

# Partnering with Microfinance Institutions in Financing Health Care Services for the Informal Sector

Wealth and Health: Leveraging Microfinance  
for Better Health Outcomes



Ayodeji Ajiboye, MD

June 13, 2011

# Healthcare International (HCI)

- One of Nigeria's foremost health maintenance organizations
- Private company incorporated in 1997
- Licensed by the National Health Insurance Scheme (NHIS) to provide managed health care services to all sectors of the Nigerian society
- Operational presence nationwide with over 300,000 lives covered



# The Growth of Enrollee Base

- HCI initially focused on the organized private sector in trying to provide health insurance to Nigerians
- The launch of the NHIS for federal civil servants in 2005 became the “next big thing”
- Then NHIS for state civil servants, but only few states could fund it
- Tertiary institutions are currently enjoying attention
- Very little effort focused on the informal sector before 2008
- Pseudo saturation - *with < 5% of Nigerians covered!!!*

# Motivation for Reaching the Informal Sector

- 80% of Nigerians work in the informal sector
- Majority of Nigerians are poor
- Burden of disease in Nigeria
- Strong desire to make health care services affordable to all Nigerians
- Universal health coverage

# The Hurdles

- Financial incapacity of potential enrollees
- Low awareness and apathy to health insurance
- Logistical hurdle of guaranteed and regular premium collection
- Administrative and logistic burden of reaching the rural areas
- Failure of MFIs to appreciate importance of clients' health on repayment of loans – why health insurance?

# Partnering with an MFI - SEAP

- Started talks in 2005
- Aim was to provide affordable health insurance to all members
- Concluded negotiations in 2010
- **HCI**
  - Dropped premium
  - Customized a new plan (Urban Basic)
  - Renegotiated of fees for hospital services
  - Streamlined coverage and limit
  - Expanded network
- **SEAP**
  - Health insurance as condition for loans
  - “Marketing of plan”
  - Premium collection
  - Administrative responsibilities

# The SEAP Plan – Urban Basic Plan

## Benefits Package

- General consultation
  - Basic lab test
  - Hospitalization in a general ward
  - Maternity care (ANC, normal delivery, and Caesarian Section)
  - A & E cover nationwide
  - Local evacuation where necessary
  - Minor surgeries
- **Premium N3,500**
  - **Benefit limit N100,000**
  - **Mechanisms to curb moral hazard?**
    - No ceilings on services
    - No copayment
    - No coinsurance
    - No deductibles
    - Only overall benefit limits

# Enrollment Trend

- Started with 16 enrollees in 2005
- Stagnated at about 64-85 between 2006-2009
- Rose to over 2,800 in 2010
- About 5,000 today



# Advantages of Collaborating with MFIs

- Guaranteed collection of premium vs. alternative channels:
  - Ere Ijesha community scheme, political schemes
  - Obio scheme with SPDC, Obalende Children scheme
- Expansion of enrollee base
- Greater and easier reach to rural areas



# Advantages of Collaborating with MFIs

- Reduction in administrative overheads
- Improving and helping to sustain private health facilities especially in rural areas (over 90% of facilities are privately owned)
- Provides variable alternative to under-funded public facilities (end to “no money, no drugs”)

# Areas for Improvement

- Scope of coverage
  - Individual vs. family plans
  - Extension of reproductive health services beyond antenatal, postnatal, and delivery
    - Family planning
    - Diagnosis and drug treatment of infertility
  - Expansion of scope of coverage
    - Inclusion of common surgical procedures
    - Inclusion of annual medical checks
    - Inclusion of basic optical and dental services
  - Increasing the benefit limit

# Possibilities for Partnership

- Sponsorship of family members of enrollees
- Collaborations to expand scope of coverage
  - Funding the inclusion of additional services
  - Voucher schemes
- Provision of health education materials (translated in local languages)



# Did the Efforts Make Any Impact?



# Thank you

[www.healthcare-ng.com](http://www.healthcare-ng.com)



**HEALTHCARE INTERNATIONAL** HM004  
*...first in quality healthcare management*