How to implement a Health Mutual Funds programs (HMF)

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Summary	This note describes pre-operational steps and tool to implement a Health Mutual Fund Program.

Steps for implementing new programs and tool box

The objective of the present document is to define the different steps for implementing a health mutual fund program.
It describes the different steps, the main questions to answer for each step and propose some tools.

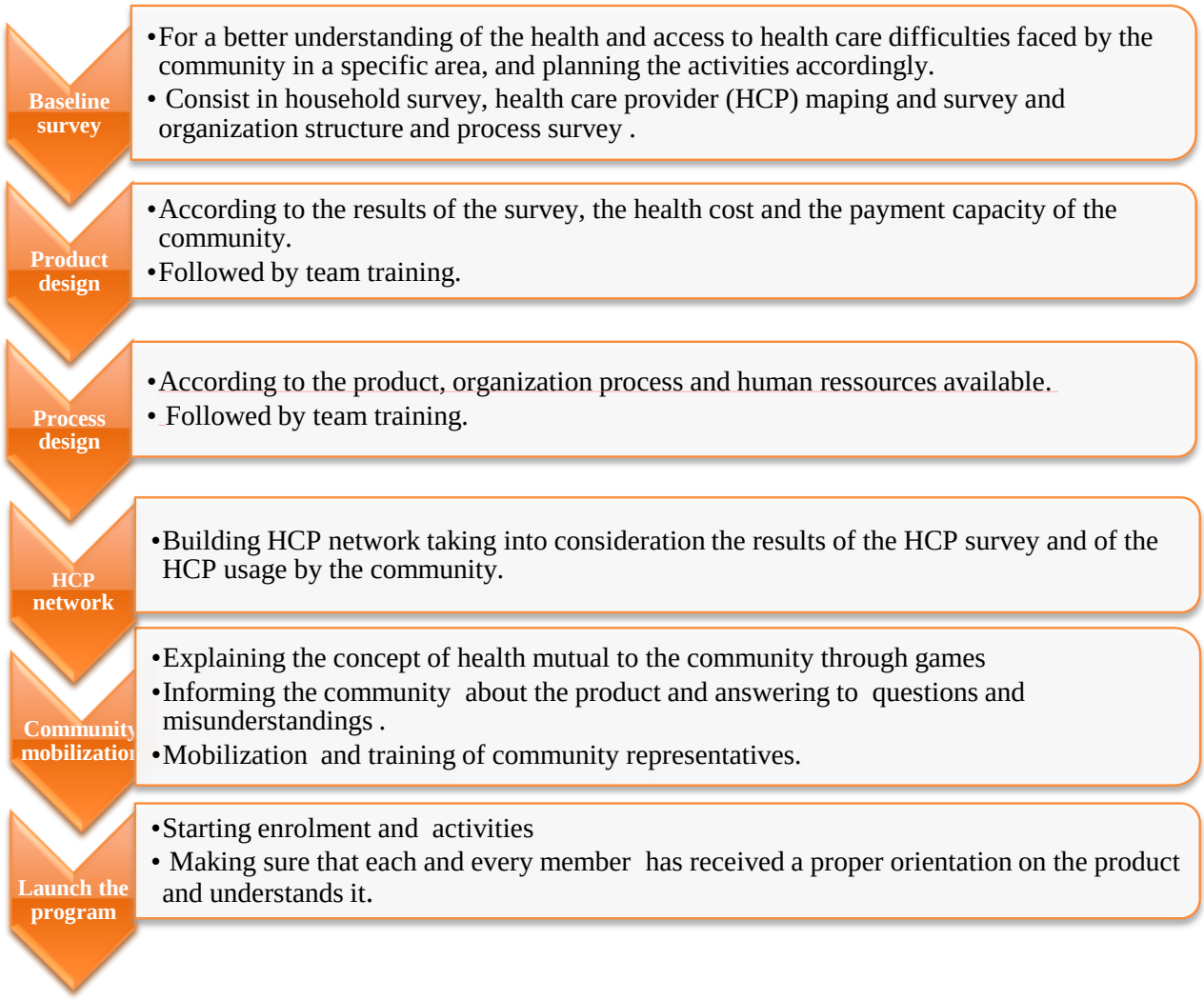

Figure 1 Pre-operational process

Example of time chart for launching HMF program

The time chart below is an example of a program launching in month 8.

