



# Salus Trust Ltd RC: 692203

(A Health Maintenance Organization)

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...the HMO with a heart

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## PRESS RELEASE:

### **SALUS TRUST HMO NOT BENEFICIARY OF NHIS-ASSIGNED FEDERAL CIVIL SERVICE ENROLLEES**

The National Health Insurance Scheme, NHIS, is the regulatory body of Health Maintenance Organizations (HMOs) in Nigeria, just as CBN is to the banks, PENCOM is to the Pension Funds Administrators and NCC is to the Telecommunications Companies (MTN, GLO, Airtel, and Etisalat). The new Executive Secretary of NHIS, Prof. Yusuf, appointed by the Presidency late 2016 appears not to have properly explained to Nigerians that some HMOs, not all, actually receive monthly remittance of funds from government for Federal Civil service lives continuously assigned to them since 2005.

There is, therefore, the need to explain the fact of this matter that is gradually doing subterranean damage to health Insurance business in Nigeria. Less than half of the 59 HMOs that currently operate in the Nigerian landscape actually have public sector (Federal Civil Servants and their dependants) lives assigned to them. This allocation of Public sector lives was done by the NHIS in 2005. Salus Trust was incorporated by the Corporate Affairs Commission in 2007 and accredited by the NHIS to operate as a national Health Maintenance Organization in November 2008. Thus, Salus Trust does not have any form of allocation of Federal Civil Service lives from the NHIS. Salus Trust and several other HMOs that were accredited much later by the NHIS carry on their businesses in the Private sector of the Nigerian economy and do not receive any form of remittance of funds from the NHIS. In fact, all HMOs that carry on the business of enrollment in the Private sector pay 1% of the premium contributions received from enrollees annually to the NHIS as regulator's fee.

There has been consistent misinterpretation of what the new Executive Secretary of the NHIS has called health subsidy to the HMOs and the failure of any one to properly explain the arrangement between the NHIS and HMOs in this saga. At inception of the NHIS and the allocation in 2005, it was agreed that the sum of N991.50 be remitted to each HMO per month per enrollee for the following purposes and risk bearing:

<b>% OF FUNDS REMITTED</b>	<b>PURPOSE OF FUNDS</b>	<b>RISK BORNE BY</b>
1. 75.64% to HMO for Providers	Primary care capitation	Health Care Provider (Primary care)
2. 11.35% to HMOs for Providers	Fee-for-service performed	HMOs (Secondary & Tertiary care)
3. 13.01% to HMOs	Administrative fee	HMOs manage enrollees & Providers

1 | Page

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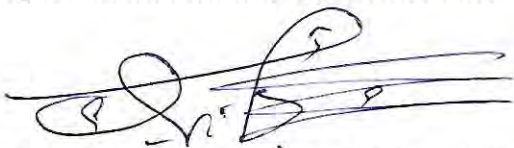
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Generally, in insurance business, the risk bearer settles claims in gain or in loss situations. Thus, Providers bear the risk of Primary care services with the 75.64% of funds or N750 paid to them as Primary care capitation per month per enrollee whether more expenses are incurred during the month from encounters by enrollees or not (So they are not expected to make refunds to NHIS during a month when lesser expenses are incurred for primary care services). Likewise, HMOs bear the risk of Secondary and Tertiary care services by settling the medical claims submitted to them by Providers for services performed by the Providers making claims (HMOs manage care at this level through authorizations, case management, quality assurance, and enrollee satisfaction measurements). The balance sum of 11.35% or N112.50 of funds per month per enrollee paid to HMOs by the NHIS is a form of reward for the services provided by the HMOs. NHIS staff visits these HMOs quarterly to reconcile the accounts and funds usage. As a fall out of those reconciliations, HMOs make returns of funds on all the funds pertaining to providers who have either exited the Scheme or closed business and thus did not receive capitation payments from HMOs. In addition, the HMOs that have the Federal Civil Service lives secure Advance Payment Guarantee Bond from Underwriter/Insurer chosen by the NHIS to insure the funds remitted to such HMOs. Where then is the health subsidy? This is simply the principle of insurance, no subsidy involved. The NHIS, as regulator, has the responsibility of punishing defaulting HMOs instead the Executive Secretary points accusing fingers at all HMOs. It is also important to note that enrollees have the choice of Primary care Providers. If an enrollee is not satisfied with the services offered by his preferred health care provider he/she has the right to change Provider. The National Assembly is now committed to investigating the activities of the HMOs allocated Federal Civil Service lives since 2005 in terms of their utilization of funds remitted and their operations; a welcome development.

Salus Trust diligently markets its products within the Private sector market segment and does not have any allocated Federal Civil Service lives. The HMO has a lot of innovate products and interventions including the new Franchise business initiative for the Catholic market. The ultimate goal of HMOs is to assist governments at all levels in Nigeria to facilitate the drive towards achieving Universal Health Coverage.



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