

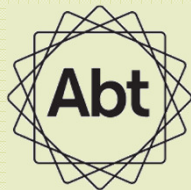


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# Low Cost Health Insurance: Why and How? The Namibia Experience

**Ilana Ron Levey**  
Abt Associates  
May 2012



**SHOPS is funded by the U.S. Agency for International Development.**  
**Abt Associates leads the project in collaboration with**  
Banyan Global  
Jhpiego  
Marie Stopes International  
Monitor Group  
O'Hanlon Health Consulting

# Presentation Outline

- Introduction to health insurance in Namibia
- Case for low-cost health insurance
- Roadmap to low-cost health insurance
- Previous experiences with low-cost schemes
- Lessons learned

# Introduction to Namibia



- Population: 2.3 million
- Large and vibrant private health sector
- Formal sector
  - Responsible for most economic growth
- Well-established health insurance sector
  - 10 medical funds
  - 17% of population insured
  - 51% of formally employed covered



# Previous Experience with Low-Cost Schemes in Namibia

- Low-cost options previously seen as a source of growth by medical schemes:
  - Diamond Health Services (2004)
    - PharmAccess partially subsidized premiums until 2008
  - Vitality (2006) – HIV only care at N\$30/month/worker
    - Employer required to cover all uninsured to avoid adverse selection
    - Number of large companies purchased the policy by end of 2006
- Challenges:
  - Enrollment strong at introduction, but slowed down soon after
  - Policies still too expensive for employees; employers contributing only 50% of costs
  - Unions have not pushed hard for expanded medical coverage as a benefit

# Current Landscape in Namibia: Why Engage the Private Health Sector?

- Health insurance = access to private health care
  - Public sector is overburdened
  - Potential of private health providers not fully utilized
    - 47% of health work force in private sector
    - Public sector 2:1000 health worker population ratio
    - Private sector 8:1000 ratio
    - Only 17% insured
  - The private health sector *can* and *should* play an increasing role
-

# Case for Low-Cost Health Insurance: What's in It for Private Employers?

## Why Should Private Companies Care?

- Companies bear the cost of poor health:
  - Sick days
  - Absenteeism,
  - Reduced productivity
  - Early retirement of skilled labor force
- Value vs. contribution to health care
- Low income products increase access to private health facilities
- Private health care in Namibia provides:
  - Better quality
  - Timely treatment (less missed work time)
  - Focus can be on preventative care



# Case for Low-Cost Health Insurance: What's in it for Insurers?

## Why Should Insurance Companies Care?

- Rising cost of health necessitates insurance → Natural growth in the market
- OOP expenditure can be channeled to insurance → Evidence of willingness to pay
- Increase client base
  - Opportunity for growth
  - Negotiate favorable rates
  - Risk sharing



# Case for Low-Cost Health Insurance: What's in it for the Public Sector?

- 49% of the formally employed lack health insurance (only 17% of population is insured)
- Burden on public sector could be reduced
- **An increase of 1% for people enrolling in medical aid funds could save government *N\$8.5 million per year***
  - *Help preserve government funds to meet the needs of the poorest*
- Low income earners cannot afford traditional insurance
- Quickly declining donor funding – need for other sources of health care funding





# Roadmap to Low-Cost Health Insurance: Namibia Experience

- Cost of ill health in the workplace analysis
- Willingness to pay analysis – employees and employers
  - 87% of uninsured indicated willingness to pay up to 5% of their income towards insurance
- Identify priority illnesses to be covered
- Identify best method of coverage
  - Primary Health Care approach
  - Network of providers
  - Capitation for services
- Costing of package – actuarial analysis

**Key to success: dialogue with all stakeholders**

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# Roadmap to Low-Cost Health Insurance: Stakeholders and their Roles

## Public sector

- Supportive environment (e.g., pricing)
- PPP: Private sector access to publicly procured medicines (ARVs)

## Private sector

- Understand health care of employees as a concern
- Contribute to health insurance

## Employees

- Willingness to pay

## Insurance industry

- Introduce affordable packages
- Monitor use
- Cover primary health care services

# Lessons Learned

- There is a need for low-cost insurance. However, support from employers is needed to enable low income earners to afford the insurance – insurance is still expensive
  - Disease specific insurance is not as effective and was priced too high – initial low cost products
  - PHC approach can reduce costs – patients see nurses for minor ailments and are only referred to doctors if needed
    - Bophelo! mobile clinic – outreach to workplaces
    - Mister Sister mobile clinic – outreach to farmers
  - Success depends on all stakeholders' involvement
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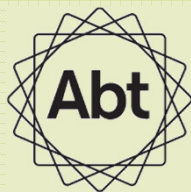


For more information, please contact:

**Ilana Ron Levey at [Ilana\\_Ron@abtassoc.com](mailto:Ilana_Ron@abtassoc.com)**

**Dineo Dawn Pereko at [DineoDawn\\_Pereko@Abtassoc.com](mailto:DineoDawn_Pereko@Abtassoc.com)**

[www.shopsproject.org](http://www.shopsproject.org)



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