	Month	1	2	3	4	5	6	7	8	9	10
Baseline survey	Preparation of the survey										
	Realization of the survey										
	Analysis of the survey										
HMF product design											
Standard Operation Process design											
HCP network building											
Tools design (cards, chart, forms, register…)											
MIS	Product definition in software										
	Structure definition in software (member information)										
HR and CR selection	Design job description (field worker, back office, coordinator…)										
	Staff recruitment										
	Community Representative identification										
Training	Dr Training										
	Field workers induction training										
	Coordinator training										
	Encoder and accountant training										
	CR training										

Figure 2 Time chart

Step 1: Baseline survey

Objective of the baseline survey

General objective:

To better understand the health and access to health care difficulties faced by the community, and plan the activities accordingly.

Specific objectives:

Household survey

- To assess the health status of the community
- To assess the health seeking behavior of the community
- To assess the health expenses of the community
- To assess the management of health expenses by the community

Output: Mutual Scheme/Product Design

Focus Group Discussion:

- To assess if people are interested in gathering to solve their health issues.
- To assess the capacity to pay for such a health project

Output: Mutual Scheme/Product Design – mobilization of the community.

Health Care provider survey:

- Review the health care access facilities in the concerned area
- Assess the quality of these services

Output: Need assessment for medical services and first contact taken for networking.

Organization survey:

- To better understand the organization objectives, structure, human resources and activities
- To understand the organization process, tools and forms in order to define HMF process

Output: Governance capacities to run the health mutual program in house and need for capacity building.

Methodology

The baseline survey will consist of:

- **Individual interviews with borrower of the MFI / member of the organization**

A household questionnaire have been designed by Inter Aide/ Uplift and translated in maharati (Appendix1).
This questionnaire will be tested on the field first with 2-3 families, review if necessary and then the survey will start.
The household survey will be conducted on the field by the organization staff or external surveyors.
Sample: random selection 10% of the organization's members per area.

Branch	Area	Cluster	Total number of members	Number of members to be interviewed
Branch 1	Zone1		A	A*10%
	Zone2		B	B*10%
	Zone3		C	C*10%
Branch 2	Zone1		D	D*10%
	Zone2		E	E*10%
	Zone3		F	F*10%
TOTAL			G	G*10%

- **Focus groups discussion (FGD) with micro-finance / organization members**

An interview model has to be designed.
The FGD will be conducted by the organization coordinator or the technical support.
Sample: one FGD per area. 10 to 15 members per FGD.

- **Health care provider mapping and survey**

A data collection model has been designed by Inter Aide / Uplift (Appendix 2).
The HCP mapping will be conducted on the field by the organization coordinator or the doctor from the technical support organization.
The HCP interview will be conducted on the field by the doctor from the technical support organization.

- **Organization structure survey**

A data collection model has been designed by Uplift and Inter Aide (Appendix 4).
The survey will be conducted by Inter Aide Program Manager.

Step 2: Product design

The product design will take into consideration the data of the baseline survey and the existing product implemented in Pune and Mumbai.

The following points have to be defined with the organization:

Adhesion	Compulsory / voluntary Individual premium / family premium
Coverage	Categories of coverage Limit per category
Exclusions and limitations	
Premium amount	
Coverage duration	Fix duration / according to the loan duration
Services	

Family – individual premium

	Advantage	Limit
Individual premium	- Lower premium amount for small families.	- Large family with low capacity to pay will enroll only one part of the family.
Family premium	- Cover the entire family (ex: large family with low capacity of payment)	- Increase the premium amount.

Coverage duration

	Advantage	Limit
HMF duration = loan duration	- Flexible premium amount according to the loan duration. ⇨ Low premium amount for the first loan (since most of first loans are on a short duration). - Microfinance and HMF enrollment processes are totally linked together ⇨ HMF processes can be handled by micro-finance field team.	- Difficulty to manage the renewal when the partner renews his loan in advance. - In exceptional cases when partner takes a first loan with long loan duration (due to a low capacity of repayment) the premium amount will increase.
HMF duration = 12 months (or any fix duration)	- Easy calculation - Duration fix (no renewal before 12 months).	- More workload for CM/SE as loan and HMF policy durations do not match. - No lower premium amount for first loan.

Premium amount calculation

The premium amount calculation should be defined according to:

- The health cost (+ potential inflation)
- The coverage limit (category wise)
- The capacity of payment of the community
- The existing product implemented in other organization of the area

The STEP[1] tools can be used for the simulation.

