Summary

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Parallel Session 7 – Improving efficiency and enhancing benefits
Information technology 1

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Microinsurance

Microcare is an innovative organization involved in developing insurance program for the low income earners in Uganda. The structure of low income varies in rural and urban area. So the affordability for any insurance has got a vast difference. The difference between the developed and underdeveloped countries is that the low income earners in the developed countries do have insurance facilities to cover the risks like life, health, retirement properties and mortgages. Unfortunately such insurance are not available in the underdeveloped countries. The reason is that, the income patterns of these venerable populations are too low to design any reasonable insurance cover.

Microcare has taken the challenge to develop insurance for these low income (micro-income) populations through "affordable" basis. Affordability from one community to another community varies. So the larger volume is inevitably needed to design micro-insurance program. The challenge here we see is the sensitization of the product and to make the people understand about the insurance concept takes time. Poor people value money more than the richer people by comparing the utilization of the cover then the security concept of the insurance. Any program designed for Micro insurance need to have a long term commitment. Many NGOs and short term projects fail to achieve this because the market absorption time in the micro-insurance is much longer than any commercial insurance products. Although Microcare started as a not for profit donor dependent organization, soon taken the direction to become self sustainable by taking the commercial approach. The strengths of Microcare are the unique and innovative research and development approach as the micro-insurance is a new concept to the world and with its technical capacity to

- develop computerized database management system effective and efficient ICT system
- control of fraud and abuse specifically customized to the low income market
- innovative preventive health care program
- participatory model on the health insurance program

Microcare aims to convert most of the uncertainties of the poorer population into an affordable health insurance program like health, debt, properties, income source (agriculture).
With the innovative capacity, Microcare has elevated itself by penetrating into the commercial sector of the market for its own sustainability. The main reason the commercial companies could not come down to meet the requirements of the low income population and consider a viable market

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population. In the micro-insurance, the gravity flow model of higher level population flowing down on the gravity towards the low income market may not work successful because understanding the mindset of the poor people is difficult, administrative cost to serve micro-income people are higher and the market penetration takes longer time. Microcare started its operations to provide health care to the low income population and elevated as a “capillary force” model, micro-insurance works better with such form. Microcare quickly expanded its operations into the commercial market by becoming the leading health insurance company in Uganda within three years from venturing into the commercial approach but never failed to fulfill the commitment of the original aim to provide health insurance program for the low income market. Without donor support, depending on the income from the commercial side, has decided to contribute its administrative work towards the low income market.

Microcare has started its operations in two remote locations namely Kisoro and Kisiizi. In order to transfer the data to the head office from the remotely located offices we use satellite connectivity. To have an optimum cost utilization for the connectivity charges, Microcare called each location as a cost centre and created an Internet café and secretarial services where the rural area people could not access such facilities before. This cost centre generated income to meet the local administrative and personnel costs.
The premiums collected from the rural area like Kisiizi is too low in any insurance terms but that is what the people could afford say about $15 per family of five people per year. With such premium only mission hospital can provide the services even within the mission hospitals the slag of the administrative capacity makes the poor people not to access the outpatient treatment. The costs of outpatients are higher because the different departments like admissions, surgical, maternity, orthopedic are mixed with the outpatient cost. If the inter-departments in the mission hospital are decentralized, using outpatient as a separate cost center, administrative cost for outpatient will come down. The poor people can access essential outpatient services like, malaria, typhoid, pediatric cases and maternity complications without fumbling to collect money for treatment. Increasing medical cost is also another threat like recently the malarial drugs has gone higher by 600% without considering the affordability of the people. Only with the mass volume of population sharing the cost through group solidarity model can alone deliver such micro-insurance services.

Kisiizi
Burial society, lasting over forty years called ‘Engozi’ meaning stretcher. This stretcher society is formed to carry dead bodies initially later used to carry sick person to hospitals
and brides on wedding ceremonies. These Engozi societies have their village names with family size varying between fifty to one hundred and fifty, collect money from all villagers when someone within the community

dies, also collect money to accumulate a solvency fund to use in times of emergencies.

The healthcare plan started as an initiative to meet the healthcare uncertainties during 1997 as a part of community based healthcare program, the number could not raise as it had many challenges like, proper actuarial calculation, control of abuse, increased healthcare cost, lack of medical data collections, effective marketing, health wellbeing awareness etc.

