, employers must register with a licensed Health Maintenance Organisation (HMO) or any accredited plan recognised by the Authority and must remit contributions for each eligible employee. These contributions are to be made periodically, as prescribed by the operational guidelines issued by the NHIA. Furthermore, the statutory coverage extends beyond the individual employee to include one legally married spouse and up to four biological children under the age of 18.<sup>12</sup> This positions the NHIA scheme not merely as an employee benefit but as a broader household welfare mechanism. The Authority retains discretion to issue supplementary guidelines governing contribution rates, cost-sharing formulas, and procedural requirements for enrolment.<sup>13</sup> Employers are therefore obligated to remain updated on regulatory issuances to ensure continued compliance.

### **Sanctions and Legal Consequences: Section 48**

To reinforce its mandatory nature, the Act provides for robust sanctions in cases of non-compliance. Section 48 criminalizes the act of refusing, neglecting, or failing to remit prescribed contributions to an approved scheme.<sup>14</sup> Where such failure is established, an employer is liable, on conviction, to a fine not exceeding ₦1,000,000 or imprisonment for a term not exceeding two years, or both in the case of a first offence.<sup>15</sup> For subsequent offences, the penalty increases to a fine not exceeding ₦2,000,000 or imprisonment for a term not exceeding five years, or both.<sup>16</sup> Notably, Section 48(3) broadens the scope of enforcement by permitting such offences to be prosecuted under other applicable laws in

<sup>7</sup> United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development (A/RES/70/1, 21 October 2015) Goal 3.

<sup>8</sup> International Labour Organization, Social Protection Floors Recommendation, 2012 (No. 202).

<sup>9</sup> Chartered Institute of Personnel Management of Nigeria (CIPM), *HR and Compliance Bulletin* (March 2023) 8.

<sup>10</sup> O Ezeani, 'Health Reforms and Workplace Productivity in Nigeria' (2023) 41(2) *Nigerian Labour Journal* 127.

<sup>11</sup> National Health Insurance Authority Act 2022, s 14(1).

<sup>12</sup> *Ibid*, s 14(2).

<sup>13</sup> *Ibid*, s 14(4).

<sup>14</sup> NHIA Act 2022, s 48(1).

<sup>15</sup> *Ibid*, s 48(2)(a).

<sup>16</sup> *Ibid*, s 48(2)(b).

Nigeria, including financial and anti-corruption statutes.<sup>17</sup> This underscores the legislative intent to treat non-compliance not only as a civil default but also as a potential breach of public trust, especially in cases involving misappropriation of employee welfare funds. In addition to corporate liability, the Act contemplates individual accountability. Officers of corporate bodies—such as directors, company secretaries, human resources professionals, and finance managers—may be held personally liable if found complicit in the default. This elevates the legal risk for senior management and reinforces the need for internal compliance systems.

### **Coverage for Vulnerable Populations: Section 25**

Beyond formal employment, the Act makes provisions for the inclusion of Nigeria's most vulnerable groups through the creation of the Vulnerable Group Fund (VGF) under Section 25.<sup>18</sup> The VGF is a special financing mechanism intended to subsidise or fully cover health insurance premiums for disadvantaged categories, including children under five years, pregnant women, elderly persons aged 65 years and above, persons living with disabilities, internally displaced persons (IDPs), and indigent individuals, as determined by a means-tested assessment conducted by the NHIA.<sup>19</sup> Funding for the VGF is to be sourced from annual appropriations by the federal government, contributions from philanthropic institutions and international development partners, proceeds from corporate social responsibility (CSR) initiatives, and any other legally designated health levies. This institutional innovation ensures that the health insurance system remains equity-driven and not merely based on the contributory capacity of individuals. While employers are not directly liable for funding the VGF, the success of the overall NHIA architecture depends significantly on their compliance. Widespread adherence by employers reduces the systemic strain on public resources and enhances the sustainability of social health protection.

