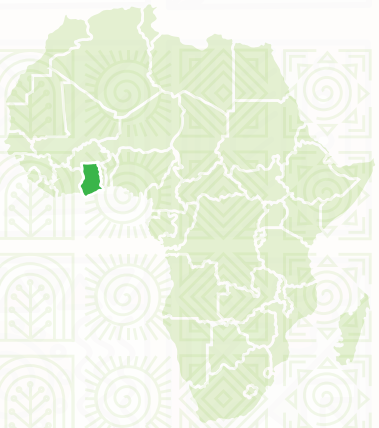
EXEMPLARS SERIES

AFRICAN RENAISSANCE

A Tax-Funded Health Insurance Model for Universal Coverage

Ghana



A Tax-Funded Health Insurance Model for Universal Coverage

Ghana

Ghana's exemplar examines one of Africa's longest-running national health insurance schemes and the continent's clearest example of earmarked-tax financing for health. It analyses how the National Health Insurance Scheme (NHIS), the National Health Insurance Levy (NHIL), and the 2025 uncapping reform reshaped the country's trajectory toward universal health coverage.

Core exemplar

A tax-funded national health insurance model anchored in the National Health Insurance Levy (NHIL), strengthened through the 2025 uncapping reform and digital integration.

Why it matters for ALM: It shows how earmarked taxation, legal reform, and domestic resource mobilization can sustain large-scale national health insurance while improving financial protection and reducing dependence on out-of-pocket payments.

Primary ALM contribution: More money for health, equity and financial protection, and governance and accountability through protected domestic financing and national insurance reform.

Replicability potential: High for countries seeking to finance universal health coverage through earmarked taxes, mandatory insurance arrangements, and digitalized enrolment systems.

1. Context: Building a Tax-Funded National Health Insurance System

Ghana established the National Health Insurance Scheme (NHIS) in 2003 under the National Health Insurance Act (Act 650), making it one of the earliest and most ambitious attempts at social health insurance in sub-Saharan Africa. The scheme was explicitly designed to replace the unpopular 'cash-and-carry' system, under which patients paid out-of-pocket at the point of service. Subsequent legislative reform (National Health Insurance Act 852, 2012) consolidated the institutional architecture under the National Health Insurance Authority (NHIA). Today the NHIS covers over 16 million active members — approximately 68–72 % of the population — and provides coverage for an estimated 95 % of disease conditions, including treatment for malaria, respiratory diseases, diabetes, hypertension, and childhood cancers (leukaemia, nephroblastoma, retinoblastoma, and neuroblastoma, added in 2021).

Ghana's health financing architecture draws on multiple revenue streams: the 2.5 % National Health Insurance Levy (NHIL), a consumption-based tax collected alongside VAT; Social Security and National Insurance Trust (SSNIT) payroll contributions (2.5 % of formal-sector wages); informal-sector premium payments (GHS 30–50/year, with exemptions for children under 18, pregnant women, the elderly over 70, and indigents); government budget allocations; and development partner contributions.

