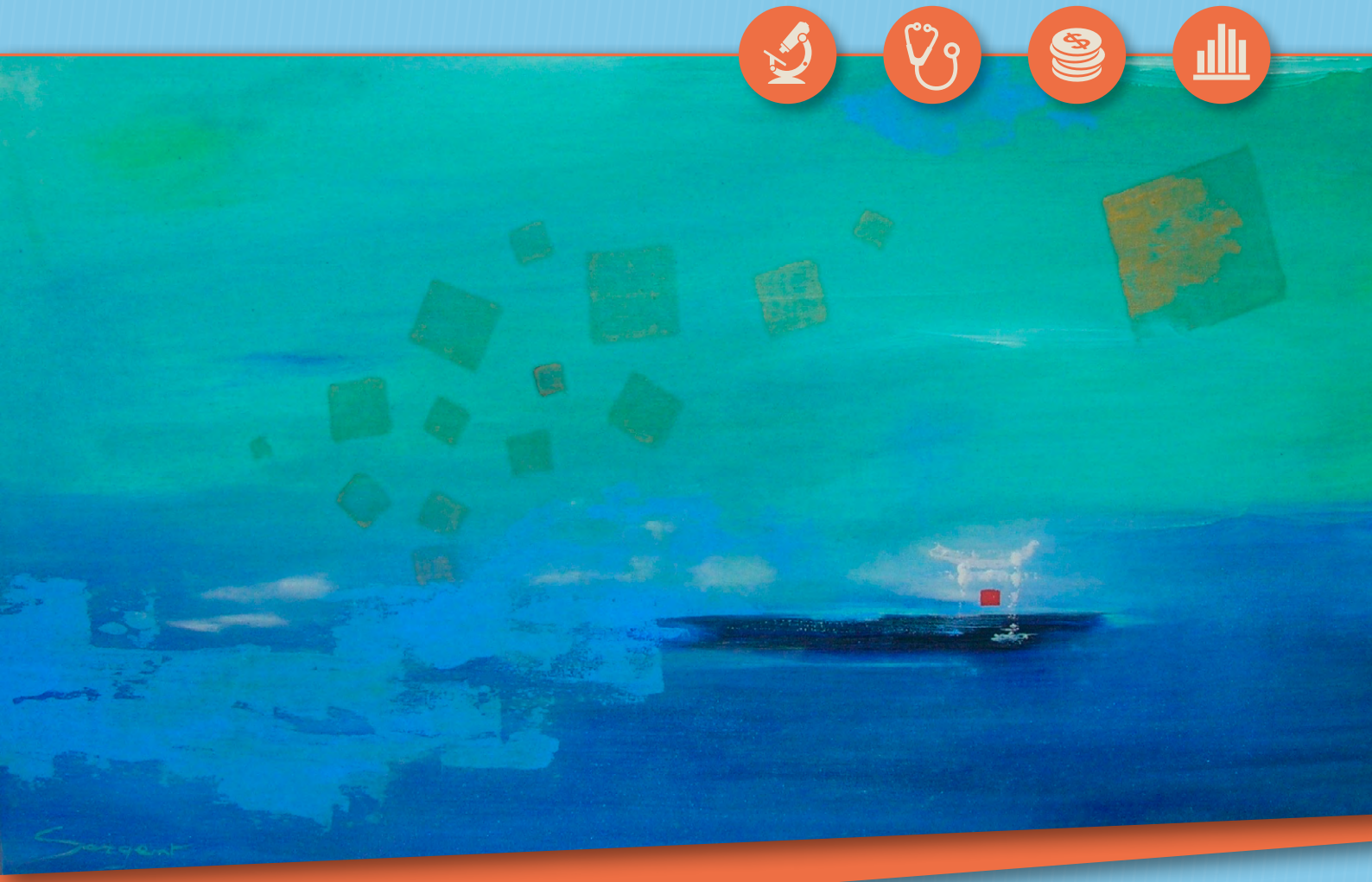
HEALTH FINANCING POLICY BRIEF NO 3

COMMUNITY BASED HEALTH INSURANCE: HOW CAN IT CONTRIBUTE TO PROGRESS TOWARDS UHC?



Inke Mathauer
Benoit Mathivet
Joseph Kutzin

World Health Organization

HEALTH FINANCING POLICY BRIEF NO 3

COMMUNITY BASED HEALTH INSURANCE: HOW CAN IT CONTRIBUTE TO PROGRESS TOWARDS UHC?