During the first year of the program, the earn contribution is low (as the number of ongoing members is low and increases month after month) and no reserves are available.

In this case, it is necessary to have **sinking fund** from the beginning of the program to reimburse the claim without reducing the reimbursement amount.

The sinking fund is a fix amount funded by the operational organization or by the funder organization in order to launch the program. It will be used at the beginning of the program to cover the claims medically and technically validated, when the earn contribution and the reserves are not sufficient to reimburse all the eligible claims of the month.

The sinking fund will be calculated according to the activity plan data (enrolment and claim disbursement simulation). **The sinking fund will be calculated for the period during which the claim ratio is in average above 100 % and the reserves are not sufficient to be utilized.**

The below table gives us one example:

[1] STEP / ILO - Health *Micro-Insurance* Schemes: *Feasibility* Study *Guide - Volume 2 p.129*

According to the activity plan simulation, the claim ratio is above 100% from the beginning of the program (Aug 13) up to December 2013. The sinking fund is calculated over this period (the simulation giving a claim ratio in average < 100 % and reserves are available from January 2014).

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
Member starting	1410	1695	1740	1500	1420	7765
Ongoing members	1410	3105	4845	6345	7765	7765
Nb of claims settled paid	2.00	4.00	6.00	8.00	13.00	33
Claim disbursed	10000	20000	30000	40000	65000	165000
Earn contribution	9024	19872	31008	40608	49696	150208
Earn contrib.-claim disburs.	-976	-128	1008	608	-15304	-14792
Claim ratio	111%	101%	97%	99%	131%	

Figure 3 Part of activity plan simulation

In this example, the sinking fund is **14 792 Rs.**

Step 3: Process

The front office and back office standard operational procedures should be designed in coordination between the operational partner and the technical support organization.

Before designing it, the services internalized by the operational partner and the services handled by the technical support organization should be clarified and defined in a MoU.

