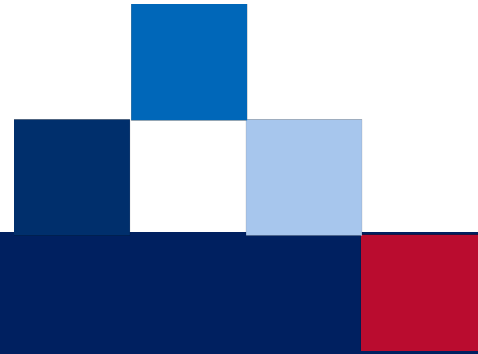




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Practical Approaches for Strengthening Informal Sector Participation in Financial Risk Protection Schemes

Local Health System Sustainability Project

June 2024

The Local Health System Sustainability Project (LHSS) under the USAID Integrated Health Systems IDIQ helps low- and middle-income countries transition to sustainable, self-financed health systems as a means to support access to universal health coverage. The project works with partner countries and local stakeholders to reduce financial barriers to care and treatment, ensure equitable access to essential health services for all people, and improve the quality of health services. Led by Abt Global LLC, the six-year project will build local capacity to sustain strong health system performance, supporting countries on their journey to self-reliance and prosperity.

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ACRONYMS

BHCPF	Basic Health Care Provision Fund
CSO	Civil Society Organization
HMO	Health Maintenance Organization
LHSS	Local Health System Sustainability Project
NACWYCA	Center for Women, Youth and Community Action
NHIA	National Health Insurance Authority
PLASCHEMA	Plateau State Contributory Health Care Management Agency
SHIAs	State Health Insurance Agencies
SPHCDA	State Primary Health Care Development Agencies
SDI	Sustainable Development International
TPAs	Third Party Agents
USAID	United States Agency for International Development
USSD	Unstructured Supplementary Service Data
ZAMCHEMA	Zamfara State Contributory Health Care Management Agency

BACKGROUND

The National Health Insurance Act of 2022 mandates health insurance for all residents of Nigeria. Similar state-level laws also require residents to be covered by financial risk protection schemes. While progress has been made in enrolling the formal public sector in these schemes, enrollment among the informal sector population remains low. Given that approximately 74% of Nigeria's population work in the informal sector, it is essential to explore innovative strategies for reaching and strengthening the participation of the informal sector in financial protection schemes.

SPECIFIC OBJECTIVES OF THE BRIEF

- To gain a deeper understanding of the approaches that are used globally and at the national and state levels in Nigeria to strengthen informal sector participation in financial risk protection schemes.
- To enhance peer learning and knowledge sharing on the approaches for strengthening informal sector participation in financial risk protection schemes.

PURPOSE OF THIS BRIEF

Document the successful approaches that can be used to achieve and sustain high enrollment rates in the informal sector to facilitate replication across other states in Nigeria. To support enrollment the Local Health System Sustainability (LHSS) project collaborates with the National Health Insurance Authority (NHIA), State Health Insurance Agencies (SHIAs), Civil Society Organizations (CSOs), and Health Maintenance Organizations (HMOs) in selected LHSS and partner-supported states (Lagos, Kano, Zamfara, Plateau and Nasarawa). These states are implementing strategies or have demonstrated the potential to enroll substantial informal sector populations in health insurance schemes.

KEY APPROACHES TO STRENGTHEN THE PARTICIPATION OF THE INFORMAL SECTOR IN FINANCIAL PROTECTION SCHEMES

The following are the key approaches for strengthening the informal sector participation in financial risk protection schemes.

1. UNDERSTANDING INFORMAL SECTOR CHARACTERISTICS

Understanding the peculiarities of the informal sector is a critical first step in their participation in health insurance schemes. This will be accomplished through mapping of the informal sector and engagement of relevant stakeholders.

A. MAPPING OF THE INFORMAL SECTOR

- Carry out a mapping exercise to locate and identify the informal sector groups in the state/region/country.
- Conduct surveys to understand the socio-economic profiles of informal sector groups.

