



Using willingness to pay data to inform the design of health insurance: Evidence from Nigeria

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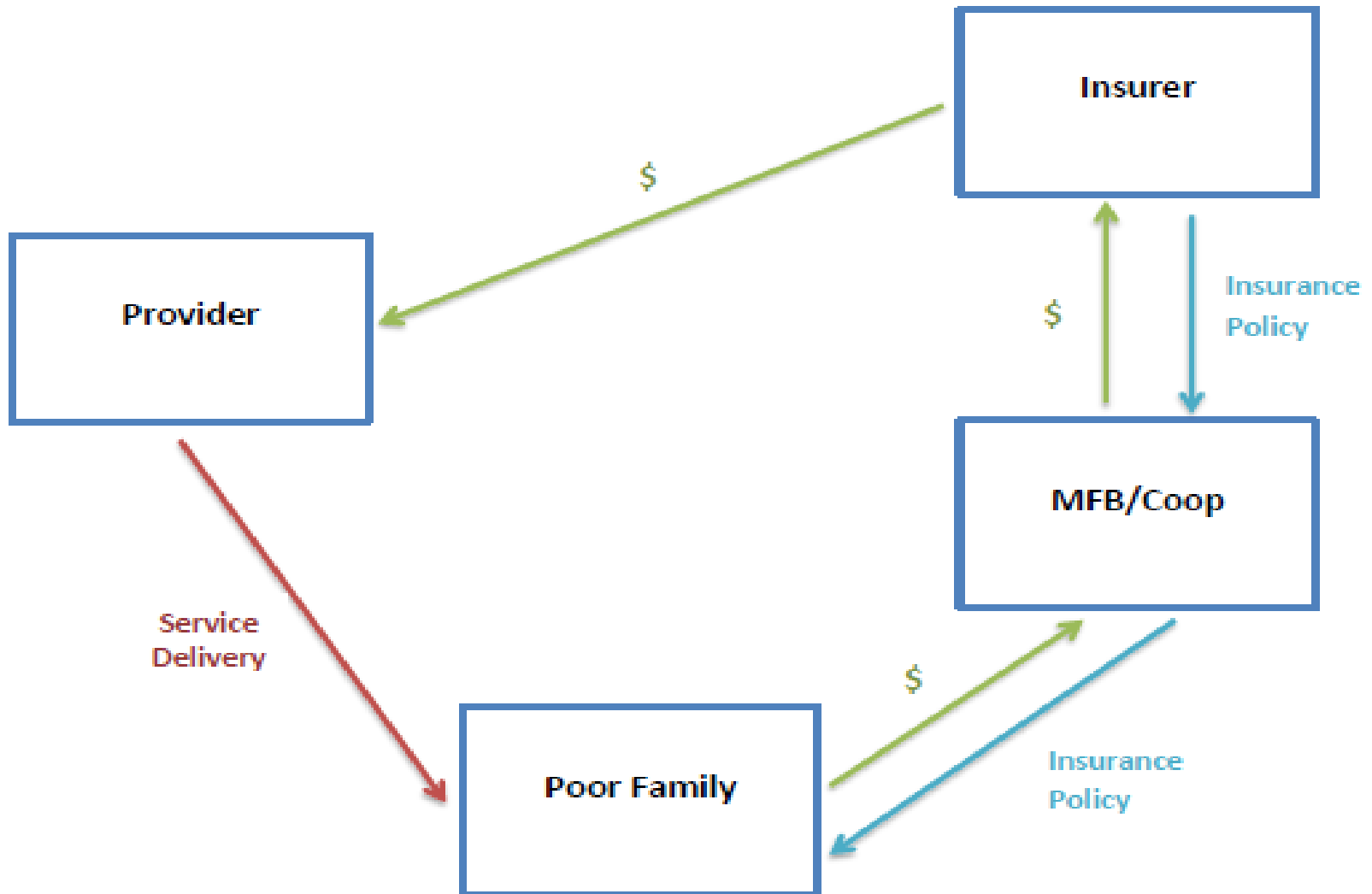


Background

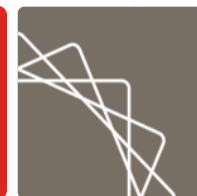


- Lack of access to health insurance can lead individuals to forgo seeking care or to incur significant out-of-pocket expenses
- Limited access to health insurance in developing countries, particularly among informal sector workers
- PATHS2 (DfID-funded Abt Associates project) is working to expand coverage of health insurance among informal sector workers
 - Establishing links between Health Maintenance Organizations (HMOs) and Micro-Finance Banks (MFBs) in Lagos State, Nigeria

