CHAPTER ONE
INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Human capital development has been the priority of every nation especially the 21st century. Ghana in the year 2000 earmarked human resources as well as health for all as one of the key variables to reach the middle income status by the year 2020. Various reforms were fused into the health sector to bring it to an appreciable level.

In Ghana most health care is provided by the government and largely administered by the Ministry of Health and Ghana Health Service. The healthcare system has five levels of providers which include:

- Health Post which are the first level primary care for the rural areas
- Health Centers and Clinics
- District Hospitals
- Regional Hospitals
- Tertiary Hospitals

Once the government was financing public hospitals, their charges as compared to the private hospitals were lower. In spite of the fact that the government was providing facilities for public hospital in the form of building, equipment, payment of salaries, it is the duty of the public hospital to buy their own Drugs, Consumables such as cotton wool, gauze, plaster, needle and syringes cleaning materials such as Izal, Liquid Soap, Spirit, Parazone and crusade.

In the past, each patient who visited the public hospital used to pay there and then before such an individual was catered for. This was popularly known as “cash and carry system”. This system prevented a lot of Ghanaian from accessing health care delivery due to the level of poverty in the country. This in a way also affected the fund flow of the government hospitals. The government of Ghana realized this and introduced the national health insurance scheme in 2003 to enable a lot more Ghanaians to access health care delivery in the country. Since it is only when health institutions are patronized that their fund flow would be enhanced, the study was to find out the impact the introduction of the national health Insur

on the finances of the government hospitals, especially Tafo Government hospital at Kumasi in the Ashanti Region.

1.1 STATEMENT OF THE PROBLEM

Hospitals play significant role in the delivery of proper healthcare of the populace. In Ghana, financing health care in the country is a major challenge confronting health institutions and government as a whole. Before the introduction of health insurance scheme, patience who visited public hospitals has to pay instantly before they were attended to. The system which was popularly known as Cash and Carry system prevented a lot of Ghanaian from accessing health care delivery due to the level of poverty that crippled the masses. This in a way also affected the fund flow of the government hospitals. The government of Ghana realized this and in an attempt to mitigate this problem, introduced the national health insurance scheme in the year 2003 to enable a lot of Ghanaian to access health delivery in the country, since it is through mass patronage that the fund flow of public hospital would be enhanced, as the government is somehow constrained. The study was conducted to ascertain after several years of its introduction, the impact of national health insurance scheme on financing health care in the country, the case of Tafo Government Hospital.

1.2 PURPOSE OF THE STUDY

The main purpose of the study is to find

- The impact of the National Health Insurance Scheme on the finances of the Tafo government hospital.

1.3 OBJECTIVE OF THE STUDY

- Whether or not there has been an increase in OPD attendance with the introduction of the National Health Insurance Scheme.
- Whether or not there has been an increase in the cash inflow at the hospital.
- To determine the changes in the development of projects (infrastructural development.)
- To determine the expenditure pattern between the two systems.

1.4 RESEARCH QUESTION

Based on the above stated objective, the following served as the research question to guide the study.

- What was the financial position of the Tafo Government Hospital before the introduction of National Health Insurance?
- What is the financial position of the Tafo Government hospital as a result of the National Health Insurance Scheme?

1.5 METHODOLOGY

In conducting the study, the targeted group of the study was the staff of Tafo Government Hospital and Manhyia Health Insurance Scheme both at Kumasi in Ashanti Region specifically those in Management Position. Stratified sampling method was chosen above accidental or random sampling because the information needed was quiet technical which needed people of managerial experience.

1.6 PRIMARY SOURCE

The methods we considered to be appropriate for our research work were interviews and questionnaires. These methods were chosen because of time constraints of the respondents.

1.6.1 Secondary Source

The researchers also examined data from Tafo Government Hospital and Manhyia Health Insurance at Kumasi in Ashanti Region as part of the research work. The researchers used both descriptive and analytical approaches to analyze the data collected. The data collected were treated confidentially by adhering to ethical guidelines.

1.7 THE SCOPE OF THE STUDY

The main focus of the study was to find out the impact of the Health Insurance Scheme on the finances of Government hospital. Prominence was given to the concept of Health Insurance Scheme, finances of Government Hospitals and funding, performance evaluation objectives and problems of both cash and carried and Health Insurance Scheme. Since there are so many Government Hospitals attention was focused on Tafo Government Hospital at Kumasi in Ashanti Region, Ghana.

1.8 THE SIGNIFICANT OF THE STUDY

- The study is important as it improve public understanding of the Impact of Health Insurance Scheme on the finances of government hospitals.
- Improved literature on Health Insurance Scheme and Finance of Government hospitals in Ghana.
- It is expected that the study will form the basis for further research work.
- In partial fulfillment of the BBA requirement.

1.9 ORGANIZATION OF CHAPTERS

This report has been structured into five chapters:

- Chapter one covers the introduction, which highlights the background of the study, the problem statement and the objectives of the study, the scope, the significance and the limitation of the study.
- Chapter two reviews the relevant literature on the subject matter.
- The methodology adopted for the study is presented in chapter three.
- Chapter four includes the data presentation and discussions from the study.
- The summary and conclusion from the study are covered in chapter five. The necessary recommendations from the study are also presented in chapter five.

1.10 LIMITATIONS OF THE STUDY

- Certain weaknesses of the study could influence the results and its generalization. The researchers had little or no control over such weaknesses. Some of the potential weaknesses include:
- Financial Constraint – Limited financial resources of the researchers had adverse consequences on the study.
- Some officials of Tafo Government Hospital were reluctant to release the needed information for the study
- Time: The senior staff busy working schedules also affected the research as they did not have enough time for answering the questions. The administrative procedures and processes of obtaining some information from the staff of the Hospital prolonged the

data collection. The researchers also had limited time that is combining working hours to researching and at the same time attending lectures.

- Lack of data analysis tool such as SPSS to help determine the actual impact by the use of regression method was available in the school.

CHAPTER TWO
LITERATURE REVIEW

2.0 THE LAW ESTABLISHING THE NATIONAL HEALTH INSURANCE SCHEME

Following the country's independence in 1957, Ghanaians had free access to health care. All Ghanaians could seek medical attention in any Government hospital or Health Centre and Pharmacy at no financial cost to the individual. However, hospital fees were re-introduced in 1969 and continued in some variety until the introduction of the cash and carry system in 1985.Government expenditure on health care was quite high between the late 1960's and 1980's.For example per capital health expenditure in 1970 was $10, compared to between $5 and $6 in the 1990's.

In 1983 the government adopted the International Monitory Fund (IMF) and World Bank-promoted Structural Adjustment Programme (SAP). Since one of the key components of the SAP was to reduce government expenditure to the barest minimum, the full burden of paying for health care was borne by patients. Assensoh-Okyere and Dzator have observed that cost of medicine alone accounted for over 60% of the treatment of malaria, one of the commonest illnesses in Ghana. Government expenditure on health was reduced from 10% of the national budget in 1982 to 1.3% in 1997.

In 1985 the Hospital Fees Regulations (LI 1313) mandated fees to be charged for health services. The introduction of user fees resulted in a decline in utilization of health services in the country. Most people result to self-medication or other cost-saving behaviors or practices. To offset the negative effects of the "Cash and Carry "system, especially its consequences on the poor, the Government commissioned various studies into alternatives, principally insurance-based. Initially, a lot of efforts were vested into investigating the feasibility of a national health insurance scheme.

The enactment of the National Health Insurance Scheme (NHIS) Act, Act 650, 2003 provided the basis for setting up health insurance schemes at the district level in Ghana. The introduction of the NHIS bill was met with determined opposition from not only th

Congress (TUC) but also, the International Monitory Fund (IMF) and opposition parties in Ghana's parliament (Public Agenda, Jan. 20, 2004; Daily Graphic Sept, 23, 2003).The opposition to the bill was based on two major considerations:

1. How the programme will be financed
2. The process the government used to passed the bill

On the first point, unions were against funding $13 Million a year program by imposing a 2.5% NHIS levy on workers, taking 2.5% of the funds from the Social Security and National Insurance Trust (SSNIT), $5 Million from Highly Indebted Poor Country (HPIC) index and individual member contribution to the NHIS, as was suggested.

