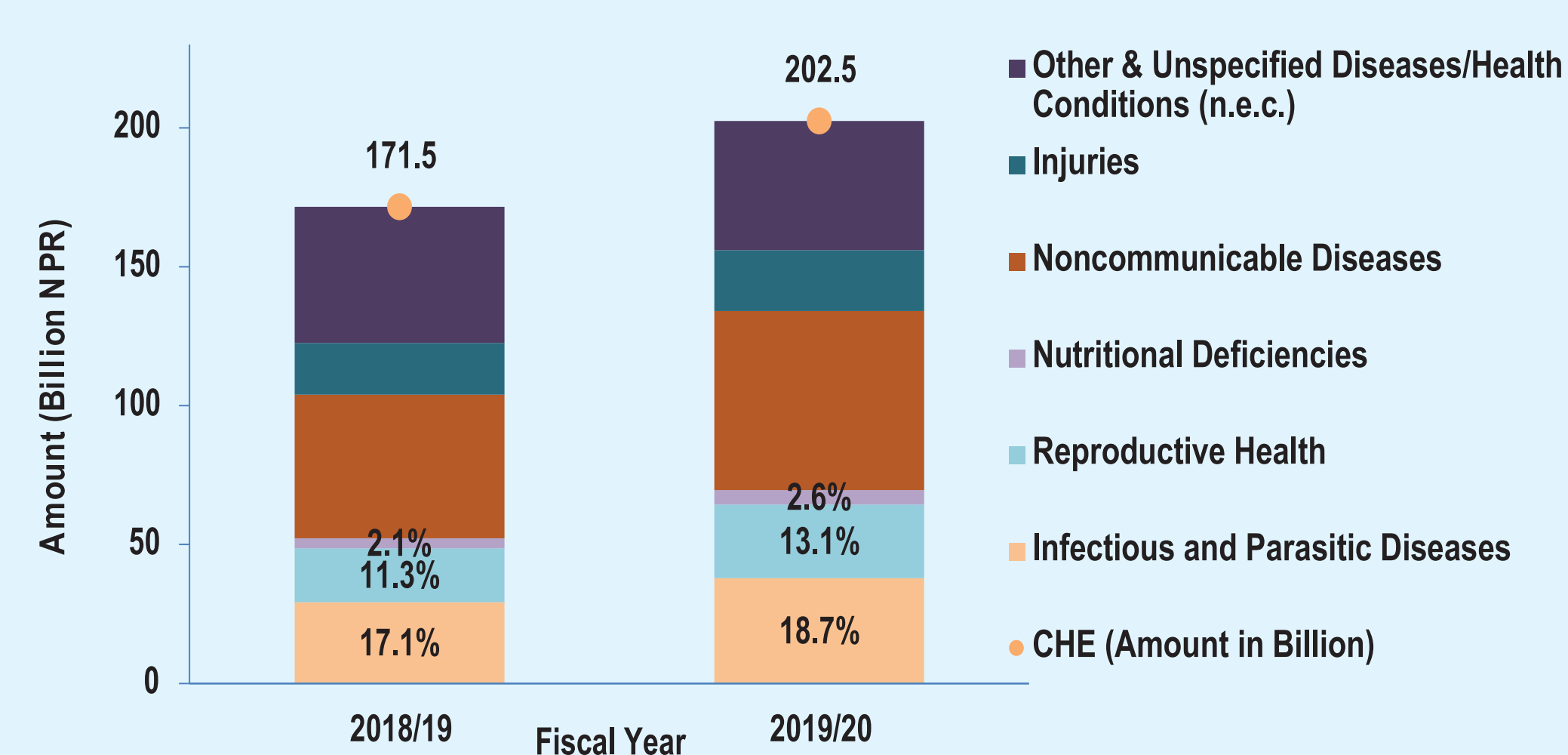




Background

Healthcare expenditures in Nepal have been rising, with Current Health Expenditure (CHE) increasing from NPR (Nepalese Rupees) 171.5 billion in 2018/19 to NPR 202.5 billion in 2019/20. Major cost drivers include non-communicable diseases, injuries, infectious diseases, and reproductive health conditions, with non-communicable diseases accounting for over 30% of CHE. Health Technology Assessment (HTA) is crucial in enhancing sustainability in Nepal's health governance by optimizing resource use through economic evaluation, fostering cost-effective healthcare practices, and advancing equity, financial security, system performance, transparency, and the selection of efficient medical goods.