B. DEVELOPMENT OF AN INFORMAL SECTOR ENGAGEMENT STRATEGY

- Interact with informal sector workers' associations, community groups, and local leaders to gather insights and preferences.
- Develop an informal sector engagement strategy outlining who should be engaged, the mechanism for engaging them and the objectives of the engagement.

In a bid to implement the provisions of the National Health Insurance Act 2022, the NHIA constituted three committees to develop its operational guidelines, strategies to implement mandatory health insurance and strategies to implement the Vulnerable Group Fund respectively. LHSS participated actively in all three committees and provided valuable inputs to the committees' work.

Building on the outputs of the committee on mandatory health insurance, LHSS advised the NHIA on the need to develop context-specific strategies for implementation by engaging with the states thereby consolidating the nation-wide strategy for implementing mandatory health insurance using a bottom-up approach. LHSS engaged its supported states of Nasarawa, Plateau and Zamfara who jointly identified and documented interventions required to develop a framework for implementing mandatory health insurance in their respective states. An important intervention from this framework includes conducting a workshop engaging the organized private and informal sector groups to jointly identify strategies and interventions to implement mandatory health insurance in their respective states.

Prior to the workshop in two states, LHSS supported the Plateau State Contributory Health Care Management Agency (PLASCHEMA) and the Zamfara State Contributory Health Care Management Agency (ZAMCHEMA) to conduct desk reviews and mapping of the formal private sector and informal sector affinity groups in each state.

2. BUILDING TRUST AND AWARENESS

Building trust and creating awareness will ensure that the informal sector has confidence in the scheme and understands the benefits of participating in the health insurance scheme.

A. SENSITIZATION AND EDUCATION

- Conduct engagement meetings, orientation sessions and town hall meetings with affinity groups, workers' associations, trade unions, and other informal sector groups to create awareness on financial risk protection. These meetings also provide an opportunity to educate these groups on the available health insurance schemes and the benefits of being enrolled.
- Conduct workshops and training sessions with the leadership of affinity groups and other stakeholders including the relevant ministries, departments and agencies working with informal sector groups to improve their understanding of health insurance and educate them on the benefits of being enrolled in financial protection schemes.
- Develop and initiate multimedia campaigns, including radio, TV, and social media, to reach others within the informal sector.

B. COMMUNITY OUTREACH PROGRAMS

- Partner with local organizations such as health facilities (public and private), CSOs, Faith Based Organizations, and trusted community figures to promote financial risk protection schemes. Health facilities can collaborate with SHIAs to hold community outreach programs with three objectives: (1) conduct health screenings and treatment of minor ailments which incentivizes attendance, (2) create awareness and provide information on financial risk protection and (3) register and enroll community members on state health insurance scheme

Following the mapping and initial engagements with the informal sector affinity groups, LHSS supported PLASCHEMA and ZAMCHEMA to conduct a one-day workshop engaging the informal sector to develop strategies for implementing mandatory health insurance. Informal sector groups represented included Nigerian Union of Road Transport Workers, Association of Hair Stylists, Tailors' Association etc. alongside relevant government ministries, departments and agencies

including the Ministry of Health, Primary Health Care Boards and the Ministry of Justice. The workshops disseminated information on available health insurance schemes and the benefits of being enrolled thereby improving their understanding of health insurance and increasing the demand for financial risk protection schemes.

As a result of these workshops the frameworks for engaging the informal sector for implementing mandatory health insurance in Plateau and Zamfara States respectively were translated into interventions. For example, PLASCHEMA strengthened their collaboration with media houses and increased their multimedia campaigns using radio and television stations in the state to reach others within the informal sector. Through a grant activity, USAID LHSS engaged indigenous Civil Society Organizations to conduct advocacy, community-based awareness creation and sensitization meetings in Nasarawa, Plateau and Zamfara States to increase the demand and coverage of health insurance. The indigenous CSOs, Center for Women, Youth and Community Action (NACWYCA) working in Nasarawa State and Sustainable Development International (SDI) working in Plateau and Zamfara States, have supported state health insurance schemes by conducting community-level outreach events and continued the engagement of informal sector affinity groups through meetings and educational activities. These interventions have led to the enrollment of over 100 individuals from the informal sector in the three states.

