

THE UNSPOTTED IMPACT OF GLOBAL INFLATION AND ECONOMIC CRISIS ON THE NIGERIAN HEALTHCARE SYSTEM

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ABSTRACT

Inflation, the rise in prices of goods and services, has been on an exponential rise over the past few years globally. Excess inflation and the devaluation of the Nigerian currency has aggravated the problem of poor healthcare funding in the country. The overlooked influences that global inflation has had on the Nigerian healthcare system were highlighted in this work. Some of the influences included increased healthcare costs leading to demand-related problems, increased morbidity, reduced quality of healthcare delivery despite the increased cost, understaffing, the inefficiency of healthcare workers, medical brain drain as well as dwindling of research activities. In line with these consequences, it has become imperative for the government to take action to curb the growing menace of inflation and its impacts, through policy development and implementation as well as increasing resource allocation to the health sector.

KEYWORDS

economic crisis, health system, impact, inflation, Nigeria

The socioeconomic development of a country may be adversely impacted by inflation when there is a continuous increase in the prices of goods and services and a fall in the purchasing power of money such that more money could only buy fewer products. Inflation becomes excess when these prices rise faster than income, causing a rise in the cost of living. [1] In July 2022, inflation rates soared in many countries globally rising to as high as 256.9% in Zimbabwe, 71.0% in Argentina, 31.7% in Ghana and 10.1% in the United Kingdom. [2] There have been several outcries and protest over the high cost of living across several countries in the world including Argentina, Ghana, the United Kingdom, Kenya as well as Sierra Leone among others. [3] Nigeria's

inflation rate increased from 18.6% in June 2022 to 19.64% in July 2022, the highest since September 2005. [2]

In addition to the rising inflation in Nigeria, Naira, the Nigerian currency is currently facing serious devaluation with over ₦700 exchanged for a dollar in the parallel market (Central Bank of Nigeria exchange rate: ₦421.7 to \$1). [4] These economic challenges may further aggravate the problem of poor healthcare funding in the country's healthcare system. Most of the equipment and drugs used in hospitals within Nigeria are imported and rely heavily on the exchange rate. Therefore, exchange rate devaluation is a major cause of the sudden spike in the cost of

pharmaceutical products, hospital equipment, healthcare services and across all value chains in the country's healthcare delivery system. [5] It is important to note that the Nigeria's healthcare spending per capita was \$71 for 2019 while the 2022 Federal Ministry of Health budget was about ₦3,311 (\$8) per capita. [6] Also, the majority of the people pay for healthcare out-of-pocket with <5% of the population being captured under the National Health Insurance Scheme. [7]

The inflation in healthcare is more of cost-push inflation (from increase in the cost of production) and to some extent build-in inflation (expectations that inflation will continue leading to wages increase). [1] The rise in the cost of health care services and other products has led to the decrease healthcare seeking behavior of the populace, especially those without health insurance cover, consequently, leading to delay elective care. Decreased patronage may be affecting private healthcare providers more because they are more likely to be the first to increase their fee considering that they are mostly profit-oriented organizations, and their revenue is usually from the money generated from the health services provided. However, some healthcare services such as emergency service at the time of injury and childbirth have relatively inelastic demand and their patronage may not reduce, even when it led to individuals and households experiencing catastrophic health expenditure and impoverishment.

In Nigeria, over two-third of the population of about 210 million people are living below the national poverty line in 2022 and an estimated 87 million live in extreme poverty. [8] Rising inflation further worsens inequality and poverty because it hits income and savings harder. Inflation lowers an individual's real income as well as their purchasing power. [9] Poverty is both a cause and a consequence of poor health. Poverty increases the chances of poor health especially in terms of increased burden of infectious and neglected tropical diseases, child and maternal mortality as well as malnutrition as people are not able to afford basic needs and proper healthcare. [10] Poor health, in turn, traps community in poverty. [11]

Currently, an inflation rate increase of 22.0% has been reported on food. [2] The increase in the price of food may affect affordability and is a known cause of transitory household food insecurity, [12] which would eventually lead to undernutrition most especially among children and pregnant women, predisposing them to diseases and ill-health. In a country already having a very high contribution

to global under-five and maternal mortality, [13] economic instability stemming from inflation, a strained healthcare system, low uptake of preventive health measures and poor healthcare seeking behavior may lead to worsening of these deaths. [13] Furthermore, economic challenges have been associated with unemployment, poverty and mental illnesses such as substance use disorder, anxiety, depression and suicide among vulnerable individuals. [14] Higher cases of suicide have been linked with financial crisis. [14] Nigeria has recently recorded an increase in crime and violence such as kidnapping, arm robbery and ritual killings further impacting on the health of the people.

