

Health Challenge as A Factor Affecting Health Insurance Purchase in Private Sector Organizations in Kwara State, Nigeria

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Abstract

*This study attempts to investigate health challenge as a factor influencing health insurance purchase in private sector organizations, with special reference to Nigerian Bottling Company Plc as the case study. The study makes use of primary data that was sourced through a well-structured questionnaire. A total of one hundred (100) questionnaires were administered to the selected sample, while ninety five (95) were properly filed and returned. The person product moment correlation coefficient and the t-test were adopted for the data analysis. The result of the analysis shows that there exist a positive relationship between health challenges and health insurance purchase ($r = 0.649^{**}$ $N = 95$, $P < 0.1$). In the same line of analysis, the result of the t-test analysis reveal that both health challenges ($t = 138.059$, $p = .000$, $\mu = 4.5912$) and health care challenge ($t = 141.966$, $p = .000$, $\mu = 4.5701$) are significant at 1% level of significance. It was concluded that there is a significant relationship between health challenges and health insurance purchase and that there is a significant difference between health challenges and health care challenge as a predictor of health insurance purchase. It is recommended among others that health service providers must endeavor to render cutting edge service to their registered members through improving on the quality of drugs and attention to patients.*

Key Words: Insurance, Health Insurance, Health Challenge, Purchase, Private Sector Organizations.

Introduction

Health insurance is emerging as the most preferred form of health financing mechanism in situations where private out-of-pocket expenditures on health are significantly high and cost recovery strategies affect the access. The insurance mechanism helps people to pool their risks and transfer risks of unforeseeable healthcare costs for a pre-determined fixed premium thereby avoiding catastrophic financial burden (Griffin 1992). In Nigeria, private out-of-pocket healthcare expenditures are high and growing at significantly high rate over the years (Ogunbekun, 2006).

Health insurance is considered (Gilson L et al. 2011) to healthcare. most appropriate health financing mechanism in this kind of situation. The health insurance, both private voluntary and micro health insurance schemes, is growing but the sector is in nascent stages of its development. Understanding the factors, which affect the demand and renewal decisions of continuing in health insurance programme, is imperative for future growth and development of this sector. Many studies have analyzed factors affecting demand for health insurance purchase decision (Scotton 1969; Cameron, Trivedi et. al. 1988; Savage and Wright 1999) in many countries. It is hypothesized that factors, which affect health insurance renewal, may not be the same as factors affecting health insurance purchase decision. Since health insurance is not mandatory, it faces challenges of ensuring all policyholders renew their policies, as these policies are not sold for long-term.

In health insurance generally short-term plan of one-year duration are sold. It is only recently some private general insurance companies have started selling two-year health insurance plans. Health insurance providers are generally reluctant to offer long-term health insurance policies because of several reasons, which are the unpredictability of medical costs in future, continuous changing sphere of medical technology and medical procedures, advancement in medical research, and difficult in making reasonable assessment of cost of covering health risks. The health epidemiology of communities is also least understood aspect posing challenge in determining actual appropriate pricing of insurance products. The other reasons are issues related to portability of health insurance. In health insurance, generally insurer with the help of third-party administrator would have developed preferred provider network. The policyholder movement from one place to another poses challenge of ensuring the provision of medical services. The development of provider network may happen at unpredictable different costs.

Considering these factors, long-term health insurance policies are not popular and therefore renewal of policies assumes significant importance. The risk category of policyholder can have significant implications for the cost of healthcare and therefore can dramatically affect the pricing of the product. For example, the insurance premium for an old person will be much higher than that of a young person. When policyholder's profile affects costs, competition among various insurance providers may produce undesirable results (Cutler and Zeckhauser 1992). It will be difficult for insurance providers to develop long-term products. Another issue in this market, which may arise here, is adverse selection problem. Health insurance companies use the term "adverse selection" to describe the tendency for high-risk people to be more likely to buy health insurance. Therefore, these issues make market for health insurance more complicated and different from other markets. Understanding the factors, which affect the demand and renewal decisions of continuing in health insurance programme, is imperative for growth and development of this sector. It is against this backdrop that this study is set to examine health challenge as a factor influencing health insurance purchase among workers in private organizations with special reference to Nigerian bottling company plc, Ilorin.