3. LEVERAGE EXISTING MANDATORY PARTICIPATION IN THE LAW

The National Health Insurance Act 2022 and most existing state laws mandate participation in health insurance schemes. It is essential to raise awareness within the informal sector about these laws and how they offer protection and benefits to participants. Informing informal sector workers about their legal rights and the safeguards in place will help them understand the value of enrollment and encourage compliance.

A. REGULATORY REFORMS

Work with the NHIA, state health insurance agencies, the National Assembly, State Houses of Assembly and the Judiciary to enact regulations that encourage the participation of informal sector groups, such as:

- Health insurance enrollee identification could be a prerequisite for joining informal sector groups/associations which are usually registered by the government which may aid enforcement and partnership if premium payments prove prohibitive to members and thus require government subsidies to ensure equity.

- Enrollee identification as a prerequisite for vehicle registration, driver's license, school enrollment, travel visas, international passports, bank account opening, marriage certificates, and National Identification Number
- Enrollee identification as a prerequisite for obtaining government contracts

Implementing these regulatory reforms would require a multi-sectoral approach involving the NHIA, state health insurance agencies, the National Assembly and State House of Assembly and the Judiciary. In addition, an equity lens must be applied to ensure that all enrollee Identification requirements do not create new or exacerbate existing inequities.

B. CONSUMER PROTECTION

- Implement measures to safeguard informal sector participants from fraud and exploitation.
- Set up grievance redress systems or connect with existing ones for resolving complaints and issues effectively for the informal sector non-poor enrollees.

For example, Lagos has the Lagos State Consumer Protection Agency which the State Health Insurance Agency is working to partner with as a mechanism for grievance redress for enrollees.

The informal sector groups who participated in the workshops in Plateau and Zamfara States were made aware of the law mandating participation in social health insurance schemes based on the National Health Insurance Act 2022 and the laws establishing the respective State Social Health Insurance Agencies. The groups appreciated their protective and beneficial aspects and gave suggestions on how they can contribute to large-scale awareness creation and engagement as aggregators for health insurance premium collection and re-enrollment.

USAID LHSS supported a Resource Mobilization Review Meeting with state counterparts from Nasarawa State where participating legislators were engaged in discussions on strategies to implement mandatory health insurance to improve population coverage and financial viability of the Nasarawa State Health Insurance Agency. The legislators proffered strategies including legislations requiring Enrollee identification as a prerequisite for vehicle registration, driver's license, school enrollment and as a prerequisite for companies obtaining and implementing government contracts. These strategies will be developed into the framework for informal sector engagement for implementing mandatory health insurance in Nasarawa State.

4. FORM STRATEGIC PARTNERSHIPS

Establishing strategic partnerships is important such as collaboration with relevant stakeholders including SHIAs, affinity groups, CSOs, etc. to 1) promote the benefits of enrolling in health insurance and 2) integrate health insurance into existing social protection and economic support

services. The objective of these partnerships is to facilitate a greater acceptance rate and help build a supportive environment for the informal sector population.

A. COLLABORATION WITH VARIOUS RELEVANT STAKEHOLDERS

- Work with government agencies like the National Orientation Agency and Non-governmental Organizations, to promote the benefits of health insurance schemes to the informal sector.
- Organize co-creation workshops on Engaging the Informal Sector for implementing Mandatory Health Insurance to review the progress made, review already implemented/ ongoing strategies and plough the lessons learnt into developing more comprehensive, actionable and sustainable strategies for strengthening informal sector participation in health insurance schemes.