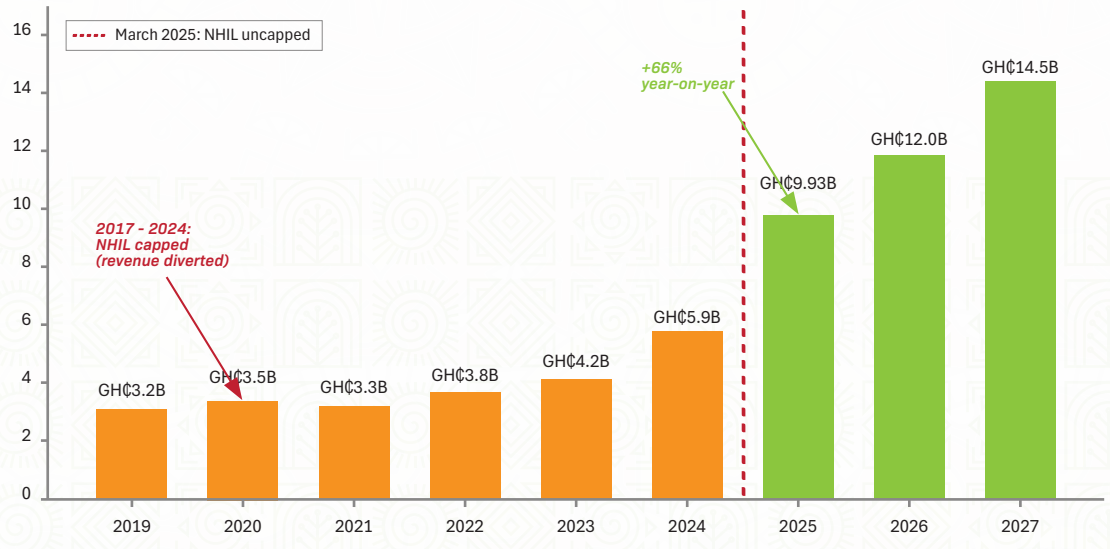
The NHIL alone provides approximately 70 % of NHIS revenue, making it one of the clearest examples of earmarked-tax health financing on the continent. Total health spending is projected at over GHS 17.8 billion (approximately USD 1.3 billion) in 2025, a 13.4 % nominal increase over 2024. Per-capita government health spending is approximately USD 80–90, approaching the WHO High-Level Taskforce benchmark of USD 86.30.

2. Mechanism: The NHIL, Uncapping Reform and Digital Integration

The NHIS's financial trajectory was disrupted in 2017 when the Earmarked Funds Capping and Realignment Act redirected a substantial share of NHIL revenue to other areas of the national budget, weakening the scheme's financial base and contributing to chronic reimbursement delays for service providers. Between 2017 and 2024, an estimated GHS 13.2 billion was allocated to the NHIS — far below what full NHIL revenue would have provided. The capping policy became a focal point for civil-society advocacy, with organisations including the Alliance for Reproductive Health Rights (ARHR), the Ghana Non-Communicable Diseases Alliance (GhNCDA), and development partners amplifying calls for the government to restore full NHIL revenue to health.

In March 2025, the government of President John Dramani Mahama announced the uncapping of the NHIL as part of the 2025 Budget Statement. Under the new policy, 100 % of NHIL proceeds are directed to the National Health Insurance Fund (NHIF). The immediate fiscal impact was dramatic: the 2025 NHIS allocation rose to GHS 9.93 billion (approximately USD 620 million) from GHS 5.9 billion in 2024 — a 66 % year-on-year increase. The medium-term commitment is equally significant: GHS 49.3 billion is earmarked for the NHIS over 2025–2028, compared to GHS 13.2 billion over the previous four years. Complementing this, in April 2025 President Mahama launched the Ghana Medical Trust Fund ('Mahama Cares'), specifically targeting NCD treatment not covered by the NHIS. The January 2026 VAT reforms (Value Added Tax Act 1151, effective 1 January 2026) further strengthened the architecture by abolishing the COVID-19 Health Recovery Levy and allowing businesses to fully deduct the NHIL and GETFund Levy as input VAT, reducing effective business costs by approximately 5 % and improving compliance incentives.

Ghana NHIS Funding: Impact of the March 2025 NHIL Uncapping
GH₵5.9B → GH₵9.93B (+66%); Medium-term target: GH₵49.3B (2025-2028)



Source: Ghana Ministry of Finance 2025 Budget Statement; ARHR (2025); NCD Alliance (Jan 2026); GRA VAT reforms; Globesolute Group, May 2026

Figure GH-1. Ghana NHIS Funding: Impact of the March 2025 NHIL uncapping. Allocation rose from GHS 5.9 billion (2024) to GHS 9.93 billion (2025), a 66 % increase. The 2017–2024 capping period had diverted NHIL revenue to general budget, weakening the scheme's financial base. Medium-term commitment: GHS 49.3 billion for 2025–2028.

