



Mobile phones for communication and resource mobilization

The National Hospital Insurance Fund is in the final stages of recruiting dealers for a new program that uses mobile phone technology and commercial intermediaries to expand enrollment and increase revenue. All other elements of the program are ready for a July 5th launch that will commemorate NHIF's 45th anniversary.

Basic Facts

Place of Operation	Kenya
Year Launched	2011
Stage	Pilot/Startup stage

Program Highlights

Challenge Addressed	Targeting and enrolling the informal sector
Focus of the Program	Leveraging external organizations for targeting and enrollment
Reported Results	Decrease in cost, increase in revenue generation, increased uptake and utilization of services

Workshop Session:

Promising Operating Practices 1:
Leveraging external organizations for targeting and enrollment
Wednesday, June 8
9:00 AM – 12:30 PM

Implementation

Target Population	Informal sector and below poverty line
Implementing Organization	NHIF
Implementing Partners	Safaricom (mobile network provider), network of commercial intermediaries

Context

The National Hospital Insurance Fund (NHIF) is the primary provider of health insurance in Kenya with a mandate to enable all Kenyans to access quality and affordable health services. The Health Insurance Act of 1998 makes no distinction between formal and informal sector, and indicates that membership shall be mandatory for all Kenyans at least 18 years of age. In practice, however, while Kenya has achieved high levels of coverage of the formal sector, coverage of the informal sector has proved more challenging, with only 6% currently covered.

As a critical next step, Kenya is seeking to increase health insurance coverage from 22% to 30% by 2012 and 70% by 2015 and to reduce out-of-pocket expenditure to less than 25% by 2030. The new mobile phone technology is aimed at facilitating enrollment of new members in the Fund and improving revenue collection. Although, NHIF has 31 branches across the country, they are not all easily accessed.

Recent surveys indicate that while there is increased knowledge about NHIF and its services, costs incurred by individuals to travel to an NHIF office for enrollment can be prohibitively high.

Of importance to note in this effort to promote the use of mobile phone technology, is that 86% of Kenyan adults have mobile phones. Safaricom, a key implementing partner of this innovation with 78% market share, leads one of the most highly successful and innovative money transfer systems in the world, the M-pesa. The M-pesa has given Kenyans, in particular those in the Bottom of the Pyramid access to financial services they normally would not have. Currently all major banks are agents of M-pesa.

Key Components

- Through this program, NHIF Members will have the ability to purchase an NHIF scratch card from any authorized dealer. NHIF currently is finalizing a list of 22 approved dealers, who will cover the entire country. Each dealer will recruit sub-dealers, retailers and other outlets to market NHIF. NHIF anticipates that scratch cards will be distributed through approximately 1,000 outlets. All outlets will carry NHIF branding. The dealers will purchase the cards directly from NHIF, with a commission (10%) discounted from the value of the purchase. To meet its revenue and enrollment targets, NHIF will introduce performance incentives in the form of bonuses (2% of total sales), for dealers who surpass weekly targets as set by NHIF.
- When scratched, the foil on the back of a cards purchased from an authorized NHIF dealer, will reveal a one time use only PIN number. Once this number is sent to 244 (the designated code for this transaction), a member's individual account is updated with the the value of the purchased card. The PIN number system is designed to mitigate fraud and help ensure the validity of the cards purchased. As an intermediary, Safaricom will receive a fixed monthly access fee for use of the 244 code and will be paid for all transaction costs.
- The card will be sold in increments of – KES 20 /50 / 100/ 200 / 500 / 1,000/ 2,000 (the monthly premium is KES 160). Members will have to be enrolled to take advantage of this payment option. However, contracted dealers will also have the ability to enroll new members and issue NHIF Cards. NHIF will pay KES 20 to the dealer for every new registration and for every renewal made under the dealership. These dealers will be granted access to the NHIF database making enrollment and payment procedures more accessible to both new and existing members.

Results

- NHIF is seeking to enroll 1.5 million new members by the end of first year of the new program.

Looking Ahead

- NHIF will consider the program sustainable once a critical mass of 1 million new members is achieved.