Recently, in Nasarawa State, Nasarawa State Health Insurance Agency collaborated with the National Orientation Agency to hold a one-day workshop on financial risk protection to achieve Universal Health Coverage. In addition to leveraging the communication channels routinely used by the Nigerian National Orientation Agency, the workshop attracted significant press coverage which resulted in increasing the awareness of health insurance in the state, including among the informal sector population.

In addition, the USAID LHSS activity's CSO grantees, NACWYCA and SDI have been engaging informal sector groups like Nigerian Union of Road Transport Workers, Butchers' Association, Farmers' Association, Cattle Breeders' Association, Vocational/Technical Mechanical Union, Tailors' Association, Motor Mechanic Association, Market Women Association etc. in Nasarawa and other states to increase health insurance awareness and enrollment.

B. INTEGRATION WITH EXISTING SERVICES:

- Align financial risk protection schemes with existing microfinance and cooperative services to facilitate easier participation and payment of premiums by the informal sector.
- Engage the services of third-party agents, including grantees, HMOs, and CSOs, who have experience in promoting health insurance schemes at the grassroots level.
 - They should work closely with health insurance agencies, providing support and leveraging their expertise to enhance outreach and coverage efforts.

5. PAYMENT PLAN AND ENROLMENT PROCESSES

To effectively ensure the participation of the informal sector in health insurance schemes, there is a need for an actuarially estimated premium, flexible payment plans, and streamlining the enrolment processes.

C. ACTUARIALLY ESTIMATED PREMIUM AND FLEXIBLE PAYMENT

- The Health Insurance Scheme products should have actuarially calculated premiums that reflect the purchasing power of the informal sector. For example, an annual premium of ₦12,000 per individual and a discounted rate of ₦60,000 for a family package covering up to six members. Flexible payment plans, such as monthly installments, should be offered, to accommodate the financial capacities of informal sector participants.
- The health insurance package dissemination materials should be simple and clear, with information available in local languages to ensure better understanding.
- Encourage lump sum payments through associations or affinity groups, on behalf of enrollees, to simplify premium collection.
- For associations that already collect dues, integrate health insurance premiums into their existing payment structures, making it easier to collect premiums efficiently.

A. STREAMLINING ENROLMENT PROCESSES

- Minimize documentation requirements and create seamless enrollment procedures by automating the registration and payment processes, eliminating the need for manual paperwork. For example, create an online portal where users can easily upload required documents and complete the enrollment steps electronically, with options for digital payment methods such as bank transfers and mobile money, thereby reducing barriers to access.
- Facilitate enrollment through affinity groups or associations within the informal sector to ensure broader coverage and streamline the enrollment process.

USAID LHSS is supporting Plateau and Zamfara States to conduct actuarial analysis to determine the adequacy of the health insurance schemes and the appropriate premium for enrollees.

USAID LHSS grantees NACWYCA and SDI are engaging the health insurance agencies in Nasarawa, Plateau and Zamfara States to develop flexible payment options and mechanisms to encourage informal sector participation in the respective state social health insurance schemes.

6. UTILIZING TECHNOLOGY

Leveraging technology is essential for improving the accessibility of health insurance schemes for the informal sector. Mobile applications and Unstructured Supplementary Service Data (USSD), which is like text messages on mobile phones, can help streamline transactions, making enrollment, premium payments, and claims processing more convenient and user-friendly.

A. DIGITAL SOLUTIONS

- Implement mobile platforms for easy premium payments, policy management, and claims submission.
- Develop apps and USSD services customized for informal sector users.

Use advanced technologies for secure transaction records, personalized product recommendations, and efficient customer service.

The state health insurance agencies of Lagos, Anambra, Gombe and Edo States are relatively advanced in digitalizing their health insurance operations, providing contextually appropriate models of digital applications.

