

**2019 BUDGET ANALYSIS:
IMPLICATIONS FOR
PRIMARY HEALTH
CARE IN GHANA**



**Alliance for
Reproductive
Health Rights**

IMPLICATIONS FOR PRIMARY HEALTH CARE IN GHANA

RECOMMENDATIONS

- Reduce reliance on retained IGF as health facilities burdened with this phenomenon are forced to generate funds by surcharging clients and focusing more on specialist services instead of providing primary healthcare services
- Re-design the financial model of the NHIS with focus on more progressive taxes like the following
- Increased health taxes on Sugar, Alcohol, Plastic and Tobacco.
- Develop a taxations system which will focus a percentage of VAT and health levies paid on companies that produce soft drinks, alcoholic beverages, and tobacco companies.
- Redesign the premium payments into a tiered system based on salary/ remuneration.
- Increase the portion of the Annual Budget Funding Amount (ABFA) allocated to the health sector
- Government must pay attention to the adequacy of the allocations to Capital Expenditure (CAPEX) initiatives to make sure that they are realistic and concentrate available resources to complete unfinished projects instead of building new infrastructure

PURPOSE

To assess the 2019 budget allocation to the Health sector in the context of Primary healthcare to establish governments commitment or otherwise to attaining universal health coverage and the SDGs 3 and 5.

SCOPE

Review of the 2019 National Budget statements as well as trends in budgetary allocation from 2016 to 2019.

BACKGROUND

Primary health care (PHC) is considered to be an important tool in achieving universal health coverage (UHC). Following the Alma Ata declaration in 1978, several countries have embraced the idea of improving PHC to enhance effective health service delivery. Primary health service delivery helps to reduce health care inequalities that affect deprived and vulnerable populations the most. Effective PHC service delivery also reduces pressure on higher level facilities and hence financial pressure on governments.

In Ghana, primary health care delivery continues to play an important role in the wellbeing of citizens especially in deprived communities. PHC units serve as the first line of service and meet the basic health care needs of most vulnerable and deprived communities.

Unfortunately, despite its relevance, most primary health facilities are faced with numerous challenges that hinder their effective operations. These facilities are faced with inadequate resources, inadequate and proper logistics and infrastructure, appropriate staff mix among others. It has, therefore, become imperative to create additional fiscal space for health sector financing through strategic and innovative means.

Health centres and Community-based Health Planning and Services (CHPS) compounds, which are located at the bottom of the health care pyramid, are designed to meet the basic health care needs of the population especially in rural areas. In this regard, improving the effectiveness of facilities at the lowest level is key to achieving PHC objectives in Ghana.

Government is yet to come out with a clear complete and coordinated strategy for the implementation of various intervention, policies and legislations related to PHC in Ghana. Furthermore, the persistent vertical approach adapted has hampered the achievement of effective health care delivery in Ghana.

The pattern and burden of disease in Ghana is high and changing, and affected by a myriad of factors such as: poor sanitation behaviours; lack of sanitary toilet facilities; pollution of aquifers by very unsafe artisanal mining practices; delayed reporting of diseases, self-medication etc. (the “epidemiological transition”). Additionally, in the last eight years, the burden of disease continues to shift from communicable to non-communicable diseases and injuries.

Non-communicable diseases and injuries are much more expensive to treat and require different health system inputs.

In the absence of effective road and occupational safety, disease prevention, and health promotion strategies, as well as improved coordination between the Ministry of Health/Ghana Health Service, a Ghana’s the National Health Insurance Scheme (NHIS) and other ministries, departments and agencies of government, the epidemiological transition will exacerbate cost, necessitate major modifications to, and significantly increase the financing needs of Ghana’s health system.

With regards to the fiscal space, options for health reform in Ghana are constrained by the country’s current and future available fiscal space. An extensive assessment of fiscal space undertaken by the World Bank in 2016 indicates that economic growth and improved revenue collection efforts could provide modest but steady increases in fiscal space for health over the next three to five years.