A review of Ghanaian newspaper reports provided insight into the level of opposition regarding how the program was to be funded. For instance, the Ghana National Association of Teachers (GNAT), with membership of over a million, vehemently opposed using 2.5% of worker contribution to SSNIT to fund the programme (Ghanaian Times, Aug 22, 2003; Ghana News Agency, Aug., 17, 2003).

In 2004, Legislative Instrument (LI) 1809 was passed. The LI is the arrangement of regulations for the health insurance scheme.
Currently, the NHIS has been established in all districts in Ghana. The proportion of NHIS members increased from 15 percent of the Ghanaian population in 2005 to 67 percent in June 2009, approximately 3.2 million and 13.841 million people respectively. (Sylvester A. Mensa. GIMPA, Accra, 17th Nov. 2009)

The government of Ghana through the promulgation of ACT 650, 2003 has made insurance based health care financing mandatory. Subsequently, all payment for health services is through District wide Mutual or Private Insurance Companies. The basic principle guiding this new policy direction is that a major reorientation would take place in four (4) main areas. They are;

- Health Service will respond to health needs of patients through a prepaid mechanism that relies on risk sharing and risk equalization
- All patients' benefit from a standardized prescribed minimum benefit package

- Regular contributions from population groups are pooled together and managed by district mutual organizations to purchase the minimum benefit of package for their members.
- A National Health Insurance Council will regulate the environment and manage pooled funds
- Ministry Of Health (2004) National Health Insurance Policy framework for Ghana (Revised Version) states the following as types of Health Insurance Scheme.

2.1 TYPES OF NATIONAL HEALTH INSURANCE SCHEME

The following types of insurance scheme shall be considered operational in Ghana

- Social –type Health Insurance Schemes:
- District Mutual Health Insurance Schemes
- Private Health Insurance Schemes
- Private commercial Health Insurance Schemes

All the types of health insurance shall have governing boards that shall be responsible for the direction of policies of the scheme. They shall be registered under the company's code 1963, ACT 179 as either limited by guarantee or liability. There is no restriction in the number or type of scheme that one can join, but all shall be regulated by The National Health Insurance Authority (NHIA).

2.1.1 District Mutual Health Insurance Scheme

The District Mutual Health Insurance Scheme (DMHIS) is a fusion of two concepts; the Traditional Social Health Insurance Scheme for formal sector workers and the traditional mutual health organizations for the informal sector with the district focus. Thus The DMHIS will incorporate members from both formal and informal sectors of the economy. It is decentralized with ownership belonging to the members who have made their required contributions. It is social in character because it is not-for-profit.

At the end of the year surpluses made will be ploughed back into the scheme to reduce contribution level or increase the benefit package. Thus, every district is to establish health insurance scheme to enable residence in that district register as membe

The DMHIS has been designed to ensure transparency, build subscriber confidence and in particular bring health insurance to the doorstep of residence (Ministry Of Health, Ghana).

However, it will be in partnership with government in that the DMHIS will receive subsidy from the government in a form of risk-equalization and reinsurance for an unforeseeable events.

2.1.2 Private Mutual Health Insurance Scheme

Any group of persons in Ghana may establish and operate a private mutual health insurance scheme which shall not necessarily have a district focus. It may either be community, occupational or faith based. It is also social in character but this type will not receive subsidy from government.

2.1.3 Private Commercial Health Insurance Scheme

Private Commercial health insurance scheme refers to health insurance that operated for profit based on market principles. Premiums are based on the calculated risks of particular groups and individuals who subscribe to it. Thus, those with higher risks pay more. Commonly the ownership of the private commercial health insurance scheme resides with the company and shareholders and stocks of the company can be traded on the market just like stocks of the producers of any other goods and services.

The private commercial health insurance companies will play the role of offering the minimum benefit package and supplementary insurance plans as an add-on for those who so desire and can afford to pay.

2.2 PRINCIPLES UNDERLYING THE DESIGN

As indicated earlier, about seventy per cent (70%) of Ghanaians are in the non-formal sector of the economy. There are two main problems with this sector. The first is the difficulty that may be encountered in collecting contributions. This means that traditional mechanisms for organizing communal contributions need to be examined and factored into the design of the scheme. The second problem, which is critical, is that most people, at least 40% ,live below the poverty line and may not be able to afford high premiums. The health insurance scheme has been designed with the aim to offer healthcare access to the poor and vulnerable in the society (Ministry Of Health, Sept 2004).

Thus, the design will take into account the following principles:

- Equity
- Risk equalization
- Cross-subsidization
- Solidarity
- Quality care
- Efficiency in premium collections and claims administration
- Community or subscriber ownership
- Partnership
- Reinsurance
- Sustainability

2.3 FUNDING THE DISTRICT MUTUAL HEALTH INSURANCE SCHEMES

Health insurance as a financial mechanism will replace out of pocket payment at point of service use. General tax revenue will continue to be used for funding of health services as in the past. However, people will pay contributions regularly to the scheme of their choice to obtain cover under the minimum healthcare benefit package of insured services with a defined group of accredited providers depending on the scheme they belong to. Workers contributions to the DMHIS shall be made through their SSNIT contribution.2.5% out of the 18.5% SSNIT contribution will be deducted and transfer to a central fund. Thus contributors to the SSNIT fund shall not pay further contributions to the DMHIS. They will be automatic members of the DMHIS. Non –SSNIT contributors will pay direct contributions to the district where they reside. (Ministry Of Health, Sept 2004).

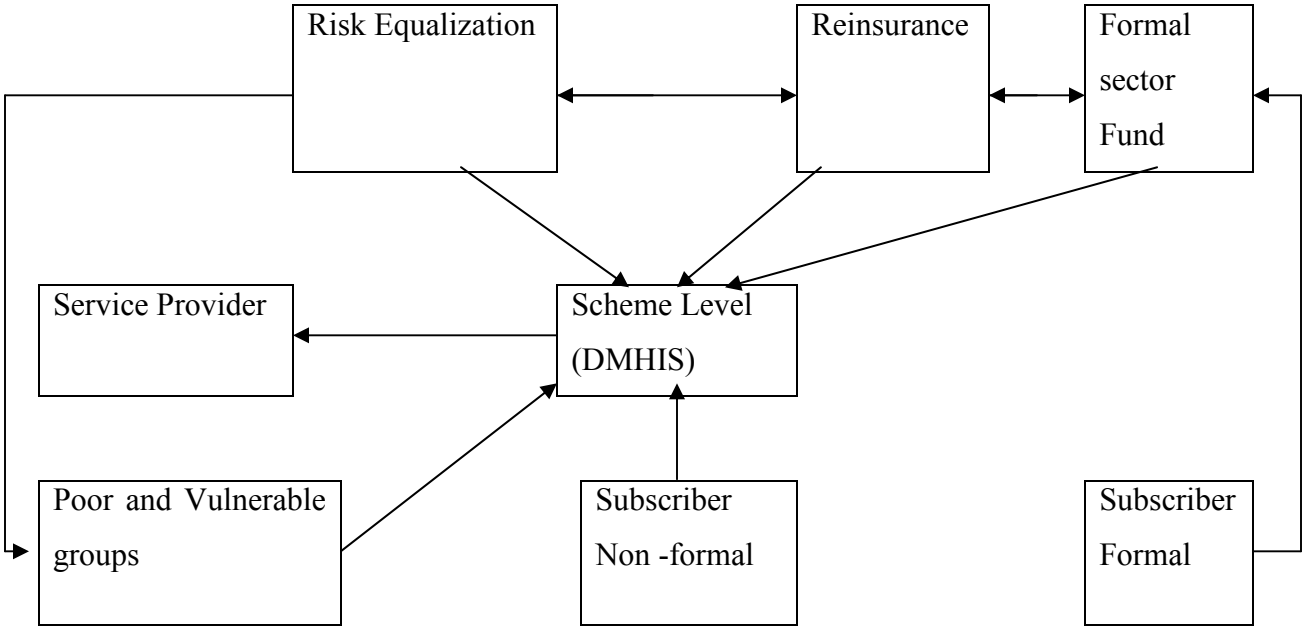
Apart from the payment, a National Health Insurance Fund shall be created in the central level within which 2.5% National Health Insurance levy and funds from Government of Ghana to be allocated by Parliament will be deposited to play a reinsurance role especially for unexpected event, equalize varying risk levels of diseases that exist from one geographical area to another and to make outright contribution on behalf of the core poor and vulnerable groups. (**Ministry Of Health, Sept 2004)**

A risk-equalization formula shall be developed to allocate central funds to the scheme in order to subsidize the contribution levels of the poor and vulnerable group. The formula will be based on information on the expected contribution and health expenditure of the individuals insured over a fixed interval of time (Example a month, quarter or year) and set subsidies to the DMHIS to improve efficiency and equity. Nonetheless, the schemes shall be required to meet certain criteria including;

- Coverage of the poor and the vulnerable
- Public accountability to their members
- Transparency in all financial dealings
- Regular annual external audits of all their financial transactions to verify that standard and sound financial management procedures are being followed.

