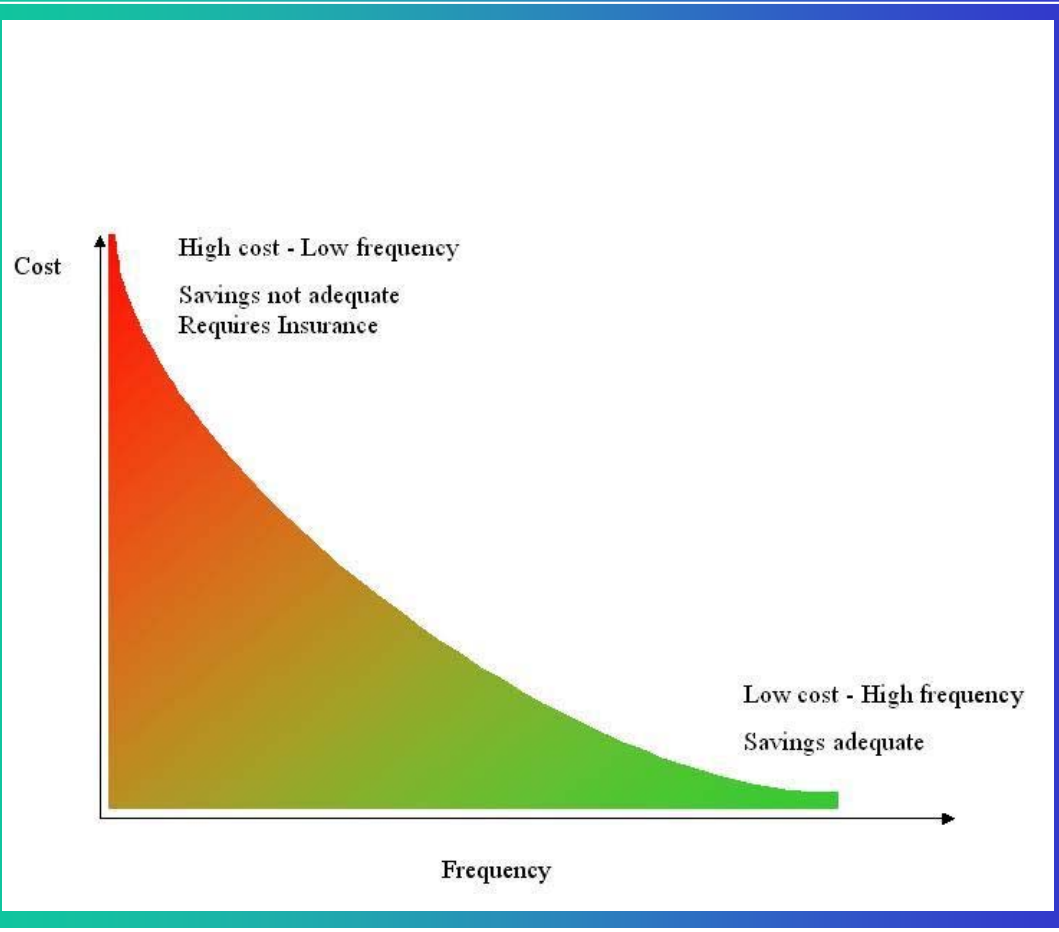
Microcare

Affordable Access to Quality Healthcare

Microinsurance Conference Cape Town
22 November 2006

Spectrum of Risk

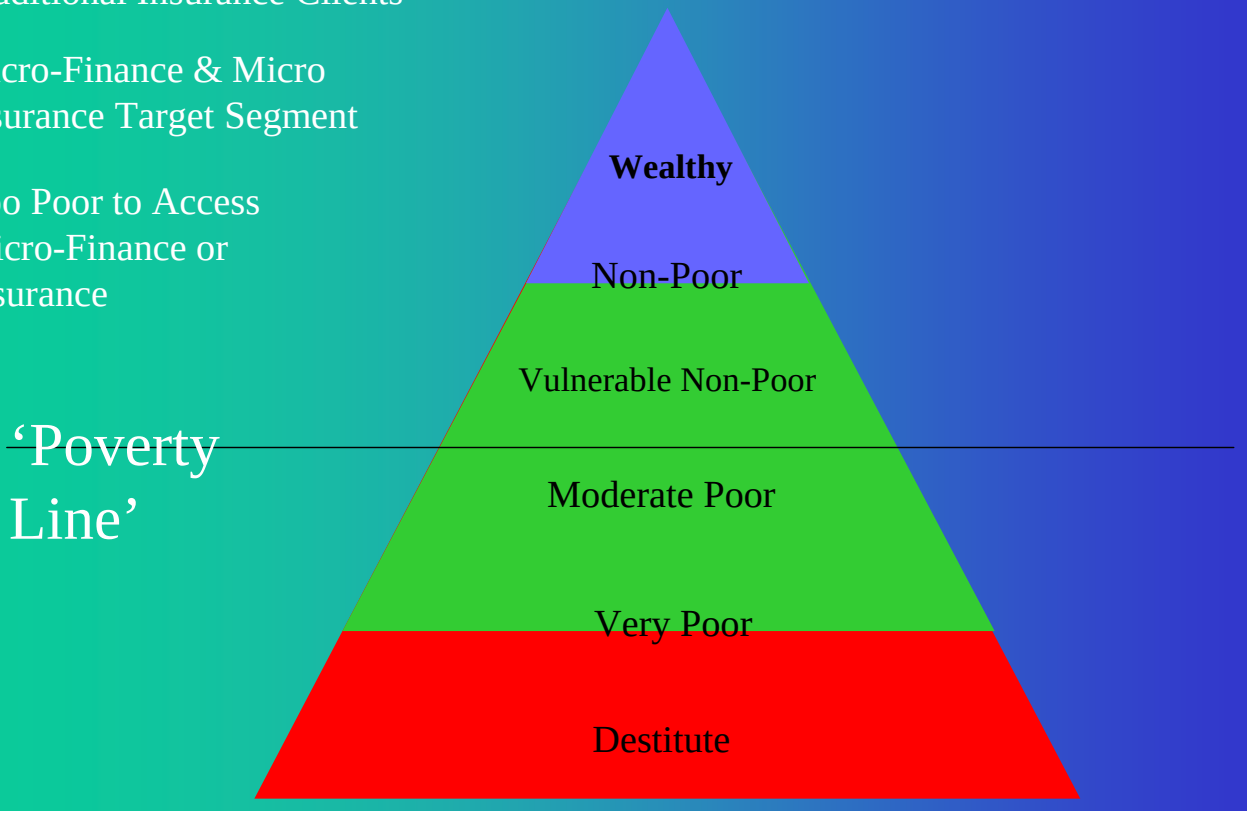


Who benefits from Micro-Insurance

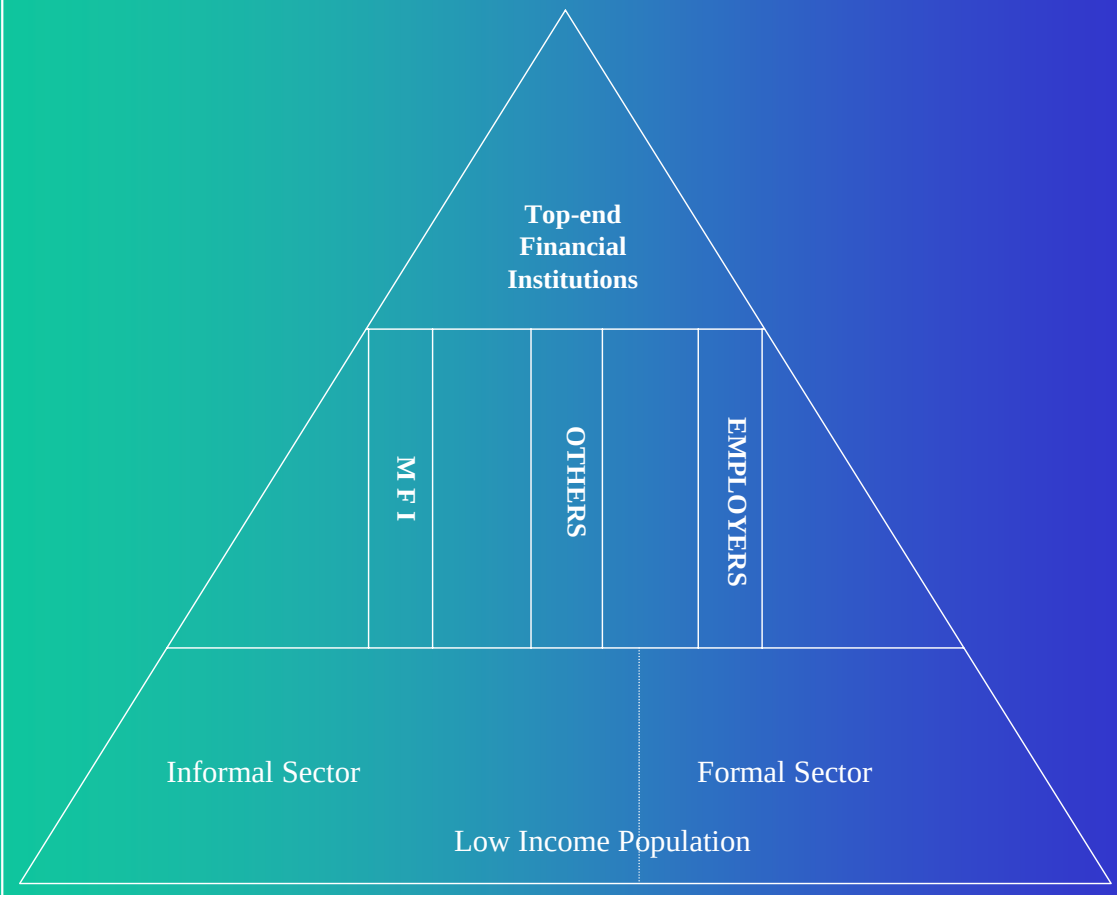
Can Access Higher Level Financial Services – Traditional Insurance Clients