In the 2019 budget government emphasised the importance of achieving UHC as well as the SDG 3.2 and 3.8 by outlining the following

- Ensuring affordable, equitable, and easily accessible health care
- Reducing disability, morbidity and mortality and,
- And ensuring that payment at the District Hospital level and below by the NHIS cards holders becomes completely illegal

Even though the above are laudable the 2019 budget failed to outline a clear strategy the ‘how’ government intends to achieve the above mentioned.

Key initiatives in the 2019 Budget

- Develop a hospital strategy to classify the types of hospitals in the country to improve access to quality health care delivery
- Introduce a verification system for the online admission registration process to reduce ineligible applications
- Continue to develop Legislative Instruments (“LIs”) for the Health Acts that are without LIs to strengthen their functionality operation
- Introduction of the Logistics Management Information System (LMIS)
- Scale-up of the Electronic Medical Records Program to strengthen and improve health information management in the country.
- Scale-up of NHIS registration via Mobile Money

Infrastructure

- Completion of Phase 2 of the UG Medical Centre (\$50 million Loan)
- Upgrading Ho Regional Hospital to a teaching Hospital
- Commence the process for upgrading the Hohoe Municipal Hospital to a Regional Hospital
- Commence the construction of one district hospital and five polyclinics in the Western Region
- Construct 15 Community Health Planning Services (“CHPS”)

Compounds in five regions

- Completion of four district hospitals; Twifo-Praso, Tepa, Konongo, Salaga and one Regional hospital at Sewua under the 8No. hospital project
- Construction of 7 district hospitals and provision of integrated IT systems at Dodowa, Sekondi, Formena, Garu Tempani, Kumawu, Abetifi and Takoradi European Hospital.
- Completion and equipping of Bekwai district hospital
- Construction of four hospital projects at Sawla, Tolon, Somanya, Buiepe
- Construction of a polyclinic at Bamboi
- Construction of Axim hospital

- Rehabilitation of Effia-Nkwanta Emergency, Maternity and Children’s block

Analysis of Allocation to MoH: The budget for the Ministry increased by 37% in nominal terms from GH¢4,422,348,243.00 in 2018 to GH¢6,037,506,718 in 2019. This is a positive move when compared to the 4.6% increase in 2018 over allocation in 2017.

Analysis of MOH allocation to Share of National budget: The 2019 allocation to the health sector represents about 8percent of the national budget. This is a slight increase of 1.07 percent when compared to allocation in 2018. It is positive to see that we have shifted away from the downward trend seen in the allocation in 2018. Even though the Abuja declaration is no longer valid its principles are still relevant. Government must strive to meet its target of 15 percent. The table below shows that Ghana has been hovering round 7-8 % over the past 3 years:

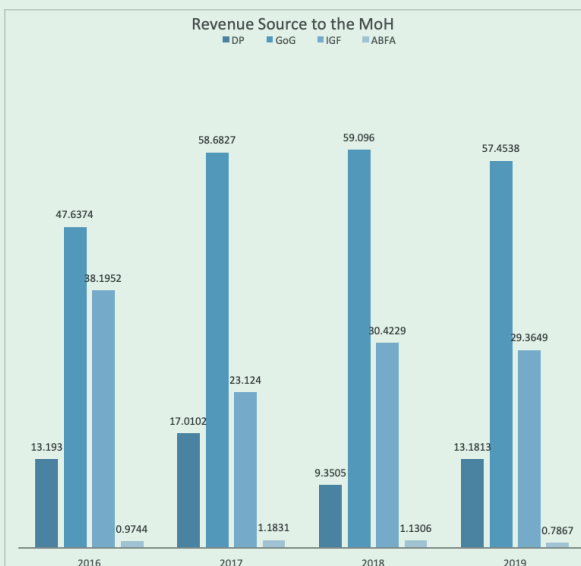
Table 1: Percentage Share of MoH Allocation of National Budget