### **Regulatory Oversight and Enforcement**

The NHIA is vested with extensive regulatory, supervisory, and enforcement powers under Sections 3 and 6 of the Act.<sup>20</sup> These powers include:

- i) Licensing and accreditation of HMOs and other insurance schemes;
- ii) Development and issuance of guidelines and operational standards;
- iii) Monitoring and auditing of employer compliance with contribution and enrolment obligations;
- iv) Dispute resolution among enrollees, providers, and HMOs;
- v) Imposition of administrative penalties for breaches or delays;
- vi) Collaboration with the Federal Inland Revenue Service (FIRS), Corporate Affairs Commission (CAC), and other relevant bodies for enforcement purposes.<sup>21</sup>

Employers are expected to maintain up-to-date records of all contributions, remittances, and enrolments, as failure to provide such records during compliance checks may be treated as obstruction. The Authority also reserves the right to suspend or blacklist defaulting organisations from participating in government contracts or public procurement opportunities.

Additionally, the NHIA is empowered to engage in public interest litigation and whistle-blower protection initiatives to strengthen institutional accountability and transparency within the healthcare financing ecosystem.

### **Implications for Employers and Corporate Governance**

The NHIA Act is not only a healthcare reform statute; it also serves as a key instrument of labour regulation, corporate ethics, and social justice. From a labour law perspective, failure to comply with its provisions may constitute a breach of statutory duty, and affected employees may seek redress through civil litigation or administrative complaints. The Act aligns with the constitutional right to health and imposes a positive obligation on employers to facilitate access to basic healthcare for their workers. In a business environment increasingly influenced by Environmental, Social and Governance (ESG) metrics, statutory compliance with health insurance obligations is emerging as a critical benchmark for responsible corporate citizenship. Employers who prioritise compliance position themselves for improved brand perception, better employee retention, and enhanced access to socially conscious investment capital.

## **3. Employer Responsibilities and Compliance Framework under the NHIA Act 2022**

The enactment of the National Health Insurance Authority Act 2022 ('the Act') imposes a binding legal duty on employers within Nigeria's public and private sectors to ensure the enrolment of their employees in a recognised health insurance scheme. This statutory obligation marks a significant departure from the previously voluntary approach and forms a core component of the federal government's strategy for achieving Universal Health Coverage (UHC).<sup>22</sup>

### **Registration with NHIA or Accredited HMO**

Under Section 32(1) of the Act, every employer with five or more employees is required to register with the National Health Insurance Authority (NHIA) or with an NHIA-accredited Health Maintenance Organization (HMO).<sup>23</sup> This duty extends to all eligible employees, and the fact that an employer may already offer a private health plan does not constitute

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<sup>17</sup> Ibid, s 48(3).

<sup>18</sup> NHIA Act 2022, s 25(1).

<sup>19</sup> Ibid, s 25(2).

<sup>20</sup> Ibid, ss 3, 6.

<sup>21</sup> Ibid, s 45.

<sup>22</sup> See generally National Health Insurance Authority Act 2022, Preamble and s. 1.

<sup>23</sup> NHIA Act 2022, s. 32(1).

a defence for non-registration under the NHIA framework.<sup>24</sup> In line with Section 33, employers must ensure that registered employees are enrolled in a plan that provides the Minimum Benefit Package as defined by the Authority.<sup>25</sup>

### **Remittance of Monthly Contributions**

Employers are statutorily mandated to contribute to the health insurance fund on behalf of their employees. In accordance with Section 31(1)(a), the standard structure involves a 10% contribution from the employer and a 5% deduction from the employee's salary.<sup>26</sup> These sums must be remitted monthly to the designated scheme. It is incumbent upon the employer to ensure that both contributions are accurately computed, deducted, and paid into the appropriate health insurance fund without delay. Any failure to remit contributions as prescribed constitutes an offence under the Act.<sup>27</sup>

### **Coverage of Spouse and Dependants**

The Act extends health coverage beyond the employee to include one legal spouse and up to four biological children under the age of eighteen (18).<sup>28</sup> This extension, though not expressly articulated in the main text of the Act, is reinforced through NHIA policy guidelines and circulars. Employers must collect the relevant information from each employee and ensure that dependants are enrolled alongside the principal insured.

