An excerpt from:
Better Health & Social Care: How are Co-ops & Mutuals Boosting Innovation & Access Worldwide?
An International survey of co-ops and mutuals at work in the health and social care sector (CMHSC14)
Volume 2: National Cases

For the research framework, the analysis of the national cases, and other research components, including a description of the research team members, refer to Volume 1: Report.

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NEPAL

2014

HEALTH SYSTEM

Nepal is one of the least developed countries in the world, with 80% of Nepalese people living in rural areas. According to the analysis of health outcomes data in Nepal, inequities are increasing between socioeconomic groups and geographical regions. Another noteworthy aspect of health outcomes: out-of-pocket expenditure accounts for 55% of total health expenditures. This high level runs the risk of pushing vulnerable people into poverty. According to the World Health Organization (WHO), to this factor can be attributed a 2.5% point increase in the country's poverty.[1]

In Nepal, besides the public sector, the commercial sector, civil society organizations (particularly after the First People's Movement in 1990), and international donors are all active in health service delivery.[2] Statistics show that in Nepal a major source of health financing is the private sector (60%), followed by government (21%), as well as the donors and charities (19%).[3]

Regarding the public sector, the Nepal National Health Policy (1991) is regarded as the foundation of the current national health policy framework. In accordance with that policy, the government has implemented the Nepal Health Sector Programme (NHSP, 2004-2009) and the second Nepal Health Sector Programme (NHSP-II, 2010-2015) in order to improve health outcomes and to address the overarching goal of universal coverage.

Population (in thousands): 27,474

Population median age (years): 22.02

Population under 15 (%): 35.58

Population over 60 (%): 7.65

Total expenditure on health as a % of Gross Domestic Product: 5.5

General government expenditure on health as a % of total government expenditure: 10.4

Private expenditure on health as a % of total expenditure: 60.5

Apart from a small number of government agencies providing medical benefit packages to their employees, Social Health Insurance exists for government and corporate employees.[4] In fact, the government has been actively fostering the development of health insurance systems. Since 2003, the government has introduced six pilot schemes for community-based health insurance. But so far, the schemes seem to function ineffectively, with limited coverage and access. The Nepalese government has not been able to provide the public with sufficient health care services.

Instead, a major proportion of the country's health facilities is provided by private corporations, including two-thirds of Nepal's approximately 20,000 hospital beds (2006), and three times more health laboratories than the public sector operates.[5] In parallel with government-initiated community-based insurance schemes, commercial insurers are also involved in providing private health insurance, aimed primarily at Nepalese with higher incomes. Finally, international organizations, NGOs, health cooperatives, and self-help groups have taken initiatives in community-based microhealth insurance schemes, aimed particularly at low-income groups.

HEALTH COOPERATIVES

Currently, no national umbrella organization seems to be in charge of health cooperatives or health insurance programmes.[6] Despite this, health cooperative initiatives have been emerging and developing at a rapid pace.

The establishment of health cooperatives first occurred after 2000, when the Public Health Concern Trust (Phect-NEPAL), a not-for-profit NGO, started to promote its community health development programme through health cooperative initiatives:[7]

> "Phect-NEPAL aims to create an environment where people themselves have right, power and ability to maintain and decide for their health. Health cooperative movement was seen a strategy to achieve this since the inception of Phect-NEPAL. Health cooperatives are [...] autonomous organizations owned and managed by the people themselves. Health cooperatives run curative as well as promotional and preventive health activities."[8]

Currently, there are 90 health cooperatives registered in Nepal, of which 60% are basically functioning. These organizations have in total 14,000 members, providing health services in 15 hospitals, 20 clinics, and 22 pharmacies. In addition, seven nursing schools are

operated by health cooperatives. Currently the construction of two medical colleges is under consideration.[9] In addition to the cooperatives initiated by Phect-NEPAL, some other significant organizations are Nepal Health Care Co-operative Ltd. (2006),[10] Jaljala Health Cooperative Limited (2010),[11] and Dhaulagiri Health Co-operative Ltd. (2011).[12] In total, expected investments have reached $20,004,000 USD.[13]

Finally, with regard to revenue sources, very few cooperatives in Nepal receive donations or special government programme supports. Those which operate clinics, hospitals, or pharmacies rely mainly on membership fees, shares, and service charges. For those which run nursing schools or academic institutions, tuition fees are another source of income.[14]

Health Cooperative Data[15]

Number of cooperatives	90 (about 60% of which are functioning)
Type of cooperative	N/A
Number of members	14,000
Number of employees	N/A[16]
Users	N/A
Facilities	15 hospitals (around 900 beds in total), 20 clinics, 22 pharmacy or medicine shops, 7 nursing schools, 2 medical colleges (proposed)
Services offered	Preventive and health promotion activities like awareness campaigns, health education programmes, health camps, screening, etc.
Annual turnover	N/A

Case Studies

Phect-NEPAL is a not-for-profit Nepalese NGO which was founded in 1991 and is partly financed by the Canadian International Development Agency. Phect-NEPAL aims to create a model of sustainable health care based on principles of equity, social justice, participation, and self-reliance. To fulfill its aims, Phect-NEPAL has been active in providing clinical and diagnostic services, community health and academic programmes, as well as research, advocacy, and networking activities.

