# Why the National Health Insurance is an Imperative

National health insurance systems have been verified to offer a more rational and equitable alternative because they work by pooling financial risk across the entire population.


Stakeholders, Legislators, policymakers (MPs, Ministry officials, stakeholders from other Government MDAs) during a high level strategic and lobbying engagement/meeting to counter conservations and negative narratives on SHR, especially in the legal and policy-making process. PHOTO/COURTESY

**WE MUST ACT NOW**

**While mandatory enrollment is essential for effective risk pooling, contribution levels must take into account the realities of low-income households, marginalised populations, and informal sector workers.**

**RICHARD MUGANZI**

The National Health Insurance Scheme (NHIS) Bill currently at the Cabinet level for debate and consideration presents an opportunity to move the conversation beyond whether Uganda needs health insurance to a more important question of 'how the country can design an equitable system that protects households, strengthens the health system, and earns public trust.'

The proposed NHIS seeks to move Uganda closer to Universal Health Coverage (UHC) ensuring that all people can access essential health services without suffering financial hardships. The scheme proposes mandatory enrollment for adult Ugandans and a mix of innovative financing mechanisms, alongside contributions from employers and other financing streams.

While Parliament had passed the NHIS Bill in March 2021, it was later returned for further consultation following concerns raised by employers, labour unions, civil society, and sections of government.

Over the years, the Center for Health, Human Rights and Development (CEHURD) has been actively engaged in shaping Uganda's journey toward national health insurance. Through comparative learning visits to countries such as Ethiopia and Rwanda, engagement in regional and global UHC platforms, and sustained national advocacy, CEHURD has contributed to building the evidence base for needed reform.

Notably, a comprehensive right-to-health analysis of the NHIS Bill was undertaken, providing Parliament with detailed recommendations on issues of coverage, affordability, governance, and accountability to ensure the scheme aligns with constitutional and international human rights obligations.

As the Bill returns to the legislative agenda in the 12th Parliament, this presents an opportunity to advocate for urgency toward passing the bill especially given the current global shifts in health financing. This urgency requires a domestic solution to how healthcare can be innovatively and sustainably financed in Uganda.

Out-of-pocket payments are estimated to account for roughly 40 percent of the total health expenditure, meaning households must directly pay for medicines, diagnostic tests, and other healthcare costs whenever illness strikes.

Even in public facilities where services are officially free, families still incur significant expenses for drugs, supplies, and transport.

The consequences can be devastating and catastrophic. Evidence suggests that more than one-third of Ugandan households that incur health expenses spend over 10 percent of their non-food expenditure on healthcare, while nearly three in ten households spend more than 40 percent. These financial shocks often force vulnerable families to borrow money, sell their productive assets, or delay to seek medical treatment.

## Of concern

This situation is becoming even more concerning as Uganda's disease burden evolves. While infectious diseases such as HIV, tuberculosis, and malaria remain major health challenges, the country is experiencing a steady rise in non-communicable diseases including hypertension, diabetes, and cancer. These conditions require long-term care and regular access to medicines which becomes extremely difficult to sustain when healthcare financing largely relies on direct household payments.

For these reasons, many health policy experts consider national health insurance as one of the most important structural reforms Uganda can undertake.

National health insurance systems have been verified to offer a more rational and equitable alternative because they work by pooling financial risk across the entire population. Instead of households bearing the full cost of illness, contributions from many people are equitably combined to finance healthcare for those who need it. This protects families from catastrophic health expenditure and enables government to strategically allocate its resources.

However, the debate in Parliament raised legitimate concerns that must be addressed if the NHIS is to succeed.

Employers questioned the structure of contributions and their potential impact on business competitiveness.

On the other hand, the Labour representatives had concerns about wage deductions. Policymakers also raised the challenge of ensuring coverage for Uganda's large informal sector, which constitutes the majority of the workforce. Equally important are concerns about governance and transparency safeguards. Without strong accountability mechanisms, public confidence in the insurance fund could easily be undermined.

These concerns should not derail reform. Rather, they should guide improvements to the design of the scheme. Uganda can also draw lessons from countries in the region that have successfully implemented national health insurance systems.

Rwanda's community-based health insurance system, *Mutuelles de Santé,* now covers more than 80 percent of the population and has significantly expanded access to primary healthcare. Ghana's National Health Insurance Scheme, introduced in 2003, replaced the "cash-and-carry" system that required patients to pay upfront for care.

Meanwhile, Kenya's National Hospital Insurance Fund has progressively expanded coverage to include outpatient services and informal sector workers. These examples demonstrate that national health insurance systems can work when carefully designed and transparently implemented.

## Policy priorities should guide

As members deliberate on the NHIS Bill when it is returned to the floor of Parliament, several policy priorities should guide the final design of the scheme.

First, the contribution framework must be equitable. While mandatory enrollment is essential for effective risk pooling, contribution levels must take into account the realities of low-income households, marginalised populations, and informal sector workers.

The mechanisms for cross-subsidisation across private sector and Government institutions will be necessary to ensure that the vulnerable are not excluded.

Second, primary healthcare must be the foundation of the benefit package. Insurance systems that prioritise preventive care, maternal health services, and early disease detection are far more efficient than those focused primarily on hospital-based treatment.

Third, strong governance and accountability mechanisms are essential.

The management of the insurance fund must include transparent reporting systems, and independent oversight, with safeguards against negligence of duty, abuse of power, and misuse of resources.

Fourth, the scheme must be integrated into Uganda's broader health financing strategy.

As external support for programmes such as HIV, tuberculosis, and malaria gradually evolves toward greater domestic responsibility, national pooling mechanisms like the NHIS will be critical to ensuring innovative mechanisms for long-term sustainability.

Finally, public trust and ownership must be built through well-streamlined procedures and continuous stakeholder engagement. Citizens must understand how their contributions are to be collected, how funds are used, and what benefits they can expect.

Ultimately, the real cost lies not in implementing national health insurance but in continuing with the current fragmented system.

Every year of delay in passing the NHIS Bill means that more households will be pushed into poverty by medical bills, more delayed treatment, and continued inefficiencies in health financing.

Parliament now has an opportunity to shape one of the most important reforms in Uganda's health system.

The task ahead is not simply to pass the NHIS Bill, but to also ensure that the final design delivers real financial protection, stronger health services, and long-term sustainability for all. This is both a policy priority and a national imperative.

**Mr Muganzi is the Programmes Director, CEHURD**