Fig 1: CASH FLOW

National Health Insurance Fund



Source: *(Ministry Of Health Data).*

Work needs to be done on what kind of payment mechanism will apply for services provided by public sector providers versus services provided by private sector providers. This is because the government subsidy provided in the public sector is not available to the private sector. The figure 1 above shows the likely fund flow diagram for the prc

programme. Health insurance as financing mechanism will replace out of pocket payment at point of service use. General tax revenue will continue to be use for funding health services as in the past. However, people will pay premiums regularly directly to a scheme of their choice to obtain cover under the minimum basic package of insured service with a defined group of accredited providers depending on the scheme they belong to.

2.4 REIMBURSING THE HEALTH PROVIDERS

Studies (Agyapong, 2004 and Arhinful 2003) have revealed that the problems and the complexities surrounding the schemes are enormous and include such uncertain factors as financial viability, management and political will as well as health provider support of the scheme.

What it means is that service providers can only continue providing services for all people who are insured provided they are reimbursed timeously. Since independence the Ghana health has struggled with ways of financing healthcare. Just after independence in 1957, a National Health Service was introduced that offered free health care to population and financing of care came from government revenue (World Bank, 2009). Between 1970's and 1980's the country was affected by the global economic crisis from the sudden hike in oil prices on the market. For Ghana this immediately resulted in balance of payments difficulties, heavy debt burden and general economic disequilibrium. As a result the World Bank and International Monetary Fund (IMF) proposed structural changes to developing economy, which basically suggested withdrawal of state subsidy. This led to a decline in health budget putting the health sector under severe economic pressure. To rescue this situation a cost recovery programme also refer to as the user-fees was introduced in 1985,which serve as the bases for operation/87/*******alizing the hospital fees act (Ghana, 1985). In 1992, the government officially introduced the policy of out of pocket payment of health care or what was described as 'cash and carry' system and this caused a decline in utilization of health care services especially for the very poor who needed the services the most, thus creating a financial barrier to access to health care (Dovlo and Nyonator; 1999; Arhin-Tenkorang, 2000, Hutton, 2002; Nyonator, 2000). The proportion that received care from government facilities dropped from 4.5M to 1.6M in 1994, (Dzikunu and Thorup, 2003). Even when access is gained people were confronted with the quality of care in the public owned facilities (Danida, 2003)

2.5 RATE OF RE-IMBURSEMENT

From the research, it came to light that, all service providers submit their bills to District Health Insurance Scheme monthly. However, the re-imbursement is always done when monies are transferred from Nation Headquarters to the various Insurance Schemes. It was revealed that the premiums paid by the members of the Manhyia Mutual Health Scheme is not enough to settle all the bills always submitted by the various Health providers. The Manager explained that the delays in repayment are mainly due to the fact that they rely solely on National headquarters in order to reimburse all the service providers.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This section presents an overview of the methods used in the study. Areas covered include the research design, population, sample and sampling techniques, and data analysis.

3.1 RESEARCH SITES

The research covered all the two operators of the Health Insurance Scheme, namely the service providers, that is health institutions with particular emphasis on Tafo Government Hospital and the Insurance Company that is Manhyia Mutual Health Insurance at Kumasi in Ashanti region, Ghana. This was done to have a fair idea as to how the service providers are doing their work and also how the health insurance office readily reimburses the service providers.

3.2 RESEARCH DESIGN

The research deign involves the overall approach use to investigate the subject, thus the philosophical basis on which the research is founded. There are essentially two main research philosophies that are Quantitative and Qualitative researches. In a quantitative type of research, the results are given numerical values and the researcher uses mathematical and statistical treatment to help evaluate the results. The diagnostic feature is that, the techniques used always generate numerical data and data collected is then analyzed.

Qualitative research is a staple form of research of social sciences, political and economics; all subjects closed with business. It is descriptive, non numerical way to collect and interpret data. It investigates the way people react, work, live and manage their daily lives.

This research, thus, involves evaluating the impact of health insurance scheme on the finances of government hospitals. The researchers employ the quantitative approach to access the impact the introduction of the health insurance scheme is having on the finances of government hospitals by using the Tafo Government Hospital in Kumasi of the Ashanti Region as a case study.

3.3 POPULATION

Population according to the Oxford Advance Learner's Dictionary is "the entire groups of individuals or items from which a sample may be selected for statistical measurement".

The targeted population for the research includes:

i. All administrators, Staff, Finance officers and medical officers of the Tafo Government hospital and the Manhyia Health Insurance Scheme.

ii. Out patience and those admitted in the hospital as well as beneficiaries during the period.

3.4 DATA, SOURCE AND COLLECTION

The researchers employed mainly quantitative methods .The information and materials used for this study included primary and secondary sources. Data was also generated through in-depth and focus group interviews, questionnaire and documents reviews from primary and secondary sources respectively.

3.4.1 Primary Data Collection Technique

Primary data is a data collected directly from first-hand experience.The primary sources included the use of interviews and questionnaire to collect data for the study.

Interview:

This method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responds. The method can be used through personal and telephone interviews.

Here the researchers were able to probe into more specific areas and questions were repeated where the response indicates that the interviewee misunderstood the questions. An interview has three forms, thus, unstructured, structured and semi-structured. Unstructured interviews do not follow a system of predetermine questions and standardize techniques of recording information.

Structured interview is referred to as predetermined set of questions leading to the extractions of the information. Semi-structured form of interview requires less talk and skills to extract the needed data. Here the interviewer will have a list of themes and areas to be covered. The semi-structure interview method was used to collect data from staffs of Tafo Government Hospital

Questionnaire: It is a list of question written and given out to respondents. The researchers used this method to collect data from Manhyia Mutual Health Insurance Office and Tafo Government Health.

Focus Group

This is used to gather data usually in the form of opinions from a selected group of people on a particular and predetermined topic. The researchers also used focus group as a technique to gather data from both Manhyia Health Insurance Office and Tafo Government Hospital.

Table1: Summary of Primary Data Generation Methods

METHODS	DATA GENERATING TECHNIQUE	UNIT OF REFERENCE	SAMPLE SIZE
Interviews	Semi-Structured interview	-Tafo Government Hospital -Manhyia Mutual Health Insurance Office.	10 5
Questionnaire	Structured questionnaire	Tafo Government Hospital -Manhyia Mutual Health Insurance Office.	25 4
Focus Group Discussion	Facilitated FGD	-Tafo Government Hospital -Manhyia Mutual Health Insurance Office	10(Group of 5-10persons each)

*Source: **Researchers'** Field Data 2011*

The following primary data were obtained from the health provider:

- Facility characteristics
- Level of knowledge and practices about health insurance scheme as well as their roles in implementation of the scheme.
- Outpatient attendance during the cash and carry era.
- Out patient attendance under the health insurance scheme.
- Fund flow under the health insurance scheme.
- Fund flow under the cash and carry system.
- Payment made by the health insurance office to the various service providers up to date.
- Measures necessary to help improve upon the health insurance scheme in the Manhyia District in Ashanti Region.

3.4.2 Secondary Data Techniques

Secondary data is a data collected by someone other than the user.

Information on performance on schemes as well as payment made to various health facilities were generated from secondary sources such as reports from Tafo Government Hospital, medical record department, finance office and Manhyia District Mutual Health Insurance Office and other relevant literature.

