



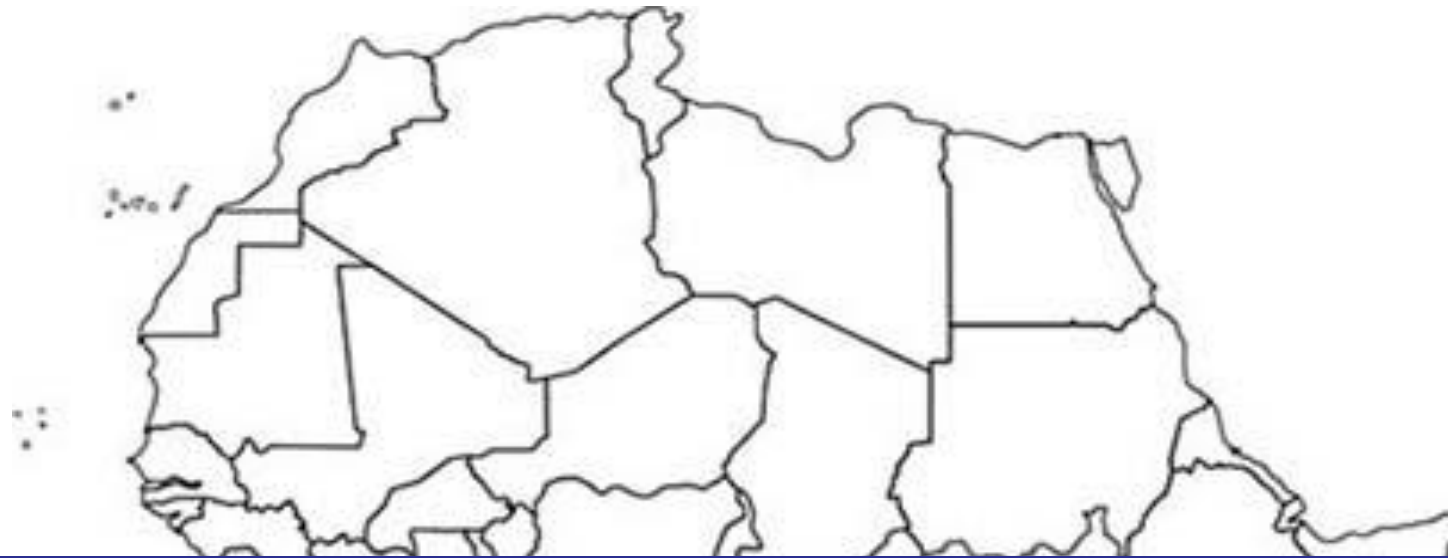
MINISTRY OF HEALTH  
REPUBLIC OF GHANA



**USAID**  
FROM THE AMERICAN PEOPLE



World Health  
Organization



**FINANCIAL PROTECTION AND IMPROVED ACCESS TO HEALTH CARE:  
PEER-TO-PEER LEARNING WORKSHOP  
FINDING SOLUTIONS TO COMMON CHALLENGES  
FEBRUARY 15-19, 2016  
ACCRA, GHANA**

