

An MFI Tests Health Savings and Health Loans to Address Clients' Healthcare Needs

Microfinance and Health Protection: RCPB, Burkina Faso



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The Réseau des Caisses Populaires du Burkina (RCPB), a federation of credit union networks, is the largest MFI in Burkina Faso. RCPB's mission is to improve the living conditions of its members and the greater community by applying principles of solidarity and individual and collective responsibility. RCPB mobilizes savings, offers a range of profitable credit products, promotes appropriate and accessible financial services for all, and is committed to democratic administration and management. RCPB introduced health protection services to its microfinance clients in April 2007 as part of the Freedom from Hunger Microfinance and Health Protection (MAHP) initiative. The MFI's health protection service package includes two complementary financial products:

- Health savings to cover primary care and medicine for common illnesses
- Health loans to cover treatment that exceeds clients' health savings

RCPB also provides complementary health education on planning ahead to pay for health expenses, how to use the local healthcare system and advocate for better health care, and prevention and management of common diseases. RCPB has also established a health solidarity fund to support community-based health improvement projects such as the development and operation of a safe drinking water source.

Research activities carried out as part of the MAHP initiative assessed RCPB's health protection products and identified and measured key results associated with client use and perceptions of the products as well as changes in health knowledge and behaviors. Highlights of these results are presented in this brief. A detailed report on all of the research activities and methods employed for RCPB can be found at www.ffhtechnical.org.¹

Health Savings and Health Loans

The health savings accounts were designed to anticipate health costs and help clients save money specifically for their costs. By December 2009, 12,099 clients had health savings accounts amounting to almost US\$55,000 in current deposits. Clients were overwhelmingly pleased with their health savings accounts, even when they had regular savings accounts with RCPB, because the health savings account allowed them to build savings especially for health and created a level of discipline for saving for costs they knew they would eventually incur. They could also keep their health problems more private by not having to borrow money from family members or neighbors in the event

¹ Outcomes in this brief are expressed in general terms as indications of program performance and none of the studies establish a causal link between the provision of programs and the observed outcomes. Additionally, none of the studies controlled for the bias of self-selection in participants who join microfinance programs, use discounted healthcare services, use health loans or attend health education sessions.

of a health problem for which they did not have the money on hand to cover the costs. Clients consequently felt more secure about unpredictable illnesses they might face in the future.

Health loans are much like the health savings in that clients know that it is a source of secure funding for future medical expenses. By December 2009, 84 health loans had been disbursed. The loans can help them avoid having to borrow from friends or relatives and enable them to keep their health issues private. Family and friends are not seen as a reliable or preferred source of funding for health expenditures, even though they are normally the first source when it comes to covering health expenses.

The study that compared clients in the MAHP (or treatment) area (n=96) to clients in a comparison area (n=96) suggests that MAHP clients were more likely to seek preventive care during the program period; they were 2.6 times more likely to feel very or somewhat confident that they would be able to pay for future health expenses; and 3.7 times more likely to feel very or somewhat confident that they would be able to save for future health expenses. There were no meaningful differences in number of times family members complained of an illness and needed to seek treatment.

Measure	MAHP Area Results (N=96)	Comparison Area Results (N=96)
Sought preventive care in last year	24%*	9%
Able to pay for all costs incurred	94%	67%
Methods used for payment		
Personal savings at home	32%	43%
Business earnings	26%	14%
RCPB Regular savings	5%	14%
RCPB Health savings	5%	0%
Other	32%	29%
Households with someone sick in last 30 days	46%	43%
Sought treatment for illness	81%	93%
Feel very confident they can give their children the food they need	38%*	29%
Feel very satisfied with their own preparations for future health expenses	36%	29%
Have calculated their medical expenses in last six months	56%	45%
Calculated their medical expenses before six months ago	33%	26%
Feel somewhat to very confident they will be able to pay for future health expenses	29%*	20%
Feel somewhat to very confident they will be able to save for future health expenses	58%*	39%

*Statistically significant at $p < 0.05$ or less.

Our research has revealed the overall concern clients have about protecting their health and avoiding burdensome associated costs to seeking treatment for illnesses and the role that the health savings and loan products provided by RCPB can play to help smooth these health costs over time—either through saving over time for them or paying them over time with use of the health loan.

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 RCPB health savings and health loans. The study employed a combination of activity-based and allocation costing to determine per-client costs and potential profitability of the linked health savings and health loan product at RCPB. Findings indicate that RCPB's package of health savings and health loans can be offered sustainably and eventually at a slight profit when considering only direct costs and assuming that the MFI is already operating on a financially self-sustaining basis and has solid experience with regular savings, and that health savings deposits are also on-lent as regular microenterprise loans. The health savings and health loan package is probably not viable on a purely financial basis when taking into account allocations of existing branch and management staff time. The study also found that the health savings product increases both branch liquidity and client satisfaction, leading to financial and nonfinancial benefits for the MFI. Further, there is anecdotal evidence from staff that these services enhance client growth, which even on a small scale would generate positive financial benefits for the MFI.



Conclusion

It is evident from the research results that RCPB has executed a successful pilot program of health protection products. RCPB leadership is satisfied with and plans to expand this health protection package because it views health savings and loans as a high-value service for clients that contributes to the MFI's social mission while also covering its own marginal costs, or better, over the longer term. Over the course of 2010 and 2011, RCPB intends to substantially scale up the number of branches offering health savings and health loans, as well as the promotion of these products to achieve a take-up rate of about 25 percent of its overall clientele within a few years. The RCPB health innovations overall stand out as impressive examples for microfinance organizations and others to consider as effective health protection programs that can meet important health and financial protection needs of MFI clients and their families.

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.ffhtechical.org.



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