

Financing health care - the role of micro health insurance in Sub-Saharan Africa

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**Pro MHI Africa“- EU-African University Network to strengthen
community-based micro health insurance**



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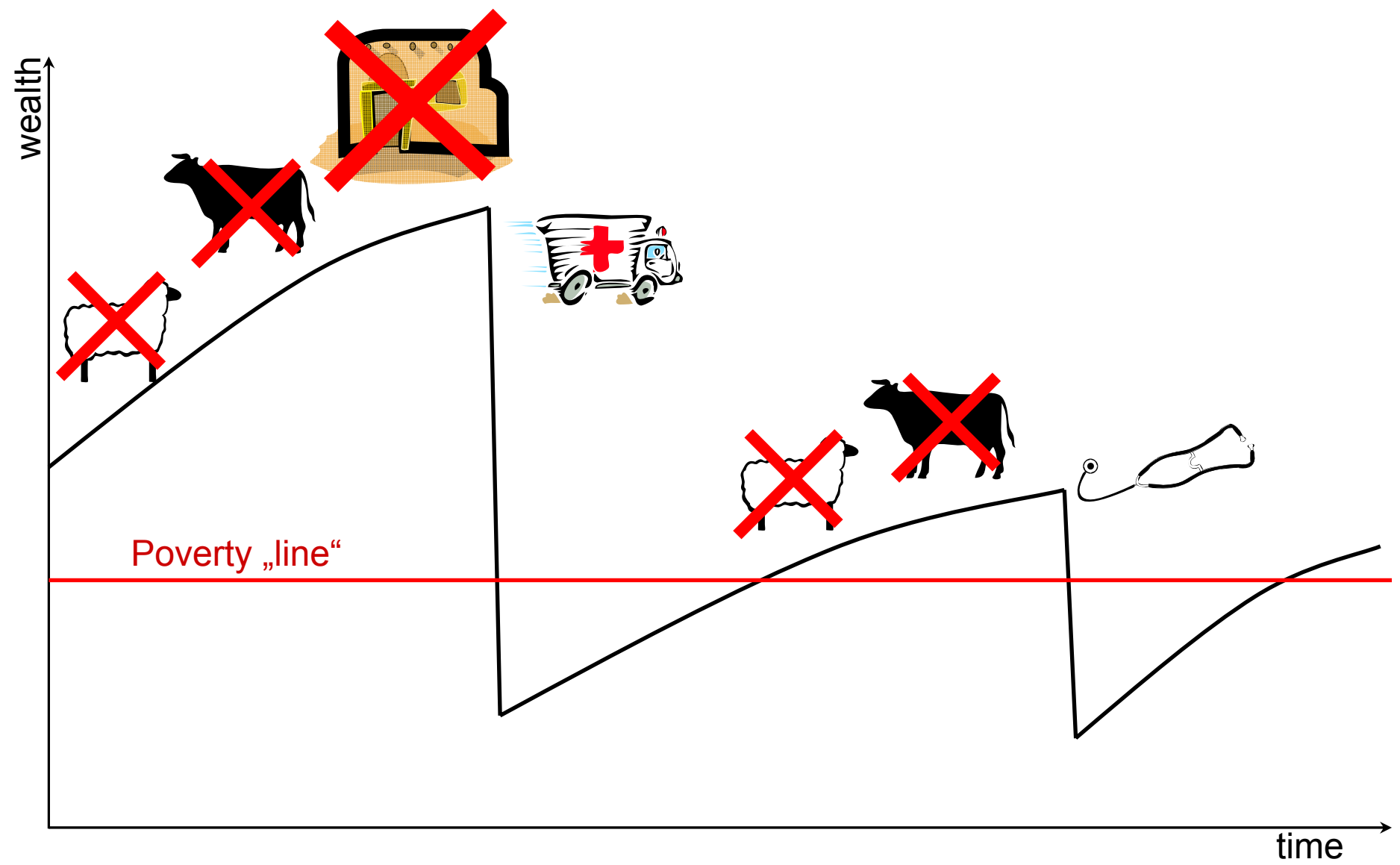
Risk...

