

MINISTERIAL STATEMENT  
ON  
REMOVAL OF BUY-BACK OPTION UNDER NATIONAL HEALTH INSURANCE  
SCHEME  
BY  
THE MINISTER OF LABOUR AND SOCIAL SECURITY (MS TAMBATAMBA), MP

Madam Speaker, I have the pleasure to deliver a ministerial statement to inform this august House and the nation at large on the removal of the buy-back option under the National Health Insurance Scheme (NHIS).

Madam Speaker, the NHIS was established by Act No. 2 of 2018 as a compulsory scheme to provide reliable healthcare financing for all Zambian citizens and legal residents. This is in line with the New Dawn Government's agenda of bringing services closer to the people and ensuring the universal health coverage agenda.

Madam Speaker, the primary objective of the NHIS is to ensure that people who become members of the scheme, whether formally employed or those in the informal sector, have unhindered access to high quality healthcare services that are paid for by the scheme to reduce their financial burden in times of illness from out of pocket payment.

Madam Speaker, in order to provide support to the members of the scheme in the informal sector and extend health insurance coverage to them, the National Health Insurance Management Authority (NHIMA) introduced the buy-back policy in 2020.

Madam Speaker, the buy-back policy was a well intended policy that waived the waiting period that was required for members of the scheme to services. This policy was aimed at increasing membership uptake among the informal sector, who are not vulnerable and suffer high out of pocket costs in accessing healthcare services. Further, it was expected that once on-boarded and having gained access to services, members would continue to make contributions to the scheme regularly.

Madam Speaker, the buy-back option enabled new members to register and pay their premiums in retrospect as a buy-back of four months and immediately access necessary healthcare services. Similarly, old members whose payment fell into arrears would also settle the arrears and immediately access necessary healthcare services as long as the arrears were within the four months period.

Madam Speaker, however, despite the good intentions of the buy-back programme, a large number of members from the informal sector only registered as members of the scheme when they were already sick. As a result, they would only pay the required average premium of K200, which is K50 by four months, and then access all the services such as laboratory services, drugs and in some cases even very expensive services such as the computed tomography (CT) and magnetic resonance imaging (MRI) scans.

Madam Speaker, the cost of these services to NHIMA is estimated to be between K5,000 and K8,000 per member against the average contribution of K200 paid. In cases of dialysis, cancer and other complicated cases the costs were even higher.

Madam Speaker, further, it has been observed that such members stop contributing their premiums once treated, but would show up again when they fell ill and just pay the same four months arrears of K200 to access the services.

Madam Speaker, this practice is not sustainable and the NHIS will grind to a halt financially if this trajectory is not stopped. It is worth noting that while both membership registration and claims for the informal sector have been on the rise, contributions from the informal sector have been declining. Currently, the claims paid for informal sectors members of the scheme are far much higher than their contributions.

Madam Speaker, the buy-back option placed a huge stress, therefore, on the NHIS's solvency and ultimately on its existence because the claims received monthly had exceeded the monthly revenue being collected. The result has been the disinvestment of funds to meet these claims.

Madam Speaker, the actuarial evaluation on scheme sustainability conducted revealed that the surge in claims has mainly emanated from the buy-back option clause which was prevalent in the informal sector. The actuarial study also revealed that if the same trajectory is maintained, the scheme will run bankrupt. The removal of this option is, therefore, primarily to save the fund from bankruptcy and from grinding to a halt under our watch.

Madam Speaker, the new approach is to encourage the informal sector and the public at large to preregister their membership and ensure that members' contributions are consistent to avoid the situation where the scheme is under threat.

Madam Speaker, we are cognizant that the decision may affect the members of the scheme from the informal sector as undertake to withdraw. Therefore, we have embarked on a rigorous sensitisation campaign on the need to contribute consistently and preregister to access health insurance services based on solidarity.

I submit, Madam Speaker.

---