3.5 SAMPLE AND SAMPLING PROCEDURES

It's obvious from the definition of the population above that a case study is more appropriate than other study methods such as an experimental study. Accordingly, the researchers adopted the case study type of research in a holistic approach to evaluate the impact of health insurance scheme on the finances of Tafo government hospital.

The selection of the study area was purposefully done to include all categories of staff working at Tafo Government Hospital. Again, at the office of the health insurance, staff from the claim's department as well as the finance office and the staff of the manager's office were also interviewed. It was relevant to compare the cash and carry era as well as the health insurance era so far as attendance, Expenditure, Project and fund flow of the Tafo Government Hospital is concerned.

In each department selected staffs from different sections were interviewed.

3.6 DATA ANALYSIS

According to P.C. Dane in his book, Research Method, data analysis is a process of inspecting, cleaning, transforming and modeling data with the goal of highlighting useful information, suggesting conclusion and supporting decision making.

The researchers used Excel, tables and other statistical tools like Pie charts, Bar Charts and Percentages to analyze the findings.

3.7 RESPONDENTS TO QUESTIONNAIRES

A total number of twenty-five (25) questionnaires were distributed personally to the staff of Tafo Government Hospital. Out of the twenty-five (25) questionnaires, twenty (20) questionnaires were received back representing 80 per cent. The questionnaires were evenly distributed among all category of staff consisting of the nursing, pharmacy, finance, general office, medical officers and record unit.

At the Health Insurance Office, the questionnaires were distributed to the departments such as general office, claims office, accounts office and the manager's office. Out of the four questionnaires given out, all were received.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.0 DURATION OF SCHEME AT MANHYIA

From the research, all staff of Manhyia Mutual Health Insurance Scheme stated that they started the scheme in October 2004, indicating that they have been operating for the past seven years. Again all staff of Tafo Government Hospital also affirmed to the fact that they have been working with the scheme since its inception.

4.1ATTENDANCES OF PATIENTS UNDER BOTH CASH AND CARRY SYSTEM AND HEALTH INSURANCE ERA.

From all indications it was clear from the research that the advent of the National Health Insurance Scheme has increased the number of patients who attend Tafo Government Hospital as well as the fund flow of the hospital.

Table 2: OPD Attendance of Tafo Government Hospital

Type Of Health Service Financing	Year	OPD Attendance
Cash And Carry Era	2001	45,745
	2002	55,351
	2003	62,877
Total	-	**163973**
Health Insurance Era	2008	91,683
	2009	225,987
	2010	476,115
Total	-	**793785**

Source: ***Researchers'*** *Field Data 2011*

Percentage Change in OPD attendance

The percentage change is obtained by;

a/b*100

Where a= the difference between the total OPD attendance during the Cash & carry and the NHIS era.(629812)

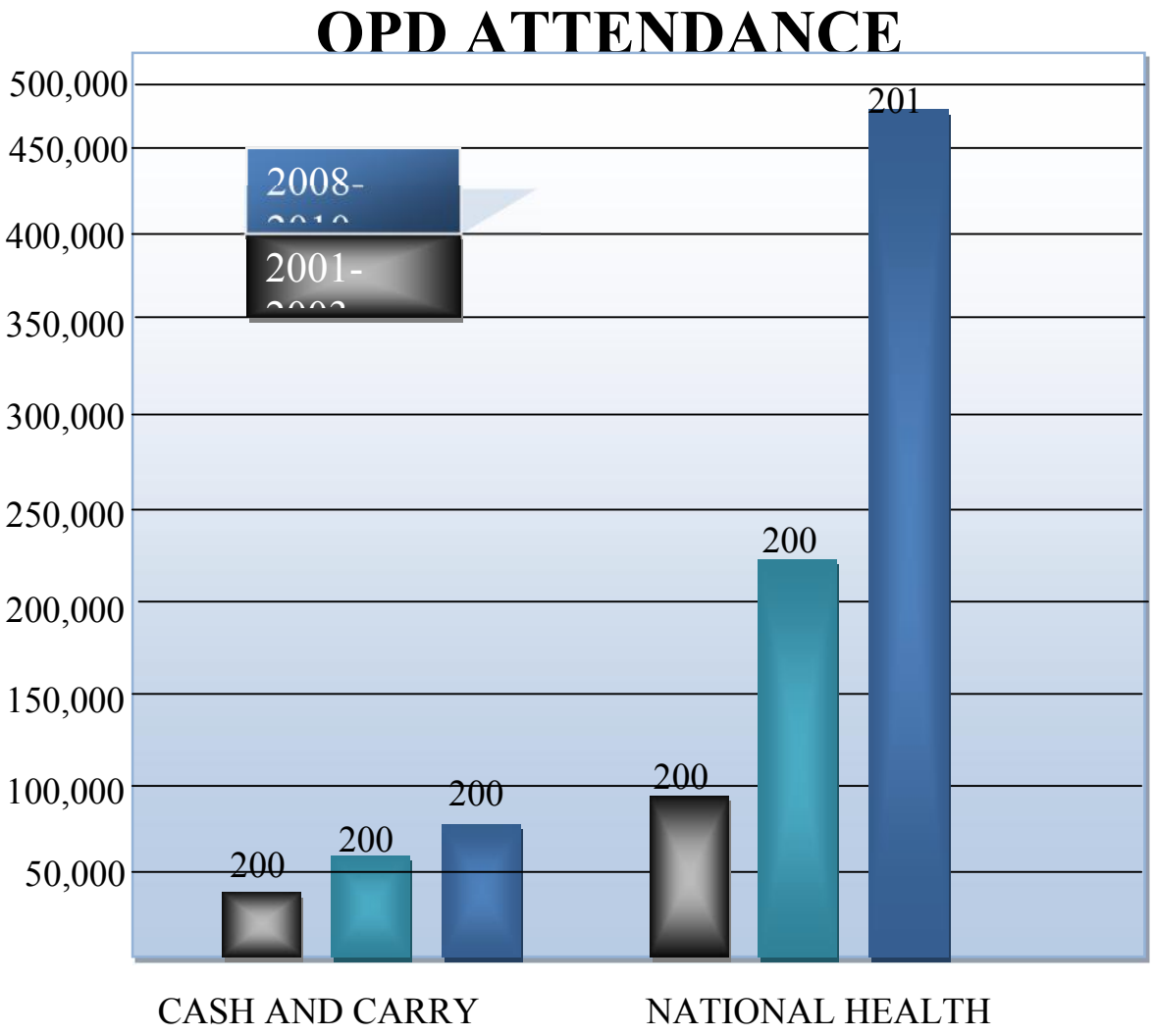
Where b= the total attendance of the base period or the cash& carry period **(163973)**

629812/163973*100 = **384%**

NOTE: The table 2 above shows OPD attendants under the cash and carry era as well as the health insurance era for the period 2001-2003 and 2008 - 2010.

From table 2 above and graph below it is shown that between 2001 and 2003 where the cash and carry system was still in operation there was an increased of patients from 45,745 to 55,351, indicating a 20.99 per cent increase in out-patients attendance for the first two years and a 13.59 per cent increase in attendance for 2003. However, after the introduction of the National Health Insurance Scheme, Tafo Government Hospital saw a rise in out patient's attendance from 91,683 to 225,987 posing an increase of 146.49 per cent in 2008 - 2009 and 110.7 per cent in 2009 - 2010 of OPD attendance. This will give us a total percentage change of 384. It is evident from both the table and the bar chart that the introduction of the Health Insurance Scheme has brought about an upward change in both patients attendance and fund flow of the hospital.

FIG: 2



Source: Researchers' Graphical Representation of Field Study Data 2011

The above graph depicts OPD attendance under both cash and carry era as well as National health insurance scheme. It could be seen from the graph that OPD attendance under the health insurance scheme far out way that of the cash and carry system.

4.2 IMPACT OF HEALTH INSURANCE ON HEALTH CARE FINANCING

Both staff of Tafo Government Hospital and the Mutual Health Insurance Scheme confirmed that the introduction of the Health Insurance Scheme has impacted on the finances of all health service providers including Tafo Government Hospital.

