Opportunities for mobile-enabled health financing products for East Africa’s long distance truckers

2017
INTRODUCTION

The East African Community (EAC) Common Market Protocol facilitates movement of people, goods and capital across the six EAC partner states. Movement of people increases the need for transnational healthcare access and portable healthcare financing products that allow for access to health services across borders. This is especially important for long distance truckers (LDT) who spend long periods on the road and are at increased risk of alcohol and substance abuse, and high risk sexual activity.

However, similar to other products and services, healthcare financing mechanisms require consumer information to better profile and target consumers and design products that meet consumer needs.

The Cross-Border Health Integrated Partnership Project (CB-HIPP) through its partner Abt Associates, conducted a study to generate evidence on mobility, health needs, health financing and mobile phone use at cross-border areas targeting LDTs and other groups. In addition, CB-HIPP tested two healthcare financing concepts to understand willingness to pay for portable health insurance and to save for health expenses through health savings accounts. The healthcare financing concepts included a hypothetical health insurance product that could be used across borders, and a committed savings product for health expenses. The study aimed to inform design of healthcare financing products that meet the mobility requirements of LDTs crossing East African borders.

Abt collected data from 361 LDT through structured individual surveys between November 2016 and February 2017. LDT were recruited at cross-border points in Malaba Kenya-Malaba Uganda, Holili Tanzania-Taveta Kenya, and Gatuna Rwanda-Katuna Uganda. Abt used STATA to analyze the data and develop models to determine factors influencing willingness to pay and save.

RESULTS

LDT spent significant time away from home with 75% reporting more than 20 work trips in the past year with a median duration of 1.5 weeks. One in five LDT reported incurring health expenses while on their current road trip; of these, 49% incurred expenses outside their home country. The majority reported paying out-of-pocket (OOP) for health expenses, with OOP spending as high as 40% of monthly income.

Health insurance enrollment was at 42%, but only 16% of the insured reported their health insurance was portable, resulting in high OOP payments when they travelled across borders. In fact, of those who had incurred a health expense, only 6% had used their health insurance to cover those health expenses. With respect to savings, 25% of respondents reported saving specifically for health expenses; of these two thirds reported their savings were adequate for their health expenses.

Use of financial services on mobile phones including saving, money transfers and purchasing goods and services was ubiquitous among respondents. Seventy percent of respondents were willing to save for health expenses and the majority preferred saving on their mobile phones for health expenses.

On willingness to pay for health insurance that would allow access health care across borders, three in four respondents stated a portable health insurance product would suit their needs. More than half were willing to pay an annual premium USD 9.2 and two thirds were willing to pay USD 6.2 or more for the hypothetical portable health insurance product presented (Figure 1). Factors associated with willingness of LDT to pay for the hypothetical insurance product were higher income, use of health services in the past year, and agreeing that the product met their needs.

1 A double-bound dichotomous choice approach was used in the willingness to pay section. The interviewers explained the health insurance concept in detail and then asked respondents if they were willing to pay USD 9.2. Those who said yes were asked if they were willing to pay a higher price of USD 11.5 and those who said they were not willing to pay USD 9.2 were asked if they were willing to pay a lower price of USD 6.2.
CONCLUSION

Results from this study can be used by insurers and other financial service providers to design products that meet LDT portability requirements and reduce OOP spending. Currently, only 42% are enrolled in health insurance. Although a quarter of respondents reported saving for health expenses, it is unlikely that they can save enough to cover all health expenses, particularly for high cost health events such as a hospitalization.

High use of mobile phones by LDT provides an opportunity to design mobile-enabled products that improve financial protection and fill these gaps. Accordingly, mobile network operators and others have introduced mobile-enabled health insurance products in the EAC region as countries work to make progress toward universal health coverage through government-sponsored health insurance schemes, publicly provided services or other mechanisms. Recently, mobile network operators in the region have also introduced dedicated health savings accounts. However, none of these mechanisms currently allow clients to access benefits across borders.

Simple mobile-enabled insurance products are increasingly available to complement government-sponsored health schemes, and could play a role in reducing burdensome OOP spending when cross-border care is needed. More generally, mobile platforms can support lower-cost enrolment and servicing of health insurance for vulnerable groups such as LDT, helping schemes to scale up and cover those who are currently uninsured. At the same time, healthcare savings accounts could augment existing partnerships for cross-border money transfers transacted via mobile networks in the region. To complement insurance or other financing schemes that enable access to care with less financial hardship, mobile-enabled savings accounts could permit payments from an account holder in one country to be made to service providers in other countries in the region.

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