Micro-Finance & Micro Insurance Target Segment

Too Poor to Access Micro-Finance or Insurance



Bridging the gap

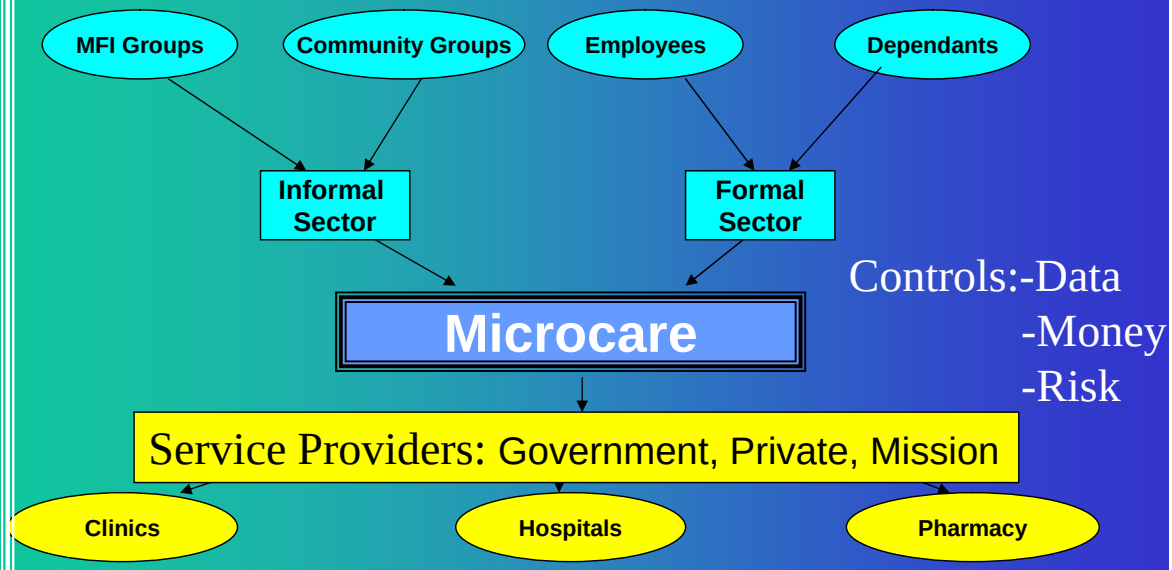


Corporate History

- **Microcare Limited:** A donor supported-not-for profit initiative set up in 2000 to research and develop alternative mechanisms of health financing for the low income market.
- **Microcare Health Limited:** A share capital Health Management Company started in 2004, to provide Health Management services on a commercial basis with investor capitalization.
- **Microcare Insurance Limited:** An Insurance company started in 2005 to enable the provision of insurance products, particularly accident and health.