3. Outcomes: Expanded Coverage, Financial Protection and Digitalization

The NHIS has delivered measurable improvements in both access and financial protection. A study using Ghana Living Standards Survey (GLSS 7) data found that NHIS enrolment increases healthcare utilisation by 26 % and decreases out-of-pocket payment by 4 %. Coverage has grown from approximately 8 % at inception (2005) to 68.6 % (2021 census) and an estimated 72 % in 2025, with over 16 million active members. The scheme covers 95 % of disease conditions and is accepted at over 91 public hospitals and 200+ private hospitals across all 16 regions. The 2022 integration of the NHIS with the Ghana Card (national biometric ID) — enabling mobile renewal via *929# USSD code and creating a Digital Counter for real-time membership tracking — is a significant operational upgrade that reduces fraud, streamlines renewals, and improves data quality.

The provider-payment architecture uses the Ghana Diagnostic Related Groupings (G-DRG) system for services and fee-for-service for medicines, replacing the original itemised fee-for-service. NHIS District/Municipal/Metropolitan offices engage certified health facilities on a contract basis, with facilities submitting claims for reimbursement. The chronic reimbursement delay — historically the NHIS's most significant operational weakness — has been substantially addressed by the uncapping of the NHIL, with the Minister of Health stating in October 2025 that 'the NHIS has moved past the era of delayed payments to service providers.'

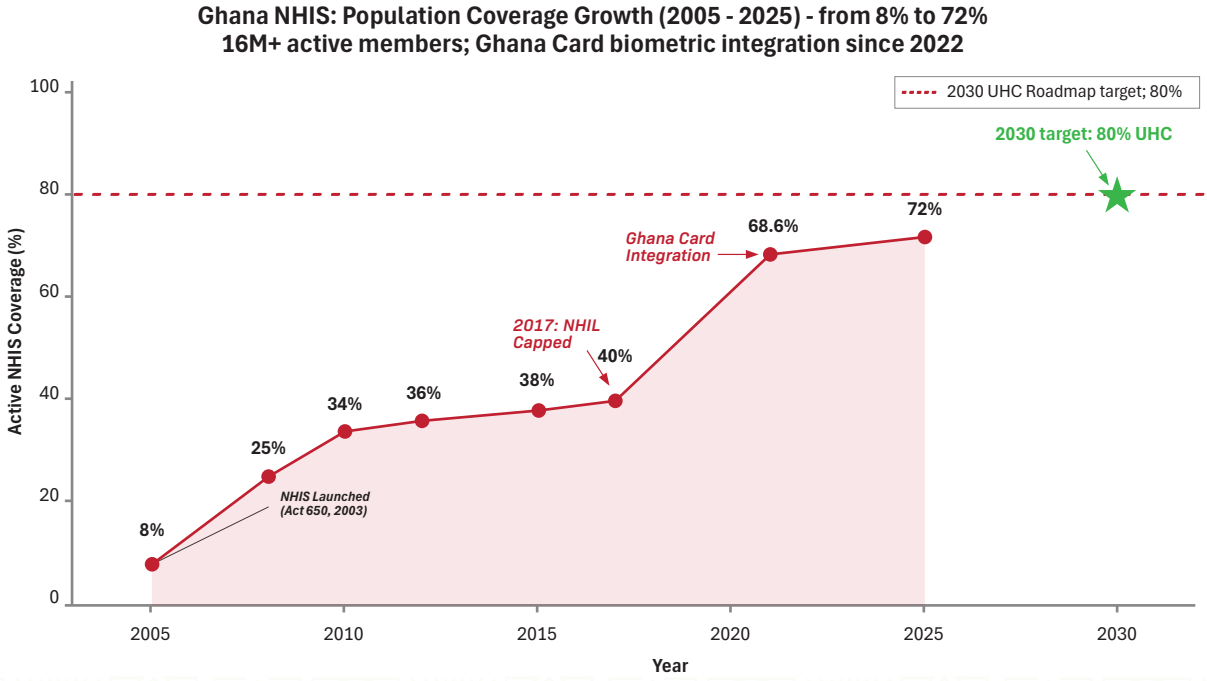


Figure GH-2. Ghana NHIS population coverage growth (2005–2025) from 8 % to an estimated 72 %. Key milestones: NHIS launched 2003 (Act 650), NHIL capped 2017, Ghana Card biometric integration 2022, NHIL uncapped March 2025. The December 2020 UHC Roadmap targets 80 % active coverage by 2030.

