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Strengthening Health Outcomes  
*through* the Private Sector

# Scaling up of Affordable Health Insurance: Staying the course

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# Outline of the Presentation

Context: the health financing debate

Kenya in the regional picture

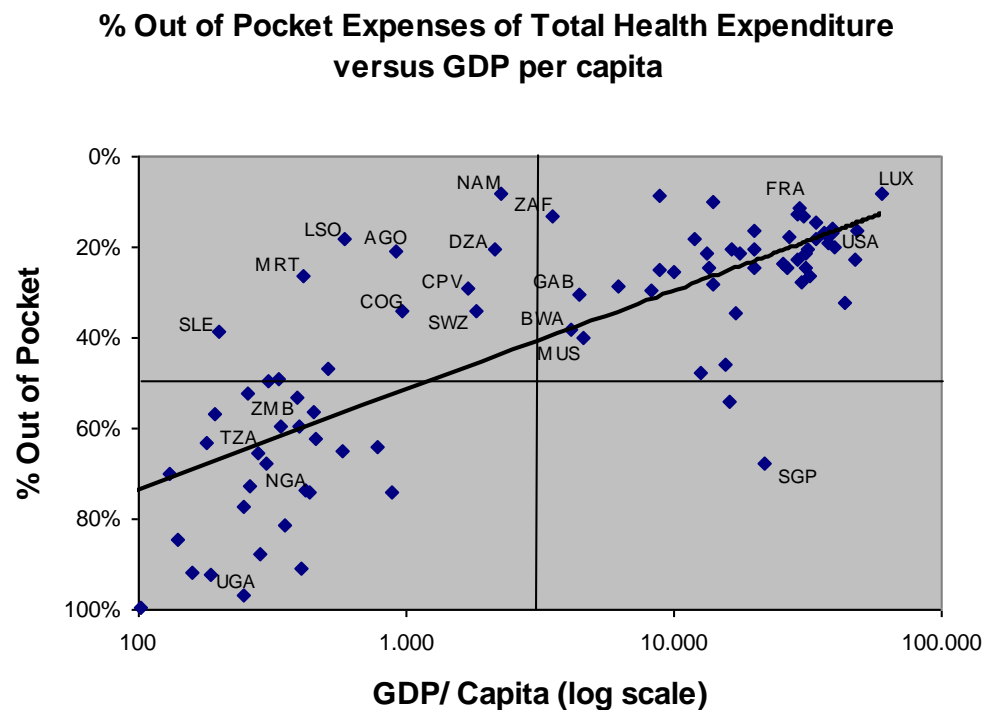
The role of health insurance in Health Market Development

- Where we are now
- Where we want to be

Questions for discussion

This presentation is based on the forthcoming book (homonymous) by Preker, Lindner, Chernichosky and Schellekens

# The ratio of out of pocket to pre-paid expenses tends to be reversed from 20:80 to 80:20 as



Source: Shellekens et al (forthcoming)

**Unfortunately, many low-income countries are on a slower sub-optimal path towards a 40:60 rather than 80:20 ratio**

# The health finance debate is polarized

Expanded health insurance coverage= access to needed care without the long waiting lists, low quality care and rudeness often suffered by patients using public services provided by Ministries of health

Supporters of health insurance

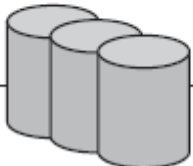
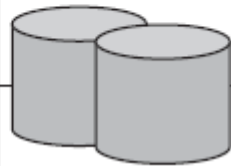
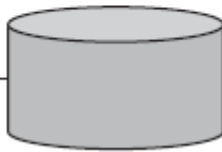
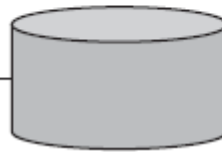
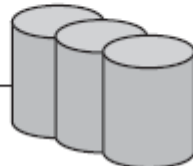
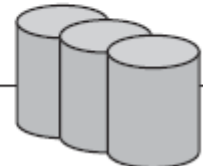
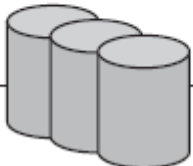
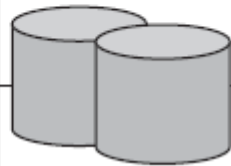
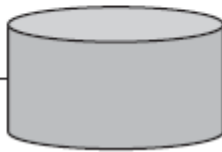
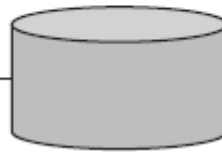
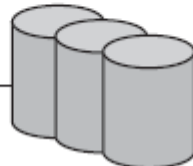
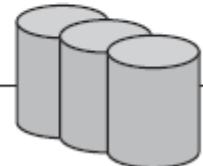
Health insurance= overconsumption, escalating costs fraud and abuse, shunting scarce resources away from the poor, cream skinning, adverse selection, moral hazard, etc