CHE Distribution by Diseases/Health Conditions in 2018/19 and 2019/20



CHE rose from NPR 171.5B to 202.5B in a single year, with over 20% allocated to unspecified areas. This highlights a need for HTA to promote evidence-based and efficient resource allocation.

Objectives

This research proposes a framework for incorporating HTA unit in the health governance structure in Nepal. The main purpose of this study is to analyze health spending, procurement system and decision-making in the health sector and identify challenges for introducing the HTA mechanism.

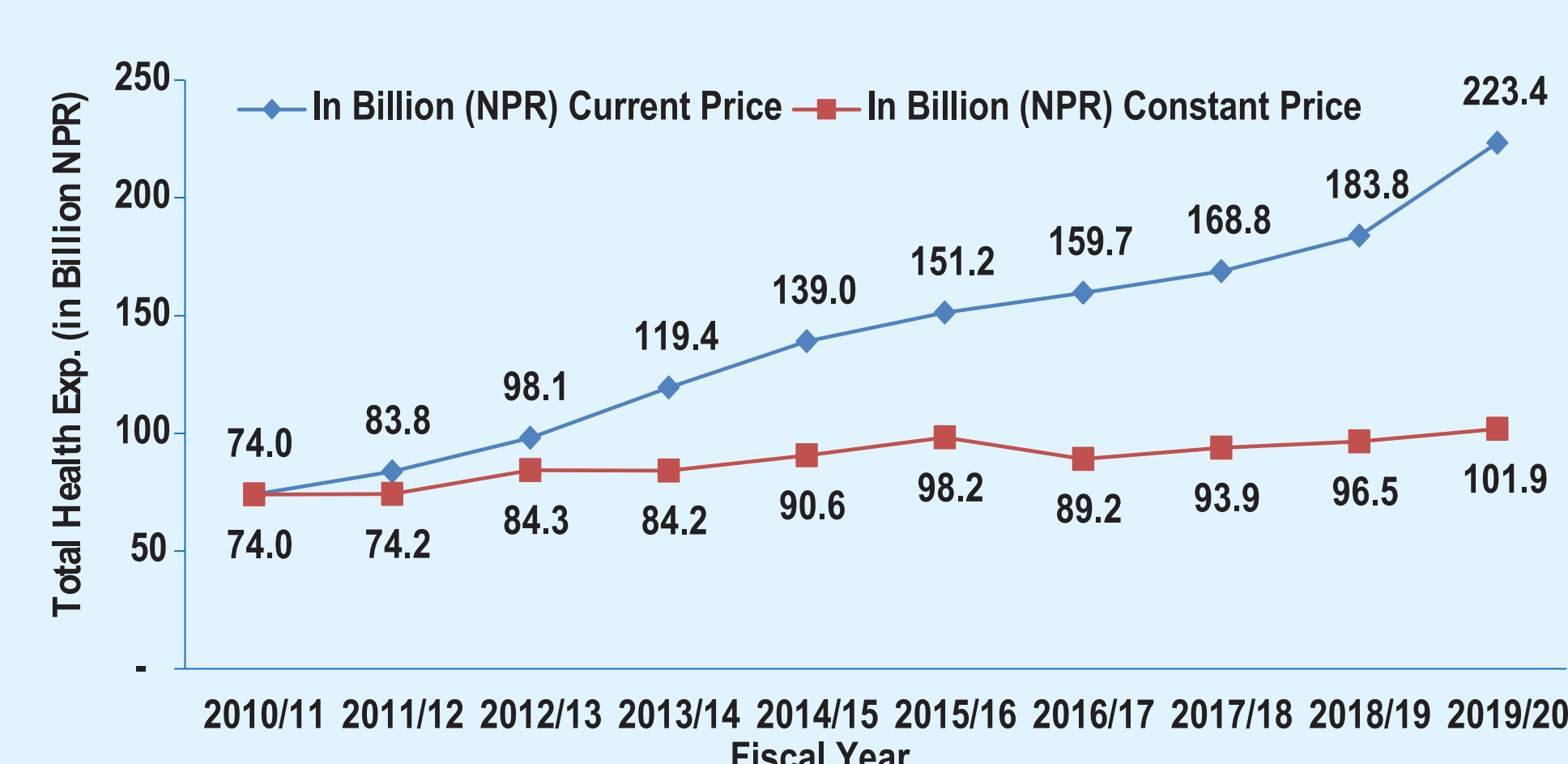
Methods

This research employs a qualitative exploratory approach to investigate the feasibility, utility, and potential policy impact of HTA in Nepal. It draws on an in-depth policy review, incubation of the issue and focus group discussion with policy makers to better understand the issues.

Results

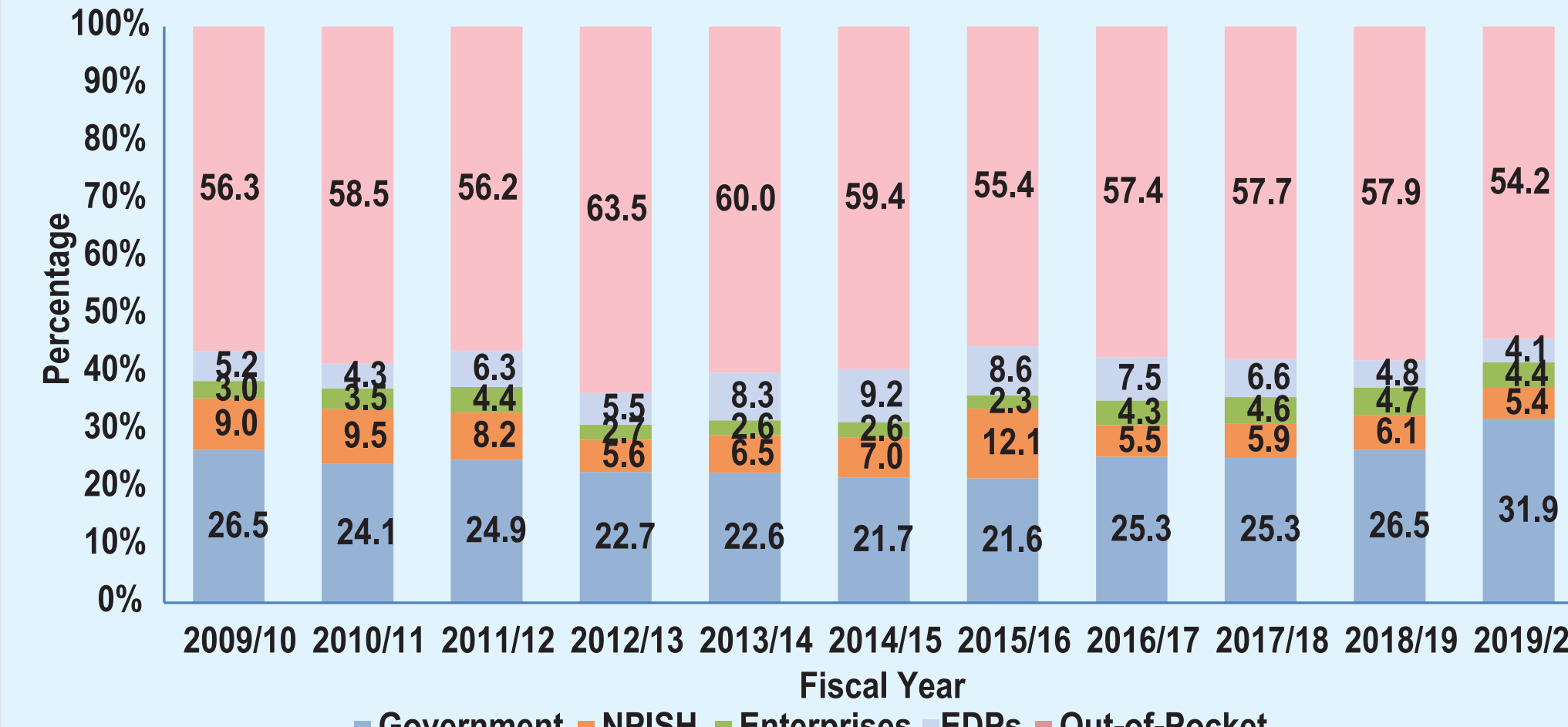
Public Spending of Nepal and National Health Expenditure