Law Behind Health of Individuals in Nigeria

In 2006, as a part of the effort to strengthen the national health system in Nigeria, there was the adoption of the National Health Policy (NHP). This policy seeks to establish a realistic health financing system that has the capability of meeting health system goals of improved health status of Nigerians; financial protection of

citizen against cost of illness; fair financing of health services; and responsiveness to the citizens' expectations. This plan includes the implementation of a re-designed National Health Insurance System (NHIS).

The National Health Insurance Scheme (NHIS) is a corporate body established under Act 35 of 1999 by the Federal Government of Nigeria to improve the health of all Nigerian at an affordable cost. At present, the programme covers only federal government employees (NHIS, 2013). The National Health Insurance Scheme (NHIS) is funded primarily by contributions from members based on income. For the formal sector, health insurance program contributions are premiums that make up fifteen per cent (15%) of an individual's basic salary. The employer contributes ten per cent (10%) while the employee pays five per cent (5%) of basic salary for coverage of full health benefit of themselves, their spouse, and up to 4 children provided they are under the age of 18. However there may be coverage for additional supplementary benefits based on extra contributions made by employers as a requirement from the Health Maintenance Organisation (HMO). The participants in the Informal Sector Program are expected to make a monthly contribution based on the benefits package of their choice as well as other factors. The poor, elderly, veterans, and disabled are exempted from paying membership premiums (NHIS, 2013).

The Health Maintenance Organization under this scheme ensures that the affiliated providers provide suitable health care services to the contributor who registers with their organizations through their employer or directly as the case may be. Health care providers under this programme are either paid by capitation or fee-for-services.

Problem Statement

The large gap in access to health and health care between different groups in developed and developing countries (Nigeria inclusive) is well established. It is also established in health economics that the demand for health care is a derived demand from the demand for health. In the same line of thought, Heller, cited by Sanusi and Awe, (2009) noted that demand for healthcare, whether preventive, curative, rehabilitative and promotive is derived from a more fundamental demand for good health. One of the problem with the Nigeria's health system is that those who are not economically empowered or do not have sufficient incomes cannot afford to pay for any delivery system and even sometimes cannot afford to purchase drugs for simple ailments (Owolabi, 2016). Low income earner as well as people having large families who would want to secure the health of their families by transferring their health risks to health insurance scheme may likely not be able to do so. It is a popular belief that the probability of high medical bills occurring is far higher than the little insurance premium they would pay. The challenge of out-of-pocket health spending is so common in Nigeria, being a low-income country. This makes the access to health care majorly dependent upon individual's ability to pay giving room for inequalities in the access to health services. Hadley, (2002) as sighted in Owolabi (2016) opine that lack of health insurance promotes deferment in seeking health care, non-compliance of the treatment regimen and results in an overall poor health outcome. The challenge facing developing countries therefore is to shift from out of pocket financing to pooling of risk arrangements and to ensure effective financial protection and coverage. Hence, this study would be to investigate health challenge as a factor influencing health insurance purchase in private sector organizations in Ilorin, Kwara State, Nigeria.

Objectives of the Study

The broad objective of this study is to investigate health challenge as a factor influencing health insurance purchase in private sector organizations, with special reference to Nigerian bottling company while the specific objectives are to:

- i. Examine the relationship between health challenge and health insurance purchase in private organizations.

- ii. Analyze the difference, if any, between health challenges and health care challenge.
- iii. Investigate the various forms of health challenge facing worker in private organizations.

Research Questions

The study seeks to provide answers to the following research questions.

- i. What is the relationship between health challenge and health insurance purchase in private sector organizations?
- ii. What is the difference between health challenges and health care challenge?
- iii. What are the challenges facing workers in private sector organizations in relation to health insurance purchase?

Research Hypotheses

In line with the above formulated objectives, the study has the following research hypotheses:

H₀₁: There is no significant relationship between health challenges and health insurance purchase.

H₀₂: There is no significant difference between health challenges and health care challenge.

Significance of the the Study

Economists often emphasize that demand should not be confused with need, desire or want. The need, want, or desire for a good or service that is backed-up with the willingness and ability to pay is what they term as demand and this translates to purchase. Obviously, in a country like Nigeria where poverty is still a major problem and diseases are enormous, the need or want for health care would be high but the demand may not be as high due to the willingness and ability to pay.

