

Health Financing Facility Experience

Subject	<i>Access to health Services</i>
Project	<i>Antyodaya</i>

Comment	Document prepared taking into the period of 1 st Feb 2011 to 15 th June 2011				
Keywords	Microcredit, health, health mutual fund, - Swabhimaan, Inter Aide's partner in Pune, India				
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Created	22-06-2011 12:52	Status:	Final		
Version	1	Last Edited	06/07/2011 12:07 Pratiques	Editing Time	0

Table of Contents

1	Back ground of Health Financing Facility (HFF)	2
2	Health Financing Facility (HFF)	2
2.1	Product.....	3
2.1.1	Eligibility for getting health financing facility	3
2.1.2	Financing facility amount.....	3
2.1.3	Rate of interest.	3
2.1.4	Repayment.....	3
2.1.5	Documents.....	3
2.1.6	Time required for a member to get the health financing facility	3
3	Statistics.....	4
4	Key learning	4

1 Back ground of Health Financing Facility (HFF)

Swabhimaan Antyodaya provides financial assistance to the poor families for income generation purpose. Most of the times, this activity is one & only income source for them .But due to unexpected health events, their financial resources meant for business are utilized for treatment. They find it very difficult to get any financial assistance in emergency. Their only income source gets hammered which worsens the family condition.

Swabhimaan wanted to address this issue. The option was to opt for Health Mutual product. Following pros & cons have been observed in implementing Health Mutuals.

Cons

1. **Capacity to pay:** As Swabhimaan Antyodaya works with the poorest people, it is difficult for the people to pay the premium (~ Rs 120 per member per year)
2. **Outreach:** Swabhimaan Antyodaya is working with around 1,000 families. This outreach may not be sufficient for running the Health Mutual. The contribution collected from the members may not be sufficient to cater the needs of Health Mutual members.
3. **Reimbursement ratio:** Average health cost reimbursement ratio (claim frequency) of Health Mutuals is 2%. Taking into account limited knowledge of insurance within slum population, 98% of the populations who live in close proximity of each other may be dissatisfied. They may feel excluded due to non receipt of financial gain on their contribution. This may impact income generation program.

Pros

1. **Benefits of Services to the members:** Various services offered by Health Mutuals (OPD, concession provided by health care providers, 24X7 guidance from doctor, etc.) have been availed by majority of Health Mutual members. The services ratio of Health Mutual is 63%.

Taking into account above points Swabhimaan Antyodaya has decided to design hybrid health loan product with top up of Health Mutual services. It is thought that loan will take care of their financial need at the time of hospitalization & services can be availed as & when required.

2 Health Financing Facility (HFF)

Health financing facility is the facility that can be given to the member when the member requires financial help at the time of hospitalization. This financing facility is a loan that has to be repaid back in instalments by the member¹.

¹ Reminder: aHMF policy is 10rs/year for four members for tenure of a loan



2.1 Product

2.1.1 Eligibility for getting health financing facility

- This facility is only available for 24 hrs hospitalization.
- This facility is only available for ongoing members.
- The member must be regular in repayment for past as well as ongoing loans.
- It can only be given if the member admitted is covered in the policy. (Promotes family enrolment)
- Member or his relative must inform Network doctor before the event.
- The minimum amount in his compulsory saving account should be Rs 500.
- The member can avail only one HFF at a time.
- During the repayment period the policy should be ongoing.

2.1.2 Financing facility amount

The amount sanctioned for HMF financing facility is equal to the hospitalization cost, with a maximum of 2 500 Rs.

2.1.3 Rate of interest.

No interest charged to our members.

Only a nominal application fee of Rs 10 is taken at the time when the application form is filled by the CO

2.1.4 Repayment

The member reimburses in 10 equated instalments.

Frequency is according to prevailing loan .The instalments are bundled with the existing loan instalments and collected by the Collectors-Motivaters (CMs).

The member also has the option to repay before 10 months if he has availability of cash.

2.1.5 Documents

No documents required for getting the health financing facility as the member will be a credit member.

The member has to sign a application for health financing facility stating the amount required and that he will be responsible for repaying the financing facility back.

The application also states that

- In case the member fails to pay the instalment on time it can be directly deducted from his compulsory saving account.
- Consent of other group / members.

2.1.6 Time required for a member to get the health financing facility

The maximum time limit within which the member should receive the health financing facility is 48 hours from the date of application.

Doctor gives advice on treatment, nearby hospitals & if require consults with the fellow doctor in the hospital. Social worker visits the member in the hospital & after the treatment in the house. She guides in preliminary health issues, referrals

3 Statistics

The product was implemented since the month of February 2011. Statistics up to the date (22th June 2011) are presented below

Total Requests	9
Sanctioned HFF	4
Rejected	5
Amount Sanctioned	Rs.8800/-
Repayment Rate	100%
Amount saved (discount from network hospital)	Rs.7900
Turnaround time	3 days – 1 Case 1 day – 3 Cases

4 Key learning

Even if it is very short time to analyse the product, some key lessons / questions can be learnt from the experience of around 5 months.

1. Should the members who are in loan arrears be excluded from the facility?

The HFF was rejected to 2 members because they were not regular in their repayment. The rejected members borrowed money with higher interest to fulfil the hospital obligations. Thus rejection of health facility increased financial trouble in the family.

2. Demand of higher loans than the cost

It was also observed that members demand higher amount than actual hospitalization which could not be justified. The hospitalization in government hospitals costs less & cost of medicines after hospitalization is difficult to assess. Currently cost of medicines after hospitalization is not considered in HFF.

In case of very small amount, member did not willing to avail this facility.

3. Should whole family be enrolled?

The facility is available for the family members who are enrolled on health card at the time of loan disbursement. It is not mandatory to enroll all the members. But in case the member who is not enrolled is being hospitalized, the family will not be eligible for the facility.

4. Should it be compulsory to call on 24X7 phone line?

Members prefer to contact the social worker who is in regular contact with them. As there is personal rapport between the member & the social worker, they find it convenient & helpful to be in touch with her.

5. Should HFF provoke hospitalization?

Due to availability of this facility, one member wanted to treat her on Haemoglobin deficiency on the assurance that HFF will be made to her. Due to lack of funds, she was not able to take the treatment. As the product was not built in such a way, the facility could not be assured in advance.

The question: should HFF provoke hospitalization? If yes, how to negate the unnecessary hospitalization.