Despite these achievements, challenges remain. Enrolment is mandatory but enforcement is weak: between 28% and 48 % of the population are still unenrolled, and these comprise disproportionately the young, male, rural, and poor. Only 20 % of NHIS expenditure is directed to primary healthcare, with the majority spent on more expensive curative interventions. NCD coverage gaps have been substantive and they prompted the launch of the Ghana Medical Trust Fund in April 2025. The Ministry of Finance is keen to follow the government priority of reorienting policy around primary healthcare and preventive services, more so after the 2025 US foreign-assistance freeze, which made domestic resource mobilization through NHIL a matter of national health security and fiscal policy.

Key Vulnerability

Ghana's NHIS is the most mature earmarked-tax health insurance scheme in sub-Saharan Africa, but the 2017–2024 capping episode demonstrated how quickly political economy can undermine technically sound financing architecture. The diversion of NHIL revenue to the general budget for seven years weakened provider confidence, delayed reimbursements, and contributed to enrolment stagnation. The 2025 uncapping restored the revenue stream, but the institutional memory of that fiscal breach persists — providers and citizens will need sustained evidence that the uncapping is permanent before trust is fully rebuilt. Additionally, the 80/20 curative-to-preventive spending ratio represents a structural inefficiency: with NCDs now accounting for an increasing share of Ghana's disease burden, the NHIS's predominantly curative orientation will require deliberate rebalancing toward prevention, screening, and primary care. The Ghana Medical Trust Fund is a stop-gap; the long-term solution is an NHIS benefit-package redesign that embeds NCD prevention into the standard covered package.

4. Ghana on the ALM Scorecard

Ghana scores On Track on seven of the ten ALM commitments and Partial on three, making it one of the stronger performers in this assessment — and uniquely positioned as the continental reference case for earmarked-tax health financing through the NHIL. The three Partial ratings reflect operational execution gaps (provider-payment delays now largely resolved but institutionally scarring), the curative-to-preventive spending imbalance, and a pharmaceutical-manufacturing sector that has local capacity but has not yet reached continental-supply scale. The On Track ratings across political agenda, domestic resource mobilisation, partner leverage, operational undertakings, monitoring, accountability, and AU support reflect the 22-year institutional maturity of the NHIS, the March 2025 NHIL uncapping, the Ghana Card integration, and the explicit DRM framing of health financing in the 2025 Budget Statement.

ALM Scorecard Heat-Map	
Country	**Ghana**
1. Political Agenda	
2. Leverage Partners	
3. Domestic Mobilization	
4. Private Sector	
5. PMPA Harmonization	
6. Operational Undertakings	
7. Monitoring & Reporting	
8. Accountability Framework	
9. Hosting Role	
10. Leveraging AU Support	

Legend:
- Green = On Track
- Amber = Partial
- Red = Off Track

5. Key Lessons and Policy Implications

Earmarked taxes can work only if they are protected: Ghana's 2.5% NHIL is probably the strongest proof that a consumption-based earmark can reliably fund an NHI scheme over decades. The real lesson, though, is that the earmark must be shielded from fiscal raids. The 2017–2024 capping episode shows how quickly political economy can undermine a technically solid financing architecture.

Civil society can act as a fiscal guardrail: The sustained push by ARHR, GhNCDA, and development partners to reverse the NHIL cap — eventually successful in March 2025 — is a reminder that organised civil society can counterbalance fiscal diversion.