Table 3: Cash Generated By Tafo Government Hospital

Type Of Health Service Financing	Year	Funds Generated Gh¢/P
Cash And Carry Era	2001	66,842.96
	2002	81,268.85
	2003	85,342.16
Total	-	**233,453.97**
Health Insurance Era	2008	1,035,740.70
	2009	2,362,822.52
	2010	3,413,561.60
Total	-	**6,812,124.82**

*Source**: Researchers'** Field Data 2011*

Percentage Change in Fund flow

The percentage change is obtained by;

a /b*100

Where b= The total cash flow of the base period or the cash & carry period

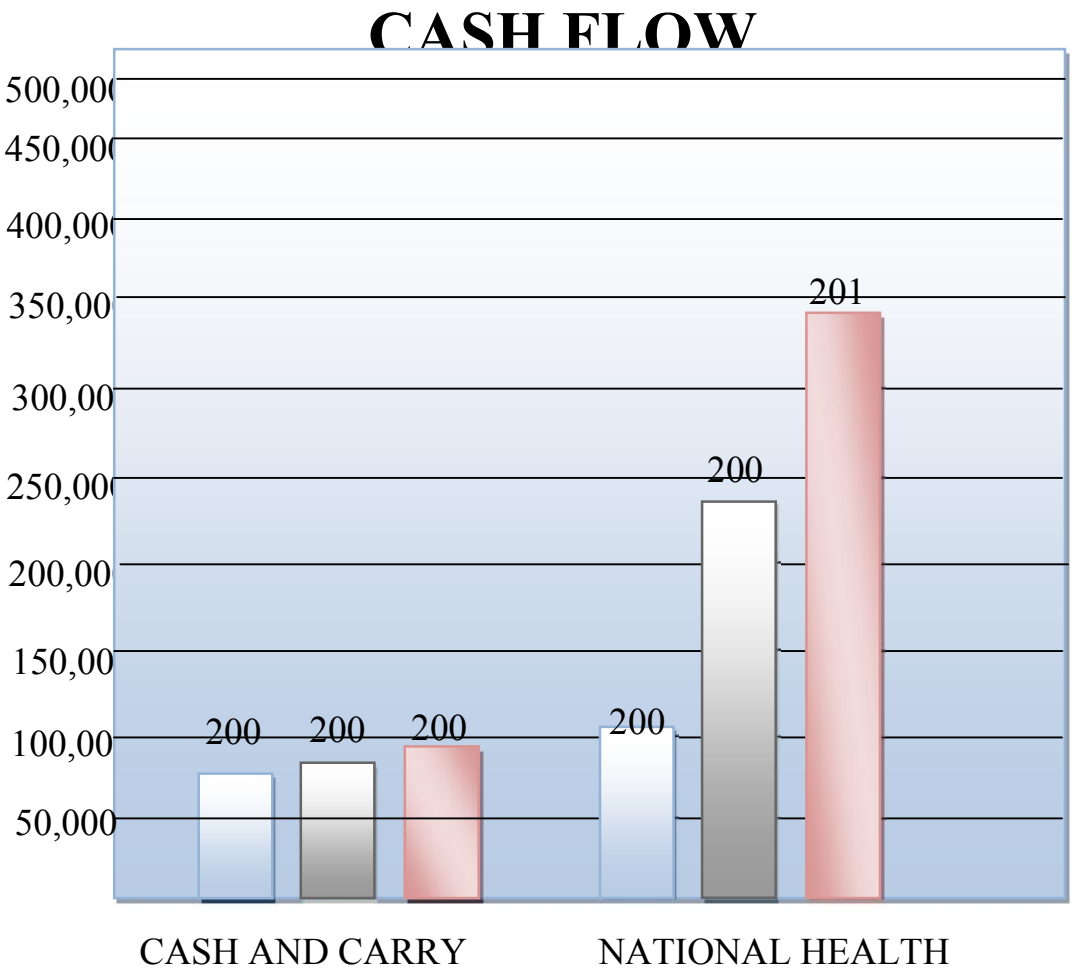
Where a= The difference between the total OPD attendance during the Cash & carry and the NHIS era.

6,578,670.85 / 233,453.97*100 = 2818 %

NOTE: The table 3 above shows the cash flow position of Tafo Government Hospital under both cash and carry era and National Health Insurance Scheme period. From table 3 above as well as Fig :3 below, even though there was an upward change in cash generated by Tafo Government Hospital between 2001 and 2002, the percentage change was not as significant as under the health insurance. Whiles in 2001 the hospital generated GH¢/P 66,842.96, an amount of GH¢/P 81,268.85 was realized in 2002 and GH¢/ P 85,342.16 in 2003 .This shows an increase of 21.6 per cent and 5 percent respectively.

Under the health insurance scheme, in 2008 the hospital realized an amount of GH¢/P 103,574.70; it generated GH¢/P 2,362,822.52 showing 128 per cent increase in 2009 and GH¢/P 3,413,561.60 in 2010 representing129 percent in revenue generated. There was a total absolute change of GH¢/P 657,870.85 and a total percentage change of 2818 between the two systems. It is clear from the data and the graph that holding all factors constant under both the cash and carry era and the health insurance period, the introduction of the health insurance has brought about both increase in outpatient attendants and revenue to the hospital.

FIG: 3



Source: Researchers 'Graphical Representation of Field Study Data 2011

Table 5: expenditure incurred by Tafo Government Hospital

HEALTH SYSTEM	ITEMS	EXPENDITURE
Cash And Carry Era	Drugs	116,726.99
	Consumables	46,690.80
	Infrastructural Development	23,345.40
	Others	46,690.80
Total	-	233,453.99
Health Insurance Era	Drugs	3,406,062.40
	Consumables	1,021,818.72
	Infrastructural Development	2,043,637.45
	Others	340,606.24
Total	-	6,812,124.81

*Source**: Researchers'** Field Data 2011*

Percentage Change in Cash flow

The percentage change is obtained by;

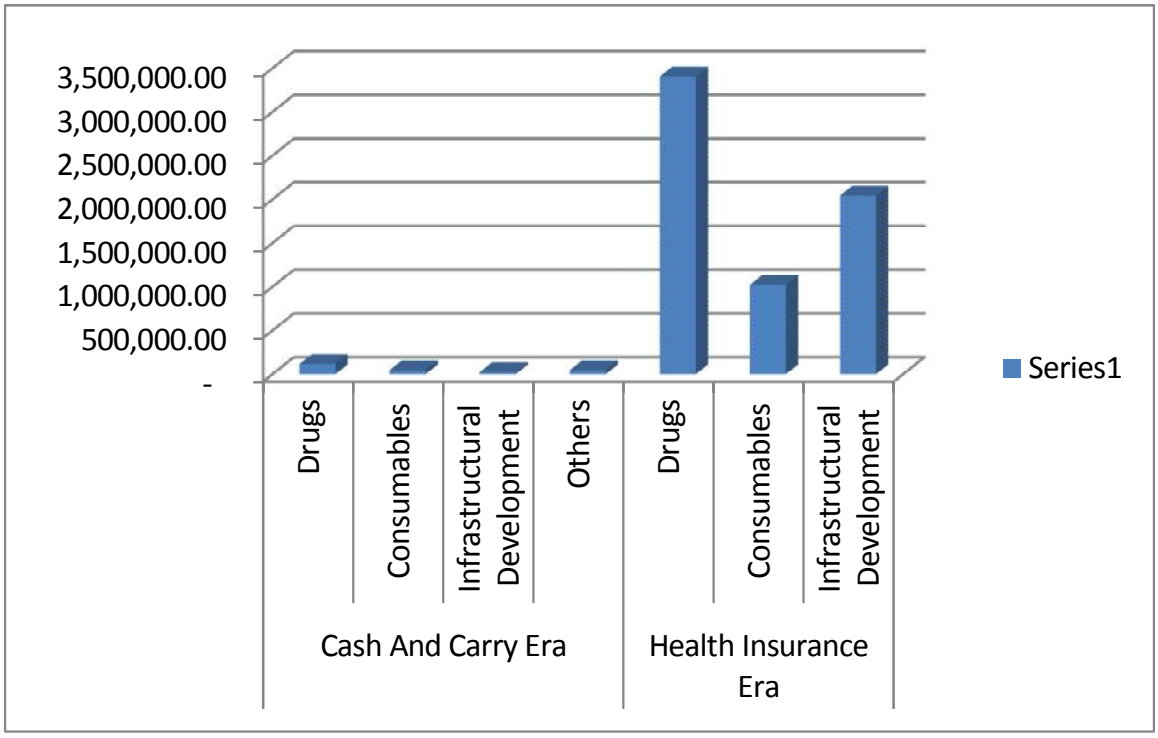
a/b*100

Where b= the total expenditure of the base period or the cash & carry period

Where a= the difference between the total OPD expenditure during the Cash & carry and the NHIS era.

