ACCELERATING UPTAKE OF HEALTH INSURANCE

Many low- and middle-income countries (LMICs) face challenges in increasing health insurance uptake and guaranteeing effective coverage due to design and implementation flaws, as well as complexities in the political economy surrounding health financing reforms. While revisiting health financing strategies to address health insurance design flaws takes time, more concerted efforts are needed in the interim to strengthen critical functions, mitigate the consequences of suboptimal design, and overcome implementation challenges in a more holistic way.

In rural Nigeria, Ada faces a difficult situation: her son’s recurring fevers require expensive tests and treatments that her family simply cannot afford. Despite being aware of the National Health Insurance Scheme, Ada is unsure how to enrol and what benefits it offers. This mirrors the experience of many individuals LMICs, where people often encounter challenges enrolling in or using health insurance schemes.

HEALTH INSURANCE CHALLENGES IN LMICS

Many LMICs have opted for a pathway toward Universal Health Coverage (UHC) that includes the development of national health insurance arrangements, yet most struggle to increase health insurance uptake and guarantee effective coverage. Governments are implementing various measures to increase health insurance coverage and reduce out-of-pocket (OOP) spending at the point of care, but many have not effectively improved uptake. Moreover, enrolment does not necessarily result in increased utilization of services. Several barriers may still prevent individuals from enrolling into insurance schemes or from utilizing the services they are entitled to once enrolled.

The relatively low coverage and uptake of health insurance programs in LMICs have been associated with a range of flaws in their design and their implementation that have hindered progress toward UHC.

DESIGN FLAWS

The complex political economy observed in many LMICs — which often translates into tensions between different interest groups, complicated power dynamics, and diverging agendas — greatly influences the way health reforms, including health insurance initiatives, take shape. Negotiations and compromises are unavoidably part of that process, often resulting in political arguments superseding technical ones.

A common design flaw results from governments’ determination to collect health insurance contributions from individuals working in the informal sector, which consistently proves to be extremely challenging. With an informal sector that is considerably larger than the formal sector in many LMICs, this usually results in a significant portion of the population remaining without health insurance coverage.

Another common design flaw relates to the coverage of the poor and vulnerable. While these groups need financial protection the most, they may not be able to afford to pay a health insurance contribution. LMIC governments increasingly realize the necessity to fully
subsidize contributions for these population groups, but face the challenges associated with identifying and reaching them.

**IMPLEMENTATION FLAWS**

In addition to factors relating to the political economy, which equally influence the execution of health financing reforms, most LMICs also face a mixture of supply- and demand-side challenges that impede the smooth implementation of health insurance arrangements. Examples of common supply-side challenges include cumbersome accreditation processes, deterring many healthcare providers – especially private sector ones, if included in health financing arrangements – from even applying for accreditation. Providers may also be disincentivized by delayed payments or payment rates perceived to be inadequate to cover service provision costs. These challenges may deter providers from renewing their contracts with insurers, or they may result in providers giving differential treatment or denying care to cardholders, lowering the value of and trust in health insurance.

On the demand side, several factors may deter people from joining a health insurance scheme, even if they are eligible and interested, or from using their health insurance once they are covered. These factors may include complex or time-consuming enrolment procedures, perceived poor quality of care, lack of awareness or understanding of their entitlements, and not knowing where to go for care, among others.

**THE WAY FORWARD**

While obvious design flaws are best addressed at the source by revisiting the country’s health financing strategy, these efforts take time; reversing past health financing choices may require significant changes to legal frameworks and institutional setups.

**What can be done in the meantime?**

Recognizing that significant changes to health financing approaches are complex and take time to implement, there remains an opportunity to strengthen the underlying functions of existing systems and mitigate the impact of suboptimal design and implementation challenges. This can be beneficial, even if the national strategy ends up being revised.

Efforts along those lines are already being made in many countries. Some countries, for example, have created pathways to streamline the future contracting of private providers and establish necessary conditions for this process. In India, the digital platform Hausala Sajheedari, supported by PSI, improved the entire process of accreditation, contracting, and reimbursement of private providers, facilitating a significant increase in public funding channelled to private provision. Other initiatives have been implemented to enhance the quality of care, increase awareness about health insurance, and help users navigate their journey to receive their entitled benefits. These are just a few examples of the various initiatives being undertaken.

A common problem is that these efforts tend to be carried out in isolation, often as part of donor-funded, time-bound projects. To make a real difference, a more holistic and coordinated approach is needed, that addresses both supply and demand-side challenges simultaneously. This requires a conscious effort to promote greater collaboration among the many stakeholders, and greater effort to integrate complementary disciplines, including some that have not been fully harnessed in the context of health insurance, such as behavioral economics and social and behavior change. Furthermore, it demands a more deliberate effort to understand and address issues related to the political economy.

**JOIN US**

Join us in exploring how we can accelerate the uptake of health insurance in LMICs and support people like Ada and her family access the healthcare they need without financial hardship. Learn more in our technical brief and tune into our podcasts, all part of our HSS Insights Series.