

Health Financing

A TOOL TO IMPROVE ACCESS TO
REPRODUCTIVE HEALTHCARE.



COMMERCIAL MARKET STRATEGIES
NEW DIRECTIONS IN REPRODUCTIVE HEALTH





What is health financing?

At the Commercial Market Strategies project (CMS), we look for ways to improve access to reproductive health services in the private sector. In developing countries, patients normally pay private providers, out of their own pocket, at the time of service. Any technique that makes private sector services available without requiring immediate payment for each separate service is a form of *health financing*; and what we would consider a “tool” for expanding access to healthcare. CMS identifies, develops and implements innovative financing schemes which expand the availability of private sector services, or reduce the financial burden at the time of service.

Why is health financing important?

Innovative financing can increase access to reproductive health services in two ways:

BY EXPANDING THE SUPPLY OF SERVICES

Many private physicians are reluctant to add family planning to the services they provide. But if insurance schemes require physicians to include family planning in their package of services and back it up with a secure source of funding, then more physicians and healthcare providers will offer family planning and reproductive health services. Likewise, if NGOs (non governmental organizations) or specialized clinics who offer family planning broaden their services to include primary care, they can capture additional insurance and much-needed revenue.

BY REDUCING FINANCIAL BARRIERS AT THE POINT OF SERVICE

Patients who pay insurance premiums are usually willing to pay a nominal fee for additional services. Because this fee is small, the patient does not need to weigh the cost of the service against other uses (food, school fees, etc.) or available cash. Thus, a woman who might consider family planning or an improved form of contraception, will be more likely to seek the service if it is included in an insurance benefit package. A pregnant woman will also be more likely to seek pre-natal and post-natal care if such services have been “prepaid.”

What can CMS health financing activities achieve?

Successful health financing initiatives can increase the number of women who have access to a full range of reproductive health services. Private

providers frequently offer services at locations and times where the government will not. Many clients perceive private services to be of higher quality, if only because of this added convenience. If more private providers offer a broader range of services, including additional family planning methods, then a woman's choice of methods (and service sites) expands. Likewise, the inclusion of reproductive health services in pre-paid benefit packages reduces their price and thereby increases access.

At the same time, if private providers are encouraged to offer additional reproductive health services through the terms of insurance agreements or contracts, they may stimulate the demand for such services in their practice. "Provider induced demand" is a well-documented phenomenon in medical economics. The right health financing scheme can give providers an incentive to add or expand reproductive health services and encourage their patients to use these new services.

What can CMS do in health financing?

CMS can work with providers, insurers, communities or government to explore and implement a number of health financing alternatives:

CONTRACT SERVICE PROVISION

Private providers and NGOs can enter into contracts with governments or social security agencies to provide reproductive health services. The provider obtains the security of an added cash flow, while the patient covered by the plan is provided with additional sites to obtain care. The added competition among providers can motivate all providers to offer higher quality services or operate more efficiently. CMS can help a provider or government agency to:

- develop contracts;
- establish innovative provider payment schemes;
- design a system to monitor the quality of purchased services; and
- market the newly available services.

EXPANSION OF INSURED BENEFITS

Where commercial or community insurance plans are already in operation, CMS can analyze the costs and benefits of adding reproductive health services to the benefit package. Previous studies and new field research can be used to estimate costs and benefits. For example, in Ghana, CMS helped a major community health insurance plan to determine the feasibility of adding normal deliveries to current inpatient benefits.

SENEGAL: CMS conducted market research to assess the feasibility of the creation of health insurance scheme for members of UNACOIS, (Union Nationale des Commerçants et Industriels du Senegal) a trade union of market vendors, self-employed artisans, fishermen and other workers in the informal sector. The market research, conducted in the capital Dakar and the city of Kaolack, consisted of two surveys. The first survey was conducted among UNACOIS members to determine their willingness to pay for a pre-paid health insurance scheme. The second survey polled the readiness of health care providers in those two cities to provide capitated services to their patients. Results from these two surveys indicate a willingness to pay and a readiness to provide services.

UGANDA: CMS provides ongoing technical assistance (through a US Health Maintenance Organization, *HealthPartners*) to community health insurance schemes based on rural cooperatives in Uganda. This initiative has facilitated the enrollment of seven new community plans, covering over 2,000 people in Uganda. The CMS Mothers Uplifting Child Health (MUCH) program is also a community based insurance program designed to increase patient access to Lacor Hospital in Northern Uganda.

Photos of family members covered under a health insurance scheme in Uganda are featured on the back of the health insurance card.



Commercial Market Strategies (CMS) is a USAID-funded project that aims to increase access to and demand for reproductive health and family planning in developing countries through the private sector.



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SUPPORT FOR COMMUNITY BASED HEALTH INSURANCE SCHEMES

Starting a community health insurance scheme is a complex, multi-faceted endeavor. CMS can provide technical assistance to start community health insurance schemes that offer primary care and reproductive health services. If the scheme succeeds, patients have effectively pooled risk and reduced the burden of fees on those who need service. CMS offers the following technical services:

- surveys to determine the desired benefit package and consumer willingness to pay;
- the development of provider contracts and payment mechanisms; and
- marketing campaigns to broaden the base of support for community insurance schemes.

PACKAGE PRICING

CMS can work with healthcare practitioners and provider networks to establish package pricing. For example, a practitioner could charge a single package fee for a pregnancy rather than charging separately for each pre-natal visit, delivery (including surgical and hospital charges), post-natal care and family planning counseling. The fee can be set so that the practitioner's total income for a given number of pregnancies does not fall. Additionally, the fee might be payable in installments over the term of a pregnancy. This way, the risk that a problem pregnancy will impose higher costs on a mother is shared by the practitioner and all his clientele. Women are more likely to seek postpartum care and counseling if they are not concerned about the cost.

Contact CMS

Contact CMS to explore how our reproductive health and private sector expertise can increase the health impact of your current programs. Visit our web site, www.cmsproject.com, for more information about the project, our current country programs and CMS research publications (available for download).