### **Documentation and Record-Keeping**

Employers are expected to maintain accurate and verifiable records of employee registration, monthly contributions, and enrolment of eligible dependants. Section 48(1)(e) criminalises the falsification or manipulation of enrollee records.<sup>29</sup> In view of this, it is imperative that employers integrate NHIA obligations into their HR and payroll systems, ensuring that up-to-date documentation is readily available for audit or inspection.

### **Sanctions for Non-Compliance**

Failure to comply with the above obligations constitutes an offence. Section 48(1)(a) of the Act provides for a fine not exceeding ₦1,000,000 or imprisonment for a term not exceeding two years for a first offence, and up to ₦2,000,000 and/or five years' imprisonment for subsequent offences.<sup>30</sup> These penalties underscore the statutory weight of compliance and the potential liability for corporate entities and their officers.<sup>31</sup>

### **Impact on Employee Well-being and Productivity**

The implementation of mandatory health insurance under the National Health Insurance Authority Act 2022 carries not only regulatory and legal implications for employers, but also substantial organisational and human capital benefits. Ensuring employee access to healthcare services is no longer merely a corporate social responsibility initiative—it is now a statutory requirement and a strategic tool that contributes directly to productivity, workplace harmony, and long-term enterprise sustainability.<sup>32</sup>

### **Reduction in Absenteeism**

One of the most immediate and measurable outcomes of health insurance coverage is the reduction in employee absenteeism. When employees have access to affordable and timely medical care, they are more likely to seek treatment at the early stages of illness, preventing complications that may require longer recovery periods.<sup>33</sup> This proactive approach to healthcare reduces both the frequency and duration of sick leave, thereby limiting disruptions to workflow and maintaining operational continuity. Organisations benefit from lower indirect costs associated with absenteeism, such as temporary replacements, loss of output, and reduced team cohesion.<sup>34</sup>

### **Enhancement of Employee Morale and Workplace Engagement**

Health insurance as a statutory benefit contributes to employee morale, satisfaction, and psychological security. Knowing that their health needs—and those of their spouse and children—are covered by an employer-endorsed insurance scheme helps build trust in the employer-employee relationship.<sup>35</sup> Such trust fosters loyalty and a stronger emotional connection to the workplace. Empirical evidence from the health and productivity management literature affirms that employees who perceive their employer as being invested in their well-being are more likely to demonstrate higher levels of engagement, discretionary effort, and alignment with organisational goals.<sup>36</sup>

### **Improvement in Employee Retention**

Retention of skilled personnel remains one of the most critical human resource challenges in the Nigerian labour market. While remuneration remains a key factor in retention strategies, non-wage benefits, particularly health insurance, now play an

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<sup>24</sup> Ibid, s. 32(2).

<sup>25</sup> Ibid, s. 33.

<sup>26</sup> Ibid, s. 31(1) (a).

<sup>27</sup> Ibid, s. 48(1) (a).

<sup>28</sup> NHIA Guidelines on Family Coverage, 2023 (on file with NHIA).

<sup>29</sup> NHIA Act 2022, s. 48(1) (e).

<sup>30</sup> Ibid, s. 48(2).

<sup>31</sup> Ibid.

<sup>32</sup> See generally National Health Insurance Authority Act 2022, s. 1.

<sup>33</sup> World Health Organization, *Healthy Workplace Framework and Model: Background and Supporting Literature and Practices* (WHO, 2010).

<sup>34</sup> NHIA Act 2022, s. 14(1); see also s. 48(1).

<sup>35</sup> Chartered Institute of Personnel Management of Nigeria (CIPMN), *Workplace Wellness: HR Strategies for Health and Productivity*, 2023.