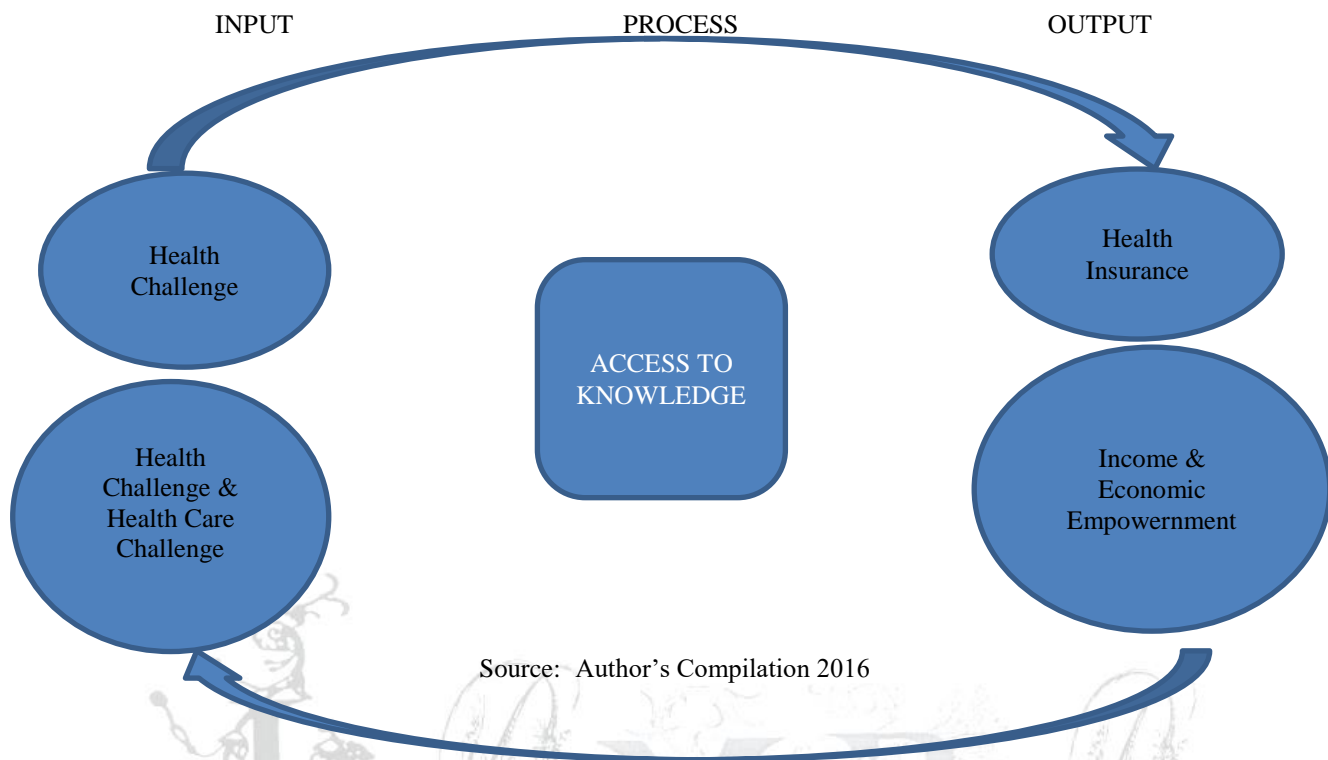
Although all these could emanate as a result of the introduction of health insurance, this research attempts to find out the effect of health challenge which preclude health care demand as a factor influencing health insurance purchase focusing on the direct health effect of the health insurance scheme. The research assesses the role HIS plays in increasing health care demand in Ilorin, Nigeria.

It will specifically find out whether it is health insurance that encourages individuals to consume what they would not ordinarily consume with/without the ability to pay for the health care commodity or it is their health challenge that encourages them to purchase health insurance products. It will also add to existing body of knowledge in the area of health insurance and provide reference for future research as well as give opportunity for further research.

Scope of the Study

The scope of this study is to investigate health challenge as a factor influencing health insurance purchase in private sector organizations, with special reference to Nigerian bottling company. The research work would be carried out in Ilorin, Kwara State. The research work shall be limited to only Kwara State because of time constraints as well as cost constraints. However serious efforts would be made to get as much available information as possible in order to highlight the relationship between health challenge and Health Insurance purchase in Ilorin, Kwara State.