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Willingness to pay study



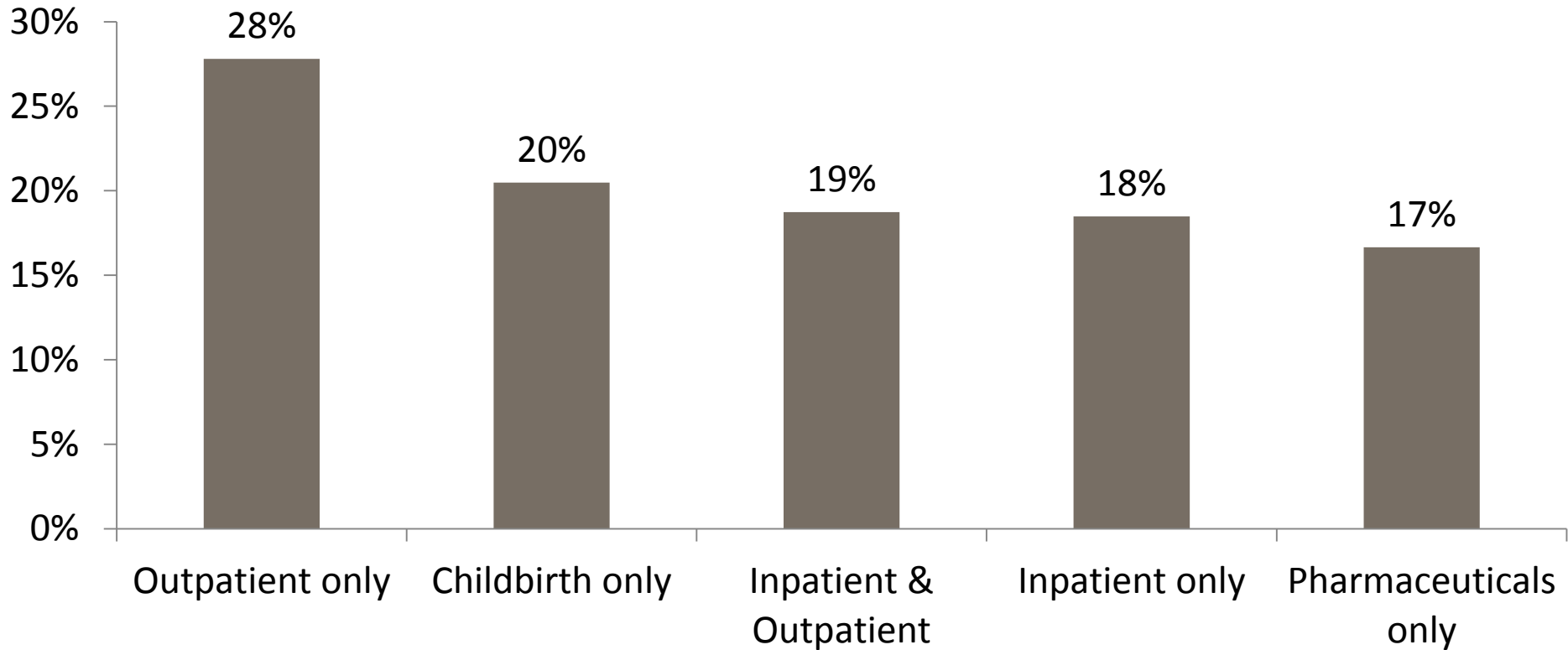
- The purpose of the study was to understand:
 - Interest in different insurance packages
 - Willingness to pay for health insurance
 - Demographic and socio-economic characteristics
 - Health seeking behavior and health expenses
 - Knowledge and experience with health insurance