<sup>36</sup> NHIA Guidelines on Minimum Benefit Package, 2023.

increasingly decisive role in influencing an employee's decision to remain with or exit an organisation.<sup>37</sup> By offering comprehensive health coverage as required under the NHIA Act, employers not only comply with the law but also signal a strong commitment to the long-term welfare of their workforce. This perception enhances organisational reputation, reduces staff turnover, and lowers recruitment and retraining costs.<sup>38</sup>

### **Talent Attraction and Employer Branding**

In a competitive labour market, particularly within the professional and knowledge-based sectors, the provision of statutory health insurance can distinguish an employer as an attractive place to work.<sup>39</sup> Prospective employees—especially middle and senior-level candidates—often assess health coverage as part of the total employment value proposition. Compliance with the NHIA Act, when transparently communicated during recruitment and onboarding processes, can strengthen the organisation's **employer brand**, enabling it to attract top-tier talent in an ethical and legally compliant manner.<sup>40</sup>

## **4. Challenges in Implementation**

While the National Health Insurance Authority Act 2022 establishes a comprehensive and laudable legal framework for the realisation of Universal Health Coverage (UHC) in Nigeria, its implementation across diverse workplace settings is not without significant operational and structural challenges. Despite its potential to improve employee welfare, organisational productivity, and public health outcomes, several factors continue to constrain the full-scale realisation of the Act's objectives at the enterprise level, particularly among small and medium-sized enterprises (SMEs).

### **Financial Constraints for Small and Medium-Sized Enterprises**

A primary concern raised by employers—especially those within the SME sector—is the financial burden associated with mandatory monthly health insurance contributions. Under the Act, employers are obligated to contribute 10% of each employee's monthly salary, while the employee contributes an additional 5%.<sup>41</sup> For organisations operating with narrow profit margins and limited access to credit, this statutory obligation may appear onerous, particularly in the current economic climate characterised by inflation, currency devaluation, and increased operating costs. The challenge is more pronounced for micro-enterprises employing informal labour or contract-based staff, where enforcing statutory deductions can be complex. Without targeted government subsidies or incentives (e.g., tax reliefs or matching grants), SMEs may struggle to comply fully, leading to under-enrolment or outright non-compliance.<sup>42</sup>

### **Administrative and Technical Burdens**

The process of registering with the NHIA or an accredited Health Maintenance Organization (HMO), managing employee data, coordinating dependants' information, calculating contributions, and making timely remittances each month imposes a significant administrative burden. This is especially true for businesses without a formal human resource or payroll department. The complexity of compliance procedures, coupled with the risk of penalties for minor infractions, may discourage otherwise willing employers from engaging with the scheme.<sup>43</sup> To bridge this gap, there is a critical need for simplified digital platforms, user-focused registration interfaces, and technical support for small businesses.

### **Lack of Awareness and Stakeholder Education**

One of the most formidable barriers to implementation is the general lack of awareness about the Act's provisions, obligations, and long-term benefits. Many employers—particularly in the informal and semi-formal sectors—remain unaware that health insurance is now mandatory under federal law.<sup>44</sup> Likewise, employees may not understand the value of deductions made from their salaries or how to access their benefits through the HMOs. This knowledge gap breeds apathy, misinformation, and resistance. The Centre for Social Justice (CSJ), a civil society organisation monitoring implementation of social protection laws in Nigeria, has noted that stakeholder engagement and public sensitisation efforts have been 'grossly inadequate.'<sup>45</sup> Effective implementation therefore demands a coordinated strategy of legal literacy campaigns, stakeholder dialogues, and NHIA-led public awareness initiatives across media and digital platforms.

### **Integration with Pre-existing Health Plans**

Several corporate organisations—especially multinationals and large indigenous firms—already operate private medical insurance schemes for their employees. Aligning these with the NHIA's Minimum Benefit Package and registration requirements presents practical challenges. Some employers question the necessity of dual compliance, particularly where their private plans already exceed the minimum statutory threshold.<sup>46</sup> The absence of clear regulatory guidance on how private plans interact with the statutory scheme has created legal uncertainty. Until formal harmonisation policies are published by the NHIA, such employers risk operating in parallel schemes that are either duplicative or non-compliant.<sup>47</sup>

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<sup>37</sup> Mark A. Huselid, *The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance*, *Academy of Management Journal* (1995) Vol. 38, No. 3.

<sup>38</sup> Adepoju A. et al, *Employee Benefits and Retention in the Nigerian Private Sector*, *Nigerian Journal of Employment Law* (2022).