Trend of Total Health Expenditure in Current and Constant Prices



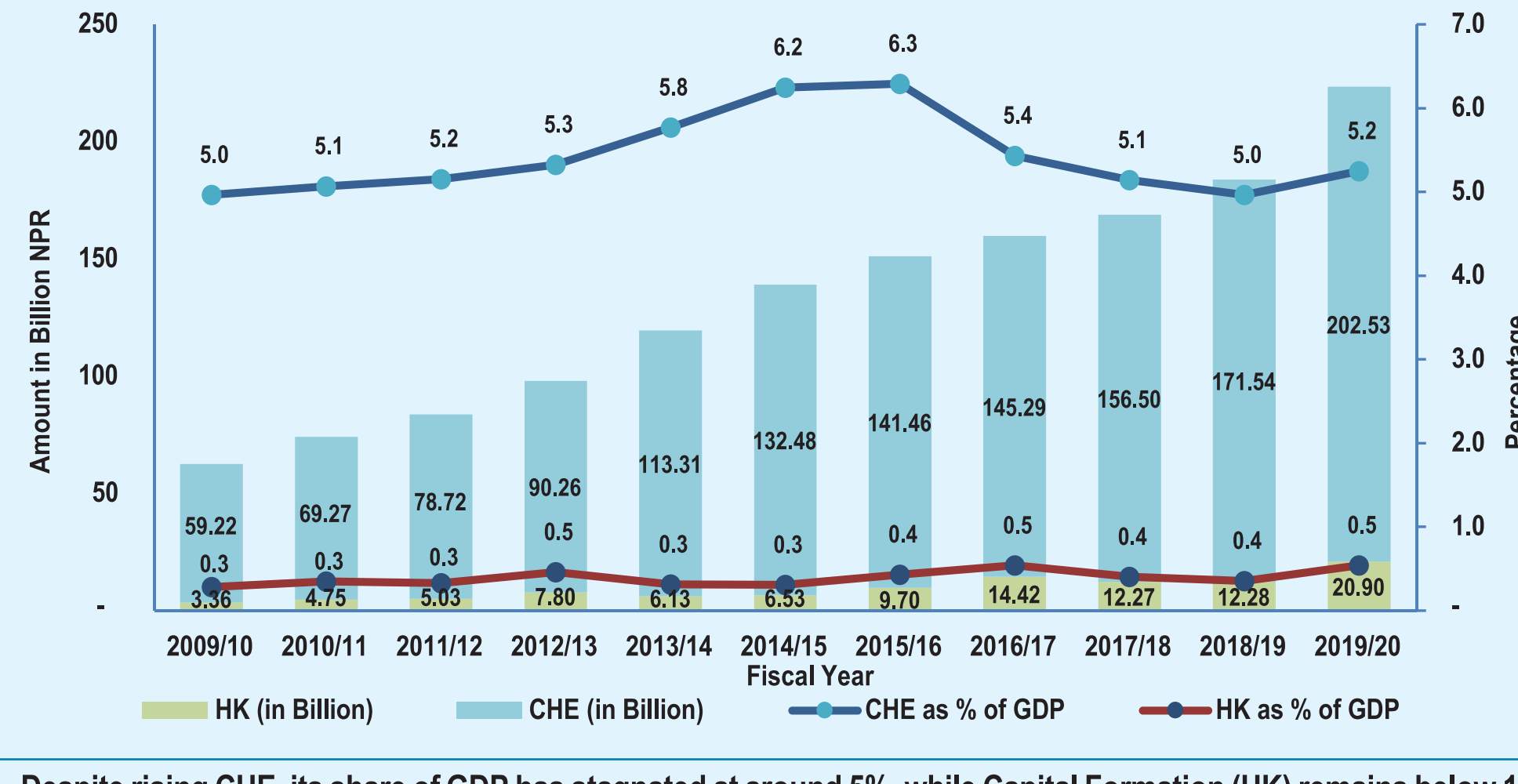
Nepal's health spending tripled in current prices over a decade, but real-term growth was modest, and HTA has potential for maximizing value for money.

