

Micro Health Insurance in Sub-Saharan Africa – an Overview

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Outline

1. Introduction
2. Main types of Micro Health Insurance
3. Landscape of Micro Health Insurance in Sub-Saharan Africa
4. Selected Challenges of Micro Health Insurance in Sub-Saharan Africa
5. Outlook and Conclusion

What is micro health insurance?

What is micro health insurance?

MHI-units are risk management institutions for low income populations that cover the costs of certain illness-related losses (=limited benefit package) to a certain extent (=limited coverage).

*Definition: CGAP, Consultative Group to Assist the Poor,
working group on microinsurance*

Typical features of micro health insurance:

- **Risk pooling** (sharing the risk between individuals)
- Regular payment of (small) **premiums in advance** (resource pooling, smoothing payments over time and individual)
- **Pre-defined benefit package**
- often **based on community-based organisations and local institutions** (e.g. local NGOs, microfinance institutions, faith-based organisations, (non)profit hospitals, cooperatives, RoSCas)
- **Fulfil other tasks besides insurance** (e.g. controlling the health care provider market (excess pricing), provide access to health care services, sanitation, health awareness, channelling governmental vaccination programs)

Suppliers of micro health insurance

- commercial insurance companies
- NGOs
- community-based organisations
- religious organisations
- microfinance institutions
- cooperatives
- hospitals / health care provider
- ...

Main Types of Micro Health Insurance

		Risk bearing entity	
		Risk at insured	Risk at insurer
Profit orientation of insurance provider	Non-profit	Mutual health insurance	Charitable insurer Non-Profit health care provider
	For profit		Partner-Agent-Model For profit health care provider Commercial insurer with direct sales to clients

Source: Leppert et al (forthcoming)

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Mutual Health Insurance

- Members are clients and owners (risk carrier) at the same time
- Members involved in decision-making
- Members bear risk of loss, but benefit from surplus
- Often small risk pool (up to a few thousand members)
- Majority of MHI suppliers worldwide belong to this type

Provider-based Micro Health Insurance

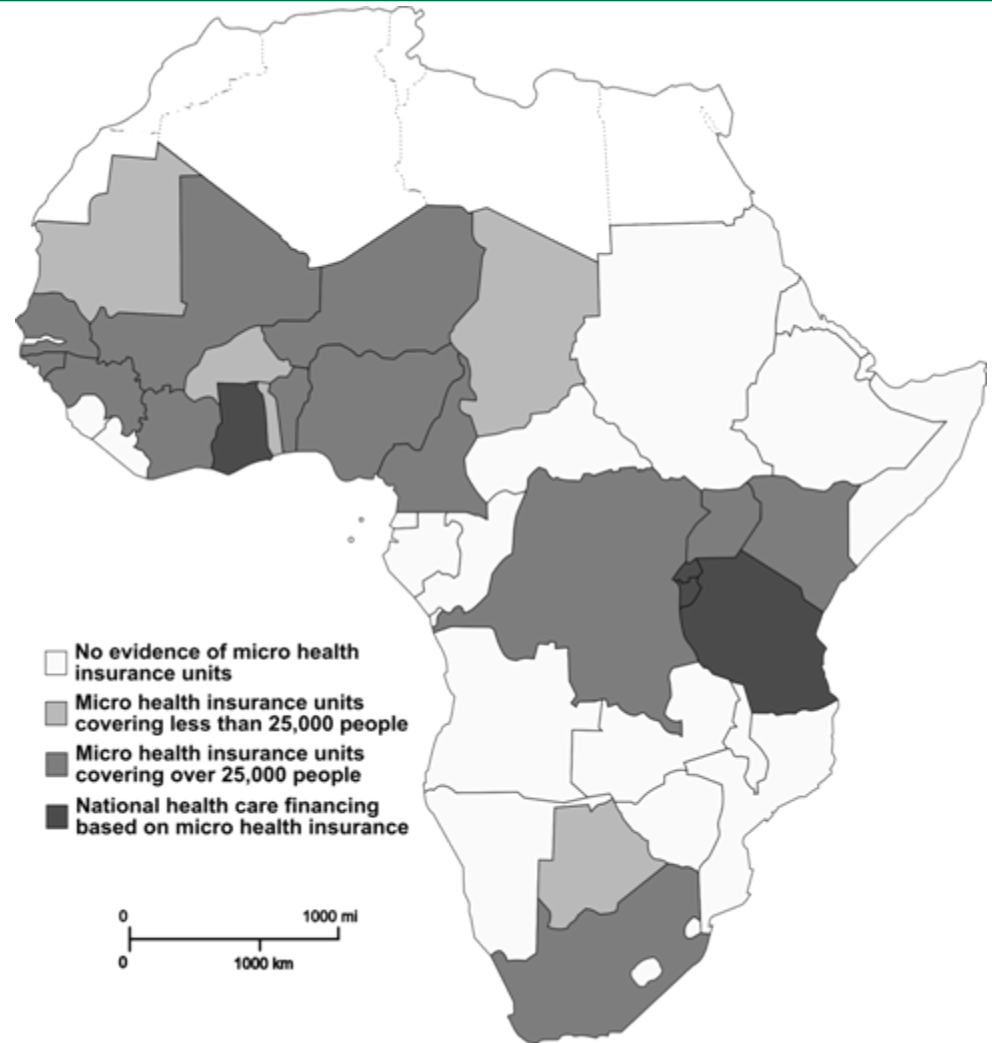
- MHI is set up and managed by health care provider to improve utilization of facility and/or smooth income flows
- Product design by provider
- Choice limited to providers facilities
- Both for profit or non-profit models
- Often: goal to improve access to health care services and cost-recovery