Inke Mathauer
Benoit Mathivet
Joseph Kutzin

World Health Organization

WHO/HIS/HGF/PolicyBrief/17.3

Suggested citation. Mathauer I., Mathivet B., Kutzin J.; Free health care policies: opportunities and risks for moving towards UHC. Geneva: World Health Organization; 2017. Licence: CC BY-NC-SA 3.0 IGO.

Cataloguing-in-Publication (CIP) data. CIP data are available at http://apps.who.int/iris.

Sales, rights and licensing. To purchase WHO publications, see http://apps.who.int/bookorders. To submit requests for commercial use and queries on rights and licensing, see http://www.who.int/about/licensing.

Printed in Switzerland

TABLE OF CONTENTS

List of Tables

Key Messages

- Much hope has been put into Community Based Health Insurance (CBHI), with both donors and governments promoting their establishment. However, the impact of CBHI on financial protection and access to needed health care are moderate.
- Both theory and evidence suggest that a CBHI model, relying only on voluntary, small-scale schemes, can play only a very limited role in helping countries move towards UHC. In most countries, enrolment in such CBHI schemes has been very low and the poorest remain excluded. Voluntary CBHI suffers from adverse selection: people who do not have specific or frequent health needs tend not to join on a voluntary basis. There is usually little or no subsidization for poor and other vulnerable groups.
- For countries with established CBHI schemes, a desirable option is to integrate and merge existing schemes into a single national pool (possibly with decentralised arms) or closely interconnected pools that can provide similar benefit packages and act as strategic purchasers of health services, while maintaining local accountability. As such, CBHI can have a positive impact on institution-building and governance as part of a journey towards UHC.

ACKNOWLEDGEMENT:

We are grateful for valuable comments from Agnes Soucat, Priyanka Saksena, Bayarsaikhan Dorjsuren, Elina Dale and Alexis Bigeard. We also gratefully acknowledge financial support that was received from the Providing for Health (P4H) Sector Project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development Cooperation (DEZA) and managed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

1 WHAT IS A COMMUNITY-BASED HEALTH INSURANCE (CBHI)?

CBHI schemes (*mutuelles de santé* in French), as they spread in the 1990s, have generally been characterized by the following institutional design features:

- The community is involved in driving its setup and in its management;
- It is a prepayment mechanism with pooling of health risks and of funds taking place at the level of the community or a group of people, who share common characteristics (e.g., geographical or occupational);
- Membership premiums are most often a flat rate (community-rating) and are independent of individual health risks;
- Entitlement to benefits is linked to making a contribution in most cases;
- Affiliation is voluntary;
- The CBHIs operate on a non-profit basis.

Given CBHI's participatory decision-making and management structures, they might be more transparent and accountable and enhance community empowerment as well as voice. Another argument in their favour is that they can help build trust and encourage familiarity with the concept of insurance (WHO 2010).

In many countries, informally-employed people are excluded from payroll based health insurance schemes due to the informal nature of their occupation. They tend to incur high out-of-pocket expenditure when seeking healthcare in both the public and private sector. Over the past 25 years, CBHIs often came into place as an attempt to fill the gaps in access to services and to provide financial protection. Evidence from many countries shows that it is difficult to make substantial progress towards UHC through a CBHI approach because of several limitations discussed below. This brief assesses CBHIs from a health financing perspective solely, without denying many other positive effects, such as community development and local accountability of health care providers.

2 WHY IS IT IMPORTANT TO REFLECT ON THE ROLE OF CBHIS WITH RESPECT TO UHC?

Much hope has been put into CBHIs, with both several donors and governments promoting their establishment. However, the results and impact achieved through CBHI with respect to financial protection and access to needed care are often moderate for those enrolled. From a systems perspective, CBHIs are limited, as those who cannot afford to pay premiums do not get enrolled. The poor and other vulnerable population groups often remain excluded. The small size of CBHIs makes it challenging to achieve the intermediate UHC objective of equity in resource distribution given their fragmented nature. They are usually small, separate pools with little capacity for redistribution of risks. There is usually no mechanism of risk equalization, through which differences in health risks could be balanced across multiple pools. The rationale of pooling at a level close to the community is contradictory to the principle of accumulating funds and sharing risks in a large pool.

In view of this, one may question the reliance of numerous countries on CBHIs as a core pillar for moving towards UHC, especially for people working in the informal sector, often the largest part of the population. What role CBHIs can and cannot play in contributing to progress towards UHC is a key policy question.