<sup>39</sup> National Health Insurance Authority Act 2022, s. 31(1)(a); NHIA, *Employer Compliance Handbook*, 2023.

<sup>40</sup> NHIA Stakeholder Forum Report on SME Compliance Challenges, March 2023, on file with NHIA Legal Department.

<sup>41</sup> National Health Insurance Authority Act 2022, ss. 32–33; see also s. 48 on enforcement.

<sup>42</sup> NHIA, *Quarterly Implementation Briefing*, Vol. 2, No. 1 (2023), p. 4.

<sup>43</sup> Centre for Social Justice (CSJ), *Implementation Monitoring Report on Social Protection Laws*, July 2023, p. 11.

<sup>44</sup> NHIA Circular No. 002/2023 on Employer-Based Private Health Plans, para. 5.

<sup>45</sup> *Ibid*, para. 7.

<sup>46</sup> McKinsey & Company, *Winning the Talent War with Benefits*, (2021).

<sup>47</sup> NHIA, *Employer Handbook on Health Insurance Compliance*, 2023.

## **5. The Role of Health Maintenance Organizations (HMOs)**

In the architecture of the National Health Insurance Authority Act 2022, Health Maintenance Organizations (HMOs) occupy a pivotal position as intermediaries between the NHIA, employers, employees (enrollees), and healthcare providers. These entities are not merely administrative facilitators; they are key actors entrusted with the operationalisation of Nigeria's statutory health insurance regime. Their effectiveness directly affects the experience, accessibility, and quality of healthcare services available to insured persons under the NHIA framework. HMOs are recognised and regulated by the NHIA under Section 33 of the Act, which mandates that only accredited HMOs may operate within the public and private sector insurance ecosystem.<sup>48</sup> They must conform to operational standards, submit periodic reports, and are subject to audits and sanctions for non-compliance. The following are their core functions as they relate to employer implementation of the Act.

### **Facilitating Enrolment and Onboarding**

One of the foremost responsibilities of HMOs is to guide employers and employees through the enrolment process. They assist in:

- Registering organisations with the NHIA,
- Collecting enrollee biodata,
- Verifying dependants' eligibility,
- Issuing identification numbers or health cards,
- Linking employees to specific healthcare providers within their geographic location.

This enrolment function is especially critical for small and medium-sized enterprises (SMEs), many of which lack in-house expertise in regulatory compliance. A responsive and technically capable HMO can ease the administrative burden associated with statutory registration.<sup>49</sup>

### **Collection and Management of Contributions**

HMOs also serve as financial intermediaries by collecting monthly contributions from employers and employees as required under Section 31 of the Act.<sup>50</sup> These contributions—10% from the employer and 5% from the employee—are pooled into the insurance fund administered by the HMO on behalf of the NHIA. It is incumbent upon HMOs to ensure timely remittance to the appropriate custodial accounts, maintain accurate financial records, and provide employers with receipts or remittance confirmations. Late or mismanaged contributions may expose the employer to liability, making the choice of HMO an important risk-management consideration.

### **Coordinating Access to Healthcare Services**

A fundamental expectation of the HMO model is the provision of seamless access to care. HMOs must maintain contractual relationships with a wide network of accredited hospitals, clinics, and specialist providers.<sup>51</sup> Upon enrolment, employees are assigned to a primary healthcare provider (PHP), through whom they receive general medical services and referrals to higher levels of care if needed. The HMO ensures that enrollees receive the Minimum Benefit Package defined by the NHIA, which includes outpatient consultation, maternal and child health services, hospitalisation, and referral care.<sup>52</sup> They also oversee the referral process to ensure compliance with treatment protocols and cost-efficiency. For employers, this means that employees can access care without the delays, out-of-pocket expenses, or referral bottlenecks that commonly plague private out-of-network health systems.

### **Quality Assurance and Monitoring**

Beyond access, HMOs are charged with monitoring the quality of healthcare delivered to their enrollees. This includes conducting periodic clinical audits, receiving and resolving patient complaints, penalising underperforming providers, and submitting quality assurance reports to the NHIA. Employers are entitled to demand service level guarantees and performance data from their chosen HMO.<sup>53</sup> A robust monitoring framework assures employers that the insurance scheme is delivering tangible health outcomes for staff and dependants.