How we work

- Contract with groups from both formal & informal sector
- Design and manage insurance schemes
- Also manage Third Party Administration funds for companies
- Contract with Service Providers (Government, Private and Mission Hospital/Clinics)



Check-in Desk at a hospital

Front End: The face of Microcare

Check-in Desk

Rear End: The Heart of Microcare

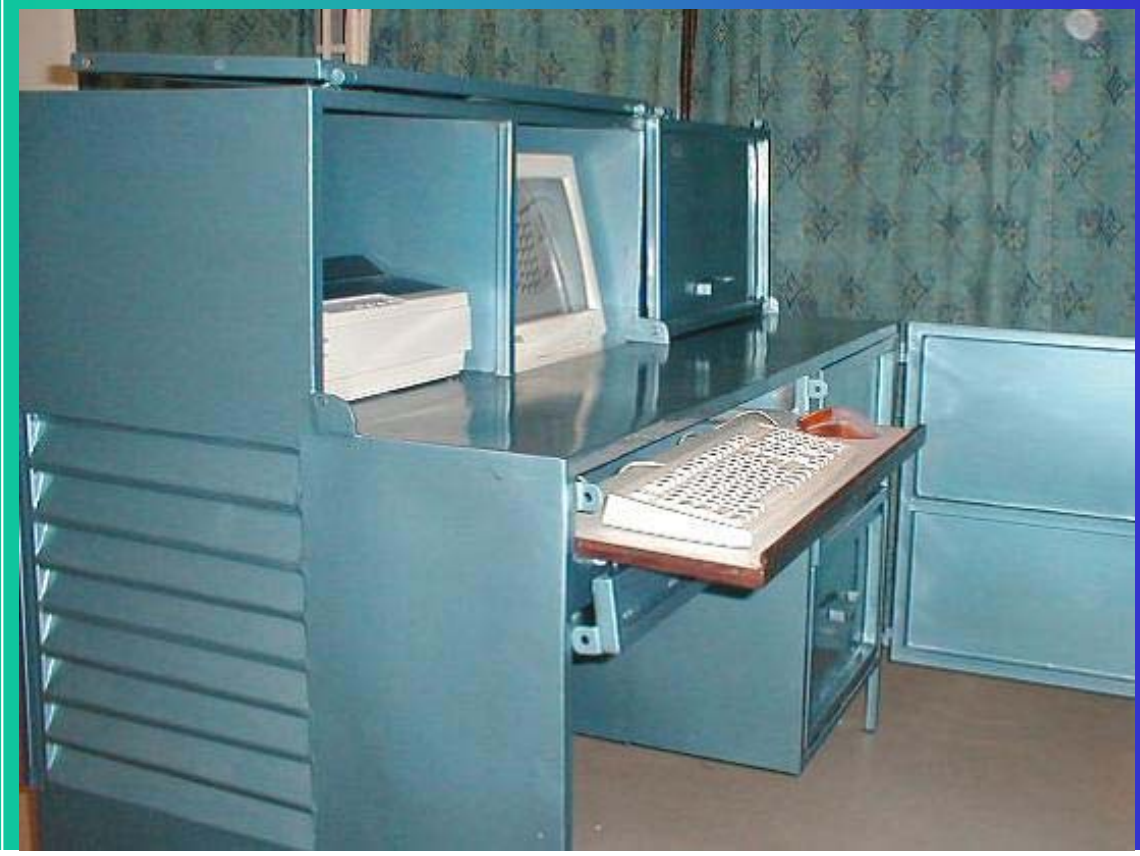
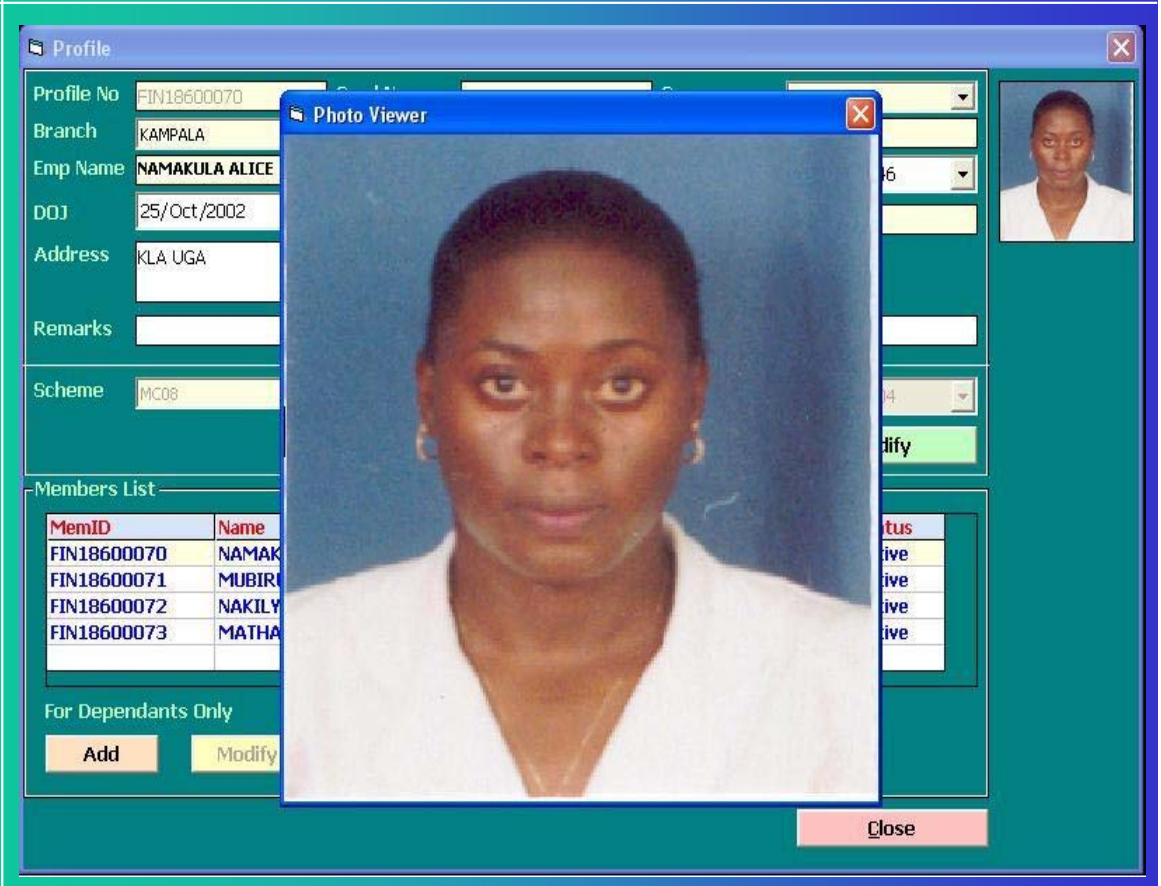
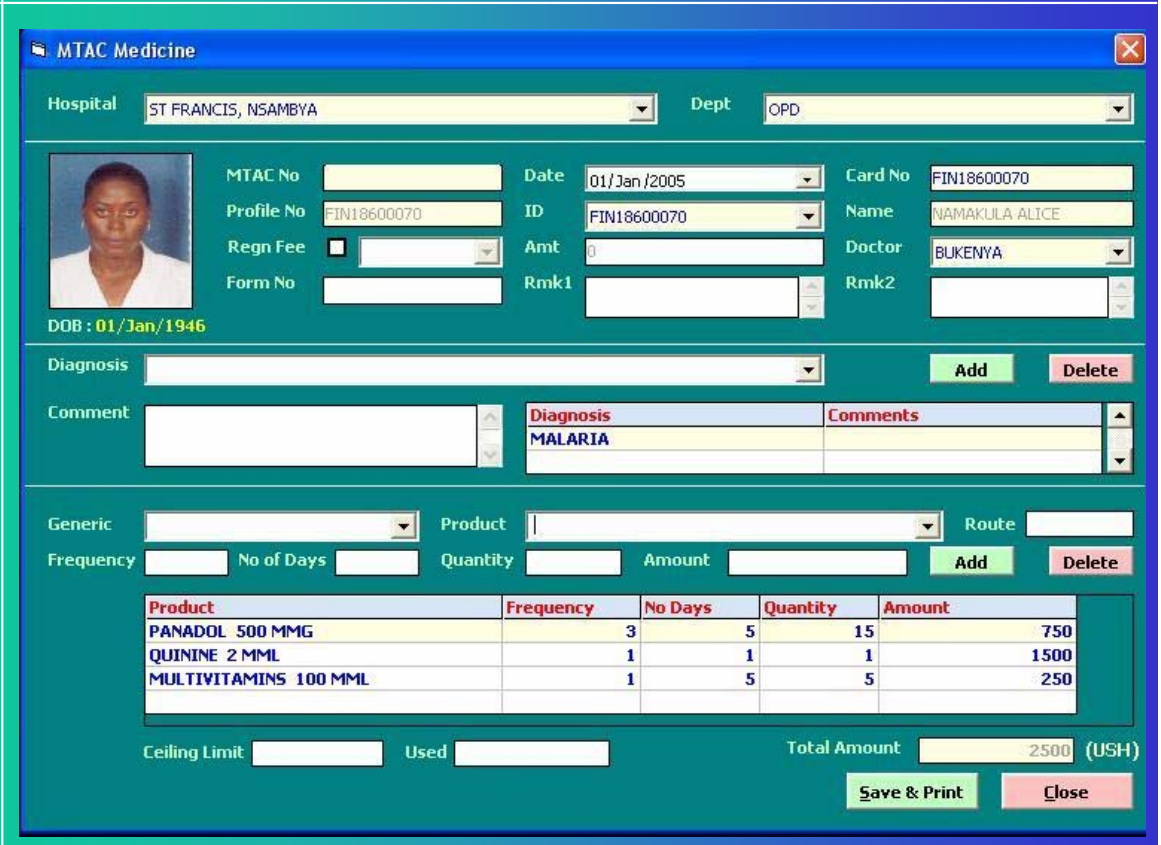


