Developing Affordable and Innovative Health Insurance Products

Engaging Key Stakeholders.

Dr. Nelson Gitonga
SHOPS Policy Advisor

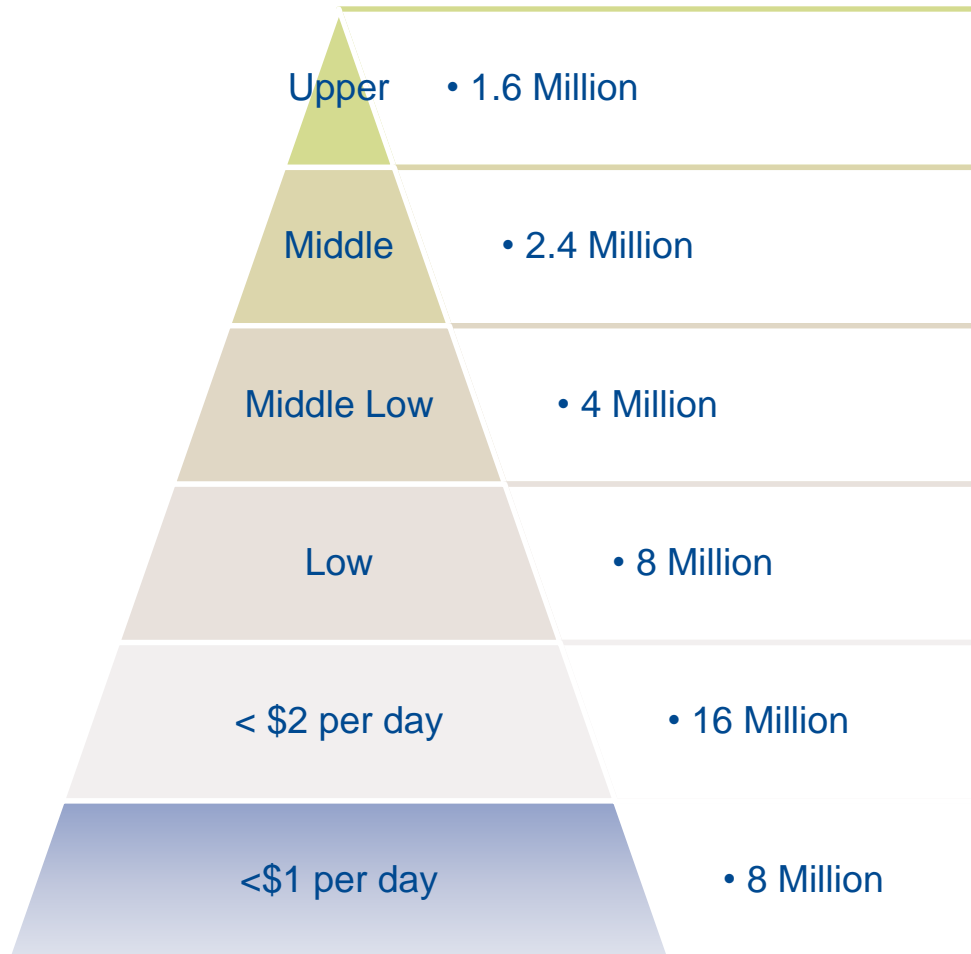**November 22nd, 2012**
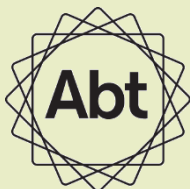
Outline

1. Introduction
   - Market Challenge – Coverage
   - Overview of key stakeholders in the health insurance market
   - Overview of health insurance value chain

2. Interests of Key Stakeholders
3. Engaging Key Stakeholders in Product Design and Development – The why and the how
4. Summary