In 2000 this community approached Microcare as Francis and Gerry was involved with them during early 1998/99 project. Microcare brought in contributions, in effective marketing, negotiating service cost with the hospital, put in database management system, put in magnetic and micro-chip smart card to control fraud and abuse, preventive healthcare initiatives like mosquito bed-net and water sanitation program. With such participatory model along with the community gained confidence over Microcare, the number grew from 4,500 to 21,000 over four year period. Also community requested Microcare to design a burial insurance for them. This is a mile-stone. The traditionally maintained burial society hands over their burial program, now it is being insured with an affordable burial insurance program.

The under-privileged poorer community people like widows, orphans and the poorest of the poor people with the communities are identified and Microcare has planed to design a further subsidized program. So far Microcare doesn't believe in subsidy of services as it will limit the existing strategy, and can not make the community people to increase the premium thus causing dependency on donor funds.

Micro-finance groups

In Uganda, the rural area the community people are found within their village groups and the group solidarity is bounded within the groups, which helped Microcare to design community insurance program. But when targeted urban Uganda it was difficult to find village community groups, during this time Micro-finance institution struggled to maintain their loan repayments and retention of clients, also there was not value added service given to their clients. With the initiative on Michael McCord then the CEO of Finca Uganda, Microcare successfully launched the first ever health insurance program for Micro-finance groups. Microcare has some groups for the past seven years. In the microfinance groups, mainly targeted the women who are the loan borrowers also the primary caretaker of the family. These women understand the health needs of their children and other family members. One of the key factor we identified during the sensitizing process is that women worry a lot about the well being of the children while concentrating on their day to day micro-businesses. Selling the peace of mind concept with the group methodology model workout very effective thus client retention is good in this business. Most of these women talked about microcare to their other colleagues who are not part of the microfinance groups. Now there is

already a created demand for micro health insurance among the market vendors and the other low income populations like taxi drivers.

Taxi drivers and market vendors

Uganda taxi and operators drivers association (UTODA), has over hundred thousand members and Uganda Market Vendors Association do have another 60,000 members targeting a population of over half a million including their dependants. At present, these people have some form of arrangements with some service providers in reimbursing the medical bills. The association expressed their interests in joining microcare also accepted the limitation that they cannot handle their healthcare needs. Apart from their membership contributions they do have quite a some of money in their kitty called MUNNOMUKABI fund, meaning friend in need. While approaching microcare they are willing to give the MUNNOMUKABI fund as a premium contribution. Initially Microcare is planning to have a marginal administrative subsidy to penetrate in the market.

MSIU

While the entire world talks and get excited about the prevention and treatment of HIV/AIDS, the STDs syndrome like Urethral Discharge, Opthalamia Neonatorum, Genital Ulcer, Acute Scotal Swelling, Abdominal Vaginal Discharge, PID, Inguinal Bubo are neglected. With the KfW initiative and output based pilot program through voucher distribution method was setup. This program targets over 20,000 STD infected village population on success aiming to extend for four years targeting over 100,000 people. Microcare was approached to design and setup and run the voucher management system for them. Microcare is the expert in medical related program specially targeting low-income population. Designing the program to suit low-income population, database management system, control of health service providers, design vouchers with bar-code, control of abuse by any client. The voucher management system is successfully running more than a year already covered over 10,000 population. The system developed through a voucher distribution is very unique, controlled, accountable and transparent to all related parties thus attracting a market of its own in other African regions.

Security guards and factory workers

With Microcare's social commitment to provide health insurance for low-income groups, there are much more vulnerable population who still suffer to meet their health needs, such are the security guards and unskilled factory labors. These labors earn 45,000 ($28) and 80,000 ($60), with such people even to pay a low premium is not possible. Microcare is challenged to design a product as low as 50,000 ($30) per annum. Microcare aligned with a mission hospital, designed a product to cover their utmost essential health insurance cover though a single service provider model. Microcare will contribute its administrative cost not including within the premium. The premiums will be used only to cover the treatment cost. The design of the cover is to meet their basic health needs

such as malaria, opportunistic infections, pediatric coverage and maternity. With such kind of innovative product, we are aiming to reach down much more venerable poorer and needy populations. Health care being the neglected necessity of the society, Microcare's contribution can make an impact in the health sector in Uganda.

By
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