Photo ID Smart Card

On-site Client Identity Verification



On-site Real-time Claim Entry



MTAC (Claim form)

0009050

Plot 23, Prince Charles Drive Kololo
Kampala
P.o Box 29252
Tel 041 235120/3
Fax 041 542237/535681

SPECIMEN

MTACNO H003M0401318
PATIENT ID **FIN18600070**
PATIENT NAME **NAMAKULA ALICE**
DATE **01/01/2005**
SEX **F**
DR. NAME DR BUZALIRW

DIAGNOSIS ABNORMAL FINDINGS IN SPECIMENS FROM MALE GENITAL ORGANS

PRODUCTNAME	ROUTE	DOSAGE	FREQ	DAYS	QTY
NIMESULIDE 2	ORAL	250 MG	2	3	6
NIMESULIDE 1	ORAL	100 MG	2	2	4

AFFORDABLE ACCESS TO QUALITY HEALTHCARE

Claim settlement

- Triplicate MTAC (Medical Transaction Access Card) a copy each for: the Hospital, the Client and Microcare (for legal purposes)
- Monthly invoice submitted by Service provider along with MTACs
- MTAC reviewed and reconciled with Invoice by qualified Microcare personnel
- Advise Service providers of any rejection or modification
- Settle bills quickly within agreed time frames

Multi Health Service Provider Multi Client Model

- Allows client choice of health service provider
- Follows a Partnership Model with MFI's, NGO's and community organizations (e.g. Engozi Burial Societies).
- Necessary economy of scale for expertise.
- Best protect interests of client – Ethics / Confidentiality.
- Control of abuse by clients.
- Control of abuse by Health Providers.
- Opportunity to negotiate treatment prices down.
- Protect MFI, NGO and community from Risk Exposure.

