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GMS Flash Alert

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Nigeria – Lagos State Government Requires Subscription to Health Insurance Scheme

The Executive Governor of Lagos State has issued an Executive Order ("the Order"), with immediate effect, for the compulsory subscription to Social Health Insurance by all residents, employers, and workers in Lagos State ("the State").[1] The Order has been issued in line with the objectives of the Lagos State Health Scheme (LSHS), which seeks to promote universal health coverage in the State, guaranteeing residents of Lagos State access to quality health-care services, irrespective of their socio-economic status.

For the complete report and analysis, see "Lagos State Government Issues Executive Order for the Subscription to Health Insurance Scheme by All Residents and Workers in Lagos State" (Issue No. 8.1, August 2024), a publication of the KPMG International member firm in Nigeria.

WHY THIS MATTERS

All residents and workers in Lagos State are required to procure their social health insurance from LASHMA, the Lagos State Health Management Agency, or National Health Insurance Authority-accredited health insurance providers that are registered with the Lagos State government. Residents and workers in the state who did not possess a valid social health insurance plan are required to register or renew their expired plans to access any public or private health-care facility in the State.

The new health-care insurance mandate in Lagos State will affect the take-home pay of individuals covered by the new rules – including globally-mobile employees – who will now have to pay the premiums. Employers that will also be covered by the new rules, will see their costs increase, as they will also have a premium obligation.

Assignment cost projections and budgeting may need to be reviewed in light of the new rules.

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More Details

Based on the Order, all residents, employers, and workers are required to subscribe to a Social Health Insurance Scheme (SHIS) either through the Lagos State Health Management Agency (LASHMA) or a private health insurance provider accredited by both the National Health Insurance Authority (NHIA) and the Lagos State Government (LASG).

The Order is backed by the NHIA Act, 2022 ("the Act"), which mandates every state in Nigeria, including the Federal Capital Territory, to establish and implement a State Health Insurance and Contributory Scheme to provide health care for all residents. The Act also stipulates that every Nigerian resident must obtain health insurance. Under the Act, the term "residents" includes all employers (with five or more staff) and employees in the public and private sectors, informal sector employees, and all other residents of Nigeria.

Registration

Registration can be completed by subscribing to a plan via the LASHMA website or through any Health Maintenance Organization (HMO) accredited by the NHIA and LASG.

Paragraph 35 (1) of the Lagos State Health Scheme Law 2015 provides that, as a resident of Lagos State, obtaining the Lagos State Residence Registration Agency (LASSRA) registration number is a prerequisite to enrolling for a health insurance plan.

What the Insured Individual Can Expect

The Order provides that health-care facilities in the State must provide emergency treatment for life-threatening cases without requesting evidence of the enrollment in a health insurance plan; however, once the patient's condition is stabilised, the patient must provide proof of registration for a social health insurance plan or register for one through any of the recommended health insurance agencies before receiving further medical care.

Roles and Responsibilities of Government

To foster compliance, all ministries, departments, and agencies ("MDAs") in the State are required to make sure that all Lagos State residents and workers who seek to use their facilities or services, have subscribed to the SHIS through the prescribed health insurance providers. The MDAs must obtain proof of social health insurance registration before granting desiring individuals access to their services in the State. In addition, the LASHMA will implement public awareness campaigns to educate the public on the significance and mandatory nature of the newly-introduced policy.

The Order also highlights the LASG's commitment to the release of equity funds for the benefit of the State's vulnerable citizens who cannot afford to procure a health insurance policy. Anyone in this category will be profiled by an appropriate officer in the public health-care facility and referred to the LASHMA for enrollment in the Equity Fund.

KPMG INSIGHTS

The Executive Order is a positive step towards fostering access to quality health-care services for residents and workers in the State, regardless of their socio-economic status. This aligns with the United Nations Sustainable Development Goal (SDG3), which is to "ensure healthy lives and promote well-being for all and all ages."

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The Act provides that participation in the state health scheme is mandatory; consequently, private health insurance becomes supplementary. However, the Lagos State government seems to have heeded the concerns expressed by the public and made it optional for residents to purchase their social health insurance through LASHMA or any of the NHIA-accredited private insurance service providers. The only condition is that such health providers must register with Lagos State. Consequently, individuals with health insurance with HMO's can stick with their existing private health providers.

The LASHMA health insurance scheme is tagged "Ilera Eko" and has different plans, such as the Standard Plan, Senior Plan, Diaspora Plan, and Telemedicine Plan.[2] Registration for the Lagos State SHIS can be completed via the dedicated website.

Employers should review their current systems and processes and make sure they are making any necessary adjustments in a timely manner, so as to be compliant with the new rules. It may also be appropriate to develop and issue clear communications to employees regarding any changes that will affect them in light of the new requirements and how their pay-slips will be affected.

All relevant stakeholders are advised to seek professional guidance on the implications of this Order. Questions and requests for assistance may be directed to a qualified professional services provider or the team with KPMG in Nigeria (see the Contacts section).

FOOTNOTES:

1 See the Lagos State Ministry of Health 14 August 2024 press release.

2 Please visit LASHMA's website for more details on all the available plans.

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Contact us

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