Enrolment process

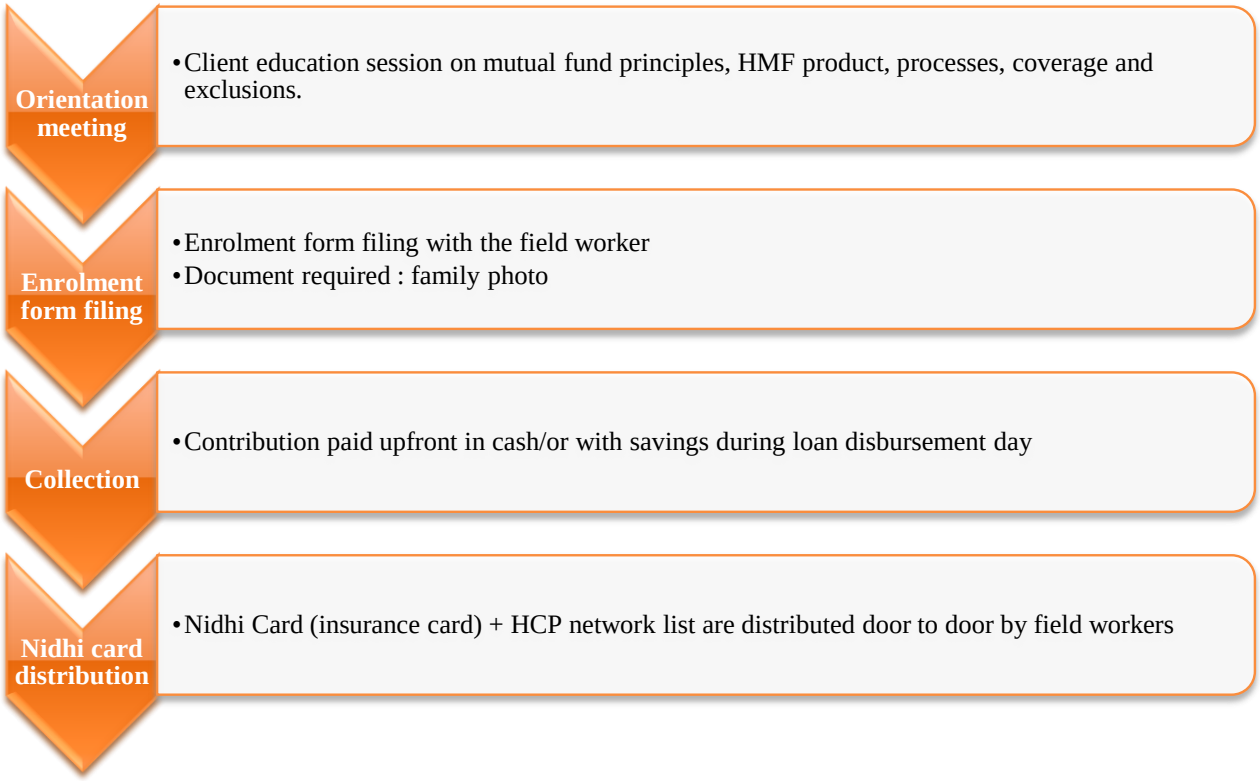

Figure 4 Enrolment process

Enrolment process	Advantage	Limit
Bulk enrolment	- High earn contribution from the first month: the claim fund is sustainable from the beginning of the program.	- Less quality in the process (orientation, enrolment form fillings, services) ⇨ it is difficult for a new team to handle a large enrolment process from the first month of the program.
Enrolment along with loan disbursement	- More quality in the process due to less workload during the first month of the program.	- Low earn contribution during the first year and low reserves (since the number of ongoing member is increasing slowly). - The claim fund is sustainable after one year of the program. ⇨ **necessity of sinking fund for the beginning of the program**