Diagram of The Conceptual Framework



Source: Author's Compilation 2016

Materials and Methods

The total population available for this survey consisted of all employees of Nigerian Bottling Company Plc, Ilorin plant. The target sample was selected by using stratified random sampling techniques. A total of 100 employees were selected from across all departments. The research utilized a stratified random sampling method in which department represent strata and sampling was done at each level such that each member of a stratum has equal probability of being selected. This ensures the selection of employees with varying age bracket, different levels of experience and also different sexes.

The research design of this study is based on survey method. Both qualitative and quantitative methods data collection are used for this study. The research instrument designed by the researcher was a questionnaire administered to selected respondents. The instrument for the study is a questionnaire. The questionnaire was divided into two sections namely A and B. Section A contains the bio-data of the respondent which include: sex of respondents, marital status, age, educational qualification etc. Section B contains item relating to the problem.

They were all close ended question and the research made use of the five point Likert rating method of strongly agree, agree, undecided, disagree and strongly disagree. The quantitative data was analyzed through SPSS statistical software package and E-view software package used to analyze the qualitative data gathered questionnaires. After coding of qualitative data converted to quantitative data and analyzed using data presentation methods.

Result Tables: Data Presentation

You have had a medical examination within the past five years.

	Frequency	Percent	Valid Percent	Cumulative Percent
U	2	2.1	2.1	2.1
A	22	23.2	23.2	25.3
Valid SA	71	74.7	74.7	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

You routinely participate in vigorous exercise for 20 minutes at least three times a week

	Frequency	Percent	Valid Percent	Cumulative Percent
U	2	2.1	2.1	2.1
A	32	33.7	33.7	35.8
Valid SA	61	64.2	64.2	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Members of the family are able to share in the burden of the health insurance cost

	Frequency	Percent	Valid Percent	Cumulative Percent
U	2	2.1	2.1	2.1
A	32	33.7	33.7	35.8
Valid SA	61	64.2	64.2	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

The health charges/health costs are satisfactory

	Frequency	Percent	Valid Percent	Cumulative Percent
U	2	2.1	2.1	2.1
A	46	48.4	48.4	50.5
Valid SA	47	49.5	49.5	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Employer's income is sufficient enough to purchase health insurance

	Frequency	Percent	Valid Percent	Cumulative Percent
U	2	2.1	2.1	2.1
A	48	50.5	50.5	52.6
Valid SA	45	47.4	47.4	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Your health condition is good

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A	33	34.7	34.7	34.7
	SA	62	65.3	65.3	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

The doctors' services are satisfactory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A	47	49.5	49.5	49.5
	SA	48	50.5	50.5	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

Ambulance services are satisfactory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A	55	57.9	57.9	57.9
	SA	40	42.1	42.1	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

The quality and availability of drugs is satisfactory.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A	45	47.4	47.4	47.4
	SA	50	52.6	52.6	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

The waiting time to see the doctors and medical personnel is satisfactory.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	2	2.1	2.1	2.1
	A	22	23.2	23.2	25.3
	SA	71	74.7	74.7	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

Home visitation of medical personnel is satisfactory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	U	2	2.1	2.1	2.1
	A	32	33.7	33.7	35.8
	SA	61	64.2	64.2	100.0
	Total	95	100.0	100.0	

Source: Field Survey (2016)

Your religion is satisfied with health insurance scheme.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	32	33.7	33.7	35.8
SA	61	64.2	64.2	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

The facilities of accredited health centre close to you are adequate like medical lab

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	46	48.4	48.4	50.5
SA	47	49.5	49.5	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Your place of abode is close to any accredited health centre

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	48	50.5	50.5	52.6
SA	45	47.4	47.4	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

All recommended drugs are available within the accredited health center

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	21	22.1	22.1	22.1
D	5	5.3	5.3	27.4
A	22	23.2	23.2	50.5
SA	47	49.5	49.5	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Religious belief negates the NHIS provision

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SD	13	13.7	13.7	13.7
D	13	13.7	13.7	27.4
U	1	1.1	1.1	28.4
A	17	17.9	17.9	46.3
SA	51	53.7	53.7	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Specialist or referral medical centers are too far away

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	32	33.7	33.7	35.8
SA	61	64.2	64.2	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

The package is adequate enough to meet the health needs of the family

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	32	33.7	33.7	35.8
SA	61	64.2	64.2	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

The health insurance package takes care of more than 4 children to make it more attractive for purchase

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	46	48.4	48.4	50.5
SA	47	49.5	49.5	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

You maintain a healthy weight within the recommendations specified by a health care professional

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid U	2	2.1	2.1	2.1
A	48	50.5	50.5	52.6
SA	45	47.4	47.4	100.0
Total	95	100.0	100.0	

Source: Field Survey (2016)

Test of Hypotheses

H₀₁: There is no significant relationship between health challenges and health insurance purchase.