Recently USAID LHSS supported the training of 14 new SHIA Chief Executive Officers during a leadership and technical competence workshop and facilitated peer learning on information technology solutions by states who are more advanced in digitalizing their health insurance operations to promote the development of end-to-end digital solutions across all participating states.

7. PROVISION OF QUALITY HEALTHCARE SERVICES

The provision of quality healthcare services and the positive attitudes of healthcare workers towards the informal sector population at healthcare facilities are essential for encouraging participation in the scheme. Ensuring high standards of care and respectful, supportive treatment will build trust and confidence among informal sector workers, making them more likely to stay engaged in the health insurance scheme and recommend that others they work with enroll.

A. HEALTHCARE SERVICES

- Ensure quality assurance measures (e.g. quarterly quality assurance visits by SHIAs) to ensure healthcare facilities provide quality health services. This will build the confidence of the informal sector groups in the scheme.

B. PROVIDERS' ATTITUDES

- SHIAs will collaborate with health institutions such as State Primary Health Care Development Agencies (SPHCDA) and healthcare provider associations to re-orientate health care workers to ensure providers have an accepting attitude towards all enrollees including the informal sector group when providing services at healthcare facilities.
- SHIAs to conduct regular client satisfaction surveys at the facility level and institute grievance redress mechanisms e.g. quarterly enrollee town hall meetings, for informal sector groups.
- SHIAs will institute performance-based provider payment mechanisms to reward good provider behaviors.

USAID LHSS supports quarterly facility Quality Assessment visits by the SPHCDA and harmonized Quality Assurance/Quality Assessment visits by the SHIAs and SPHCDA across Nasarawa, Plateau and Zamfara States. These visits have resulted in continuous quality improvements evidenced by improving quality of care scores in all three states.

8. MONITORING AND EVALUATION

Monitoring and evaluation are crucial for continuous impact assessment, feedback, and improvement of the scheme. Regularly evaluating the success of the scheme and establishing channels for the informal sector to provide feedback will contribute to continuous improvements. This process ensures that the scheme remains effective, responsive to participants' needs, and continually evolves to better serve the informal sector.

A. CONTINUOUS IMPACT ASSESSMENT

- Track the uptake and effectiveness of financial risk protection schemes through regular monitoring. This can be done by tracking indicators such as the population percentage covered by financial risk protection schemes.
- Evaluate success of health insurance schemes using metrics like enrollment rates, claim ratios, re-enrollment rate. Conduct regular surveys to determine enrollee satisfaction with the health insurance scheme and leverage existing grievance redress mechanisms as described below for qualitative feedback.

B. FEEDBACK AND IMPROVEMENT

- Create context-specific channels/ platforms or leverage and adapt existing grievance redress mechanism platforms like the Basic Health Care Provision Fund (BHCPF)/ equity fund enrollee town hall meetings and the community-based grievance redress systems

put in place by the State Operations Coordinating Unit of the National Social Safety-Net Coordinating Office for ongoing feedback from beneficiaries to identify areas for improvement.

- Adapt schemes based on data and feedback to ensure they meet the evolving needs of the informal sector.

USAID LHSS supports performance monitoring of the SHIAs by helping to track the recording and reporting of both NHIA and SHIA-specific indicators based on the NHIA Monitoring and Evaluation framework.

USAID LHSS also supports quarterly enrollee town hall meetings for BHCPF and state health equity fund beneficiaries. These town halls can be expanded to cover informal sector non-poor enrollees as a grievance redress mechanism.

CONCLUSION

Strengthening the participation of the informal sector in financial risk protection schemes necessitates a holistic approach that addresses their peculiar issues. By understanding their characteristics through mapping and engagement with relevant stakeholders, leveraging technology, affordable payment plans, simplified enrolment processes, building trust, fostering partnerships, leveraging existing mandatory regulations, and maintaining robust monitoring, stakeholders can significantly improve the financial security of informal workers by reducing catastrophic out of pocket expenditures. This approach will not only benefit individuals and families but also strengthen overall economic stability and growth of Nigeria.