Supporters of general tax funded, hierarchical national health systems

Government and donor funding is better spent if channeled into disease specific areas through vertical programs

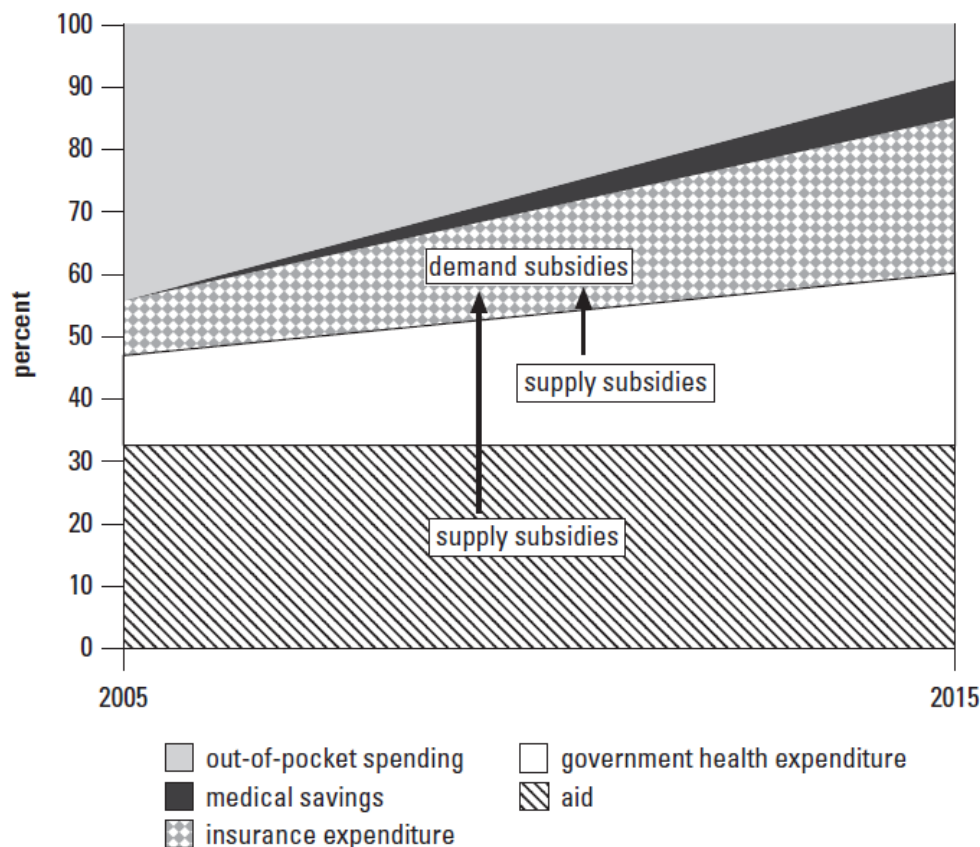
Skeptics of both approaches

# No one mechanism is likely to succeed by itself in securing all three objectives of health financing systems

Objective	Income smoothing	Equity pillars		Risk-management pillars		
Financing mechanism	Household savings	Donor aid	General revenues	Public health insurance	Private health insurance	Community financing
Voluntary						
Mandatory						

Rather these objectives are more likely to be achieved by a multi-pillar approach that combines subsidies, insurance and savings

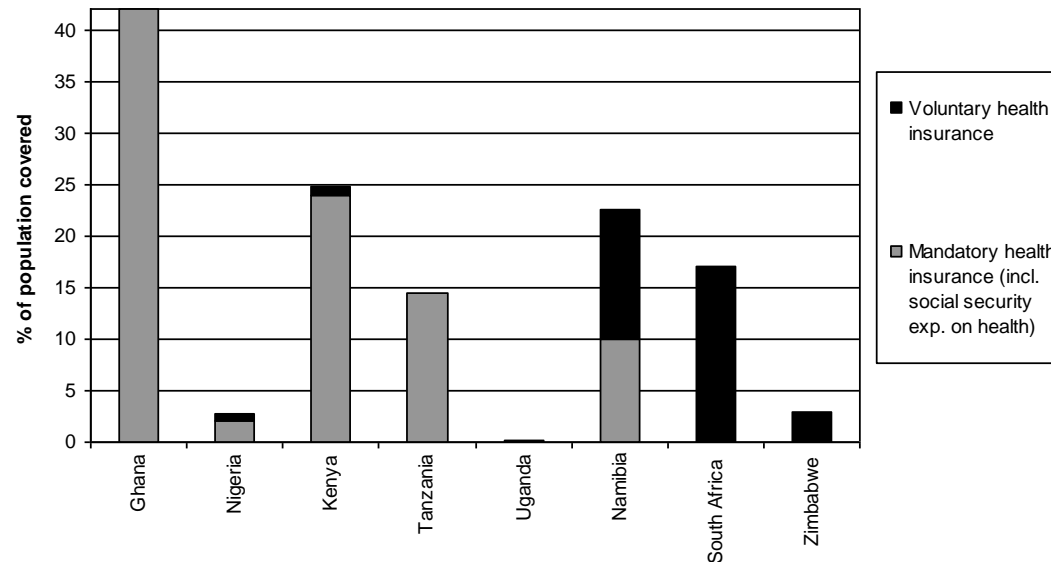
# Both private voluntary and government-run health insurance could make an important contribution to health financing in low-income countries



