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**TITLE:**

**AN OVERVIEW OF NATIONAL HEALTH INSURANCE (NHIA) ACT  
AND ITS IMPLEMENTATION**

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**BY**

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## **Abstract**

*The National Health Insurance Authority (NHIA) Act of 2022 was enacted to transform Nigeria's health financing architecture and achieve universal health coverage (UHC) through mandatory health insurance for all citizens. The Act replaced the National Health Insurance Scheme (NHIS) and requires each state to establish its own Social Health Insurance Agency. This study assesses the progress of NHIA Act implementation two years after its passage. It uses a descriptive review of secondary data from federal and state sources, the World Bank, national media reports, and peer-reviewed studies. The findings reveal uneven implementation across states, with Delta and Lagos demonstrating effective models through locally funded health schemes and strong administrative structures. However, challenges persist, including weak governance, low public awareness, and continued high out-of-pocket spending still about 70 % of current health expenditure. The study highlights that full realization of the NHIA Act's potential requires strong political commitment, improved coordination, sustainable financing, and effective monitoring mechanisms to ensure equitable access to healthcare for all Nigerians.*

## 1.0 Introduction

Access to quality and affordable healthcare remains a significant challenge in Nigeria. High out-of-pocket (OOP) payments deter care-seeking and increase the risk of catastrophic health expenditure. The NHIA Act (2022) seeks to reduce this burden by expanding pooled financing and mandating health insurance for all Nigerians. Despite these reforms, approximately 90 % of Nigerians still rely on OOP payments (The Guardian, 2024), indicating limited progress toward universal coverage.

The Act aims to ensure that all Nigerians and legal residents have access to health insurance, create a Vulnerable Group Fund to subsidize coverage for low-income people, and empower the NHIA to regulate and coordinate all health insurance activities nationwide. Achieving these goals requires strong political will, adequate funding, and consistent state-level implementation.

## 2.0 Objectives

This study aims to:

1. Assess the progress of the NHIA Act implementation across Nigeria.
2. Identify gaps and barriers affecting enrolment and coverage.
3. Highlight state-level best practices that can guide nationwide adoption.
4. Recommend policy actions to enhance implementation and coverage.
- 5.

## 3.0 Methodology

### 3.1 Data Sources

This study uses secondary data from the NHIA, State Social Health Insurance Agencies, the World Bank's World Development Indicators, and reputable national media such as The Guardian, Punch, and ThisDay. Peer-reviewed sources, including BMC Public Health and Nature Communications Medicine, were consulted to validate implementation challenges and assess policy impact.

### 3.2 Limitations

The analysis depends on publicly available data, which may not reflect recent enrolment updates. Differences in reporting timelines and formats across states may affect direct comparison. Nonetheless, these sources provide a credible snapshot of current progress and implementation challenges under the NHIA Act.

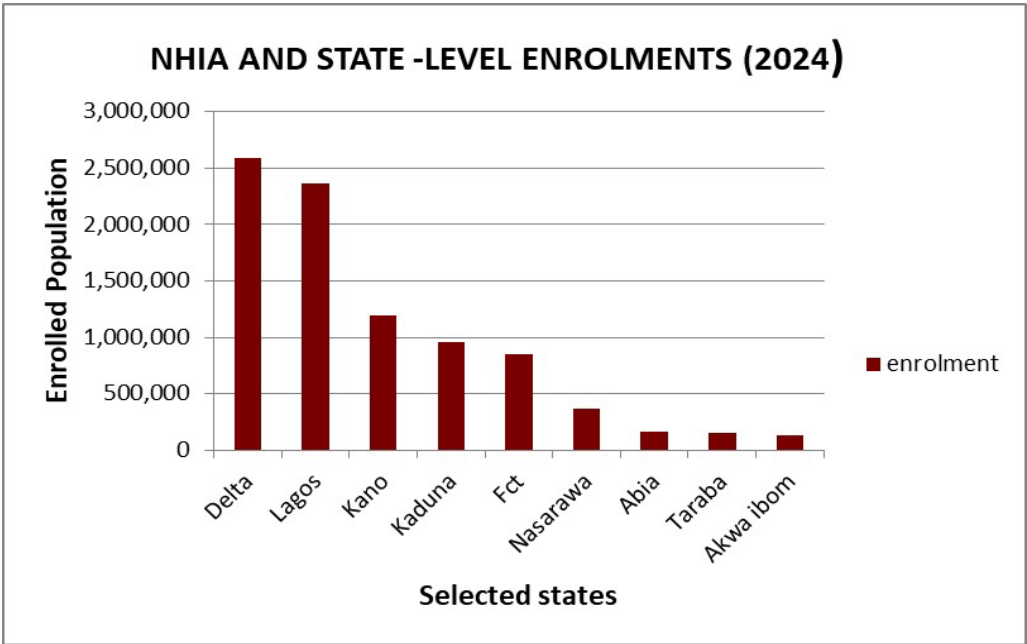
## 4.0 Findings and Discussion

Out-of-pocket payments remain dominant in Nigeria's healthcare financing structure. According to the World Bank (2022), OOP expenditures account for about **70% of current health expenditures**, underscoring the need for effective implementation of the NHIA Act to enhance