**Day I, Session VI**





World Health  
Organization

# Practical concepts and strategies to increase and maintain financial protection and access to health care

**Dr. Laurent MUSANGO**

# Why financial protection?

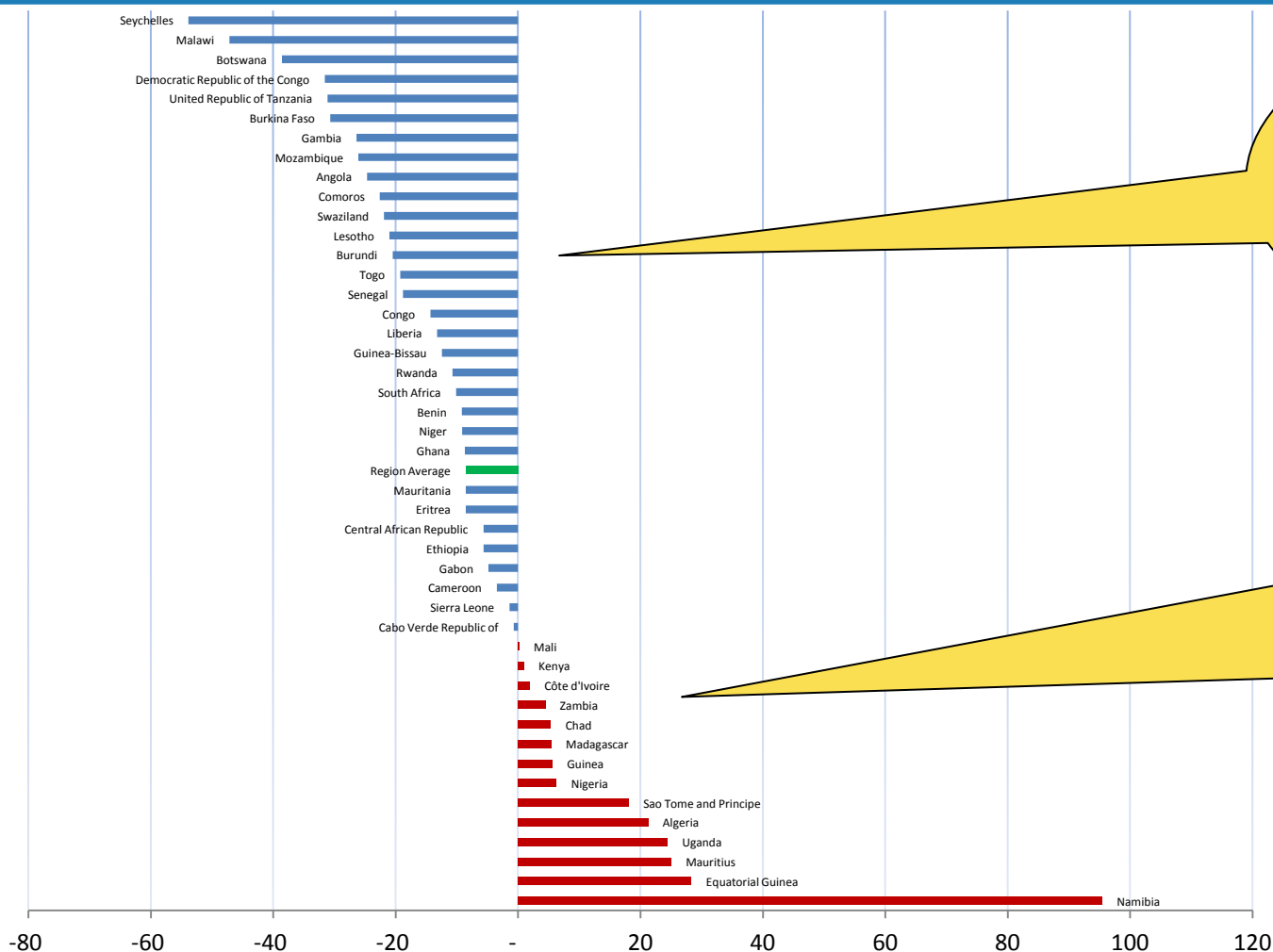
**Financial protection has been the motivation for past and current health reforms in many countries, being considered as a responsibility of the government:**

- Social health insurance systems currently being developed in Europe
- NHS in the U.K.
- Thailand
- Republic of Korea
- US “Affordable Care Act,” now called informally “Obama Care”
- Examples in Africa: Botswana, Ghana, Gabon, and Rwanda.

# Concept Definition

- **Health insurance** is a formal contract according to which the insured (the beneficiaries) are protected against the costs associated with medical services covered by the health insurance system (the benefits).
- The **Out-of-pocket expenses (OOP)** are the amounts paid by households as a percentage of overall health expenses. The financial protection is triggered when a defined threshold is reached for OOP. – Expenses are considered “catastrophic” if they exceed a certain fraction of the household income or spending power.
- The **protection against financial risks** helps with catastrophic expenses resulting from a covered event (illness, fire, car accident, etc.) It is one of the benefits of insurance policies.
- The **premium** is the amount to be paid based for the insurance coverage offered.