Claim process

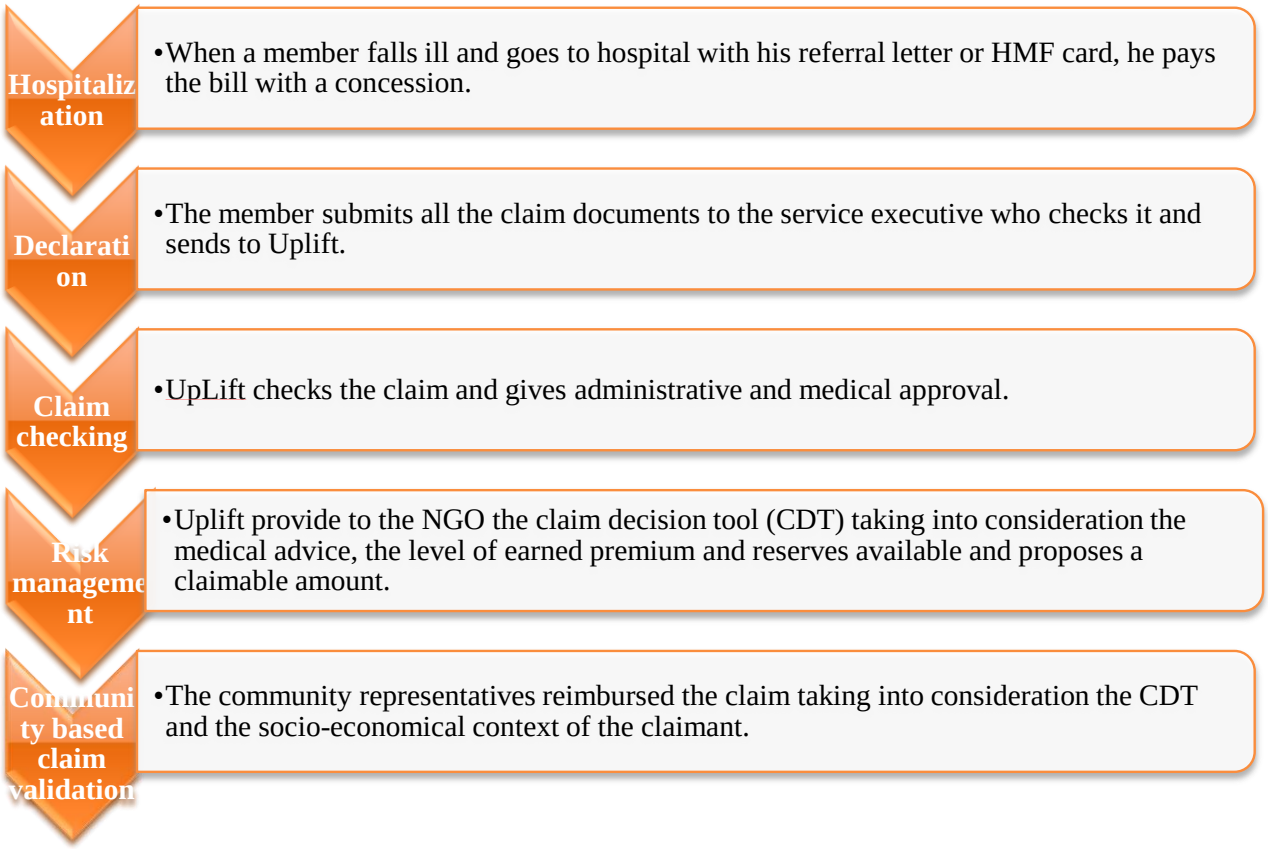

Figure 5 Claim process

Claims validation	Advantage	Limit
Community based validation	- Community involvement: As the fund belongs to the community, the community takes the decision for its use. - Possible validation of claims technically or medically rejected according to the socio-economical context of the claimant and the available earn contribution.	- Increase the claim settlement duration
Automatic validation	- Reduce the claim settlement duration - Less risk of reducing amount reimbursed	- Less involvement of the community - No solidarity for the claims technically or medically rejected

A mix of automatic and community validation can be done.

For example:

- Automatic validation for the simple claims (medically and technically validated)
- A community discussion of the claims medically and technically rejected and validation of the reimbursement according to the socio-economical situation of the claimant and the available fund.

Step 4: Health care provider network building:

The building of the health care provider network needs time and requires involvement of the field team of the operational partner organization.

Before the building of the HCP network, the operational partner team has to define which HCP (GP, hospitals, laboratory, specialist and medical shop) are mostly used by the community in each areas (i.e. below table).

Branch	Area	Cluster	General Practitioner (up to 15 min walking distance)	Public hospital (up to 7 km / 30 min)	Private hospital (up to 7 km / 30 min)	Trust hospital (up to 7 km / 30 min)	Lab (up to 3km)	Specialist (up to 3km)	Medical shop (up to 3km)
Branch 1	Zone1								
	Zone2								
	Zone3								
Branch 2	Zone1								
	Zone2								
	Zone3								

With the help of this table and the HCP survey, the Dr can start building the network taking into consideration the HCP:

- Registration
- Rate list
- Social concern
- Readiness to provide concession

Step 5: Community mobilization

To communicate on the program with the community and share with them the product, it is important to conduct promotion campaign before launching the program.

These campaigns should be conducted in each area.

The objective of these campaigns is to:

- Explain the concept of mutual
- Explain the contain of HMF program

These campaigns can be linked with health check-up camp. It is a good opportunity to have the feedback of the community about the program and answer to their questions.

Example of tools to be used during the campaigns:

- Stone game: game used to explain the concept of health mutual (Appendix 3)
- HMF movie
- Orientation chart

Appendixes

Appendix 1 Example of Household survey questionnaire

Surveyor name…… Date:……

Form number:……

Before starting the survey, please, introduce yourself and the objective of this survey.

Area

Branch 1	**Zone1**	Pocket 1	
		Pocket 2	
		….	
	Zone2		
	Zone3		
Branch 2	**Zone1**		
	Zone2		
	Zone3		

Household information

1	Number of persons in the family (persons living under the same roof and sharing the same food)	…….. persons

2

Relation to the member	Age	Gender	Education level (1)	Occupation	Monthly income
Respondent		M F			
		M F			
		M F			
		M F			
		M F			…

(1) Illiterate , Primary , Secondary, Graduate

3

*We will now ask you to try to remember all expenses you had during the **LAST MONTH** concerning food, clothing, education, cultural/religious event and transport for the members of your household.*

Food AMOUNT	Clothing AMOUNT	Transport AMOUNT	Education AMOUNT	Culture/religious event AMOUNT	Other (SPECIFY) AMOUNT
Rs	Rs	Rs	Rs	Rs	Rs

Financial information

1	Total family income per month	.....Rs
2	Monthly savings in SAI Monthly other saving	.....Rs .....Rs
3	SAI loan amount	No loan / .....Rs
4	Loan cycle	No loan 1st loan 2nd loan

Family illness history and care seeking behavior

1

*Where do you go for minor illness like cough and cold? **(max. 2 answers)***

1. Take medicines from pharmacy shops directly
2. Visit nearby OPD doctor
3. Visit traditional healer (Waidya)
4. Use public hospital
5. Use private hospital
6. Use trust hospital
7. Use Health post (PHC)
8. Any other.....
.....

2

*Where do you go for major illness or operatives? **(max. 2 answers)***

1. Nearby General practitioner
2. Health post (PHC)
3. Traditional healer
4. Public hospital
5. Private hospital
6. Trust hospital
7. Other.....

