



A STUDY ON NEPAL'S NATIONAL HEALTH INSURANCE PROGRAM

Rakesh Ayer, Suresh Tiwari, Shambhu Prasad Jnawali, and Rudi Van Dael

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FOREWORD



One of the lessons learned from the global coronavirus disease (COVID-19) pandemic is the pivotal importance of having robust social protection mechanisms in place. The unprecedented health crisis highlighted the vulnerability of individuals and communities, as many who fell ill faced not only the physical toll of the virus but also the financial repercussions. This situation was even more pronounced in low-and middle-income countries such as Nepal. One of the key features of social protection systems, like health insurance, is to prevent populations from slipping into poverty during times of crisis such as the COVID-19 pandemic.

The National Health Insurance Program (NHIP) is the priority initiative of the Government of Nepal to achieve universal health coverage (UHC) and prevent households from falling back into poverty while seeking health care. The program was established in 2017 under the Health Insurance Act and has been considered a principal vehicle of the government to achieve the ambitious goal of UHC.

This study aims to provide an overview and assessment of the NHIP, including key challenges, and suggests considerations for strengthening the program. The study aims to support ongoing discussions

on how to strengthen NHIP design and implementation. The authors delve into the historical evolution of health insurance in Nepal, the country's context, major health outcomes, disparities in health outcomes based on socioeconomic status and location, and barriers to accessing health care services. It also includes an assessment of health care financing in Nepal compared with its regional counterparts. The authors use this background to set the stage for

a comprehensive overview of the various aspects of the health insurance program, including a review of studies related to health insurance. The authors conclude the study with recommendations for strengthening the program. The Asian Development Bank (ADB) is committed to alleviate poverty and address inequality in Asia and the Pacific, as specified in its Strategy 2030. This study is part of ADB's commitment to support Nepal and other developing member countries in their pursuit of UHC to ensure equitable access to quality health services with financial protection.

Preparation of the study was part of the technical assistance attached to the countercyclical budgetary support of \$250 million to the government under the COVID-19 Active Response and Expenditure Support (CARES) Program, which was mobilized in favor of the government's efforts to mitigate the impact of the COVID-19 pandemic. We would like to express our sincere gratitude to the Health Insurance Board for providing this opportunity to review the NHIP.

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MESSAGE



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The National Health Insurance Program (NHIP) stands as a crucial pillar in Nepal's journey toward shielding individuals from unexpected health care expenses, thereby managing risks upfront within the framework of government-provided social health protection. Launched in 2017 as part of Nepal's social security initiative, the program is overseen by the Health Insurance Board (HIB). Nepal's goal with this initiative is to move closer to achieving Universal Health Coverage (UHC) by 2030, a vital aspect of its Sustainable Development Goals.

Nepal's Constitution guarantees free basic health services and acknowledges health care as a fundamental right. Article 51 (H) of the Constitution emphasizes ensuring citizens' access to health insurance, safeguarding quality health care provision. The Health Insurance Act of 2017 was introduced to alleviate financial risks for insured individuals through pre-paid health insurance and to improve the efficiency and accountability of health care providers, thereby ensuring widespread access to health care. Within less than a decade of its inception, the NHIP has extended coverage to over seven million individuals, a significant stride within the country's total population of 30 million. Nevertheless, intensified efforts are needed to cover more individuals and households. For this to happen, we will need

strong support from all stakeholders, spanning government and non-government agencies, as well as development partners. Among various prioritized actions, these organizations can support the HIB by facilitating capacity building, strengthening claims management processes, supporting evidence-based policy formulation, integrating updated digital technologies, and fostering research. I extend my appreciation to the Asian Development Bank team and to their contributions toward the realization of this study. The study adeptly synthesizes the evolution of health insurance in Nepal, and offers useful recommendations, which I believe will help strengthen the NHIP's foundations.

Finally, I would like to extend my sincere thanks to all stakeholders whose support was instrumental in

materializing this study. This includes, but is not limited to, insured members, enrollment assistants, enrollment officers, and provincial coordinators.


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