6,578,670.82 / 233,453.99*100 = 2818 %

FIG:4



Source: Researchers' Graphical Representation of Field Study Data 2011

There is an absolute change of GH¢ 6578670.82 and a percentage change of 2818 %. Thus the amount of money devoted to infrastructure during the NHIS Era was far more than the total amount generated during the cash and carry era.

This can be seen from the following improvements which took place at Tafo Government Hospital between 2007 and 2010:

(A) INFRASTRUCTURAL DEVELOPMENT

Before the introduction of national health insurance in the year 2003**,** Tafo Government Hospital which was established in the year 1971 had not seen any major renovation except that the buildings were occasionally painted to beautify its appearance and other petty maintenance. With the establishment of the hospital regulation Act 1985 (LI 1313), the Cash and Carry system was introduce to help the Health facilities to generate funds internally to support the infrastructure development of the hospitals. This directive rather resulted in the infrastructure deficit of most government hospitals including Tafo Government Hospital because the funds generated by the hospital were not enough to embark on any major developments.

Table 6: Projects cost

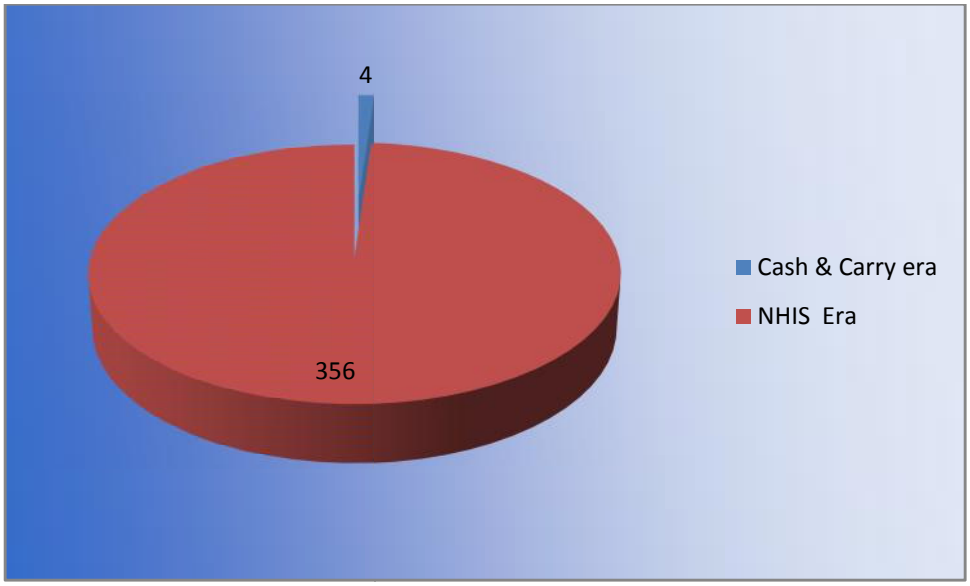
Type Of Health Service Financing	Year	Cost of projects embarked on
Cash And Carry Era	2001	6,536.71
	2002	7,470.53
	2003	9,338.16
Total	-	**23,345.40**
Health Insurance Era	2008	408,727.49
	2009	715,273.11
	2010	919,636.85
Total	-	**2,043,601.45**

*Source**: Researchers'** Field Data 2011*

The table above shows the infrastructural expenditure to Tafo Government Hospital. Under both cash and carry as well as National Health Insurance Scheme era. The table indicates that nine hundred and thirty three Ghana Cedis eighty three pesewas GH¢/P 933.83 was used in projects which represents a 14% increase in 2001/2002. Expenditure on projects in 2002/2003 was one thousand eight hundred and sixty seven Ghana Cedis sixty three pesewas (GH¢/P 1,867.63) which shows an upward increase of 25%.

The Hospital creditably invested three hundred and six thousand five hundred forty –five Ghana Cedis sixty –two pesewas (GH¢/P 306,545.62) this is a 75% increase as a result of the NHIS. Though projects continues at the hospital, the rate of increase has dropped from 75% to29% which was two hundred and four thousand three hundred and sixty three Ghana Cedis seventy four pesewas. There is a percentage change of GH¢/P 8653.76 between the cash & carry era and the NHIS era.

FIG. 5



Source: Researchers' Graphical Representation of Field Study Data 2011

Renovation of Pharmacy Department

The pharmacy department which had not seen any renovation since the establishment of the Tafo Government Hospital in 1971 was renovated into modern and well-furnished pharmaceutical department. This new building include a counseling unit and an HIV center which has help to provide the needed environment for the pharmacy staff for effective work.

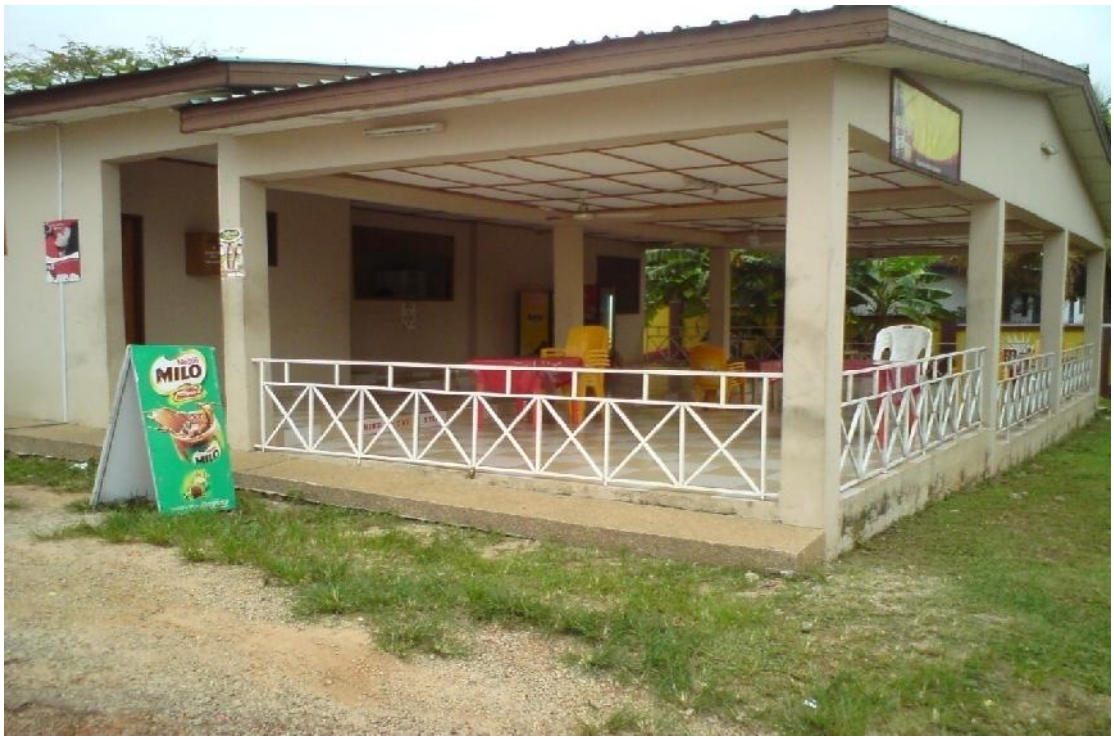
Picture 1: the Renovated Pharmacy building as a result of NHIS

Source: Tafo Government Hospital

- **Out-Patient Department**

A modern Out-Patient Department was built through the fund flows from health insurance scheme. This well-furnished building had been stocked with modern gadgets such as computers which help to facilitate the work at the department.

Picture 2: Newly Built OPD Department



Source: Tafo Government Hospital

- **Renovation of Antenatal and Maternity Departments**

These departments which play a vital role in the maternal health delivery of the hospital also saw a major renovation. Due to the improvement at these departments, the hospital has not recorded any maternal death for the past two years.