3 What difficulties do you have to face for approaching the following health care provider? (max. 8 answers / HCP)

	No difficulty	Distance	Cost	Behavior of the staff	Trust	Waiting	Quality of care	Inconvenient timing	Other **(give the details)**
General practitioner									
Health post (PHC)									
Public hospital									
Private hospital									

4 Did any of the family members fall ill in the **last year**?

Yes If yes how many family members: …… No

5 Was there any death in the family in the **last year**? If yes what was his/her age? And what was the reason?

Yes Age……..Reason
……

No

5 Family illness history **(Of last year)**

Age of the ill person	Illness	Where was treatment taken (Name of hospital or doctor)	Type of health care (1)	How long after you notice he/she was sick did you seek advice or treatment?**(number of days)**	Cost of treatment	How was money managed for this expense (2)	Impact of this disease on the family life standing?(3)
				days			
				days			
				days			
				days			

(1)	(2)	(3)
1. Pharmacy 2. Private hospital 3. Public hospital 4. Trust hospital 5. Traditional healer 6. Health post (PHC) 7. General practitioner	1. Could manage from the monthly income 2. Took money from relatives/friends /neighbors 3. Took/ borrowed money from community institution 4. Sold off assets, gold or household things 5. Took a loan on……% interest 6. Used savings 7. Health insurance 8. Other…… (If the code to be used is "Other "kindly write in detail)	1. No impact 2. Reduction of the family budget 3. Loss of income 4. School drop out 5. Debt 6. Other …… (If the code to be used is "Other "kindly write in detail)

6 Were you or any member of your family required to forego, at least once in the course of last year, one of the following services?

1. Medicines
2. Admission in public hospital
3. Admission in private hospital
4. X-Ray
5. Operative
6. General OPD
7. Investigations
8. Other…….
9. Nothing

Why did he/she forego it?

1. Lack of money
2. Lack of time
3. Distance
4. It is not a priority
5. Other……..

7 In case of any health event what expenses can you manage on your own without borrowing from anybody?

1. Less than 500 Rs
2. Rs 500 to Rs 1 000
3. Rs 1 000 to Rs 2 000
4. Rs 2 000 to Rs 5 000
5. Above Rs 5 000

8 Do you already have a health insurance?

Yes No

If yes, what **HEALTH** insurance?……

Appendix 2- Health care provider questionnaire example

HCP Name:

Address:

Contact person:

Contact No:

A) Hospital Information:

Hospital Type:

Proprietorship-

Secondary/Tertiary Care-

Multispeciality/singular speciality-

Faculty available:

Doctors:

a. on pay roll.
b. On call
c. Honorary

Nurses/ Brothers:

Other personnel:

Nursing Home Registration No.:

Bio Medical Waste Registration:

Infrastructure:

a. OPD rooms
b. Operation theatre
c. No of beds:
d. Investigation facilities
e. Medicine facilities

Ambulance Service:

Domiciliary Service:

B) Health event information for cases in the hospital :

1. Main health events affecting the population:

2. Main causes of morbidity:
3. Main causes of mortality:
4. Seasonal disease/health event specification:

Disease	Rainy	Winter	Summer
1			
2			
3			
4			

5. Patient flow in the Hospital:
   a. From which area:
   b. Area covered in km.:
6. Bed occupancy:
   a. Total:
   b. Faculty wise:
   c. Season wise:
7. Disease frequency:
   a. Age:

Age	**Common disease**		
0-18	1.	2.	3.
19-40	1.	2.	3.
41-60	1.	2.	3.
61 & above	1.	2.	3.

   b. Gender:
      Female:
      1. Gynaec:

Sr. No.	**Menarche**	**Reproductive age**	**Menopause**
1			
2			
3			

      2. **Obstetrics**:

Sr. No.	ANC	Delivery	Post Delivery
1			
2			
3			

Male:

Common surgical diseases:

Common accidental diseases:

Common medical diseases:

Sr. No.	Faculty	common cases
1	ENT	
2	Respiratory	
3	Cardiovascular	
4	Nervous	
5	Musculoskeletal	
6	communicable	
7	Autoimmune	

Mode of payment:

Insurance company/ TPA:

1. Cashless
2. Reimbursement

Employee:

1.Govt.:

a. Cashless:

b. Reimbursement:

Self:

a. Cheque
b. Cash:
    1. Full payment
    2. Part payment.