Variable	Mean	Std. Dev.	N	R	P	Remark
Health Challenges	4.591228	.3241359	95	.649**	.000	Sig
Health Insurance Purchase	4.33289	.502193				

* Sig. at 0.1 level

It is shown in the above table that there is a significant relationship between health challenges and health insurance purchase ($r = 0.649^{**}$ $N = 95$, $P < 0.1$). The implication of this correlation coefficient is that a 1% increase in health challenge will result in a 64.9% increase in health insurance purchase. Hence, it could be deduced that health challenges influence health insurance purchase in the study.

H₀₂: There is no significant difference between health challenges and health care challenge as a predictor of health insurance purchase.

Variables	t	Df	Sig of P	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Health Challenge	138.059	94	.000	4.5912281	4.525198	4.657258
Health Care Challenge	141.966	94	.000	4.5701754	4.506257	4.634093

The above table displays the result of the t-test analysis of the difference between health challenges and health care challenge as a predictor of health insurance purchase. The analysis reveal that both health challenges (t = 138.059, p = .000, μ = 4.5912) and health care challenge (t = 141.966, p = .000, μ = 4.5701) are significant at 1% level of significance. With this result, we can conclude that there is a significant difference between health challenges and health care challenge as a predictor of health insurance purchase.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Health Challenge	95	3.6667	5.0000	4.591228	.3241359
Health Care Challenge	95	3.5000	5.0000	4.570175	.3137689
Health Insurance Purchase	95	2.875	5.000	4.33289	.502193
Valid N (listwise)	95				

Correlations

		Health Challenge	Health Care Challenge	Health Insurance Purchase
Health Challenge	Pearson Correlation	1	.631**	.649**
	Sig. (2-tailed)		.000	.000
	N	95	95	95
Health Care Challenge	Pearson Correlation	.631**	1	.330**
	Sig. (2-tailed)	.000		.001
	N	95	95	95
Health Insurance Purchase	Pearson Correlation	.649**	.330**	1
	Sig. (2-tailed)	.000	.001	
	N	95	95	95

** . Correlation is significant at the 0.01 level (2-tailed).

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Health Challenge	138.059	94	.000	4.5912281	4.525198	4.657258
Health Care Challenge	141.966	94	.000	4.5701754	4.506257	4.634093

Discussion

The study confirmed the popular belief that the probability of high medical bills occurring is far higher than the little insurance premium they would pay and that the challenge of out-of-pocket health spending is so common in Nigeria, being a low-income country. This makes the access to health care majorly dependent upon individual's ability to pay giving room for inequalities in the access to health services. The researcher was able to conclude in line with Hadley, (2002) as sighted in Owolabi, (2016) that lack of health insurance promotes deferment in seeking health care, non-compliance of the treatment regimen and results in an overall poor health outcome. The challenge facing developing countries therefore is to shift from out of pocket financing to pooling of risk arrangements and to ensure effective financial protection and coverage. It is concluded that there is a significant relationship between health challenges and health insurance purchase, and that there is a significant difference between health challenges and health care challenge as a predictor of health insurance purchase.

Judging from the summary and conclusion of the study, it is recommended that;

Health service providers must endeavour to render cutting edge service to their registered members through improving on the quality of drugs and attention to patients. Fund is said to be the life wire of most private and public organizations in the world. This means that there is need to adequately fund the scheme by ensuring that there is timely and regular release of funds to health service providers.

Internal control system that will ensure that these funds reach the health service providers and not private pockets of corrupt private officials must be established and maintained. The study also suggests customer satisfaction as a significant factor in influencing the renewal decision of policyholders. This should prompt insurance companies to provide a good experience to their customers during the period of the policy.

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