1. Introduction: Health Insurance Market Challenge

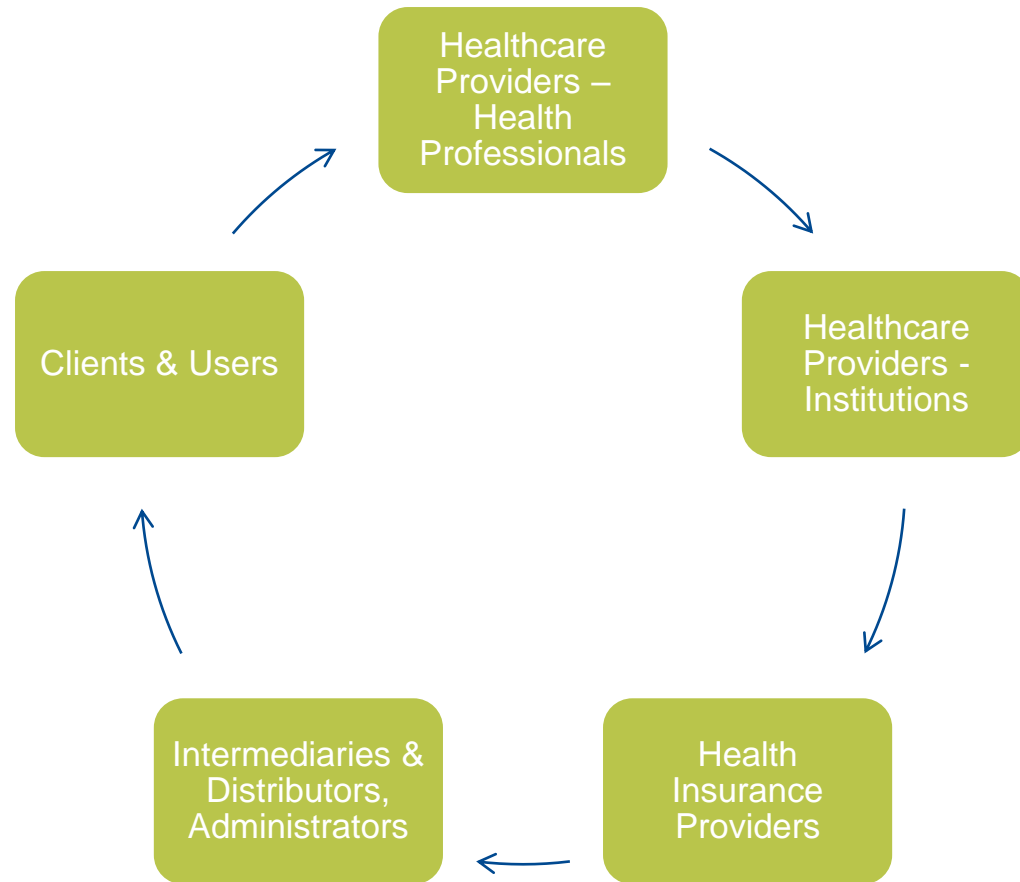| Income Level	Population
Upper	• 1.6 Million
Middle	• 2.4 Million
Middle Low	• 4 Million
Low	• 8 Million
< $2 per day	• 16 Million
<$1 per day	• 8 Million

- Private insurers cover about 1 M lives
- Community based insurance – 0.5 M
- NHIF – 7 M
- Hence most of the people in Middle to upper income have cover
- Low income - 8M (both in formal and informal sector) and the poor – 24 M (total 80% of the population) have minimal or no cover.

Introduction – Key Stakeholders in the Health Insurance Market.

Introduction – Health Insurance Value Chain

Healthcare Providers – Health Professionals

Healthcare Providers - Institutions

Health Insurance Providers

Intermediaries & Distributors, Administrators

Clients & Users

Different roles and many varying interests (some conflicting) that need to be taken into account.

A happy and satisfied user is the ultimate goal

© Tiba Foundation

Broad Interests of Key Stakeholders

Health Insurance Providers

Provide health insurance products and services that meet their clients needs.

Expand coverage and build market share.

Develop a sustainable and profitable health insurance business and returns for shareholders/investors.

Contribute to overall socio-economic development and wellbeing.

Healthcare Providers
Healthcare professions and institutions

Provide healthcare services that meet their clients' needs.

Develop sustainable healthcare operations:

- Not-for profit providers – Meet their public service objectives

- Commercial providers – Build profitable healthcare delivery business and returns for shareholders/investors.

Contribute to overall socio-economic development and wellbeing.

Clients & Users

Access to quality, adequate and affordable healthcare services.

Affordable healthcare financing mechanism to facilitate access to needed care.

Responsive, user friendly and convenient services (from insurers and providers)

Broad Interests of Key Stakeholders contd.

Distributors & Intermediaries	Regulators	Consumer Organizations
Distribute products that meet clients needs	Products and service meet legal/regulatory requirements	Ensure consumers get value for money
Represent and advocate for their clients needs	Protect consumers	Protect and advocate for consumer rights
Provide added value to their clients	Protect Shareholders/Investors	Educate consumers
	Foster sustainable industry growth	
Develop sustainable and profitable business.		

Broad Interests of Key Stakeholders contd.

Government	Donors	Others?
Ensure all Kenyans have access to affordable and quality healthcare	Support government and private sector to achieve national health goals.	
Address barriers to accessing healthcare services including financial barriers	Promote efficient and effective healthcare financing mechanisms including risk pooling	
Develop and implement polices, laws and regulations to achieve healthcare financing objectives.		
Promote growth of healthcare and health insurance business	Support innovative healthcare financing concepts including affordable health insurance	

Focus on Consumers, Healthcare Providers & Payers.

Healthcare Financing Stakeholders Meeting Nairobi, Kenya, May 2012

Specific Consumer Interests & Concerns

- A product that covers most if not all of their healthcare needs (depth of cover – IP, OP, Minimal exclusions if any).

- A product that is flexible, easy to understand and use

- A product that allows access to an adequate number and categories of healthcare providers (with sufficient geographical distribution).

- An affordable product (depending on their socio-economic status)

- A product with minimal co-payments

- Prompt customer care services

Specific Healthcare Provider Interests & Concerns

- Products that are easy to understand and administer (low administration costs).