### **Employer Responsibility in Selecting HMOs**

While HMOs are licensed by the NHIA, employers bear the responsibility of selecting which HMO to engage. This decision should be made with due diligence, evaluating factors such as accreditation status, geographic coverage, claim response time, technology infrastructure, and historical performance in terms of access and quality. The NHIA Employer Compliance Handbook encourages employers to formalise the relationship with HMOs through a written service agreement outlining obligations, timelines, and dispute resolution procedures.<sup>54</sup>

## **6. Comparative Analysis: Lessons from Global Health Insurance Models – Implications for Nigerian Employers and Employees**

The implementation of the National Health Insurance Authority (NHIA) Act 2022 marks a turning point in Nigeria's approach to health financing, with direct implications for the workplace. The Act imposes enforceable obligations on employers to provide mandatory health coverage for their employees and establishes statutory entitlements for employees and their eligible dependants. While this shift is commendable, its success depends heavily on how well employers integrate these requirements

<sup>48</sup> National Health Insurance Authority Act 2022, s. 33.

<sup>49</sup> NHIA, Guidelines for HMO Accreditation and Operation, 2023.

<sup>50</sup> NHIA Act 2022, s. 31(1); see also s. 48(1)(a) for offences relating to remittance failure.

<sup>51</sup> NHIA, Minimum Operational Standards for HMOs, 2023.

<sup>52</sup> NHIA Circular No. 001/2023 on Minimum Benefit Package, para. 3.

<sup>53</sup> Centre for Social Justice (CSJ), *Review of Health Insurance Delivery in Nigeria*, 2023, p. 8.

<sup>54</sup> NHIA, *Employer Compliance Handbook*, 2023, pp. 14–16.

into workplace structures, and how well-informed employees are about their rights under the scheme. Nigeria is not alone in this pursuit. A review of comparable health insurance systems across Africa provides useful insights for both Nigerian employers and employees. Countries like Rwanda, South Africa, and Ghana have made significant, though varied, progress toward Universal Health Coverage (UHC) through structured national health insurance systems that involve both the state and the workforce. These examples illustrate practical strategies, common pitfalls, and the central role that employers and organised labour play in facilitating health coverage.

#### **Rwanda – Community-Driven Models and Employer Facilitation**

Rwanda's Community-Based Health Insurance (CBHI), known locally as *Mutuelles de Santé*, stands out as a uniquely decentralised health financing model. It achieved more than 90% national coverage by combining income-based premiums with targeted government subsidies.<sup>55</sup> Community health workers and local government units play a key role in enrolment, monitoring, and reporting. Although Rwanda's model focuses on households and communities, employers—especially in cooperatives and rural industries—routinely liaise with district authorities to enrol employees and track health indicators.<sup>56</sup> Nigerian employers, particularly in the agriculture, construction, and informal retail sectors, could emulate this by working closely with State Social Health Insurance Schemes (SSHIS) to facilitate collective enrolment of workers, especially those with low income or irregular contracts. From the employee perspective, the Rwandan model ensures access to primary care and early interventions without catastrophic out-of-pocket spending. The NHIA's similar provision for 'dependant coverage (one spouse and four children)'<sup>57</sup> in Nigeria places the burden on employers not only to register employees but to ensure their family units are included—thus enhancing employee welfare and household stability.

#### **South Africa – Structuring Payroll Deductions and Legal Enforcement**

South Africa's National Health Insurance (NHI) system is still undergoing phased implementation but is expected to consolidate employer-based contributions into a unified public fund.<sup>58</sup> Although not fully operational, the NHI Bill outlines clear expectations for employer participation in terms of registering employees, remitting payroll deductions, and ensuring provider access. South Africa's case underscores the importance of building robust administrative and payroll systems within organisations. For Nigerian employers, this translates into the urgent need to integrate NHIA deductions into existing payroll architecture and to maintain detailed compliance records.<sup>59</sup> Many Nigerian companies, particularly SMEs, may find this technically demanding, but the South African model shows that early investment in infrastructure and legal compliance mitigates future sanctions and improves service delivery to employees. Furthermore, just as South Africa's proposed model includes mechanisms for employee redress and provider accountability,<sup>60</sup> Nigerian employees must be educated to understand their entitlements under the NHIA Act and how to lodge complaints if services are denied or delayed by Health Maintenance Organizations (HMOs).