# Evolution (2001-2013) Paiements directs (OOP) dans la Région Africaine



La plupart des pays montrent une évolution favorable à la diminution des paiements directs pour les services de santé

D'autres pays montrent par ailleurs une augmentation de OOP, ce qui est un risque de tendance vers les dépenses catastrophiques de santé et l'appauvrissement

Changes (Relative to Period Average) in OOPs as percent of THE in Countries in the African Region 2001 -2013

# A Few Mechanisms of Financial Protection

---

- National health insurance
- Social health insurance
- Community-based health insurance/Mutual health insurance
- Free care
- For-profit private health insurance
- Combination of various mechanisms

# National Health Insurance

## ● Context

- Managed by the government or delegated to a specific institution
- Funded by taxes/with compulsory insurance
- Benefits: services offered by the public sector

## ● Pros

- Type of solidarity/financial risk protection covering all demographic groups
- The assessment of contributions is based on the level of revenues of the household
- Simple management model for the government

## ● Cons

- Political pressure and availability of tax revenues
- Lack of competition: potential inefficiencies in the delivery of care

# Social Health Insurance/ Compulsory Health Insurance (CHI)

## ● Context

- Generally applies to employees (active or retired) of the public/private sector
- Sometimes applies to the employees of independently-managed state-owned organizations

## ● Pros

- Progressive improvement of the service package
- Protects members against catastrophic health expenses

## ● Cons

- Coverage limited to the formal sector: works against equity when it comes to the protection against financial risks
- Burden of contributions for members
- Complexity of management
- On the administrative level, it takes time to secure the vote of a CHI law, and this can delay the launch of the system



# Social Health Insurance/ Compulsory Health Insurance (CHI)

- A few concrete cases to gain a better insight
  - Health insurance is sometimes called the Bismarck Model, reflecting its German origin
  - Countries like Germany, Colombia, and Korea have scaled up CHI beyond government workers and workers of state-owned companies, and they also include low-income populations. In Africa, Ghana and Rwanda are relevant examples
  - Most African countries are in the process of creating CHI (Cote d'Ivoire, Benin, Ethiopia, Senegal, etc.)
  - In those countries, health financing strategies include the informal sector

# Community-based health insurance/Mutual health insurance

## ● Context

- Voluntary affiliation with prepayment and pooling of funds at a low level
- Small populations and limited amounts pooled

## ● Pros

- Increase of the rate of use of the services by members,
- The subsidies paid by the government make affiliation potentially more attractive

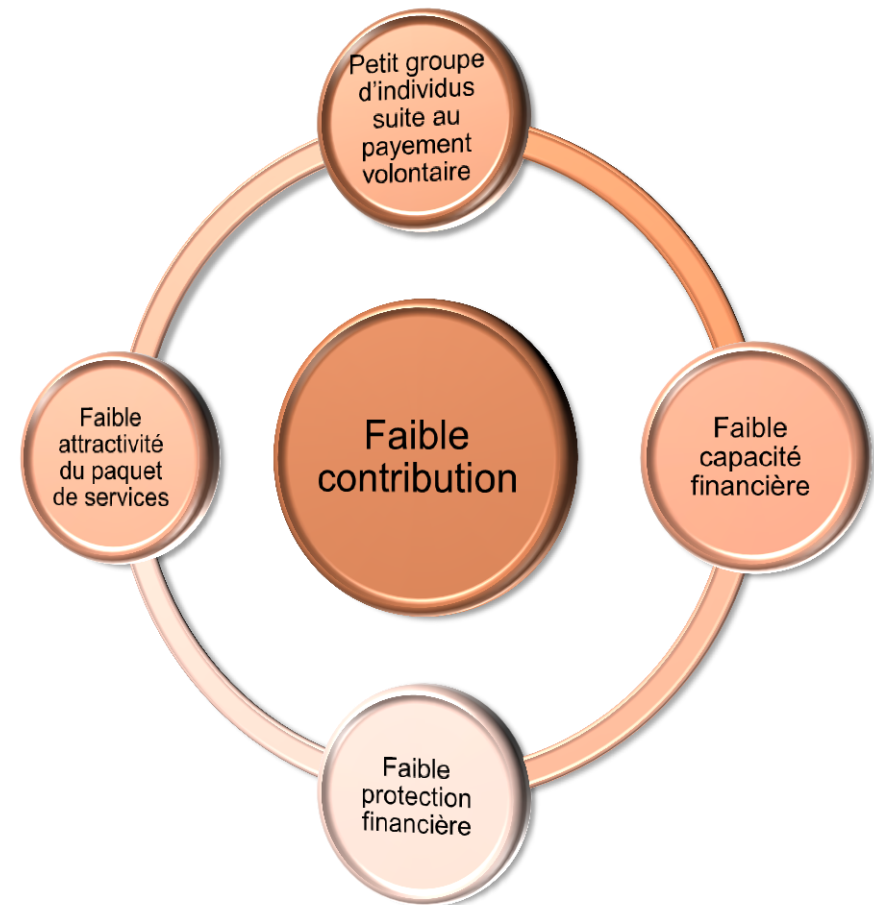
## ● A few concrete cases to gain a better insight

- Mali and Senegal: subsidies paid by the government for the members
- In Rwanda and China, the subsidies are much more attractive, which makes affiliation practically universal.