Share of MOH Allocation of National Budget			
Year	Total National Budget	MoH Allocation	Percentage
2016	43,505,103,547.00	4,884,037,864.00	11.23
2017	54,394,794,955.00	4,226,152,354.00	7.77
2018	61,151,810,604.00	4,422,348,243.00	7.23
2019	72,710,768,495.00	6,037,506,718.00	8.30

Source: 2016,2017,2018,2019 National Budget Statement

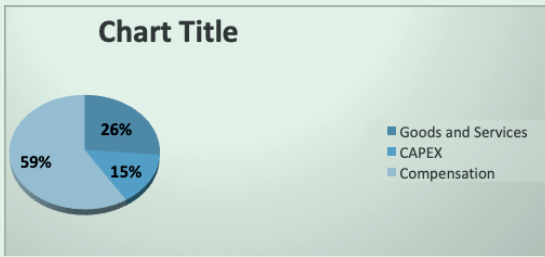
Analysis of Revenue Sources of the Health sector: Contributions from the various revenue sources have seen some slight changes in 2019. Combined contribution of the GOG and ABFA has decline from 68.45 percent in 2018 to 58.3 percent in 2019. Share on contribution of retained IGF has also decreased marginally when compared to allocations in 2018. However, donor contribution to the budget has seen an increase of about 3.85 percent. As seen in the graph below the contribution from the ABFA has over the past four years not been significant contributing less than 2 percent of the total budget. Given the shortfall in infrastructure development one will hope that government will increase ABFA allocation to the health sector directed towards much needed capital expansions. In comparison to 2017, IGF increased by 7.3%.

Graph 1: Percentage of Revenue Source to the Health Sector



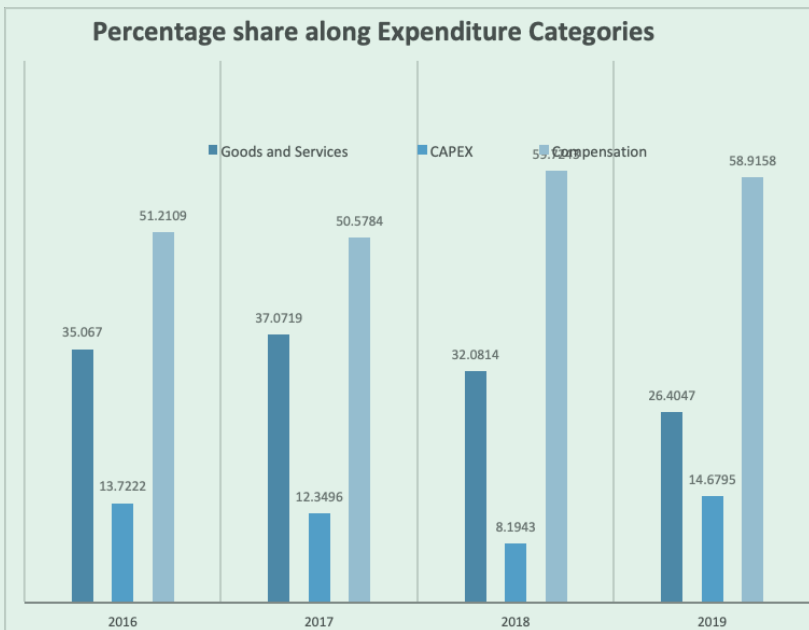
Analysis of Health sector allocation by expenditure categories: The total allocation to the health sector in the 2019 budget is GH¢6,037,506,718. As shown in the diagram below, allocations to the sector is distributed along three broad areas; compensation, goods and service. Compensation continues to take a chunk of allocations to the sector, representing approximately 59 percent, good and services had 26 percent, leaving 15 percent for capital expenditure.