Over the past two decades or more, Phect-NEPAL has become a leader in promoting the health cooperative movement in Nepal. The establishment of health cooperatives started after 2000, when Phect-NEPAL started to promote its community health development programme through health cooperative initiatives.

At the moment, there appear to be four health cooperatives initiated or supported by Phect-NEPAL: Women's Health Cooperative Tikathali, Setidevi Health Cooperative, Bikalpa Cooperative Kirtipur, and Rajmarga Health Cooperative in Baireni. These four health cooperatives have shown a gradual growth in membership since 2007-2008, when there were 2,350 members. Four years later, their number has increased to 6,000.

In 2013, Phect-NEPAL operated three hospitals, two in central Kathmandu as well as one smaller hospital in a rural part of Nepal.[17] Phect-NEPAL offers the four health cooperatives access to the medical services which these three hospitals provide. Except for primary care, provided at the cooperatives' own clinics or a recognized local clinic, secondary and tertiary health care are offered via Phect-NEPAL's community health development programme with services available at a 50%[18] or 70%[19] discount (including doctors' consultation, bed charges, diagnostic investigation, medical and surgical procedures, and maternity care, but not medicinal costs).[20]

One pioneering Phect-NEPAL initiative, **Women's Health Cooperative**, is located in Tikathali village near Kathmandu and the Himalayas. Having begun with 25 women, it now has more than 300 members and is a model initiative in Nepal. Membership is given to the family as a unit. The local women value its easy access to affordable health care services. In the words of one member, "If I went to the government clinic, I would have to wait five, maybe six hours. [...] Here, I can ask the doctor how I should take the medicine. At a government clinic, you don't have time to do that."[21] Also, according to Dr. Shresth, Chairman of the Cooperative, "Sometimes, the government doctors will just look at the patient and write a prescription without even talking to the patient."[22]

The cooperative pays close attention to health promotion and prevention. Entrenchment in the community facilitates this by enabling villagers to engage in prolonged conversations on long-standing health issues, to address the problem rampant alcoholism, for example, or local social taboos, such as "a woman who is pregnant should not take vegetables."[23] The cooperative also has a training programme for teachers and students on the prevention of diarrhoea.

Finally, this cooperative operates in a creative way with regard to the acquisition of cooperative capital. It runs a secondary school programme involving two annual check-ups and free medications to roughly 600 secondary school students. In return, the cooperative receives 15 cents per month from each student.[24] In this way, the cooperative taps a new revenue source to guarantee its sustainability.

Although these health cooperative programmes are still operating on a relatively small scale, Phect-NEPAL sees them as

exemplars as to how the coverage of health care services could be extended more widely in Nepal.[25]

The **Nepal Health Care Co-operative Ltd.** (NEHCO)[26] was founded in March 2006. Beginning with 28 share members, the cooperative currently has over 2,100 members and 270 employees. The founding members – five doctors and five nurses, plus medical professionals, businessmen, and social workers – provide health services to marginalized groups and run health science education programmes in order to help lift the standard of medical training in the country.[27]

One of NEHCO's first actions was therefore to establish the 100-bed Manmohan[28] Memorial Community Hospital in Thamel, Kathmandu. It opened in 2006 with about 400 founder-shareholders. The construction of a 900-bed teaching hospital is currently underway in Swoyambhu, Kathmandu. In the same way, the cooperative also set up Manmohan Memorial Health Foundation and Manmohan Memorial Savings and Credit Co-operative Ltd. in 2006 and 2008, respectively.

Significantly, NEHCO is now the country's largest cooperative health service and trainer of health professionals. Soon after its registration, the cooperative founded the Manmohan Memorial Institute of Health Sciences to conduct academic health programmes in nursing, pharmacy, public health, and medical laboratory technology. In 2012, the Manmohan Memorial Medical College, the first cooperative medical college in the country, was established. It is affiliated under Tribhuvan University with other doctor training programmes. In the near future NEHCO is planning to found Manmohan Adhikari Co-operative University, the country's first cooperative university.

