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The Impact of Hyperinflation on Nigeria's Health Sector: Challenges and Opportunities

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Mr. Bello Hussein Adoto¹

¹ University of Ilorin, Ilorin.

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INTRODUCTION

In a country where daily rise in the prices of essential commodities is the new norm, hyperinflation could spell disaster for Nigeria's already struggling health sector. Imagine a mother having to choose between an antimalarial or a bowl of rice because the prices have risen so much that she does not have money for the two; one must be sacrificed. Imagine a situation where food has become so expensive that "balanced" becomes a secondary consideration in nutrition; the primary goal is to eat. This is the grim reality millions of Nigerians face as they battle raging inflation.

Although inflation rates in Nigeria have not reached hyperinflation, traditionally defined as inflation exceeding 50% per month (1), they are tethering on the brink. The country recorded a 28-year high in inflation in June 2024 (2), before the rate started to make steady descent.

The ripple effects of this high inflation rate sweep across every facet of Nigerian life, and the health sector is not spared. This essay looks at its impact on this sector, the challenges hyperinflation imposes, and the opportunities that may help turn the fortunes around for the better.

THE NIGERIAN HEALTH SYSTEM

Nigeria's health system is organized into three tiers: primary, secondary, and tertiary care, each aimed at providing comprehensive health services (3). Despite this structure, the system remains underfunded and strained, with Nigeria recording one of the lowest healthcare expenditures in Africa. A report by The Lancet Nigeria Commission highlights that between 1981 and 2018, the Nigerian government allocated an average of only 3.4% of its budget to healthcare—far below the 2001 Abuja Declaration by African nations to commit 15% of their annual budgets to health (4,

5). The highest recorded health budget share, a mere 7%, occurred in 2011.

This chronic underfunding has resulted in a reliance on out-of-pocket spending, which accounted for 70% of healthcare expenditures in 2014—more than double the average in sub-Saharan Africa (4). Nigerians bear the direct cost of hospital visits, medications, surgeries, and diagnostic tests, burdening households already struggling to meet basic needs such as food, housing, and energy.

In recent years, hyperinflation has further exacerbated these challenges, stretching household incomes to their limits and making essential health services even less accessible. The following sections examine how hyperinflation amplifies existing challenges within Nigeria's health sector and explore potential opportunities for improvement.

CHALLENGES OF HYPERINFLATION IN THE NIGERIA HEALTH SECTOR

The Nigeria health sector cannot absorb the shock of skyrocketing prices of goods and services. Therefore, This section explores the challenges that hyperinflation imposes on the health sector to unveil opportunities to help Nigeria overcome the challenges and forge ahead for a healthier future.

Increased cost of health and medical supplies

Prices of goods and services increase during inflation. This is true of goods that seed the Nigerian health sector: medications, medical and surgical supplies, and equipment. Many of these goods are imported. The import of medications, for instance, increased from 48.74 billion naira in the third quarter of 2022 to 81.81 billion naira in the third quarter of 2023 (6).

The price increase is not necessarily due to the higher volume of imports. Although some foreign pharmaceutical companies left the country, the naira lost more than 40% of its value in less than six months (6), making importation more expensive. The ripple effect of this hyperinflation is the transfer of the added costs to the end users (hospitals and patients), thus reducing their capacity to provide or access health care services.

Increased cost of care

Newspaper reports show that costs of antimalarials have risen from 11% to 23% in less than a year (7). Costs of drugs of broad-spectrum antibiotics like Augmentin soared above 1000% after the manufacturer left the country (8). Anecdotal evidence also suggests that the costs of tests and surgeries have risen. In a country where 63% of the population is classified as multidimensionally poor (9), increased cost of care reduces access to formal healthcare services and worsens Nigeria's already poor health indices.

