



**Pro MHI Africa - EU-African University Network to strengthen community-based
micro health insurance
Newsletter | Volume # 2 | January 2009**

Dear ladies and gentlemen,

We kindly welcome you to the **2nd newsletter** of:

**„Pro Micro Health Insurance Africa – EU-African University Network to
strengthen community-based Micro Health Insurance“**

Our international university network has moved a step further in gaining detailed knowledge on the potential of micro health insurance schemes in Ghana, Malawi and Botswana. We designed a comparative household questionnaire that asks for information on health care utilization, maternity care, willingness to pay, risk aversion and other important issues related to the implementation of micro health insurance in Africa. In cooperation with local partner organisations that offer micro health insurance or other microfinance products each university conducts the household survey in the respective country. The research results of the household survey enable the university network to develop highly relevant curricula for interested university students and training material for micro insurance managers as well as field staff.

Within this second volume of our newsletter we like to introduce our partner organisations to you which allow us to work closely with their members and which we will support and consult on micro insurance topics in the next months.

Please feel free to disseminate the contents of the newsletter to all who might be interested. We hope that you will enjoy this newsletter and all the upcoming editions.

Kind regards,

the Pro MHI Africa team

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Pro MHI Africa is kindly funded by the ACP-EU Cooperation Programme in Higher Education (EDULINK). A programme of the ACP Group of States, with the financial assistance of the European Union.

Partner Institutions in Malawi

The Pro MHI Africa team has entered into a tentative arrangement with two partner institutions for purposes of undertaking micro health insurance for the informal sector in Malawi. In the following, we present the institutions and the reasons for which they were pre-qualified to join the partnership:

www.muscco.org.mw



MUSCCO stands for the **Malawi Union of Saving and Credit Cooperatives** and has its head office in the capital city Lilongwe in the Central region of Malawi. MUSCCO's main focus is on enhancing the saving culture and providing credit to groups of individuals who are usually organised in farmer clubs with populations of 10 to 15 individuals or Saving and Credit Cooperatives (SACCOs). Loans ranging from 50€ to 5000€ are dispensed to the groups. Operations of these beneficiary groups are spread throughout Malawi.

At the moment MUSCCO only provides a group insurance that covers the death of a SACCO member. However, what makes MUSCCO an attractive partner for Pro MHI Africa is the fact that beyond the saving and credit scheme, the institution is designing a package that will include micro health insurance which no other micro finance organization is offering in Malawi. On this basis, MUSCCO was chosen and agreed to be part of the study that seeks to understand the important factors and dynamics in micro health insurance.

FINCA is the **Foundation for International Assistance**. The Malawi office is headed in Blantyre, in the Southern Region. FINCA offers micro savings and micro credit, including individual loans and group based loans. Groups operating under FINCA have a minimum membership of 15 individuals. The core business of FINCA Malawi is micro finance, what has made it necessary for them to be brought on board in this study. They have a very wide base of clientele in the first place and further to that the organization does offer micro insurance in other countries but not in Malawi. This makes it interesting to both the Pro MHI Africa team and FINCA Malawi to study the potential of micro health insurance in Malawi.



www.villagebanking.org

Partner Institutions in Botswana



ITEKANELE Health Scheme is a medical aid service provider for low income earners. Underprivileged people like unemployed, pensioners and students are among the members of the scheme. The program started in 2005 and covers around 25.000 members, who pay relatively low premiums monthly which allow coverage for certain predefined health services.

Members have access to a network of 100 health professionals all over the country. While the main office is located in Gaborone, five other offices are located around the country. Around 70% of the whole population belongs to the target group of Itekanele. The cooperation with Pro MHI Africa will enable the project team to identify strengths and challenges of the benefits of Itekanele and support to improve the scheme as well as enlarge the membership base in reaching the target group.

www.itekanelehealth.co.bw

Women's Finance House Association (WFC) is a micro finance institution that assists low-income women entrepreneurs by provision of credits, saving possibilities and training services enabling them to participate in economic activities. WFC was founded in 1989 and is located in 14 villages in Botswana. Currently the Women's Association counts 3.446 predominantly young members in the twenties.

Main working areas are micro credit, micro savings and furthermore training of members in management and entrepreneurship. Health care financing services are not yet part of the portfolio but WFC is interested in offering micro health insurance products for the members in near future. The cooperation with Pro MHI Africa will provide necessary information on demand of health insurance products as well as frequency and costs of certain illnesses.