Trend of OPP Expenditure and Other Financing Schemes



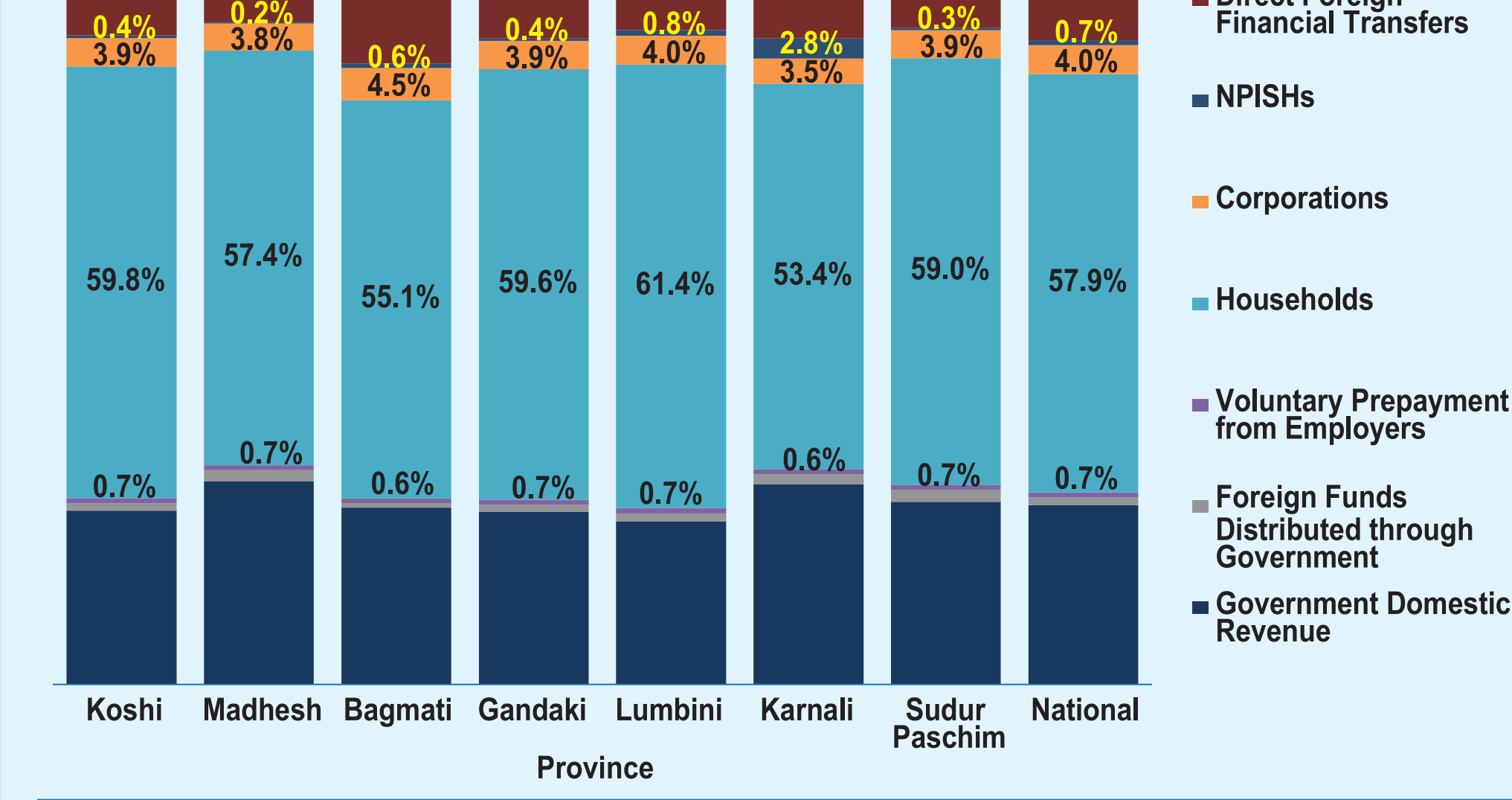
Out-of-pocket (OOP) spending remains over 50% of CHE in Nepal, underscoring the need for HTA to support equitable and financially protective health policies.

