

# An MFI Tests a Multifaceted Approach to Addressing Clients' Healthcare Needs

*Microfinance and Health Protection: CARD, The Philippines*



## Freedom from Hunger Research Brief | July 2010

The Center for Agriculture and Rural Development (CARD) is the largest microfinance institution in the Philippines and reaches about one million Filipinos with financial and other development services. As part of the Microfinance and Health Protection (MAHP) initiative that was directed by Freedom from Hunger, CARD began offering a range of health protection services in early 2007 that included the following:

- Premium loans and facilitated access to enrollment in health insurance provided through PhilHealth (the national health insurance program of the Philippines)
- Access to a "preferred provider program" that is a discounted network of private healthcare providers
- Health education

By the end of the evaluation period in 2009, CARD was reaching over 150,000 clients with one or more of these health products. Key results on client use and perceptions of the products as well as changes in health knowledge and behaviors are presented in this research brief.<sup>1</sup> A detailed report on all of the research activities carried out for CARD can be found at [www.ffhtechnical.org](http://www.ffhtechnical.org).

### **Premium Loans and Facilitated Access to Health Insurance**

Research on the CARD program to link clients to insurance provided through PhilHealth yielded results that reflect member perceptions of the product and reasons for enrollment. Members feel that the CARD



PhilHealth program provides security in the event of a medical emergency, saves them money, and offers an affordable and preferred payment structure. Even though some would like more comprehensive coverage, many clients outside of PhilHealth areas would also like access to the insurance. When coverage does not cover all costs, members fall back on savings and borrow from family and friends to cover the additional expenses, and may also use funds from business loans. The studies also revealed that those not enrolled may lack an understanding of insurance and its value—but this challenge can be confronted with efforts by CARD to further promote the product and educate clients. CARD staff appreciates the financial and human resources devoted to the PhilHealth program, how the product aligns with CARD's mission and believes it has a positive impact on clients. An overwhelming majority of members interviewed are generally satisfied with the product, would renew their policy and would also recommend it to a family member or friend.

<sup>1</sup> A multi-methods approach was employed in this research, utilizing various quantitative and qualitative instruments. Outcomes in this brief are expressed in general terms as indications of program performance. Additionally, none of the studies controlled for the bias of self-selection in participants who join microfinance programs, take up health insurance, use discounted healthcare services or attend health education sessions.

TABLE I: OVERVIEW OF CARD PHILHEALTH PROGRAM OUTCOMES

Indicators	Outcomes
Most common reason for purchasing a CARD health insurance product (n=67)	"I feel more secure having it in case of an emergency"
The most common reason for not enrolling in CARD health insurance products (n=99)	"Don't know much about them"
Top reason reported for dis-enrollment (n=48)	Leaving CARD as a member altogether
Those who felt CARD PhilHealth was affordable (n=47)	98%
Respondents said they prefer paying premium weekly through CARD rather than quarterly through PhilHealth (n=40)	85%
Those enrolled in CARD PhilHealth program and said experience with the insurance "helped quite a lot" (n=40)	88%
Would recommend CARD PhilHealth program to other CARD members (n=47)	97%

### Preferred Provider Program (PPP)

Participating healthcare providers, CARD members and CARD staff see the PPP as providing quality service at an affordable cost. Providers appreciate how the program contributes to their social mission and expands their client base, and would continue participating in the program "for as long as they could." Some doctors mentioned a few problems with patients, such as forgetting ID cards and asking for unreasonable discounts, but find those problems manageable. CARD staff thinks the program has encouraged clients to become more health-conscious, and enjoy utilizing the discount themselves and for their family members. The PPP addresses health service issues that CARD members identified and continue to struggle with, such as poor service quality from public services and affordability of private medical services. A majority of members would recommend that others use the program, and participating providers would recommend the program to other providers.

*Even though I give discounts [to CARD members], it has been equalized by the increased numbers of patients.*

—Dr. Javierto Reynoso

### Health Education

CARD administered education modules entitled Plan for Better Health and Using Health Care Services, which aim to help members financially prepare themselves and their families for illness as well as advocate for better health services. Results from a short survey conducted before and after the administration of the education modules showed that there were statistically significant outcomes for the following two indicators:

- Members who have, in the past three months, put money aside to prepare themselves for future illness or medical emergency (increased from 79–92 percent) ( $p < .01$ ).
- Members who, when negotiating, focus on what they need and repeat it (increased from 55 to 69 percent) ( $p < .05$ ).

The education modules complement the PPP by giving members an opportunity to utilize new skills of effectively negotiating with a provider and to better understand what to expect during a visit. Additionally, in the post-test, about 85 percent of CARD members would recommend that a family member see a doctor in the PPP, even though only approximately 23 percent had actually seen a PPP doctor themselves. This indicates that CARD members have strong faith in CARD recommendations and CARD programs and do not necessarily need to “see for themselves” in order to endorse a CARD program.

### **Costs, Benefits and Financial Sustainability**

An important element of MAHP was to address the question of whether it was possible to design and offer health-related products and services that could have positive social impact for clients while also being practical, cost-effective and even profitable for MFIs. Towards this objective, a cost benefit study was conducted to examine the costs and benefits of the CARD PhilHealth program and the preferred provider network that employed a combination of activity-based and allocation costing to determine per-client costs and potential profitability of each product, as well as to quantify indirect benefits for MFIs. Findings indicate that the PhilHealth package could be offered not only sustainably but eventually also profitably by CARD, and that the PPP can achieve valuable social and marketing aims at a very low per-client cost. Both packages have resulted in positive health and financial benefits for CARD clients, and there is anecdotal evidence that they have led to enhanced client growth, satisfaction and retention that could significantly enhance the scale and performance of CARD’s microenterprise loan portfolio.



### **Conclusion**

It is evident from the research results that CARD has executed a successful pilot program of health protection products. CARD’s PhilHealth program has also contributed to the field of microfinance by creating a model that demonstrates that MFIs can improve client access to health insurance through partnering with an insurance provider and how the provision of premium loans make this insurance more affordable for MFI clients. The offer of the discounted healthcare provider network offers promising results for MFIs and others who seek to improve client access to quality healthcare providers, even in areas with severe shortages of healthcare personnel and facilities. CARD’s ability to offer the insurance on a self-sustaining basis and the provider network at very low marginal cost with indirect benefits that contribute to MFI reputation, competitive position and social mission, is an important contribution to the microfinance sector regarding the viability of using microfinance as a platform for the extension of health services.

## Freedom from Hunger—A Leader in Integrated Services

Founded in 1946, Freedom from Hunger is known for its innovations in integrated services. The organization's *Credit with Education* innovation unifies microfinance and dialogue-based education for self-help groups of women. The *Credit with Education* model includes training on health, business and financial topics. Rigorous studies have documented the statistically significant impacts of *Credit with Education*, including improvements in economic status, women's empowerment and the health and nutritional status of children whose mothers participate in the service.

With the creation of the Microfinance and Health Protection (MAHP) initiative, which developed and evaluated the addition of health protection services to MFIs in Benin, Bolivia, Burkina Faso, India and the Philippines, Freedom from Hunger initiated a new era in microfinance, one that responds to the desires of MFIs to help their clients stay healthy and flourish in their micro-enterprises and meets the most pressing health needs of families living in poverty. To learn more about Microfinance and Health Protection and to access the research studies that are summarized in this brief, visit [www.ffhtechnical.org](http://www.ffhtechnical.org).



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