

Fixing Nigeria's Healthcare Pipes: A Call to Action for Reform

By Simeon Christian Chukwu

Nigeria's health financing debate often focuses on what we lack. However, the resources are already moving through our system; they just aren't being utilized effectively. Households bear a significant burden through high out-of-pocket spending, governments budget too little and release funds too slowly, and private capital sees the need and opportunities but not bankability. The current system is inefficient and unsustainable. We spend roughly \$120 per capita on health, with about 70% paid directly by households¹. This model predictably delays care and deepens poverty. Catastrophic health expenditures hit roughly one in five households, while the Universal Health Coverage (UHC) service index hovers at 44/100.²

To address these challenges, we need to re-plumb the pipes. Three practical shifts can change the curve. First, we must insure the informal economy using digital channels that Nigerians trust. Fewer than 10% of Nigerians are insured today, compared with about 90% in Rwanda. Federal mandates can seed the pool, but scale will come from frictionless onboarding through USSD, agent networks, and WhatsApp flows. Second, we must



protect primary care funds at the source and make every naira traceable, which is a trend we have started seeing from this administration. States now have more fiscal space post-reform, yet leakages between budget and actual disbursements remain a challenge. A pragmatic fix is "top-slicing," deducting agreed health amounts from the Federation Account Allocation Commission (FAAC) source before state disbursement, and routing them to NHIA and PHC accounts under clear spending rules.

Third, we must crowd in private capital by de-risking cash flows. The private sector already accounts for almost 75% of health spending, but fragmented, out-of-pocket payments starve health providers of predictable revenue. Pooled purchasing through bigger, better-enforced insurance pools can unlock term finance for primary healthcare facilities and improve cash flows. Digital accountability is crucial to this agenda. Payments, identity, and claims must talk

¹ <https://pmc.ncbi.nlm.nih.gov/articles/PMC6186489/>

² <https://www.indexmundi.com/facts/nigeria/indicator/SH.UHC.SRVS.CV.XD>



to each other. We need to link NHIA enrollment to BVN/NIN and a simple QR credential, use instant rails for capitation and claims, and require e-claims with basic tagging to make fraud harder and performance measurement easier.

When money, identity, and data move together, three things follow: fewer leakages, faster care, and a flywheel of trust. Patients show up earlier because coverage is real; providers invest because cash flows are predictable; investors follow utilization, not promises. Maternal health is a sensitive barometer of system function. We can bend Nigeria's maternal-mortality curve by enrolling more women into prepaid cover, paying PHCs capitation with performance bonuses for antenatal completion and skilled birth attendance, and integrating tele-midwifery and transport vouchers into the benefit.

The Federal Government has begun to move in the right direction. Health insurance has been made compulsory across Ministries, Departments, and Agencies – with contractors now required to show insurance coverage – while NHIA pursues a 44 million enrolment target by 2030. Budget allocations have more than doubled in two years (N1.23 trillion in 2024 and N2.48 trillion in 2025)³, and there is a current proposal to raise the Basic Health Care Provision Fund (BHCPF) from 1% to 2% of federally collected revenues. These are the right signals; the test is execution. Money must reach facilities on time, services must be bought efficiently, and poor households must be protected from financial shock.

Does doubling the health budget solve the issues? Not quite. While it's a step in the right direction, more is needed. Despite the recent increase, the budget allocation remains low, at just over 5% of the total budget, falling short of the Abuja Declaration's 15% target⁴. Consistent funding and effective execution are crucial to achieving universal, affordable primary care. Nigeria's health financing system requires reform. To enhance healthcare outcomes and reduce poverty, we need to insure the informal economy, protect primary care funds, and attract private capital, with digital accountability being a major driver. As long as vulnerable households bear out-of-pocket costs, universal health coverage will remain a dazzling mirage. Reimagining the future of healthcare financing means ensuring universal health coverage that's available, affordable, and accessible to all Nigerians – it's the only way forward.

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³ <https://budgetoffice.gov.ng/index.php/2025-executive-proposal>

⁴ <https://au.int/sites/default/files/pages/32894-file-2001-abuja-declaration.pdf>