When industries have to deal with greater costs in operation secondary to a rise in the costs of goods and services, they often increase their prices in order to balance the books and unfortunately, the business of healthcare is not exempted. [1], [15] Inflation increases the cost of inputs for healthcare services and if not properly managed may impact on the cost and quality of healthcare services. For example, the 130% rise in the price of Automotive Gas Oil (Diesel) from ₦288 to ₦655 between January and April 2022, [16] alongside the poor electricity supply in Nigeria that caused most industries including healthcare institutions to run almost exclusively on diesel electric generators have now increased overhead costs as these industries would need to spend a higher price to acquire equal amounts of diesel to run the facility. For private health facilities this leads to direct rise in the cost of care, however, due to difficulty in increasing healthcare services cost in the public institutions, most have resulted into rationing of power from diesel generators and this may significantly impact on the quality of health care delivery. Consequently, this aforementioned situation occasionally leads to delays in instituting emergency care. Petroleum is used widely in modern health care and this makes healthcare vulnerable to its supply shifts. [17] It has been documented that a rise in the cost of petroleum products contribute to the worsening cost of healthcare. [17]

Furthermore, since contracts for healthcare are agreed in advance, the capital projects budgeted for in the 2022 appropriation act may now require more funding than earlier planned as a result of inflation. This may lead to some of them becoming abandoned owing to the increased cost of inputs. In order to cut cost and still make good profit, healthcare providers may resort into procurement of cheaper brands or even unbranded medications as well as consumables ultimately, affecting the quality of health care delivery. Staffing may also be impacted while trying

to cut cost such that lesser number of workers required to function are employed especially in private health facilities [18] leading to increase workload and pressure on the limited hands available.

The increase in the cost of living has had a significant impact on healthcare workers (HCW), the majority of whom is experiencing physical, psychological and financial stress from the ongoing pandemic and general burnout. Nigeria is affected by a paucity in the number of available HCW to meet its population of roughly 210 million people [19] The country has 15 nurses and midwives for every 10,000 people while there are 4 doctors for 10,000 persons which is less than the recommended by the World Health Organization. [19] These HCW are faced with burnout and stress due to their low number, [20] coupled with the current inflation may result in low productivity and inefficiency of the HCW. Due to the rising costs of goods and service with absence of a similar rise in remuneration, HCW have to spend more to live the same lifestyle as before causing an income deficit. Therefore, they may have to resort to borrowing, taking on extra jobs or starting a business or career different from healthcare service delivery in an attempt to beat the inflation. Besides, some of them have exported their services to developed countries with better pay leading to increased brain drain.

Lastly, research in healthcare may also have been impacted by the current economic crisis. The hike in the prices of goods and services has not left out the inputs needed to conduct healthcare research, and this would ultimately raise the cost of projects above that in the proposals thereby affecting the execution of grants. The continuous devaluation of naira against dollar has delayed and even halted publication of some completed project manuscripts most especially, in foreign journals that demand dollars as their payment currency. Apart from this, messages have been sent to authors by some journals notifying them of increase in their fees in order to meet the current economic challenges for printing.

In conclusion, several effects of inflation were brought into limelight, including increased healthcare costs which has led to reduced demand for healthcare services especially among those without health insurance, increased morbidity from undernutrition, mental illnesses and social vices. Also, inflation has increased the cost of production of healthcare services resulting in reduced quality of healthcare despite increase in cost. Inefficiency of HCW, medical brain drain and dwindling of research activities are

other highlighted impacts. Therefore, it is necessary for the government at all levels to develop and implement policies that will reduce inflation, decrease its attendant effect on the health system as well as mitigate against the effect of future inflation on the Nigerian healthcare system. There is also a need to improve healthcare funding through increasing the resource allocation of the health sector in line with the 2001 Abuja declaration.

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ITM conceptualized the study. Literature search, manuscript writing, critical review and editing were conducted by all authors. The final draft was read and approved by all authors.

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