#### **Ghana – Employer Contribution, Informal Sector Inclusion, and Employee Satisfaction**

Ghana's National Health Insurance Scheme (NHIS) was launched in 2003 to replace the 'cash-and-carry' system that required full out-of-pocket payments for health services. Its financing structure includes a 2.5% levy on goods and services (NHIL), payroll deductions from formal sector employees, and government subsidies.<sup>61</sup> Formal employers are required to register their employees with the Social Security and National Insurance Trust (SSNIT), through which NHIS enrolment is administered. However, enforcement remains uneven. While large employers generally comply, many SMEs struggle with contribution remittance and employee registration, leading to low coverage in the private sector.<sup>62</sup> For Nigeria, the lesson is that compliance monitoring and continuous stakeholder education must accompany legislative reform. Employers must be supported with simplified tools for payroll deduction, and employees must be empowered to monitor their coverage status and benefits. From the employee standpoint, Ghana's NHIS has significantly reduced financial barriers to care, particularly for maternal services and emergency treatment.<sup>63</sup> Nigerian employees stand to gain similar protections if their employers fully implement NHIA requirements and partner with efficient HMOs.

These African models demonstrate that meaningful workplace-based health coverage depends on more than legal mandates. It requires strong employer commitment, informed employee participation, and an enabling administrative environment. Rwanda's decentralised enrolment, South Africa's payroll-linked design, and Ghana's multi-source financing each reflect different, yet practical, approaches to inclusive healthcare delivery. Nigerian employers and employees alike must internalise the NHIA Act not just as legal compliance, but as a long-term investment in productivity, retention, and national well-being.

### **7. Recommendations for Effective Implementation**

To ensure the successful operationalisation of the *National Health Insurance Authority (NHIA) Act, 2022* in Nigeria's formal workplace ecosystem, a proactive and inclusive implementation strategy must be adopted. While the legal framework imposes enforceable obligations on employers, its effectiveness will depend on institutional readiness, employee participation, and the capacity of the NHIA to enforce compliance across all sectors. The following recommendations are proposed to strengthen execution and ensure alignment with the Act's objectives of universal health coverage.

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<sup>55</sup> Rwanda Ministry of Health, *Annual Health Statistics Report*, 2022; see also WHO, Country Cooperation Strategy – Rwanda, 2021.

<sup>56</sup> Binagwaho A *et al.*, *The Rwanda Community-Based Health Insurance: Achievements and Challenges*, The Lancet (2014).

<sup>57</sup> NHIA, Frequently Asked Questions (2023) – 'Coverage includes employee, one spouse, and up to four biological children under 18.'

<sup>58</sup> South Africa National Department of Health, National Health Insurance Bill, 2023 (B11–2019), ss. 6–9.

<sup>59</sup> NHIA Act 2022, ss. 31, 32, 48.

<sup>60</sup> South Africa NHI Bill, s. 39.

<sup>61</sup> Ghana National Health Insurance Authority, *Policy Brief on NHIS Financing*, 2022.

<sup>62</sup> Agyepong IA *et al.*, The 'Universal' in UHC: Ghana's National Health Insurance Scheme and Equity in Access to Health Care, *BMC Int Health Hum Rights* (2016).

<sup>63</sup> Ghana NHIA, *Annual Report*, 2021, pp. 24–26.