NEHCO members enjoy a number of benefits, including a 20% discount for services in the cooperative hospital, and 30% discount on the cost of complete annual health check-ups (for members and their family members). Members' children who are students at Manmohan Memorial Institute of Health Sciences or Manmohan Memorial Institute of Medical Sciences receive a 10% discount on monthly fees or admission fees. A scholarship policy also has been set up for members' children. Furthermore, members enjoy a travelling allowance on the occasion of observation tours organized by NEHCO. Finally, in case of serious illness, a minimum of $332 USD (20,000 NRS) or 15% of a member's total share amount will be provided by a Share Member Relief Fund. In case of accidental death, $1,660 USD (100,000 NRS) will be issued via NEHCO's insurance scheme.[29]

HEALTH MUTUAL ORGANIZATIONS

No data are currently available regarding health mutual organizations in Nepal. According to previous studies, health insurance in Nepal does not seem to be adequate.[30]

A survey undertaken by the International Labour Organization shows that in Nepal, community-based health insurance schemes have three models, namely, the community-based health post model, the health cooperative model (e.g., Phect-NEPAL), and the social health insurance model.[31] The three are similar in that they all operate on a non-profit basis and are implemented through community-based groups, NGOs, cooperatives, or business associations. That said, the service delivery approaches and service coverage differ. In the first two models, primary health care is provided in the community for small user fees. The microinsurance schemes cover only referral cases at discounted prices. In the third model, however, a wide range of treatment services is provided by covering all major as well as minor illnesses for the insured members at a designated hospital.[32]

SOURCES

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[2] WHO 2013:29.
[3] Ministry of Health and Population. 2012. "Nepal National Health Accounts, 2006/07-2008/09." Kathmandu: Health Economics and Financing Unit, Ministry of Health and Population, Government of Nepal; and Ghimire, R. 2013. "Community Based Health Insurance Practices in Nepal." (http://www.academia.edu/5587577/Community_Based_Health_Insurance_Practices_in_Nepal.)
[4] UHC Forward. 2014. "Nepal." Webpage. Joint Learning Network for Universal Health Coverage. (http://www.equitablehealthfinancing.org/countries/nepal).
[5] WHO 2013:19.
[6] For example, concerning community-based health insurance schemes in Nepal, Ghimire (2013:14) suggests a lack of "the umbrella of single organized and systematic institution" and thus of "a strong support structure at a higher level" as one main reason for their not-so-promising future. Prior to 2011, the Nepal Health Central Cooperative Union and Nepal Central Herbal Cooperative Union were established. However, it is not clear whether they function as umbrella organizations for health-related organizations. See National Cooperative Federation of Nepal. 2014. "Historical Events: Important Events of the Cooperative Movement in Nepal." Webpage. (http://www.ncfnepal.com.np/historicalevents.html).
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[8] Phect-Nepal 2014.
[9] We wish to express our sincere thanks to Dr. Basant Maharjan from Phect-NEPAL, who has helped collect the data.
[10] Nepal Health Care Co-operative (NEHCO). 2014. Website. (http://www.nehco.org.np/).
[11] Jalajala Health Center. 2014. Website. (http://www.jaljalahealth.org/about-us/).
[12] Dhaulagiri Health Co-operative Ltd. Nepal (DHC). 2014. Website. (http://dhcnepal.org.np/).
[13] The investments range from $1,500 USD to (in the case of one co-op) $10,000,000 USD. Data provided by Dr. Basant Maharjan from Phect-NEPAL.
[14] Information provided by Dr. Basant Maharjan from Phect-NEPAL.
[15] As of June 2014.
[16] No specific data available. However, most of these health cooperatives have 2-5 employees, and those which run hospitals or academic institutions have far more. Normally, there is at minimum one administrative staff in each organization. As regards technical staff, the number can range from none to many. Information provided by Dr. Basant Maharjan from Phect-NEPAL.
[17] ICMF Microinsurance. 2013. "Community based cooperatives in Nepal supported by Phect-NEPAL." Webpage, March 15. (http://www.microinsurance.coop/news/community-based-cooperatives-in-nepal-supported-by-Phect-nepal).
[18] For those paying an annual premium of $3.40 USD (200 NRS) per member.
[19] For those paying an annual premium of $5.00 USD (290 NRS) per member.
[20] ICMF Microinsurance 2013.
[21] Glauser, W. 2010. "Cooperative clinics revolutionizing primary care in Nepal." *CMAJ*, July 19. (http://www.cmaj.ca/content/182/12/E553.full).
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[25] ICMF Microinsurance 2013.
[26] Ranicki, Carla. 2014. "448. Hospitals and Health Training for Nepal." Stories.coop. (http://stories.coop/stories/hospitals-and-health-training-for-nepal/).
[27] NEHCO. 2014. "Introduction." Webpage. http://www.nehco.org.np/index.php.
[28] The institutions established by NEHCO are in the name of late Prime Minister Manmohan Adhikari, who is regarded as a patriot and renowned leader of Nepal.
[29] NEHCO. 2014. "Facilities for Share Members." Webpage. (http://www.nehco.org.np/facility.php).
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[32] ILO 2002:7-8.