# Community-based health insurance/Mutual health insurance

## ● Cons of the mutual health insurance

- Limited service package, therefore limited protection against financial risks
- Adverse selection; the mutual health insurance organizations cover unbalanced risks
- High level of fragmentation
- Generally speaking, the premium rate is fairly standard (community rate), regardless of the capacity to contribute
- The poorest populations are still excluded
- The coverage rate is low



# Free Care

- Context and country examples

- Introduced as national policies in order to increase access to health care between 2004 and 2011 in African countries so as help reach the MDGs
  - **Universally free care:** Liberia and Uganda (primary care), Zambia (rural), Cote d'Ivoire (post-electoral)
  - **Targeted free care:** sub-groups (mother/child) and
    - Specific conditions or services (e.g.: vaccination; malaria, HIV, TB, dialysis, etc. )
    - Many African countries (Benin, Cote d'Ivoire, Ethiopia, Ghana, Nigeria, Rwanda, Senegal, Togo, and Uganda)

# Free Care

## ● Pros

- Increase of use by exempted populations, but variations in the quality of services and availability of drugs
- Easier access to services for the poor and vulnerable populations, or for the entire population if free care is universal

## ● Cons

- The tax-based sustainability of the system is doubtful, especially if free care is universal
- Evidence of negative effects on non-exempted populations

# Other approaches targeting access to health care for the poor

## ● Equity Funds

- For the poor and vulnerable populations, with subsidies from the government and/or development partners

## ● Subsidies to help pay contributions to health insurance

- Exemptions from contributions granted to some population groups (third-party payers)

## ● Vouchers for health care

- Frequent approach for FP and antenatal care for poor households in order to enable them to purchase health care services (Kenya, Senegal)

## ● Conditional cash transfers

- Additional funds for the poor in exchange for meeting certain basic/primary requirements, like health and education (e.g., vaccinations and antenatal care)
- Less frequent in Africa (A few exceptions – Zambia, Nigeria, & Namibia)

# For-profit private health insurance

## ● Pros

- Offers social protection for its members and is a form of solidarity offering protection against financial risks only to its members
- May be additional insurance added to other systems previously described
- May facilitate monitoring for the professional who manages this insurance
- The contribution is paid by the members, sometimes with help from their employers

## ● Cons

- Only people with high revenues can benefit from this insurance coverage
- Administrative costs are very high
- The benefit packages vary according to the contribution

## ● Examples

- South Africa and Namibia are the African countries where this insurance system is prevalent.

# Combination of Various Mechanisms

## ● Context and country examples

- A system can also consist of a combination of financing mechanisms (social insurance, community-based mutual health organizations, free care, etc.)
- For example, in Rwanda, Gabon, and China, this is often made possible by the beneficiaries (through individual contributions) and by the government (through subsidies or other innovating mechanisms to mobilize resources for health).

## ● Pros

- Allows coverage/access to health care to a substantial portion of the population
- Applies the principle of solidarity if there is a resource-pooling system

## ● Cons

- Difficult to manage
- Potentially prohibitive cost depending on the amount of the contribution



# Key Messages

- National health insurance financed by taxes is a form of solidarity/protection against financial risks that can target all population groups.
- Social health insurance, which offers a coverage limited to the formal sector, works against equity with respect to the protection against financial risks.
- Efforts targeting nonprofit, voluntary systems (mutual health insurance) organized at the community level should be downgraded. The programs, projects, and other initiatives helping only mutual health insurance organizations are not considered a priority any more, and they can even be counterproductive.
- Evidence shows that free care has no impact on the reduction of OOP or catastrophic expenses for the households; it offers little or no protection against financial risks (this is revealed by a study conducted in Uganda).
- The combination of mechanisms with a legal structure at the national level regulating all health insurance systems helps increase protection against financial risks and allows to reduce the fragmentation of individual financing mechanisms.

**Thanks you very much for  
your attention**