Developing Affordable and Innovative Health Insurance Products

Engaging Key Stakeholders.

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1. Introduction
   - Market Challenge – Coverage
   - Overview of key stakeholders in the health insurance market
   - Overview of health insurance value chain

2. Interests of Key Stakeholders

3. Engaging Key Stakeholders in Product Design and Development – The why and the how

4. Summary
1. Introduction: Health Insurance Market Challenge

- Private insurers cover about 1 M lives
- Community based insurance – 0.5 M
- NHIF – 7 M
- Hence most of the people in Middle to upper income have cover
- Low income - 8M (both in formal and informal sector) and the poor – 24 M (total 80% of the population) have minimal or no cover.
Introduction – Key Stakeholders in the Health Insurance Market.

- Government & Donors
- Regulators & Consumer Organisations
- Health Insurance Providers
- Intermediaries & Distributors
- Healthcare Providers
- Client/User
Introduction – Health Insurance Value Chain

- Clients & Users
- Healthcare Providers – Health Professionals
- Healthcare Providers - Institutions
- Intermediaries & Distributors, Administrators
- Health Insurance Providers
2. INTERESTS OF KEY STAKEHOLDERS

Different roles and many varying interests (some conflicting) that need to be taken into account.

A happy and satisfied user is the ultimate goal.
<table>
<thead>
<tr>
<th>Health Insurance Providers</th>
<th>Healthcare Providers</th>
<th>Clients &amp; Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide health insurance products and services that meet their clients’ needs.</td>
<td>Provide healthcare services that meet their clients’ needs. Develop sustainable healthcare operations: - Not-for profit providers – Meet their public service objectives - Commercial providers – Build profitable healthcare delivery business and returns for shareholders/investors. Contribute to overall socio-economic development and wellbeing.</td>
<td>Access to quality, adequate and affordable healthcare services. Affordable healthcare financing mechanism to facilitate access to needed care. Responsive, user friendly and convenient services (from insurers and providers)</td>
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<tr>
<td>Expand coverage and build market share.</td>
<td></td>
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<td>Develop a sustainable and profitable health insurance business and returns for shareholders/investors.</td>
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<td>Contribute to overall socio-economic development and wellbeing.</td>
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**Broad Interests of Key Stakeholders contd.**

<table>
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<tr>
<th>Distributors &amp; Intermediaries</th>
<th>Regulators</th>
<th>Consumer Organizations</th>
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<tbody>
<tr>
<td>Distribute products that meet clients needs</td>
<td>Products and service meet legal/regulatory requirements</td>
<td>Ensure consumers get value for money</td>
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<tr>
<td>Represent and advocate for their clients needs</td>
<td>Protect consumers</td>
<td>Protect and advocate for consumer rights</td>
</tr>
<tr>
<td>Provide added value to their clients</td>
<td>Protect Shareholders/Investors</td>
<td>Educate consumers</td>
</tr>
<tr>
<td>Develop sustainable and profitable business.</td>
<td>Foster sustainable industry growth</td>
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- Distributors & Intermediaries: Distribute products that meet clients needs, Represent and advocate for their clients needs, Provide added value to their clients, Develop sustainable and profitable business.
- Regulators: Products and service meet legal/regulatory requirements, Protect consumers, Protect Shareholders/Investors, Foster sustainable industry growth.
- Consumer Organizations: Ensure consumers get value for money, Protect and advocate for consumer rights, Educate consumers.
<table>
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<th><strong>Government</strong></th>
<th><strong>Donors</strong></th>
<th><strong>Others?</strong></th>
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<td>Ensure all Kenyans have access to affordable and quality healthcare</td>
<td>Support government and private sector to achieve national health goals.</td>
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<tr>
<td>Address barriers to accessing healthcare services including financial barriers</td>
<td>Promote efficient and effective healthcare financing mechanisms including risk pooling</td>
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<tr>
<td>Develop and implement polices, laws and regulations to achieve healthcare financing objectives.</td>
<td>Support innovative healthcare financing concepts including affordable health insurance</td>
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<tr>
<td>Promote growth of healthcare and health insurance business</td>
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3. ENGAGING KEY STAKEHOLDERS IN PRODUCT DESIGN & DEVELOPMENT

Focus on Consumers, Healthcare Providers & Payers.

Healthcare Financing Stakeholders Meeting
Nairobi, Kenya, May 2012
Specific Consumer Interests & Concerns

- A product that covers most if not all of their healthcare needs (depth of cover – IP, OP, Minimal exclusions if any).
- A product that is flexible, easy to understand and use
- A product that allows access to an adequate number and categories of healthcare providers (with sufficient geographical distribution).
- An affordable product (depending on their socio-economic status)
- A product with minimal co-payments
- Prompt customer care services
Specific Healthcare Provider Interests & Concerns

- Products that are easy to understand and administer (low administration costs).
- Minimal exclusions to reduce their risks of bad debts and legal risks if they have to restrict services.
- Simple, straightforward and cost effective claims processing system (frequently dependent on product features) to reduce costs and facilitate prompt payments.
- Wider population coverage
- New innovative prepayment products (e.g. provider based schemes backed by reinsurance).
Specific Insurance Provider (Payer) Interests & Concerns

- Products that meet consumer needs and are therefore more likely to achieve sales and revenue targets
- Products that are easy to administer (low administration costs).
- Products that have in-built risk management features (limits, waiting periods etc).
- Products that are economically priced to cover risks, administration and returns.
- Predictable cost of claims (hence predictable cost of healthcare – Pressure to move away from fee-for-service to fixed reimbursements for a package of services and capitation).
Why engage stakeholders in product development?

To ensure that:

- Products and services are appropriate for the target market (in terms of benefit package, ease of use and pricing).

- Value chain members understand the product and are prepared to play their role effectively (and profitably).
  - Service providers can effectively and efficiently deliver the services covered
  - Distributors understand the product and have capacity to promote it and reach target groups.

- Mutually beneficial and therefore sustainable partnerships are created (win-win)
Proposals on How to Engage Stakeholders

- Map out the key stakeholders for a particular product/service, for example:
  - Target population groups
  - A network of low cost healthcare providers
  - Appropriate distributors/Intermediaries
  - Regulator (approval particularly for unique features or processes of the product)

- Conduct stakeholder analysis to understand their interests and expectations
Proposals on How to Engage Stakeholders contd.

- Develop stakeholder engagement plan. Components include:
  - Market research (secondary data analysis, surveys, focus groups etc)
  - Involve target groups in design of product features (models exist that can be used e.g CHAT).
  - Involve potential healthcare providers (individually or their associations) in reviewing product concepts
  - Pre-test product concepts in target markets and potential providers
  - Negotiate win-win service contracts with healthcare providers
  - Maintain regular review meetings with healthcare providers and other stakeholders to monitor how well the product is meeting the needs of all stakeholders.
4. SUMMARY

- There are more opportunities for innovation in product packaging, distribution and administration process than in technical features.
- Exploitation of such opportunities for innovation requires planned and adequate stakeholder engagement.
- The role of government and development partners is becoming increasingly significant due to the large coverage gap and the need to secure access to healthcare for all.
  - Private insurance providers are advised to link with govt and donors programs particularly when developing low cost health insurance products
  - Funds and technical assistance are available to reduce costs of innovation and market entry.
Thank You!