Partner Institutions in Ghana

The **WEST GONJA Mutual Health Insurance Scheme** started as Community Financing Health Insurance Scheme in October 1995. It was an initiative of the Catholic Church to answer the financial difficulties in access to health care delivery. This was relevant in a predominantly poor and rural farming environment, and benefits applied only to in-patients at the West Gonja Hospital. The health insurance component was also highly relevant for the hospital to ensure the payment for services. The scheme was the second such pro-poor arrangement in the country after the Nkoranza initiative (1992) in the Brong Ahafo Region. The West Gonja Community Financing Health Insurance Scheme was mandated by the government of Ghana to implement the emerging National Health Insurance Scheme for the District in June 2003. The scheme has since been operating as a district-wide mutual health insurance scheme, with reviewed structures and mandate to conform to the national policy directives. In December 2008 about 50.500 members were counted representing roughly 50% of the target population.



The **Dangme Hewaminami Kpe (DHK) Health Insurance Scheme**, in English, 'A good health association', is located in the Greater Accra region. Farming, trading and fishing are the most important occupations in the Dangme West district, which has a population of about 100,000 people. Having started its operation as mutual health organisation in 2000, the scheme became one of the district mutual health insurance schemes under the National Health Insurance Scheme (NHIS) of Ghana in 2005. At the end of 2008, the scheme covered more than 40,000 members.

<http://www.nhis.gov.gh/>

Info Box: The Pro MHI Africa household survey

A comprehensive and comparative household survey on health care utilization and health insurance topics is being conducted in Botswana, Ghana and Malawi.

In each country between 400 and 800 households are included in the household survey which will allow comprehensive comparisons between countries. Different locations in each country are chosen for the household survey. About half of the interviewed households are members of the partner organisations, the other participants serve as control group. The questionnaire focuses on topics like utilization of health care services, maternity care, socioeconomic status, ability and willingness to pay for health insurance products, risk aversion and other important issues related to the implementation of micro health insurance.

Similarities in the methodological aspects of the household survey face very different initial situations in Botswana, Ghana and Malawi. The focus of research in Malawi is set on the possibilities of supply of micro health insurance products by micro finance institutions as there are currently no micro health insurance schemes working. Mainly commercial health insurance schemes are working in Botswana which have problems to reach a large number of poor people. Hence the analysis of demand and the extension towards poor segments of the population is focused in Botswana. The initial situation in Ghana is characterised by the establishment of a public social health insurance system on the basis of mutual health organisations in the last five years. For more information on this intent please see the "Ghana Special" in this newsletter.

Ghana Special



Ghana – the NHIS: Countrywide health insurance coverage based on mutual health insurance schemes?

As of the 5th of January 2009, the National Health Insurance Scheme in Ghana has gone into the 6th year of its operation. Again, this will be a challenging year for this countrywide endeavour: First, the political mother, the New Patriotic Party (NPP), just resigned from government as John Atta-Mills from the National Democratic Congress (NDC) won the presidential election. This change might lead to a different commitment to the system by the government, and also might have impact on the future direction of the scheme. The NDC announced to base the system increasingly on a tax-financed foundation. The second challenge is that the NHIS, which is currently financed by member premiums, by deductions from formal sector workers and an earmarked percentage of the value added tax, is adversely affected by strongly rising costs which – assuming appropriate measures are not taken – will increasingly drive district mutual health organisations into distress (and many may have to apply for additional governmental subsidies to top up the dissolved risk pool's funds). By organisational design, the district mutual schemes are independent entities with own revenues (administration fees and premium) by their members who work in the informal sector and revenues added by the National Health Insurance Fund for administrative expenditures, but also for coverage of exempt groups (i.e. children below eighteen where both parents hold an insurance card, the very-poor and the elderly above 70 years) and groups who paid otherwise (formal sector workers). This fundamental design is the result of many years of bad experiences with catastrophic out-of-pocket payments for health care due to the so-called "cash and carry" system and the increasingly successful mutual health organisations that rapidly spread out in the country since 1992 in order to give access to appropriate health care financing. Using fundamental elements of mutual health insurance schemes, the set up district wide mutual health insurance schemes were designed to be financially and structurally independent entities and to form its own risk pool. As the National Health Insurance Act came to effect in 2004, many (but not all) micro health insurance units decided to change their structure to become district wide mutual health insurance schemes. Within just five years, the district wide mutual health insurance schemes covered (end of 2007) over 8 million people in Ghana representing over 42% of the entire population.

Outlook of the Pro MHI Africa project

Outlook and further information

An international **Conference on Training and Capacity Building in Micro Health Insurance** will be held in December 2009 in Malawi. Information concerning the conference will be available soon on our website and will be distributed via the Pro MHI Africa Newsletter.

For further information of the "Pro MHI Africa"-project please visit our website:

<http://www.microhealthinsurance-africa.org>

For general information on microfinance and micro health insurance please visit:

<http://www.concertation.org>

<http://www.ilo.org/gimi/>

<http://www.microinsuranceacademy.org/>

<http://www.microinsurancecentre.org>

<http://microfinancegateway.org>