Reduced purchasing power

While the cost of health products and care increases, the capacity of the Nigerian health sector to bear the costs is also reduced. Health insurance would have offset the costs on patients, but the coverage could be better: only 3% of Nigerians between 15 to 49 years have any form of insurance (10). With federal allocation for health still far from ideal, public hospitals struggle with funding, while private healthcare providers may increase service costs to break even. As a result, patients may not be able to afford regular screenings, essential drugs, and life-saving surgeries that they ordinarily would. Hospitals may also need help to buy supplies and equipment they need to sustain their services.

Reduced workforce

The migration of Nigerian health workers is a recurring problem for Nigeria's struggling health sector; hyperinflation will worsen it. A 2017 poll of 705 Nigerian doctors showed that 9 in 10 (88%) consider opportunities to practice abroad (11). In a recent study, more than 90% of the doctors who want to leave cited poor pay as the primary push factor (12). The hyperinflation crisis may thus accelerate the brain

drain, leaving the country with an even more depleted healthcare workforce. This could undermine efforts to manage Nigeria's high disease burden and provide routine care.

OPPORTUNITIES FOR THE NIGERIAN HEALTH SECTOR

Despite the overwhelming challenges that hyperinflation imposes on the Nigerian health sector, it also presents opportunities to not just overcome the challenges but also improve the sector so that it is more robust and better equipped to respond to fluctuations in prices.

Improve preventive care

Much public health expenditure is spent on curative services and medications, surgery, and rehabilitative care (13); hyperinflation presents an opportunity to reorient the sector and invest more in preventive care. Preventive care involves promoting access to clean and safe water, ensuring sanitation, and improving nutrition and vaccine coverage.

It makes sense to focus on preventing instead of managing them. The top five leading causes of death in Nigeria are vaccine-preventable diseases; some of the causes outside the top 5 are preventable with adequate diet and lifestyle adjustments (3). With the increased cost of curative care, shifting focus to preventive measures will be more helpful. These measures will reduce the incidence and severity of disease and reduce the overall burden on the healthcare system.

Integrate technology into healthcare delivery

The advent of digital healthcare technologies presents a cost-effective alternative to traditional healthcare delivery models. Now that the cost of care, including transport, is high, Nigerian healthcare workers can deploy mobile and electronic health systems to reduce the need for physical visits or infrastructure and provide basic healthcare services at a lower cost.

Nigeria has more than 200 million active phone lines (14). Mobile or digital health platforms can help health workers engage patients virtually, guide them to monitor their vitals, take their drugs, and report whatever concerns they have. Old and emerging digital tools and technologies can facilitate these

services at a lower cost and greater efficiency.

Improve local manufacturing

Although the government introduced zero tariffs on pharmaceutical raw materials and supplies (15), disruptions in supply caused by the COVID-19 pandemic show that relying on other countries like India and China for vital health supplies is not a sustainable model. Nigeria's domestic need for these commodities is dire, and the market is huge. Investing in local manufacturing will help conserve foreign reserves that would have been spent on importation and reduce the country's vulnerability to fluctuations in naira value or disruptions in the global distribution and supply system.

Expand Health Insurance Coverage

Health insurance is a good umbrella for the rainy days that hyperinflation has set upon Nigerians. Unfortunately, this umbrella does not cover everyone, especially those in the informal sector. Establishing community-based insurance schemes, like cooperatives, will help expand insurance coverage.

Cooperatives are popular in the informal sector, and peers coordinate it. The government can initiate and synergise health insurance cooperatives so everyone can have shade on rainy days.

CONCLUSION

Rising inflation stretches the Nigerian health sector and tests its capacity to meet the needs of millions of Nigerians, but it also presents opportunities to strengthen the system and enhance its resilience against future shocks. Now is the time to improve preventive medicine as the core of Nigeria's national health strategy, incentivize local production of health commodities, and leverage technology for better healthcare delivery. Promoting community-based health insurance could ensure broader access to essential services, too. The task before stakeholders—policymakers, healthcare workers, and households—is to seize and make the most of these opportunities.

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