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PSP-One AND HEALTH FINANCING

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As part of its health financing activities, PSP-One provides technical assistance, evidence, and tools to improve the financial environment and conditions for private provision of reproductive health, family planning (RH/FP) and other health products and services. The project focuses on financing alternatives to reduce financial barriers to access, and promotes quality RH/FP and other health services for the poor and underserved.

EXTENDING HEALTH INSURANCE TO THE INFORMAL SECTOR THROUGH MICRO-FINANCE INSTITUTIONS IN NICARAGUA

Currently, PSP-One is supporting the implementation and evaluation of a demonstration project that extends the Nicaraguan Social Security Institute's (INSS) health insurance program to informal sector workers through microfinance institutions, thereby expanding access to quality family planning and other health services to a lower income population.

Nicaragua, the second poorest country in the Western Hemisphere, has low per capita income and widespread underemployment. Communicable diseases, malnutrition and inadequate basic sanitation coexist with chronic and degenerative diseases, violence and accidents. Comprehensive health insurance (HI) is provided through the INSS, but primarily to formally-employed workers, representing 21% of the economically active population. Since 2002, the INSS has been exploring mechanisms to extend coverage to 1.2 million informal sector workers, almost half of whom are in rural areas. In 2006, the INSS developed a voluntary insurance product that facilitates coverage of workers who are not formally employed. The product, *Seguro Facultativo*, was launched as a pilot program in Managua in May 2006. In October 2006, the INSS signed contracts with three microfinance institutions (MFIs) in Nicaragua to collaborate with INSS on the marketing, affiliation and collection of payments for the voluntary insurance program. PSP-One worked with the Banking on Health project, which provided technical assistance to the INSS in several areas including contracting to private providers, on the design of this insurance pilot.

PSP-One is now leading the effort to evaluate the health insurance pilot program. Co-funded by a grant from the Global Development Network, the randomized evaluation aims to measure the impact of the expansion of INSS coverage to informal sector workers on their utilization of priority health services, including family planning. Effects will be compared between workers who subscribe to a microfinance institution and those who do not, to assess whether using MFIs for marketing and administration increases uptake and retention of the insurance product.

In 2007, a census of several large marketplaces in Managua was conducted to locate MFI members and non-members. A sample was randomly selected. Respondents were given the chance to participate in a lottery that randomly provided prizes of either two- or six-month free subscriptions to INSS health insurance, or an information brochure used by INSS to promote the service.

Photo courtesy: Barbara Magnoni



Lottery winner of health insurance subsidy, Nicaragua.



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All lottery participants were surveyed on their current health service utilization and costs. Participants will be re-visited in June 2008 for a follow-on survey to examine any changes in utilization and cost of health services. The follow-on survey will reveal user satisfaction with health services and with the process of affiliation and payment of premiums through MFIs. The evaluation will also measure the effect of brochures, subsidies, and MFI affiliation on subscription and retention in the insurance program.

Recommendations on the expansion of INSS services to the informal sector will be given to INSS and Ministry of Health based on the pilot project findings. Lessons for adapting the model to other country settings will also be drawn.

OTHER PSP-ONE HEALTH FINANCING ACTIVITIES

- PSP-One co-sponsored and led the planning and design of a Asia Near East (ANE) regional workshop on voucher schemes in April 2007. The Government of India/Ministry of Health and Family Welfare (MOHFW), the German Development Bank (KfW), USAID/India, Packard Foundation, and the Private Sector Partnerships One (PSP-One) project held this two-day workshop in Gurgaon, India to provide a forum to share experiences with voucher programs. The workshop addressed lessons learned and gaps in knowledge to provide policy makers and program managers with the tools to assess the need for and feasibility of voucher schemes as well as facilitate their design and implementation.
- On May 17, 2005, PSP-One held a Willingness to Pay Panel, "From Research to Practice," in Washington, DC. The panel reviewed ways in which the Willingness to Pay and other pricing tools are being used both in the NGO and commercial sectors.
- PSP-One's *Primers for Policymakers* help orient policymakers to issues, ideas and terminology in specific areas of private sector health. Primers on health financing topics include:
 - *Primer for Policymakers: Insurance as a Way to Increase the Utilization of Reproductive Health Services*, by Stephanie Boulenger, Tania Dmytraczenko & Susan Scribner, 2006
 - *Primer for Policymakers - Contracting-out Reproductive Health and Family Planning Services: Contracting Management and Operations*, by Xingzhu Liu, 2006
 - *Primer for Policymakers - Vouchers for Health: A Focus on Reproductive Health and Family Planning Services*, by Mursaleena Islam, 2006

About PSP-One

The PSP-One project is USAID's flagship project, funded under Contract No. GPO-I-00-04-00007-00, to increase the private sector's provision of high-quality reproductive health and family planning (RH/FP) and other health products and services in developing countries. PSP-One is led by Abt Associates Inc. and implemented in collaboration with eight partners:

Banyan Global

Dillon, Allman and Partners, LLC

Family Health International

Forum One Communications

IntraHealth International

O'Hanlon Health Consulting

Population Services International

Tulane University School of Public Health and Tropical Medicine

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