Average OPD cost:

Average IPD cost:

Appendix 3- Stone Game / simulation game

The objective of this game will be

1. To make the community understand the uncertainty of health risk which they face and impact of this risk on their life.

2. To make the community understand that if they are alone they will be unable to manage this risk but if they come together they can find a solution –in technical terms the concept of "Risk pooling".

Group size

The minimum group size is 15 and maximum 25.

Material required to conduct the game

1. A set of event cards –blank on one side and printed on other. For the maximum group of 25 keep ready 22 event cards. On each card there will be either "Healthy family –no expense" written or a health event will be written along with the expense related to it.

2. Out of the 22 cards keep 5 cards for health events and rest should have "Healthy family –No expense" written on it.

   The five health events will be

   - Malaria- Expense 4 thousand
   - Accident –Expense 10 thousand
   - Gastro- Expense 2 thousand
   - Caesarean – Expense 20 thousand
   - Typhoid- Expense 5 thousand

3. Stones of various sizes – Total 22

4. A strong cotton cloth to tie up all the 22 stones.

5. A box or a potli to collect money.

6. Currency for playing.

7. Black Board and chalks.

Characters in the game

If 15 members –

1. One member is a facilitator or helper

2. Rest 14 members will be the ones who will face the risk

For 25 members -

1. One member is a helper
2. Rest 24 members will be the ones who will face the risk.

Steps involved

The game is played in total three rounds

First round

- First the facilitator will introduce herself and the purpose of the meeting.
- She will then describe the game in short and the characters that will be required to play this game.
- Characters can be chosen voluntarily or the facilitator chooses them.
- Each member is given Rs 1000 as their savings.
- Each member is asked to select card on which health event and cost is written. Out of twelve 2 will be health events and other 10 will be healthy cards.
- When a participant selects a card with health event he is first asked what he will do. Does he know which hospital to go .Which is the correct doctor
- The member will have to decide according to his family condition. He will have to manage the expense accordingly.
- If the expense is above Rs 1000 he will be asked how he will manage this expense. The member will use his options i.e either he takes a loan, or from friends or relatives.
- The helper will be provided with currency notes .He will provide the extra money required .The helper will also write on the black board what option did the member use, collect the money from the member and keep it in the box.
- The helper also hands stones to the members after choosing the cards according to the severity of the health event. If the health event is serious the member will get a stone of bigger size.
- The member who will get the healthy card will be congratulated for remaining healthy.
- Explain the members that the stones represent the risk and the burden of the health care expenditure that they face.

Second round

- Now ask all the participants to collect the stones and wrap it up in the cotton cloth.
- Call each participant and ask them to lift this tied cloth with one hand. Obviously that will not be possible
- Now ask everyone to come together and lift it using one hand. The bag will be lifted.

The facilitator now asks them what they understood from this game. The facilitator should interpret the learning to the members.

The stones that were with the members represented the health risk that the members were exposed to. Some had major or big risk while others had small. If they tried to fight with the risk individually it was difficult. But if they come together and share the risk they will be able to manage it.

Third four

- The members are again distributed their 1000 Rs each again.
- Now every member is asked to put Rs 700 in the box. One of the members is selected as representative to manage the money in the box.
- The process of health cards is repeated with the members those who suffer the health event will be reimbursed by the money collected.
- It may also happen that the amount required may be high than the money that is collected. The facilitator has to explain that they have to spend according to what they have.
- At last ask the members if they find such kind of system useful where people pool in money and use it wisely to help one of their co members.
- Take voting system by distributing chits on which it is written “yes “and “No”. Member has to choose the answer and tick on the desired option.
- Collect the chits at the end.

Appendix 4- Structure questionnaire example

1 Structure general information

1.1 Geographical area

1.2 Estimated population

1.3 Community Profile

Socio-economical context (for example: PAT data)

Major health problems and access to health issues according to the team

1.4 About the organization

Introduction and history

Organization Structure

Ongoing borrowers / partners

Nature of tie-ups with Insurance Company, if any for credit or life/health etc. or previous experience with an insurance company

1.5 About MFI activities- Loan Program details:

Type of operational model

Loan acquisition cost

Types of loan given

Loan amount & loan duration

Saving product (compulsory – voluntary)

Fixed deposit details

Data recording

2 Process

Loan process / Saving process / fix deposit process

3 Community involvement

Representatives/leaders structure

Election procedure

Meetings –Frequency