Chart 1: Percentage along expenditure Categories



Analysis of trend in allocation along Expenditure Categories: The trend in allocation along the categories have over the last four years not been any different. Capital expenditure (CAPEX) continues to receive the lowest allocation. In 2019 allocation to CAPEX was about 14.68 percent of the total allocation. In monetary terms there was an increase of about GHC 530,867,915.00 over 2018 allocation. Even though this is a significant increase one would have expected much more given the number of infrastructural interventions outlined by government in the minister’s speech. Compensation continues to take up the highest chunk of the allocation with a percentage of 58.92 which is a slight decrease from allocation for last year. This could be a result of governments cap on staff cost stated in the budget. With reference to the table below, goods and services makes up about 26.40 of the allocation, however it is important to note that in monetary terms there has been an actual increase of about GHC 187,980,495 when compared to allocation in 2018.

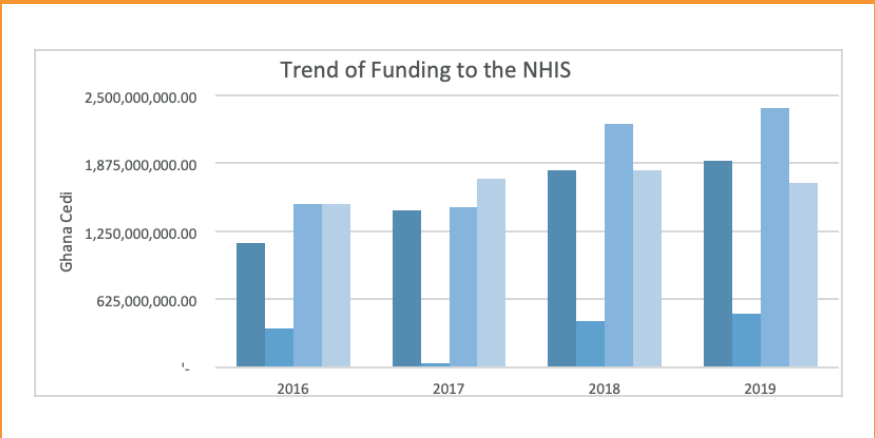
Graph 2: Percentage share of MoH Allocation along Expenditure Categories



NHIS

The government in the 2017 budget statement acknowledged the need for special attention to be paid to the restructuring of the scheme but no clear strategy has yet been outlined fast forward to 2019. The 2019 Budget makes mention of Reform Agenda Strategy of the NHIS with reference to the abolition of the capitation and introduction of the E-receipt system. However there was next to no further details given on the content of the strategy and/or if government had come up with a sustainable funding strategy. Government is reported to have paid a total of GHC 1.2 billion debt owed by the NHIS, it is however not clear if this amount covers all debt to date and whether all service providers have actually been paid given the continuous reports in the media of service providers outcry over debts still owed by the scheme. Similar to the 2018 budget, the 2019 also failed to mention governments plan to solve the structural challenges the scheme still faces. Also, government failed to give an overview of the findings of the technical team, and how these findings will inform the next steps for the reforms to the NHIS.

Graph 3: Revenue allocation from to the NHIL to the NHF



Source: 2016, 2017, 2018 and 2019 National Budget Statement

As seen in the graph above, the combined total revenue from the NHIL and SNNIT to NHIL is approximately GHC 2,381,014,749.00 however total allocation to the NHF is GHC 1,692,678,294. As seen above there has been a trend from 2017 to 2019 where total NHIL and SNNIT do not match total allocation to the NHF. We will expect that the total revenue generated from the NHIL at least should match total allocation to the NHF, when you consider that there is still a shortfall of about GHC 202,421,706.00. We would like for government to explain the difference. There is still a huge funding gap that needs to be filled if government wants the NHIS to effectively function. Government must be willing to commit more resources and find sustainable funding sources for the scheme. With these trends of mix matching allocation one will begin to question government's real commitments to making the NHIS work hence attaining UHC as stated in the budget statement.

Summary

Healthcare continues to be a challenge. The initiatives outlined in the 2019 budget should result in increased facilities and improved services. However the success of these interventions will depend on government's commitment to actual budget execution, ability to engage train and retain the right staff mix across the country as well as ensure that the necessary logistics are available.