Partner-Agent Model

- Conventional (commercial) insurer cooperates with intermediary organisation (community-based organisation) that focuses on distribution
- Idea: combination of management and actuarial skills of the insurance company (partner) and the agent's proximity and trustful relationship to target group
- Insurer bears risks and profits
- Aim: enter market; corporate social responsibility

Evidence of Micro Health Insurance in Sub-Saharan Africa

- More than 14 million people covered (1.8 % of population)
- 2.1 mio covered by a MHI scheme
- 12.2 mio covered by national health care financing schemes based on MHI



Reasons for increased adoption in francophone African countries (mainly West Africa)

- Comparatively high levels of out-of-pocket payments due to a lack of public social security measures
- Most schemes are based on traditional solidarity and risk management arrangements
- Strong history of mutual health organisations and external push: support by Belgian and French NGOs, mutual societies and development agencies in order to disseminate the Francophone thought of “*mutualité*”, solidarity and mutual help for several decades.
- Spatial diffusion of innovation and information (sixfold increase of number of schemes from 1997-2003)

Small risk pools

- Around 95% of the schemes in Sub-Saharan Africa cover less than 1,000 persons (Ndiaye et al. 2007)
- → increased risk of insolvency
- → low outreach
- But: Breadth vs depth of outreach (total number vs share of poor)

Technical financial risks: Small risk pools

<i>Country</i>	<i>People covered</i>	<i>Schemes</i>	<i>Average risk pool</i>
Burkina Faso	20000	81	247
Chad	1775	7	254
Benin	41428	42	986
Cameroon	51637	47	1099
Guinea	84820	55	1542
Kenya	66500	32	2078
Togo	20011	9	2223
Uganda	40000	14	2857
Senegal	308563	79	3906
DR Congo	114465	28	4088
Mauritania	13055	3	4352
Niger	49868	9	5541
Mali	469815	51	9212
Ivory Coast	527670	36	14658
Nigeria	68300	3	22767
Guinea-Bissau	40400	1	40400

Some reasons for low subscription rates and small risk pools

- poor infrastructure of health care services
 - availability of health care providers (urban-rural discrepancy)
 - Quality of health care provided
- weak legislative framework and national commitment
- epidemiological factors (HIV/AIDS)

- lack of management, actuary and technical skills of the scheme managers
- insufficient benefit package

- economic reasons (affordability of premium)
- lack of solidarity beyond family or lineage
- insufficient insurance literacy / awareness

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Environment

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- Insufficient benefit package

Organisation

- Economic reasons (affordability of premium)
- Lack of solidarity beyond family or lineage
- Insufficient insurance literacy and awareness

Target group

Trends and Challenges of MHI in Sub-Saharan Africa

Trends:

- Over 14 Mio individuals covered
- More popular in francophone Africa
- Most schemes are mutual or provider-based
- Some countries: Integration into national health financing strategy: Benin, Burkina Faso, Ghana, Guinea, Rwanda, Senegal and Tanzania

Challenges:

- Small risk pools: Many schemes cover less than 1,000 persons
- Lack of quality health care providers in rural areas
- Stability problems due to HIV/AIDS and opportunistic diseases
- Low levels of solidarity between ethnic or clan groups
- Low management skills and actuarial expertise
- Lack of knowledge and understanding about insurance

Outlook (selection)

- Raise awareness and insurance education (clients)
- Build management and actuarial capacities to achieve sustainability of small community-based schemes (organisation)

- External support to integrate poorest parts of population and chronic diseases (“how to insure the uninsurable?”)
- Linking with public social protection mechanisms (extend coverage)

Conclusion

- Micro Health Insurance is growing in SSA, but overall coverage remains still quite low
- Increasing involvement of governments results in increased coverage
- External support necessary to increase outreach and attention among target population
- Collaborative efforts of government, donors, NGOs and the MHI schemes is needed (approach on micro-, meso-, and macro-level)
- Integrative approach (clients, insurers, health care provider)



Pro MHI Africa

EU-African University Network to strengthen
community-based micro health insurance

International Conference, Lilongwe,
2nd and 3rd of December 2009

Thank you very much for your attention!

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Thank you for comments and questions!