

**The Nelson Mandela African Institution of Science and Technology  
(NM-AIST)**

**The School of Business Studies and Humanity**



**Course Code: BUSH 6008**

**Course Name: Technological Innovation and Entrepreneurship Management  
Individual Assignment**

**Activity: Tanzania as a Lower-Middle Income Country**

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## **1.0 Background Information of NHIF**

The National Health Insurance Fund (NHIF) is a Social Health Insurance Institution established under the National Health Insurance Act, Cap 395 with the main objective of ensuring accessibility of health care services to people. It is a Government entity that operates under the Ministry of Health Community Development, Gender, Elderly and Children (MHCDGEC).

The Fund considers health insurance as a societal affair rather than an individual need and thus operates under the principles of risk sharing and solidarity among members. Despite the compulsory enrollment arrangement to public servants, the Fund has expanded its coverage to include other groups like Councilors, private companies, education institutions, private individuals, children under the age of 18, farmers in cooperatives as well as organized registered groups like Machinga and Bodaboda groups. The Fund is also administering the Bunge Health Insurance Scheme and covers Members of the Zanzibar House of Representatives.

The National Health Insurance Fund is ISO 9001:2015 Certified since 2018 to embrace the benefits of a Quality Management System that significantly increases efficiency and reduces wastes as well as maximizing customer satisfaction.

Members of the Fund are categorized as Public Employees, Non Public Employee, Retired Public Employees, Students, Children under 18 years, Farmers in Cooperative Societies, Members of Organized Socioeconomic Groups e.g. Machingas, Bodaboda, Drivers, Individual members under Health Insurance Bundles and Bunge Health Insurance Scheme for Members of Parliament

The NHIF Benefits Package covers Registration and consultation, Medicines and medical consumables, Investigations, Dental and ophthalmological services, Inpatient care services, Procedures, Surgical services, Medical and orthopedic appliances, Rehabilitative services,

## **2.0 Challenges facing NHIF and clients**

### **2.1 Challenges facing NHIF**

The NHIF faces fraudulent activities done by its customers regularly in a means for customers to evade the costs they are supposed to pay. This is done when a customer goes to the hospital for treatment using an identity card of his friend or relative and register for treatment using the name of his friend or relative. This will cause the NHIF to incur a lot of costs at the end as they will be paying the medical bills of multiple people for the price of one

This will defeat the whole purpose of shared risk as it was intended for all users to have their own separate cards at low cost so as to share the risk and help fund the costs incurred by individuals who spend more than the membership cost they incurred

### **2.2 Challenges facing NHIF clients**

The NHIF clients belonging to the member groups listed above find the membership costs affordable and they readily subscribe to the NHIF packages. However, the individuals not existing in any of those groups ie private individuals are required to pay 1,200,000 Tshs eor services that will include six beneficiaries including spouse and children below the age of 18yrs old.

This poses a major problem to those individuals who do not have qualified beneficiaries as they too will be required to pay the same cost 1,200,000 Tshs. This leads to majority of the people not subscribing to the NHIF packages and endanger their lives when they fall sick and cannot afford to pay the required costs

## **3.0 Innovation by NHIF since 2019 to solve the above challenges**

Since 2019, NHIF was able to come with innovative ideas on how to solve the above mentioned challenges. This includes the implementation of new strategy as explained on the next page

### 3.1 NHIF introduced verification of cards before authorization of treatment (Introduced in 2015)

Since the year 2015, NHIF requested that all users requesting treatment at medical institutions need to have their identification cards verified through a database before they can be allowed to be treated. This helps the NHIF against fraudulent clients who may use the cards that have expired or cards that have not yet expired but have not been paid. Consider a child that is a beneficiary, by the time the child reaches 18yrs old, there was no means of NHIF knowing about this until the introduction of the database technologies to their systems

### 3.2 NHIF introduced different membership plans to suit individual needs

NHIF introduced different membership plans to suit individuals of different financial backgrounds as shown on table below

