



Health insurance and micro health insurance

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What is insurance?

- A low probability event with a high cost



Consumption smoothing

- A high probability event with low cost
 - E.g. Doctor Consultation, Pharmaceutical, etc.



Health problem

- “cost recovery and rational use of resources in health care delivery are two sides of the same coin and both need to be addressed simultaneously “
- Nutrition
- Environment
- Public health measures



Barriers to a rational system

- Irrational consumer behavior
 - Marketing of fear
 - Irrational consumption
 - Asymmetrical information
- Rigidity in medical professions and structures
- Drug dealers
- Irrational integration of public and private systems



Health coverage problem

- High OOP payments in many countries
- Poor health indicators and access
- Poor health outcomes...an uninformed choice
 - Delay in treatment
 - Incorrect treatment



The situation

- The average person has little knowledge of their illness, when to get timely treatment and what is cost effective treatment

Indian health care expenditures

Health care expenditures by types estimated based (US\$1= 40Rs)

Karnataka study, 2004		Annual Total Rs	HH annual Hospital expense in Rs		
Expense	% of HH exp		Karnataka	Sewa	Yeshasvini
Hospital	2.0%	932	652	553	1,448
OPD	3.5%	1,608			
Delivery	1.5%	672			
Rx bought	0.3%	156			
Rx via pharmacist	0.1%	60			
Other		36			
Total	7.4%	3,464			

Hospitalization cost

VimoSEWA

Insurance cost for Catastrophic claims					
SEWA	Adult			Child	
Claims Rs >=	Percent	Cost in Rs	Percent	Cost in Rs	
2000	68%	79	66%	41	
3500	32%	54	22%	23	
5000	22%	39	12%	16	
10000	7%	19	3%	8	



Risk to Households

- Major hospitalization
- Chronic illnesses
- Untimely access
- Poor quality service



Three pillar health system

- Financing
- Provision of service
- The role of aggregators



The role of aggregators

- Counter the lack of consumer information and buying power
- Improve timely access to population
- Remove Catastrophic risk, Health saving account
- Rationalize treatment protocols with a view of quality and efficiency.
- Risk mitigation strategies, health promotion, disease prevention



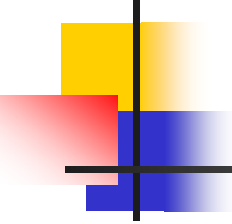
Potential solution

- Micro Health insurance
- Few have achieved this!
- However many have achieved partially.



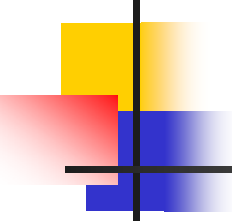
Micro Health insurance best practices

- **Implemented by a Responsible Organization (RO)**. This could be an NGO, MFI or any other popular organization that has worked in the geographical area and has gained the **trust** of the population of the local target population.
- Work with a RO that has an understanding of health care delivery.
- RO has **dedicated management effort, skills and management information systems** to achieve success in MHI.



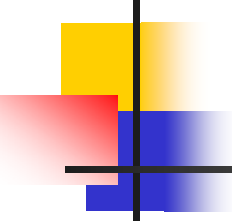
Micro Health insurance best practices (con't)

- RO devoted to **capacity building of staff** and methods, sharing of information and learning from all organizations involved in MHI.
- **Plan Design.** Clear understanding of markets needs, ability to pay and how to communicate in local culture.
- **Plan** and understanding that it may take several years to reach sustainability



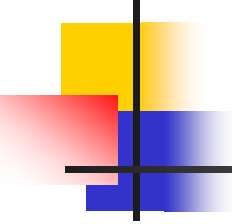
Micro Health insurance best practices (con't)

- **Communication of message to target population.**
 - Clear that this is an act of solidarity or some other method to engage target population. Program has to be **sold**
 - Clear in terms of description of coverage and access to service and clear description of what is not covered (e.g. hospital cost that exceed a certain amount)
 - Explanation that premium will change periodically and that members will need to renew coverage.
- Simple description



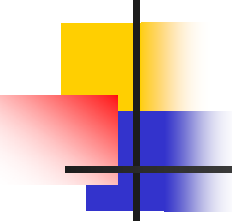
Micro Health insurance best practices (con't)

- Automated **data capture on enrollment**, with ages, gender, names and location of insured, capture of insured thumb print and or picture.
- **Easy to use premium payment mechanism**, such as link to MFI loan, or other activity.
- **Rapid reimbursement of catastrophic claims**



Micro Health insurance best practices (con't)

- **Access to primary and hospital care**
- **Quality cost effective medical care**
 - Ensure medical provider, provides only what is necessary. Monitor medical practices and educate providers.
 - Educate target population on appropriate medical treatment, e.g. ORS
- Automated capture of **use of health services** to help target health promotion and public health campaigns.
- Periodic measures of client satisfaction



Micro Health insurance best practices (con't)

- Management of MHI.
 - Clearly stated objective of MHI and client focus
 - Separation of income inflows and outflows for the MHI activity
 - Periodic production of financial results
 - Monitor premium, claims and renewal rate, actively understanding the developing trends in the coverage and the required interventions
 - Management team that stays focused and has a drive to find ways to achieve efficient quality coverage
 - Use data
 - Regular training of staff on management of MHI activity
 - Regular monitoring and evaluation based on key indicators
 - Transparency on operating results



Micro Care Uganda

- Strong MIS and biometric tracking of clients
- Data on medical treatment
- Mastered micro market and took over regular health insurance market
- Good monitoring reduces fraud



Healing Fields Foundation, India

- Very strong monitoring, reduces claims cost. Coverage Rs 20000 per person claims cost Rs 25 per year.
- Partial coverage, otherwise cardiac, cancer uses public facility.



Grameen Kalyan, Bangladesh

- Covers primary care with co-pay
- Small hospitalization benefit
 - Reaching viability by reaching high % of community
 - Expanding, based on capacity
 - Monitors appropriate treatment protocols
 - Works on reducing public health problems
- Poor hospitalization coverage/linkage



Gonoshatya Kendra, Bangladesh

- Primary, secondary, health promotion
- Covers 1.2 million
- Trained local people to provide health
- Lowered maternal mortality significantly
- Reduced cost of providing health coverage.



Dhaka Community Hospital, Bangladesh

- Strong monitoring of treatment provided.
 - Rx
 - Lab test
 - Medical procedure



AKAM, Pakistan

- Started effective Nov 1, 2007
- First campaign reached 50% of village, Gilgit area.