But subsidies are critical to reaching the poor and a shift from traditional supply side subsidies to demand side subsidies is needed

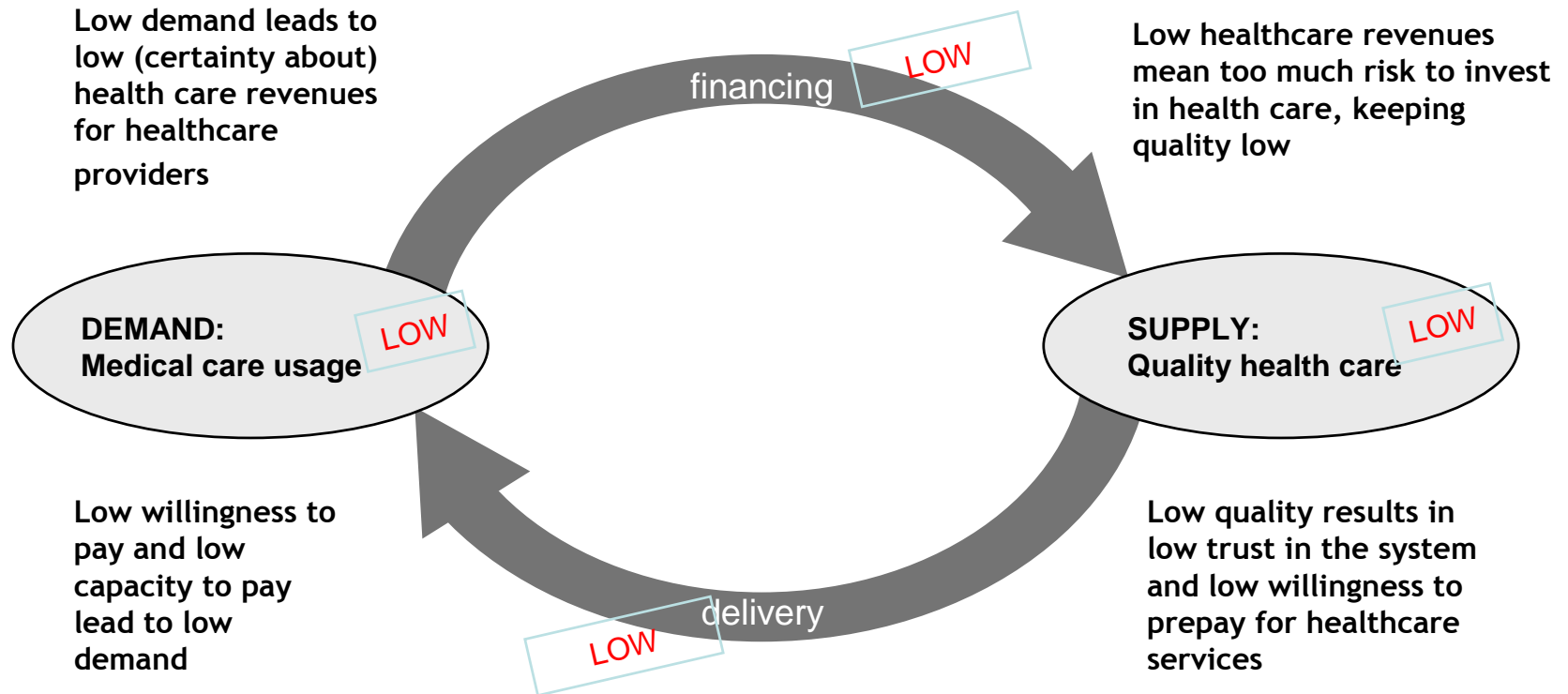
# Big Bang Reforms in Anglophone Africa

- Anglophone countries in both West and East Africa experienced economic adversities that led to deterioration of their publicly funded national health services.
- Some countries have reacted with reforms leading to an aggressive scale up of government mandated health insurance. Ghana, for example, achieved 65 per cent coverage in less than five years.
- Notable feature of reforms is mix of public and private arrangements in both financing and service delivery.
- Old divisions between private/public, formal/informal and purchasers/providers are being re-visited.