MICHANGO YA VIFURUSHI VYA NAJALI AFYA, WEKEZA AFYA NA TIMIZA AFYA										
NA.	UKUBWA WA FAMILIA	MCHANGIAJI KUANZIA MIKA 18- 35			MCHANGIAJI KUANZIA MIKA 36 - 59			MCHANGIAJI KUANZIA MIKA 60+		
		NAJALI AFYA	WEKEZA AFYA	TIMIZA AFYA	NAJALI AFYA	WEKEZA AFYA	TIMIZA AFYA	NAJALI AFYA	WEKEZA AFYA	TIMIZA AFYA
1	Mtu mmoja	192,000	384,000	516,000	240,000	444,000	612,000	360,000	660,000	984,000
2	Wanandoa	384,000	732,000	996,000	456,000	864,000	1,188,000	684,000	1,284,000	1,908,000
3	Wanandoa + Mtoto 1	504,000	924,000	1,272,000	576,000	1,068,000	1,464,000			
4	Wanandoa + Watoto 2	612,000	1,116,000	1,536,000	696,000	1,248,000	1,728,000			
5	Wanandoa + Watoto 3	720,000	1,284,000	1,788,000	804,000	1,416,000	1,980,000			
6	Wanandoa + Watoto 4	816,000	1,452,000	2,028,000	900,000	1,584,000	2,220,000			
7	Mtu mmoja+ Mtoto 1	312,000	576,000	792,000	360,000	648,000	888,000			
8	Mtu mmoja+ Watoto 2	432,000	756,000	1,056,000	468,000	828,000	1,152,000			
9	Mtu mmoja+ Watoto 3	540,000	924,000	1,308,000	576,000	996,000	1,404,000			
10	Mtu mmoja+ Watoto 4	636,000	1,092,000	1,548,000	672,000	1,164,000	1,644,000			

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**Table 3: NHIF Packages**

The packages described above allow clients of varying financial backgrounds to be able to subscribe to the plans which they can afford. Clients subscribing to **Najali Afya** have limited number of medical checkups throughout the year and can not perform higher cost procedures like MRI and CT-Scan. Clients with **Wekeza Afya** and **Timiza Afya** have higher number of procedures allowed annually and can perform higher procedures.

Furthermore, individuals without family members or qualified beneficiaries can have access to plans that suit their needs. This system is not perfect as clients may, at times require services that are not covered by their plans, however those type of individuals are rare and hence this plan does reduce majority of individual problems.

### **3.3 NHIF established a limit on the amount of services to be covered for each plan**

This idea of limiting the amount of medical checkups allowed annually helps NHIF reduce fraudulent procedures by the clients who may lend their cards to relatives and friends. When they lend their cards to their friends, there is a risk that the threshold will be met before the annual period passes and if they fall ill during this time, they will have to incur additional costs for their treatment as NHIF will not cover their cost

This will not eliminate completely fraudulency by the clients, however it will reduce fraudulency as some clients will be more cautious to lend their cards to friends and family for their own sake

### **3.4 NHIF established a structured procedure for obtaining referral hospital services**

When clients want to be treated at a referral hospital, they should first start at the hospitals at the ward level for consultancy, and if their problem can't be solved there, then they get a referral letter so take to the referral hospital. This helps NHIF reduce unnecessary costs as some clients clumsily go to referral hospitals for treatments which

can be done at medical institutions at the ward level. This is a great innovative idea as it minimizes congestion at referral hospitals and reduce costs

## **Conclusion**

Even with the mentioned innovative ideas developed by NHIF, there still remain a significant gap to be filled to further eliminate completely the fraudulent activities done by the clients. Solving this will rely heavily on the advancement in technology in ICT sector to introduce more efficient means to limit fraudulency. Tanzania however, is fast growing in the development of ICT sector and there is a bright hope for NHIF and clients in the future

## **References**

<https://www.nhif.or.tz/spotlight-services/list/6#gsc.tab=0>

<https://www.the-star.co.ke/sasa/lifestyle/2019-02-02-nhif-rolls-out-new-system-to-curb-fraud/>