Picture.3a renovated maternity

A new Maternity and Antenatal block is about 70% completion.

Picture.3b. during Cash and Carry Era (how the place look like)

Picture.3c: New Maternity Block in Progress (NHIS Era)

Source: Tafo Government Hospital

Expansion of Recovery Ward

This department has also had its share of renovation. The old outpatient department was well renovated, furnished and turn into a recovery ward. In addition to this the old recovery ward was also renovated.

Picture 4: The Renovated Recovery Wards

Source: Tafo Government Hospital

Psychiatric Department

A new department for this unit is underway which is expected to completed by the end of the year.

Picture 5:

Source: Tafo Government Hospital

Ear, Nose and Throat Department

A new Ear, Nose and Throat department which is a storey is being built by the hospital.

Picture 6: E&T Dept. under construction

Source: Tafo Government Hospital

- **X-ray Department**

Work on the expansion of this department has been awarded to a contractor who is expected to start work by the end of June 2011.

- **Equipping of the Theater**

A well-equipped theater place a major role in the delivery of healthcare at Tafo Government Hospital where at least six (6) surgeries are performed daily. Renovation work which includes the expansion of the theater and equipping it with modern tools and equipment has been awarded to a contractor to begin work soon.

Picture 7: theater

- **Others**

- A new security post has been built at the entrance of the Hospital to help provide security for both staff and client.
- Administration block has also received its share of renovations.
- New chairs were bought for the Out Patient Department (OPD).

(B) IMPROVEMENT OF HEALTH DELIVERY

With the major renovation going on at most of the department at Tafo Government Hospital, needed equipment and staff are being bought and recruited respectively to help run an efficient health delivery system. For instance most of the surgical cases which used to be referred to Komfo Anokye Teaching Hospital are now being handled at Tafo Government.

The Hospital was voted as the baby friendly institution in the year 2010 in Kumasi Metropolis because they have not record any maternal death for the past two years.

Queues at the OPD has reduced drastically due to the automation of the process and procedures at the OPD and client's medical record can be assessed to help the medical officer trace their medical history.

Consumables used at the Hospital are always made available to staffs to help facilitate a safe health delivery.

(c) MANPOWER DEVELOPMENT AND TRAINING

During the research it came to light that frequent in-service training and workshops were currently been organized by Management and Heads of Departments to help the staff to acquire requisite skills, competencies and capabilities. The researchers had the opportunity to witness an in-service training organized by management of the hospital for the staff on "Costumer care and Handling" to help them improve their client or customer satisfaction.

The researchers found out that before the inception of the national health insurance scheme, the staff strength of Tafo Government Hospital was (104) one hundred and four. Among this number were only one medical Doctor and four medical assistances, for the entire hospital, as prescribers. As at November 2010 the staff of the hospital was around four hundred which include six medical officers, four medical assistances and two locum Doctors from Komfo Anokye Teaching Service. This increase in the number of both paramedical and medical staff was necessitated by the influx of clients who access health care services at the facility under the national health insurance scheme.

The Hospital has also added more services such as the "E and T" department, the diabetics and hypertension clinics, the eye clinic and obstetrics and gynecology departments to their service portfolio.

Another issue that came to light through the research was that referrals from the Tafo Government Hospital to Komfo Anokye Teaching Hospital had reduced drastically since the introduction of health insurance scheme, because the Tafo government hospital is now well equip with both apparatus and human resources who are more competent and capable of handling many emergence issues. In addition, most health post and clinics in both Kwabre and Manhyia North Districts refer their cases to the Tafo Government Hospital instead of Komfo Anokye Teaching Hospital which used to be the focal center during the cash and carry era.

4.3 OBSTACLES

From the point of view of the staff of Tafo Government Hospital they complained about the following as being obstacles;

- That bills sent to the scheme are always slashed.
- Again, it always takes the scheme between three to four months before reimbursing Health service providers.
- Furthermore, following from the above creditors of the hospital are always on their neck demanding for their payment of goods and services supplied to the hospitals.

On the part of the scheme management they also complained about the following as being obstacles;

Operational issues

- That the service providers always include unwanted materials in the bills submitted.
- Again, they are also worried about the inability of the National Headquarters to reimburse them on time for onward re-imbursement to the service providers.
- Late renewal of membership which serve as a major source of revenue to them
- Inadequate logistics, staff and low motivation
- Delay in submission of claims by providers
- Low monitoring of service providers by scheme Environment
- Difficulty in accessing communities
- High poverty level among scheme members
- High rate of illiteracy among scheme members
- Unfriendly attitude of service providers toward scheme members

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.0 FINDINGS

- The research revealed that the introduction of Health Insurance Scheme has increased out patients' departments' attendance (OPD) at the rate of 384% at Tafo Government Hospital.
- The researchers also realized that there had been a massive increased in the infrastructure development of about 8653.76% as compared to the cash & carry system in the Tafo Government Hospital.
- The research again revealed that, with the introduction of the national health insurance scheme, there has been an improvement in the health delivery system as well as fund inflows and out flows by creating a percentage change of 2821% at the Tafo Government Hospital. The study also revealed that the problems associated with the cash and carry system are by far the leading factor that has encouraged a lot of Ghanaians to enroll under the Mutual Health Insurance Scheme.
- Significant of notice, with the inception of health insurance scheme is that the hospital has been able to acquire new ambulances, furniture and fittings, and other important equipment which the government could not provided for
- The research also came out with the following:
- The Manhyia Health Insurance has been operating for the past seven years.
- Both government and private hospitals are providing service to patients in and around both Kwabre district and Manhyia North District who are registered members of Manhyia Mutual Health Insurance Scheme.
- It also came to light during the study that Tafo Government Hospital submit their bills to the office of Manhyia health insurance scheme monthly, this is due to the fact that Manhyia has the largest number of subscribers of patience who attend the Tafo Hospital
- The study showed that the District Wide Mutual Health Insurance Scheme Office reimburses service providers only when they are also reimbursed by the national headquarters.

- It also emanated from the research that finance of all service providers including Tafo Government Hospital has improved since the introduction of the health insurance scheme. This is also due to the fact that a lot of people patronize the hospital thereby improving the fund flow of the hospital.
- It also came to light during the study that bills submitted to the office of the Mutual Health Insurance Scheme are most of the time slashed due to the discrepancies in submission.
- The study revealed that the rate of misappropriation of funds has reduced as compared to the cash and carry system because handling of cash by personnel has reduced in the system.

5.1 CONCLUSION

This study concludes that all the four indicators in the objectives, the researchers hopes to achieve in the study proved positive.

Since the promulgation of Health Insurance Act 650, 2003, the hospital attendance has seen a lot of improvement in OPD attendance, cash flow, renovation and new developments in infrastructure.

Hitherto, a lot of Ghanaians could not patronize health facilities due to lack of cash. However, with the introduction of the National Health Insurance Scheme registered patients who undergo surgical operation and are likely to pay an amount of GH¢3,000.00 can now go to the hospital under the health insurance scheme, enjoy the same services without paying anything.

As stated earlier, all government hospitals are now depending solely on what they generate locally popularly referred to as Internally Generated Funds (IGF).

Since the introduction of the Health Insurance Scheme patient's turnout at the hospitals has increased, it presupposes that the finance of the government hospitals are affected positively holding all other factors constant paving way for renovation and building of new blocks, purchasing of new vehicles, provision of in – service training to the staff and what have you.

According to a former CEO of the National Health Insurance Scheme Mr. Ras Boateng, in his visit to service providers and scheme managers in Ashanti Region, it was revealed that about 75per cent of Ghanaians are registered members to mutual health insurance scheme.(Modern Ghana News, Thursday ,July,2006)

Once a lot of people are registering with the various mutual health insurance schemes, it is likely to impact positively on finance of all hospitals as revealed by our research at Tafo Government Hospital.

5.2 RECOMMENDATION

The researchers recommended a further study into the sustainability of National Health Insurance Scheme.