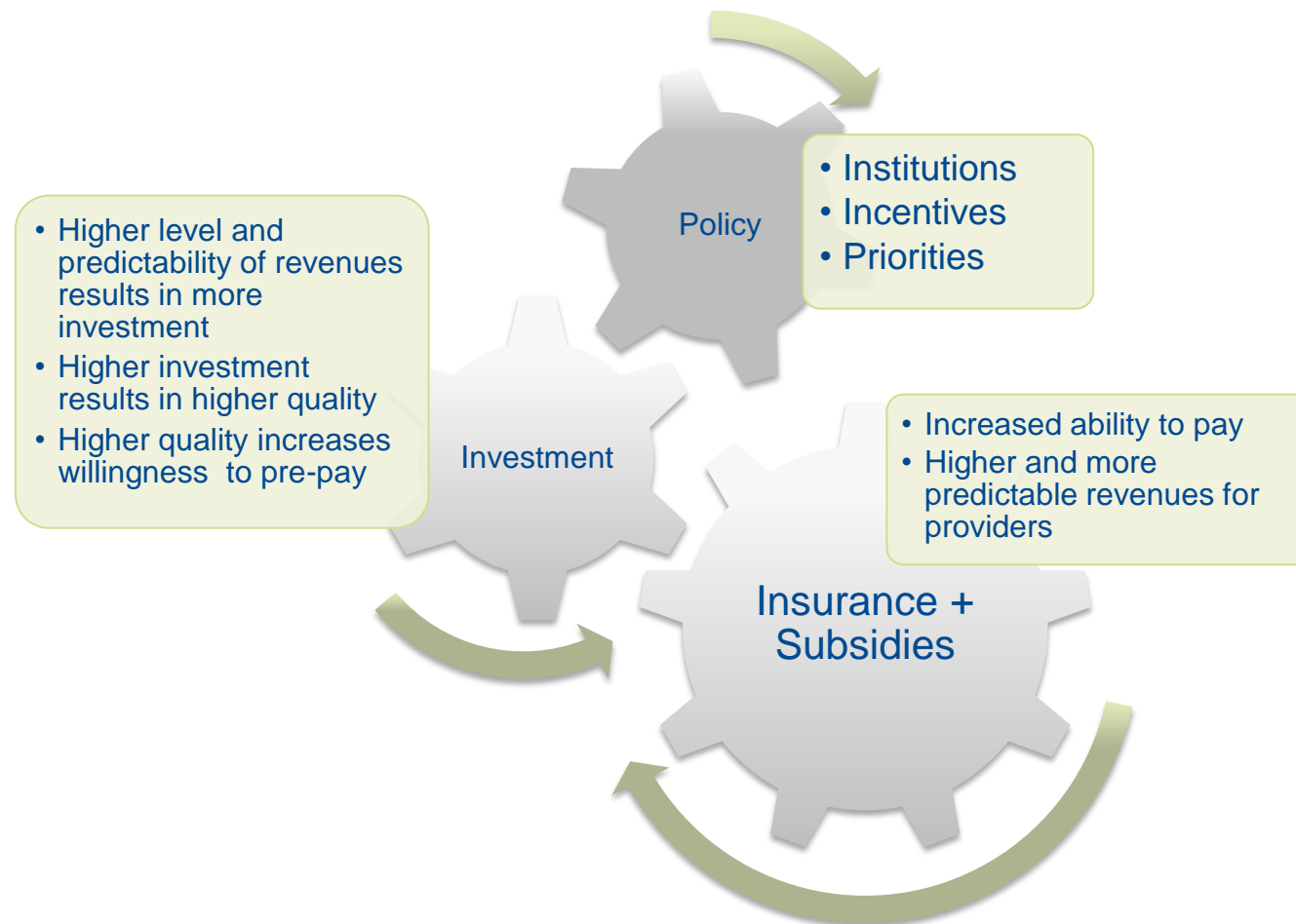
Source: Preker et al (forthcoming)

# The current state of affairs





# The way forward: A new paradigm for scaling up health insurance



# Questions for discussion

- Is more health insurance good for private providers?
- Is the relationship between private providers and health insurers/medical plans a zero-sum game or win-win?
- Do private providers stand to win from policy changes such as mandatory health insurance or expansion of NHIF through subsidies?
- Do private insurers/medical plans stand to win from policy changes such as mandatory health insurance or expansion of NHIF through subsidies?