Ghana Card integration is a practical fraud-reduction tool: Linking NHIS membership to the national biometric ID has cut ghost enrolments, enabled mobile renewals, and created a real-time Digital Counter for tracking coverage. Any country with a functional national ID system can replicate this without reinventing the wheel.

G-DRG shows what a modern provider-payment system can look like: Ghana's move from fee-for-service to G-DRG is now the most mature case-based payment system in West Africa. It's a useful reference point for countries that are currently redesigning their provider-payment models.

The next frontier is NCDs — and the benefit package has to evolve Ghana's 80/20 split between curative and preventive spending isn't sustainable as the NCD burden grows. The Ghana Medical Trust Fund helps, but the real structural fix is integrating NCD prevention, screening, and PHC into the NHIS benefit package.

Domestic resource mobilization is now framed as health security: The acknowledgement at high government levels that NHIL-driven Domestic Resource Mobilization is "a matter of national health security" is the clearest articulation of the ALM argument from a sitting finance official.

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ALM score card sources: Ghana (7/10 On Track, 3 Partial)
C1: Political agenda — **On Track** Indicators: NHIS 2003 (Act 650/852 2012); Mar 2025 NHIL uncapped; Apr 2025 Ghana Medical Trust Fund; UHC Roadmap 80% by 2030 Sources: NHI Act 852 (2012); 2025 Budget Statement; ARHR Jun 2025; NCD Alliance Jan 2026
C2: Leverage partners — **On Track** Indicators: WB, GF, Gavi, USAID, WHO, EU active; external <15% THE — predominantly domestically financed; Minister Oct 2025 statement Sources: WB Ghana Health projects; GF GC7 Ghana; MoH Oct 2025 statements
C3: Domestic mobilisation — **On Track** Indicators: 2.5% NHIL = ~70% NHIS revenue; per-capita ~$85-90 (near $86.30); 2025 NHIS GHS 9.93B (+66%); SSNIT; GHS 49.3B medium-term Sources: Ghana MoF 2025 Budget; Ghana Revenue Authority VAT data; WHO GHED
C4: Private sector — **On Track** Indicators: 200+ private hospitals NHIS-accredited; G-DRG payment; Ghana Card biometric + telecom/fintech Sources: NHIA Annual Reports; Ghana Card integration; NHIA Digital Counter
C5: PMPA — **Partial** Indicators: Local pharma capacity (Ernest Chemists, LaGray, Tobinco, M&G) but limited scale; FDA Ghana; ECOWAS harmonisation Sources: FDA Ghana; WHO PQ status; ECOWAS WAHO; Africa CDC survey
C6: Operational — **On Track** Indicators: NHIL earmarked tax; private PPP via contracting; G-DRG operational; NHIS 16M+ covering 95% diseases Sources: Ghana NHI Act 852; NHIA Comprehensive Reform Plan; G-DRG documentation
C7: Monitoring — **On Track** Indicators: NHIA Digital Counter real-time tracking; Ghana Card biometric anti-fraud; G-DRG claims analytics; NHIA reform plan Sources: NHIA Digital Counter (nhia.gov.gh); Ghana Card integration documentation
C8: Accountability — **Partial** Indicators: Parliamentary NHIA reform plan; civil society (ARHR, GhNCDA) drove NHIL uncapping; but 2017-24 capping = fiscal diversion vulnerability Sources: ARHR campaign; GhNCDA; National Assembly Health Committee
C9: Hosting role — **Partial** Indicators: African Health Financing Summit events; ECOWAS health dialogue; UHC Roadmap reference for W. Africa; not ALM-branded convener Sources: ECOWAS WAHO; 2020 UHC Roadmap
C10: Leveraging AU — **On Track** Indicators: Deputy Finance Minister May 2025: NHIL = 'national health security'; ECOWAS RHFH; AU PIFAH accessible; NHIS model studied by SA, Nigeria, Tanzania Sources: Deputy Finance Minister May 2025 statement; ECOWAS RHFH; AUDA-NEPAD

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