Aim of study: inform design and implementation of insurance package

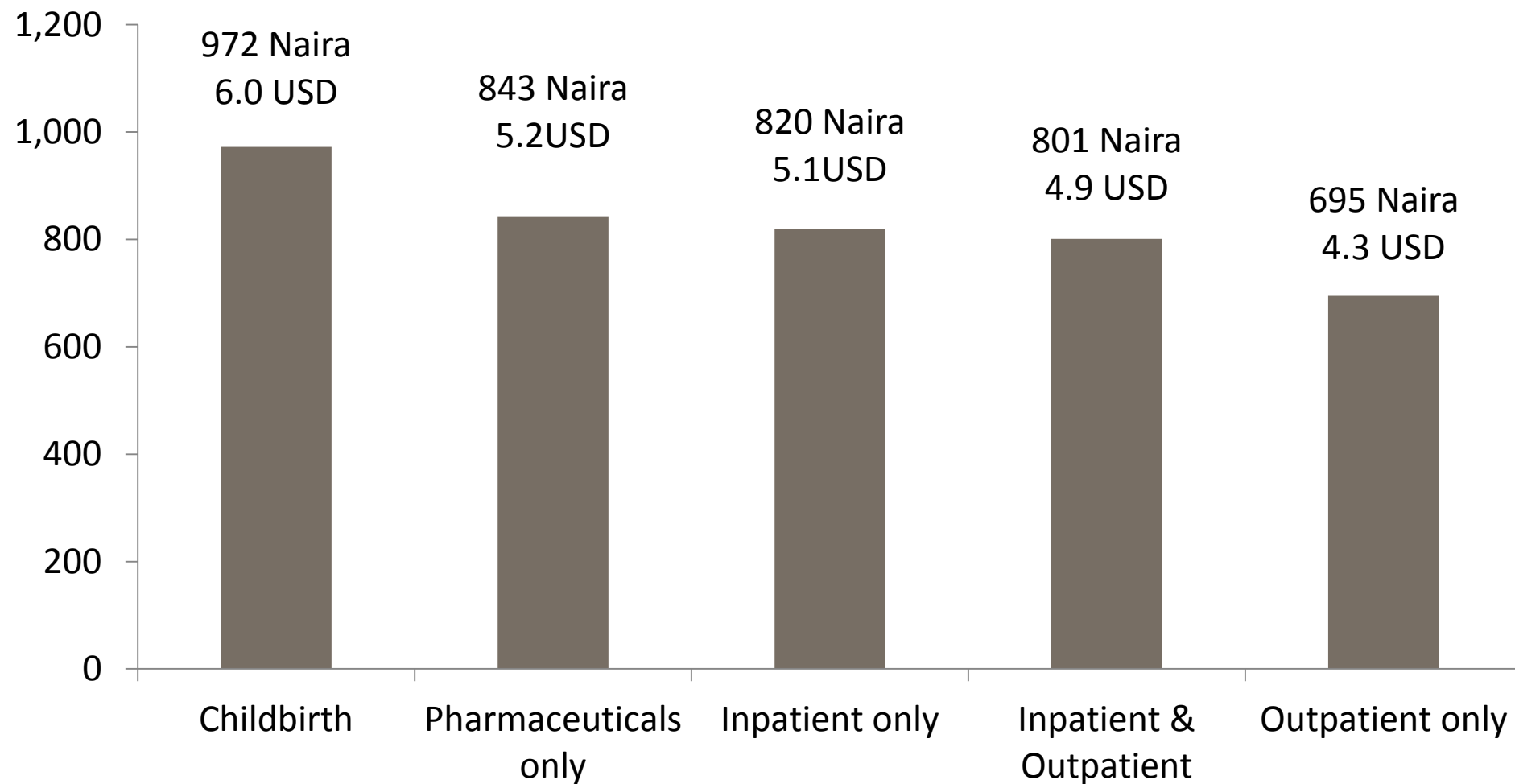
- Sample:
 - 3 MFBs; biased towards 1 MFB
 - Total sample = 1,343 clients

Baseline characteristics	
Female	90%
Spouse of HH head	73%
Age	39
HH size	5
Ever attended school	90%
Primary school	25%
Savings account	26,329 Naira (168 USD)
Size of loan	37,945 Naira (242 USD)
Health event in last month (in HH)	14%
Health event in last month (client)	8%
Type of provider	
OPD only	61%
IPD only	9%
No provider	30%
Total OPD costs	5,088 Naira (32 USD)
Total IPD costs	8,262 Naira (53 USD)
Ever heard of health insurance	13%

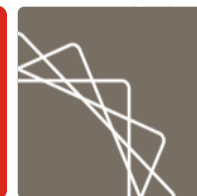
Most preferred insurance package



WTP by type of coverage (monthly)



WTP for health insurance relative to health expenditure and total consumption



	Monthly consumption (n = 1,239)	Monthly health expenditure (n = 1,239)	HE/Total Consumption	WTP for 1st choice package (n = 1,117)	WTP/TC per respondent	WTP/HE per respondent
TOTAL	7,720	220	2.85%	813	10.53%	3.70

- On average, clients spend 2.85% of monthly consumption on health events.
- Given clients' WTP 813 Naira per month for health insurance, they are willing to spend more than **10% of monthly consumption on health insurance**.
- Clients are willing to pay almost **4 times their monthly spending on health** to purchase insurance.

Incentives for enrollment



- Most popular incentives to motivate enrollment:
 - Education about health insurance (58%)
 - Free health check-up (53%)
 - Premium reduction (41%)
 - Other goods: cookware (39%), airtime (36%), bed nets (33%)
 - Rewards program for health visit (35%) or food (32%)

Informing insurance product design



- Marketing about health insurance is critical given low knowledge and exposure
- Marketing and distribution adapted to demographics
- Overall interest in health insurance, particularly outpatient coverage
- Relatively high WTP for insurance
- Premium financing
- Transportation and cash support integration
- Incentives for take-up

Follow-up research



Even when insurance coverage is offered at an “affordable” price with desirable benefits, there may still be low take-up

Purpose of follow-up study:

- Evaluate the role of different “nudges” and their effect on insurance take-up
- Evaluate the impact of insurance coverage on access to care, financial risk protection, health outcomes, and willingness to renew insurance

Methodological approach



- Randomize the offer of incentives linked to insurance take-up
 - Group 1: nudge 1 (airtime?)
 - Group 2: nudge 2 (price reduction?)
 - Group 3: nudge 3 (in-depth marketing)
 - Group 4: offer insurance but no nudge
- RCT design to evaluate impact of different nudges on take-up of health insurance
- Randomized encouragement design to identify impact of health insurance on:
 - Access to health services, out of pocket spending on health care, and objective health outcomes

Thank you

For further comments:

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