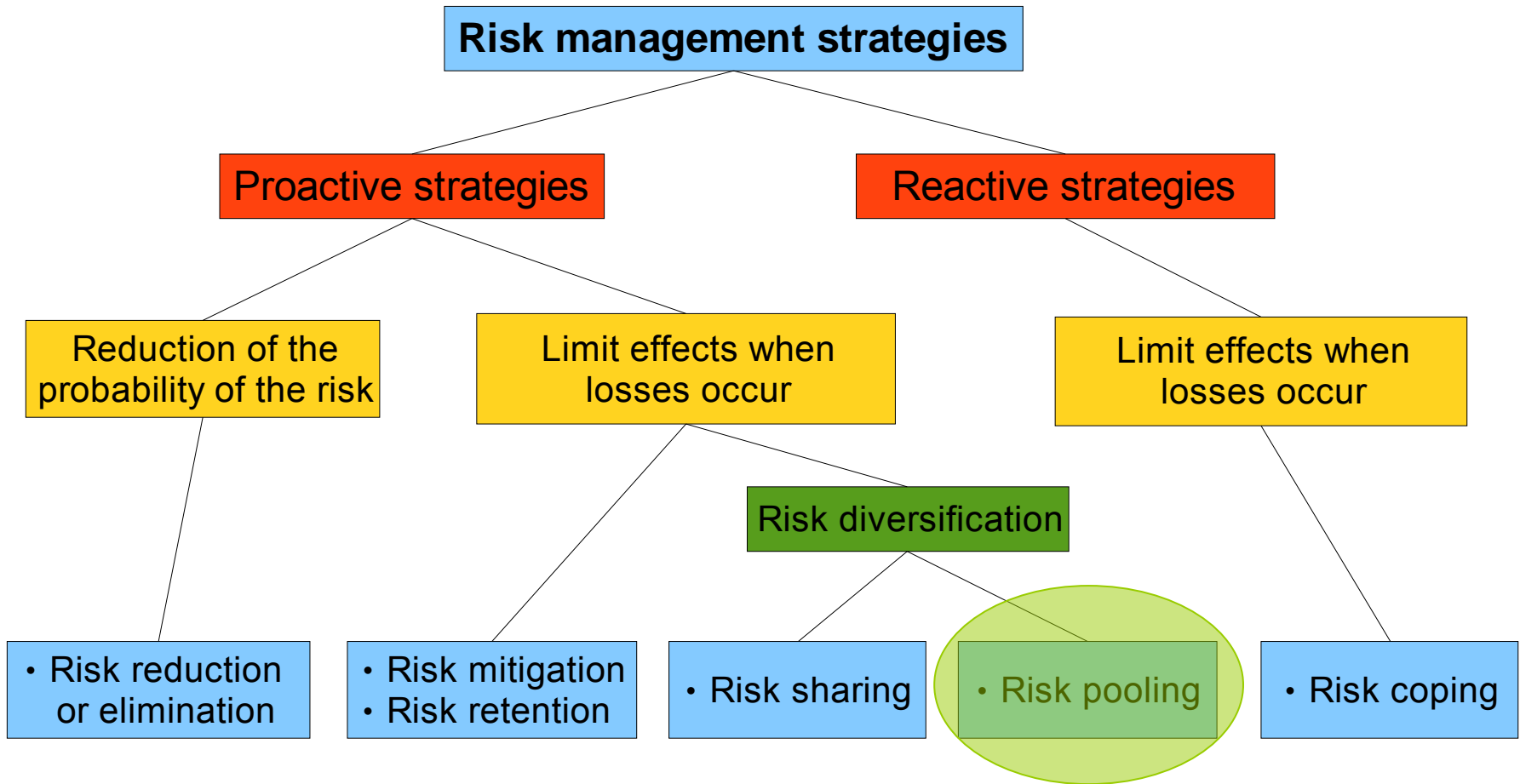
... shall be understood as the **variations of a result of a future event**. These variations can be assigned to a certain **probability of occurrence**.

While some risks contain a speculative chance to win or lose, a narrow definition of risk strictly refers to such events that involve **a loss in case the event occurs**.

- Economic risks
- Natural risks
- Environmental risks
- Social risks
- Political risks
- Life cycle risks
- Health risks
 - Randomness of illness
 - Low Probability, but high cost cases
 - High probability, but low cost cases
 - Common risks vs. idiosyncratic risks

Health risks and catastrophic health care costs





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:

- **Based on community-based organisations and local institutions** (e.g. local NGOs, microfinance institutions, faith-based organisations, (non)profit hospitals, cooperatives, RoSCAs)
- **Risk pooling** (sharing the risk between individuals)
- Regular payment of (small) **premiums in advance**
- **Pre-defined benefit package**
- **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)

Nkoranza Community Health Insurance Plan

- St. Theresa's Hospital, Nkoranza district, Ghana
- Not-for profit hospital -> prices below private market
- Reason: Inability of patients to pay for health services
- 1992: Nkoranza Community Health Insurance Plan
- Benefit package: Inpatient services, some outpatient services, medication, referral to specialist hospitals
- 40,603 members (2002)
- In 2003: National Health Insurance Act (NHIS)
- 68,086 members (2006)

Tiyumtaaba Welfare Association

- Located in Tamale district, Northern Ghana
- Reason: response to problems faced by community members in accessing health services
- Initiative: Community
- Assisted by one staff of ministry of health
- Community managed micro health insurance unit
- 8 Communities, 8 self-help pools
- Democratic decision making (one member one vote)
- Elected committee
- In 2003: National Health Insurance Act (NHIS)

Trends:

- Over 3 Mio individuals covered, over 1,309 schemes
- 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
- Low and irregular premiums limit the benefit package
- Stability problems due to HIV/AIDS and opportunistic diseases
- Low levels of solidarity between ethnic or clan groups
- Low management skills and actuarial expertise