Again there should be a further studies into quality of service deliver by the service providers.
The introduction of the National Health Insurance Scheme has brought about a big relief to most Ghanaians. But as it is with any new policy, the National Health Insurance Scheme in spite of its contribution since its inception has problems. The following are therefore recommended:

- That since government hospitals are now funding themselves, it is recommended that management should have customer care unit within the hospital to advise staff members to know how to talk to patients since patients can now attend hospitals of their choice whether private or government provided they have registered with the National Health Insurance Scheme.
- Hospitals are advised to have permanent teams who are well versed in bill preparation to avoid slashing of bills by scheme officers.
- It is recommended that the schemes must be remitted on time by the national headquarter so that bill submitted by the various service providers are not delayed unnecessarily.
- The Scheme should cover all medical services and or needs.
- Increase Health staff and facilities.
- Improve waiting time for NHIS members at health facilities.
- Improve procedure for registration of scheme members and m

- Premium should be more affordable.
- Staff of the scheme should be well remunerated to prevent malpractices
- There should be constant interaction between scheme managers and hospital authorities to fine-tune the operations of both parties for effective operation of the scheme.

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APPENDIX I

- NHIS- National health insurance scheme
- NHIA-National Health Insurance Authority
- OPD- Out Patient Department
- DMHIS-District wide Mutual Health Insurance Scheme
- CASH AND CARRY-A system where patients pay upfront at the health institutions before they are catted for.
- IGF- Internally Generated fund
- LI-Legislative Instrument
- OOP- Out-of-Pocket
- GNAT-Ghana National Association of Teachers
- SSNIT-Social Security and National Insurance Trust
- HIPC-Highly Indebted Poor Country
- MHO-Mutual Health Organization
- MOH-Ministry of Health
- GHS-Ghana Health Service
- SAP- Structural Adjustment Program

Table 4: Summary of Attendance and cash

Cash and Carry Era		**OPD Attendance**				**cash Inflows**		
	2001	2002	2003	TOTAL	2001 GH¢	2002 GH¢	2003 GH¢	TOTAL GH¢
	45,745	55,351	62,877	163,973	66,842.96	81,268.85	85,342.16	233,453.97
Health Insurance Era	2008	2009	2010	TOTAL	2008 GH¢	2009 GH¢	2010 GH¢	TOTAL GH¢
	91,683	225,987	476,115	793,785	1,035,740	2,362,822.52	3,413,561.60	6,812,124.12

Source: CHEPS Field Data 2011

Table 4 : TAFO GOVERNMENT HOSPITAL POLICY ON EXPENDITURE

CASH & CARRY	POLICY	NHIS	POLICY
DRUGS	50%	DRUGS	50%
CONSUMABLES	20%	CONSUMABLES	15%
INFRASTRUCTURAL DEVELOPMENT	10%	INFRASTRUCTURAL DEVELOPMENT	30%
OTHERS	20%	OTHERS	5%

APPENDIX II

CHRISTIAN SERVICE UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS ADMINISTRATION

This is a questionnaire designed to solicit data about the Impact of Health Insurance Scheme on the Finances of Government Hospital (Tafo Government Hospital)

NAME:……

DEPARTMENT: ……

POSITION: ……

NO. OF YEARS THE POSITION HAS BEEN HELD

COMMENT WHEN APPLICABLE

1. OPD Attendance under Cash and Carry System alone

   2003.....

   2002.....2001.

   .....

2. OPD Attendance under NHIS and Cash and Carry

   2010.....

   2009.....

   2008.....

3. Fund inflow under Cash and Carry alone

   2003.....

   2002.....

   2001.....

4. Fund inflow under NHIS and Cash and Carry

   2010.....

   2009.....

   2008.....

5. How has the NHIS helped in the management of the facility?

   .....

   .....

6. How has the hospital staff responded to the change from Cash and carry to NHIS?

   .....

   .....

   .....

7. How has the NHIS helped to improve upon the finances of Tafo Government Hospital?

   .....

   .....

   .....

   .....

8. How fast does the facility submit their returns for payments?

   .....

   .....

9. What was the amount of money disbursed to the health facility for the year?

   2010.....

   2009.....

   2008.....

10. How long does it take for Manhyia Health Insurance Scheme to pay the returns submitted?

    .....

    .....

    .....

12. What are the challenges the Scheme providers face?

    ……

    ……

    ……

    ……

13. What recommendations will you give to;

    (i) The scheme providers

    ……

    ……

    ……

    ……

    ……

    (ii) Health care providers

    ……

    ……

    (iii) Registered members

    ……

    ……

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THE IMPACT OF HEALTH INSURANCE SCHEME ON THE FINANCES OF GOVERNMENT HOSPITALS.
A CASE STUDY OF TAFO GOVERNMENT HOSPITAL

BY

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A project work presented to the Business Studies Department of Christian Service University College in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

JULY, 2011

STATEMENT OF AUTHENTICITY

We have read the university regulations relating to plagiarism and certify that this report is all our own work and does not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this report herein submitted.

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Sarah Ofori	……...	……..……
Christiana Momo Addo	……	……..…….
Hannah Baffour-Addo	……	……..……

SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision laid down by Christian Service University College

Supervisor's Name	Signature	Date
Mr Eric Atta Appiagyei	……	……..……..

Head of Department's Name

Mr. Stephen Banahene …… ……..……..

ABSTRACT

Human capital development has been the priority of every nation especially the 21st century. Ghana in the year 2000 earmarked human resources as well as health for all as one of the key variables to reach the middle income status by the year 2020. Various reforms were fused into the health sector to bring it to an appreciable level.

Between 1970's and early 1980's the country was affected by the global economic crises from the sudden hike in oil prices on the international market. For Ghana this immediately resulted in balance of payments difficulties, heavy debt burden and general economic disequilibrium. As a result, the World Bank and international monetary fund (IMF) proposed structural changes to developing economy, which basically suggested withdrawal of state subsidy. This led to a decline in health budget putting the health sector under severe economic pressure. To rescue this situation a cost recovery programme also refers to as the User-Fees system was introduced in 1985, which served as the basis for operationalising the hospital's fees Act (Ghana, 1985). In 1992, the government officially introduced the policy of out packet payment of health care or what was described as the "cash and carry" system and this caused a decline in utilization of health care services especially for the very poor who needed the services the most, thus creating a financial barrier to access to health care (Dovlo and Nyonator, 1999; Arhin-Tenkorang, 2000, Hutton, 2002; Nyonato, 2000). The proportion that received care from government facilities dropped from 4.5 million to 1.6million in 1999. (Dzikunu and Thorup, 2003)

Considering the above problems, the government in 2003 introduced the national health insurance scheme through the National Health Insurance Act (Act 650,2003).This has increase access to health care and the research was set to find out the impact the introduction of the National Health Insurance has had on the finances of hospital in Ghana a case study of Tafo Government Hospital.

The study covered all the two operators of the Health Insurance Scheme, namely the service providers, that is health institutions with particular emphasis on Tafo Government Hospital and the Insurance Company that is Manhyia Sub-Metro Mutual Health Insurance at Kumasi in Ashanti region, Ghana. This was done to have a fair idea as to how the service providers are

doing their work and also how the health insurance office readily reimburses the service providers.

Findings

After collecting data on OPD attendance the researchers realized that there has been a sharp increase in attendance. For instance OPD attendance for three years under cash and carry (2001-2003) was 163,973 whereas that of attendance under NHIS with respect to the same three year period (2008-2010) was 793,785.The percentage change in OPD attendance was very significant. Under fund flow, the researchers realized that there has been a sharp increase in the cash inflow in Tafo Government Hospital. For instance, the hospital under cash and carry for three years (2001-2003) had an inflow of Gh¢/P 233,453.97 whereas cash inflow under NHIS for the same three years period (2008-2010) was Gh¢/P 6,812,124.82.The percentage change in cash inflows for the hospital was very significant which has gone a long way to improve on the infrastructural of the facility.

Conclusion

From all indications, it was clear from the research that the introduction of the National Health Insurance Scheme (NHIS) has impacted positively on the finances of Tafo Government Hospital.

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DEDICATION

We would like to dedicate this research work to our spouses; Mr. Ofori George, Mr. Michael Nyadu Addo, Mr. Albert Baffour Addo, Mrs. Juana Osei Antwi and Nana Aba for their support and encourageemtn throughout our time of study.

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