- Minimal exclusions to reduce their risks of bad debts and legal risks if they have to restrict services.

- Simple, straightforward and cost effective claims processing system (frequently dependent on product features) to reduce costs and facilitate prompt payments

- Wider population coverage

- New innovative prepayment products (e.g. provider based schemes backed by reinsurance).

Specific Insurance Provider (Payer) Interests & Concerns

- Products that meet consumer needs and are therefore more likely to achieve sales and revenue targets

- Products that are easy to administer (low administration costs).

- Products that have in-built risk management features (limits, waiting periods etc).

- Products that are economically priced to cover risks, administration and returns.

- Predictable cost of claims (hence predictable cost of healthcare – Pressure to move away from fee-for-service to fixed reimbursements for a package of services and capitation).

Why engage stakeholders in product development?

To ensure that:

- Products and services are appropriate for the target market (in terms of benefit package, ease of use and pricing).

- Value chain members understand the product and are prepared to play their role effectively (and profitably).

  - Service providers can effectively and efficiently deliver the services covered

  - Distributors understand the product and have capacity to promote it and reach target groups.

- Mutually beneficial and therefore sustainable partnerships are created (win-win)

Proposals on How to Engage Stakeholders

- Map out the key stakeholders for a particular product/service, for example;

  - Target population groups
  - A network of low cost healthcare providers
  - Appropriate distributors/Intermediaries
  - Regulator (approval particularly for unique features or processes of the product)

- Conduct stakeholder analysis to understand their interests and expectations

15

Proposals on How to Engage Stakeholders contd.

- Develop stakeholder engagement plan. Components include:

    - Market research (secondary data analysis, surveys, focus groups etc)
    - Involve target groups in design of product features (models exist that can be used e.g CHAT).
    - Involve potential healthcare providers (individually or their associations) in reviewing product concepts
    - Pre-test product concepts in target markets and potential providers
    - Negotiate win-win service contracts with healthcare providers
    - Maintain regular review meetings with healthcare providers and other stakeholders to monitor how well the product is meeting the needs of all stakeholders.
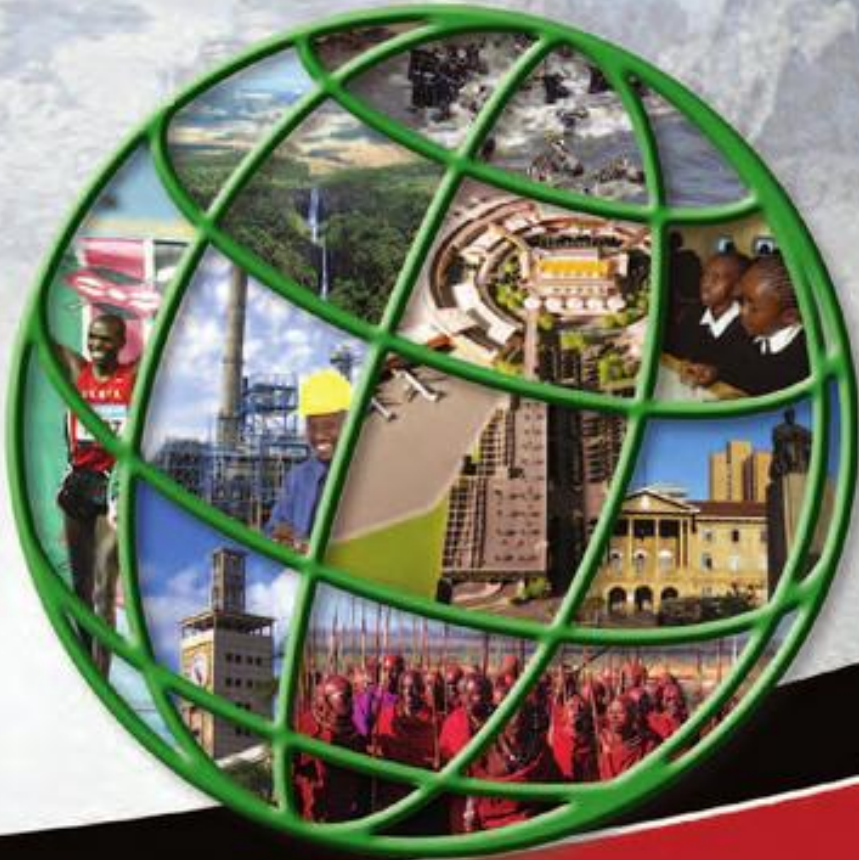
4. SUMMARY

- There are more opportunities for innovation in product packaging, distribution and administration ***process*** than in ***technical features.***

- Exploitation of such opportunities for innovation requires planned and adequate stakeholder engagement.

- The role of government and development partners is becoming increasingly significant due to the large coverage gap and the need to secure access to healthcare for all.

  - Private insurance providers are advised to link with govt and donors programs particularly when developing low cost health insurance products

  - Funds and technical assistance are available to reduce costs of innovation and market entry.

Thank You!