**Institutionalise Internal Compliance Mechanisms:** Employers should establish dedicated internal compliance frameworks to meet their statutory obligations under Section 14 of the Act.<sup>64</sup> This includes designating a compliance officer within the Human Resources or Legal department to oversee registration with NHIA-accredited Health Maintenance Organisations (HMOs), timely remittance of contributions, and maintenance of employee coverage records. To reduce operational risk, companies should implement automated compliance calendars and workflows aligned with NHIA deadlines. Internal audit functions should also periodically review NHIA compliance as part of corporate governance reporting.<sup>65</sup>

**Engage Only Accredited HMOs:** Under Section 3 of the Act, the NHIA is responsible for accrediting and regulating HMOs<sup>66</sup>. Employers should ensure that only duly licensed HMOs are engaged to administer employee health benefits. Prior to engagement, due diligence should be conducted to assess service coverage, solvency, and past performance. NHIA should also regularly publish a centralised directory of accredited HMOs to guide employer decisions. Periodic HMO performance reviews based on employee feedback, claims responsiveness, and provider network adequacy will ensure quality service delivery.

**Employee Education and Awareness:** Section 6 of the NHIA Act empowers the Authority to promote awareness of health insurance among stakeholders.<sup>67</sup> Employers, as key implementation agents, must complement this by conducting regular internal sensitisation programmes. This includes onboarding sessions, quarterly health talks, and digital information campaigns explaining employees' entitlements under the scheme. A well-informed workforce will monitor and report any lapses in service delivery or employer defaults, thereby enhancing system accountability.

**Strengthen Public-Private Collaboration:** Effective implementation will require multi-sectoral engagement. The NHIA should partner with industry associations such as the Nigerian Employers' Consultative Association (NECA), Nigerian Labour Congress (NLC), and the Chartered Institute of Personnel Management of Nigeria (CIPM) to develop sector-specific toolkits for compliance and health promotion. Collaborative stakeholder forums should be held to co-create solutions, address operational bottlenecks, and harmonise employer expectations with regulatory requirements.<sup>68</sup> Such partnerships will build trust and improve voluntary compliance.

**Digitise Compliance and Reporting Processes:** To facilitate efficiency, transparency, and scalability, the NHIA should fully automate its employer onboarding, remittance tracking, and compliance verification systems. Employers should be able to perform the following via a unified portal: Register and update employees; Upload contribution schedules; Generate compliance reports; and Submit grievances or claims escalations. A digital-first approach aligns with best practices in healthcare financing and will significantly reduce bureaucratic inefficiencies.<sup>69</sup>

**Provide Incentives for Early Compliance:** To encourage swift adoption, the NHIA may introduce a compliance incentive framework. Section 45 of the Act empowers the Authority to make administrative provisions that promote participation.<sup>70</sup> Possible incentives include: tax deductions on health contributions; preferential eligibility for federal grants or procurement contracts; and certificates of good standing for use in corporate ESG reporting. This approach balances legal enforcement with positive reinforcement and will motivate businesses to integrate NHIA compliance into their HR and CSR strategies.

**Enforce Proportionate Sanctions for Non-Compliance:** The deterrent effect of Section 48 of the Act depends on transparent and proportional enforcement. The NHIA should develop a tiered sanctions framework, beginning with compliance notices, followed by fines and, where necessary, prosecution for repeat violations.<sup>71</sup> An annual public compliance report, naming defaulters and enforcement actions taken, should be published to enhance transparency and accountability. This will serve as both a deterrent and a reputational incentive.

**Monitor and Evaluate Outcomes:** Implementation should be accompanied by a robust monitoring and evaluation (M&E) framework guided by clearly defined key performance indicators (KPIs). These include: Enrolment rates by sector; Timeliness of contribution remittance; Number of active employer-HMO contracts; Beneficiary satisfaction rates; Frequency of resolved disputes. Data gathered should inform policy adjustments and ensure that the scheme remains responsive, efficient, and equitable<sup>72</sup>.

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<sup>64</sup> National Health Insurance Authority Act 2022, s 14(1).

<sup>65</sup> Ibid, s 3(c).

<sup>66</sup> Ibid, s 3(e).

<sup>67</sup> Ibid, s 6(d).

<sup>68</sup> Ibid, s 6(c).

<sup>69</sup> Ibid, s 45(b).

<sup>70</sup> Ibid, s 45(a).

<sup>71</sup> Ibid, s 48(1)–(3).

<sup>72</sup> Ibid, s 6(f).