financial protection. The NHIA has made progress at the federal level, enrolling approximately **750,000 Nigerians** through national programmes (Punch, 2024).

At the state level, progress varies significantly. Delta, Lagos, Kano, and Kaduna lead in enrolment: **Delta (~2.58 million)**, **Lagos (~2.37 million)**, **Kano (~1.19 million)**, and **Kaduna (~953,000)**. In contrast, Abia, Taraba, and Akwa Ibom report fewer than 200,000 enrollees each (The Guardian, 2024).

**Figure 1** illustrates the uneven distribution of enrolment across selected states, underscoring disparities in the implementation of the NHIA Act.



**Figure 1:** NHIA & State-Level Enrolments, 2024.

Source: The Guardian, 2024.

Created with Microsoft Excel.

This uneven distribution shows that while progress is concentrated in leading states like Delta, Lagos, Kano, and Kaduna, significant room remains for other states to scale up implementation of the NHIA Act.

### Learning from Successful States

Delta and Lagos provide practical models for other states to operationalize the NHIA Act effectively.

1. **Delta State:** The Delta State Contributory Health Commission (DSCHC) integrates the NHIA Act into its Equity Health Plan, extending coverage to over **two million residents**.

The scheme's success stems from strong political commitment, local government structures for enrolment, and a dedicated equity fund that subsidizes premiums for low-income people (ThisDay Live, 2024).

2. **Lagos State:** Through the Lagos State Health Management Agency (LASHMA) and its Ilera Eko plan, Lagos domesticated the NHIA Act by leveraging digital platforms, private hospitals, and mobile enrolment centres. Over two million residents, including informal-sector workers (Lagos State Government, 2023), are covered. Strategic public-private partnerships and executive-level support have positioned Lagos as a national model for the sustainable expansion of health insurance.

These examples demonstrate that strategic leadership, funding mechanisms for vulnerable groups, and strong administrative structures can significantly boost enrolment. Other states can learn from these approaches to improve their own health-insurance frameworks.

Recent research supports these findings. **Effiong et al. (2025)** observed that despite the NHIA Act's robust framework, implementation at the state level is hindered by weak administrative capacity, limited funding, and inadequate public awareness. Similarly, **Essien (2025)** emphasized that while the Act enhances Nigeria's legal foundation for health financing, substantial gaps remain in financial protection and equity.

Existing gaps and challenges persist despite these efforts. Studies (**Effiong et al., 2025; Essien, 2025**) identify low public awareness, weak administrative capacity, limited state-level domestication, and high out-of-pocket spending still around 70 % of total health expenditure as key barriers to realizing the full potential of the NHIA Act.

## 5.0 Policy Implications and Recommendations

The slow pace of domestication of the NHIA Act across several states risks widening health inequalities. Key recommendations include:

1. **Accelerate State Domestication:** States that have not yet implemented the Act should establish functional SHIAs and align with federal guidelines.
2. **Increase Awareness:** Governments should use the media, community leaders, and civil society to educate citizens about health-insurance benefits.
3. **Strengthen Financing:** Sustain funding for vulnerable groups through the Basic Health Care Provision Fund (BHC PF) and the Vulnerable Group Fund.
4. **Improve Monitoring and Evaluation:** Create transparent reporting systems to track enrolment, fund utilization, and performance outcomes.
5. **Encourage Public-Private Partnerships:** Leverage private-sector capacity to expand service delivery and innovation.

## 6.0 Conclusion

The NHIA Act represents a vital step toward achieving universal health coverage in Nigeria. Its success depends on active state participation, sustainable funding, and effective governance. Leading states such as Delta, Lagos, Kano, and Kaduna demonstrate that success is achievable with the right institutional structures in place. Replicating these models nationwide will ensure that health insurance becomes a reality for all Nigerians, rather than a privilege for a few. Collective commitment from all tiers of government, legislators, and development partners is essential to transform the NHIA Act's promise into tangible results for millions of Nigerians.

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