CHE and HK in Current Price and CHE and HK as a Percentage of GDP



Despite rising CHE, its share of GDP has stagnated at around 5%, while Capital Formation (HK) remains below 1% of GDP. HTA will help to optimize limited public resources and strengthen health financing efficiency.

Province Wise Distribution of Healthcare Financing



Households are key contributors to health financing across provinces, presenting an opportunity for HTA to guide stronger public investment and equitable funding strategies.

Procurement Systems

Nepal's health procurement system is governed by the Public Procurement Act, 2007 which prioritizes efficiency, accountability, and openness. The system encompasses tools such as Consolidated Annual Procurement Plan (CAPP), Logistic Management Information System (LMIS), and Technical Specification Bank (TSB) to guide procurement planning and logistics. Notwithstanding established procedures, obstacles persist due to weak technical committees, inadequate evaluation methodologies and the lack of a specialized HTA unit.

Decision and Deliberative Processes

Nepal's health system operates under a federal structure with shared responsibilities across federal, provincial, and local governments. Decision-making involves intergovernmental coordination, guided by national priorities, fiscal policies, and stakeholder input. However, health governance currently lacks economic evaluation and evidence-based policy, which can be addressed through the establishment of a formal HTA mechanism.

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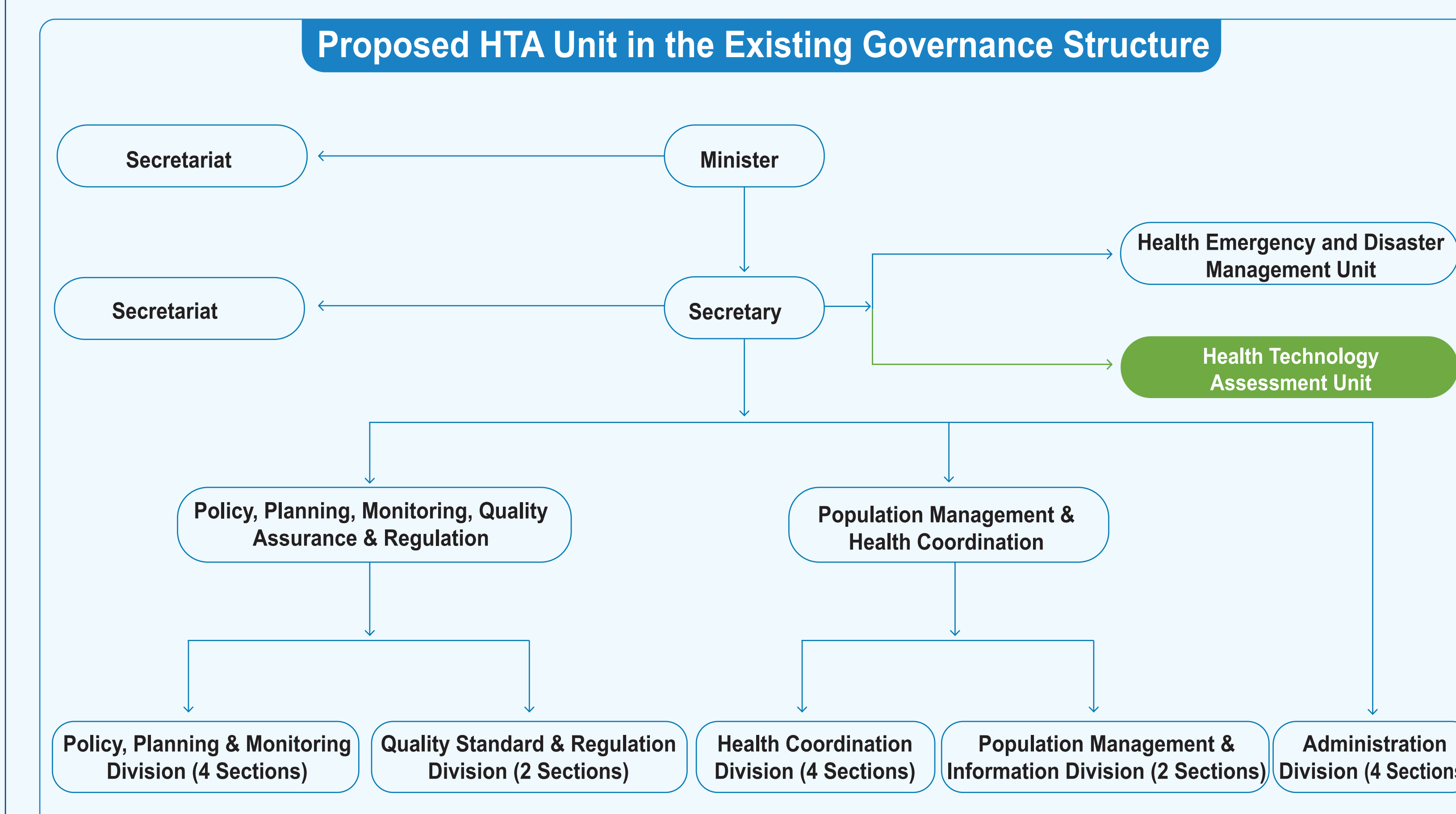
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Potentials and Challenges for HTA

HTA can be a great tool to provide an efficient mechanism for Nepal to achieve Universal Health Coverage. However, the following domestic conditions appeared to pose considerable barriers for the government to introduce HTA.

- Absence of a technical committee,
- Lack of evaluation in areas of new technology,
- Inadequate qualified human resources, and
- Limited academic or training programs to build the HTA capacity.

Health Governance Structure



Establishing an HTA Unit under the Ministry of Health and Population would provide a strategic framework for evidence-based policymaking and guide the federal, provincial, and local governments to enhance coordinated health governance.

Conclusion

HTA possesses substantial potential as a mechanism to enhance health outcomes, optimize quality, and improve efficiency. Nevertheless, its effective integration into Nepal's health governance system faces several challenges, including inefficient health expenditure without value-for-money analysis, limited health financing efficiency, the absence of robust evidence-based policy frameworks, inequitable funding strategies, inadequate economic evaluations, and persistent procurement challenges. Despite these obstacles, incorporating HTA into health governance marks a progressive step forward.

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