Microcare 2003 MFI Pilot Study

Covered the services available in local 'Mission' hospitals:

- Casualty / Outpatient and In-patient services.
- Referral to recognized consultants in registered hospital.
- X-ray, Ultrasound, Electrocardiogram and Laboratory.
- Surgery (including gynecology).
- Maternity cover: normal delivery in hospital and C. section.
- Pharmacy: Drugs prescribed by the Hospital medical practitioner within the agreed protocols of the specific scheme.
- HIV Counseling and Homecare.
- Basic Dental care (cavity filling and tooth extraction).
- Optical consultation but not appliances.

Microcare MFI Pilot Study Premiums

Urban MFI Pilot Study Premiums	Annual	8 month
Family up to 4 members	$60	$40
Every additional adult member	$18.50	$13.50
Every additional child member (below 16 Years)	$8.75	$6.50

MFI Study Key Issues

HIV/AIDS

- HIV / AIDS: **NO** screening, **NOT** excluded but NO ARVs
- Since Anti-retroviral were not cheaply available at that time.

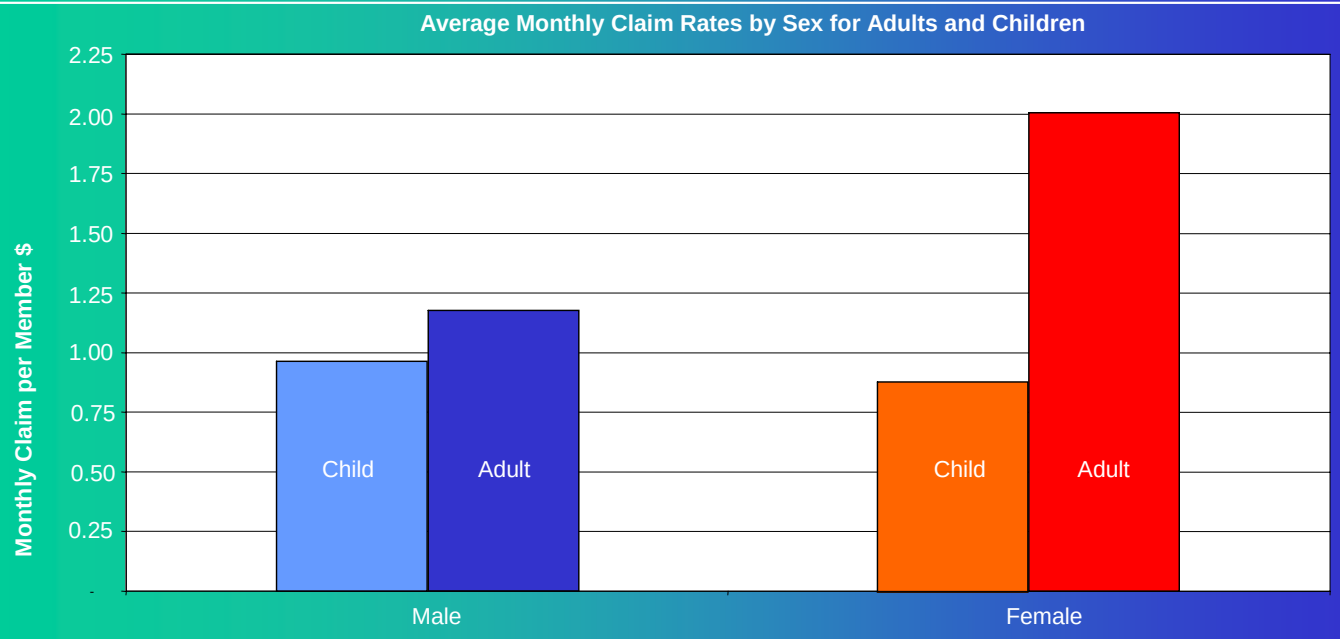
- Dependant children who are not natural children of client were included (e.g. 'AIDS Orphans').

Cost Containment

- Chronic Medication (prescriptions greater than 3 weeks) were not covered.

- To avoid adverse selection greater than half of a group were meant to join with their family members.

The Aggregate Claims Experience



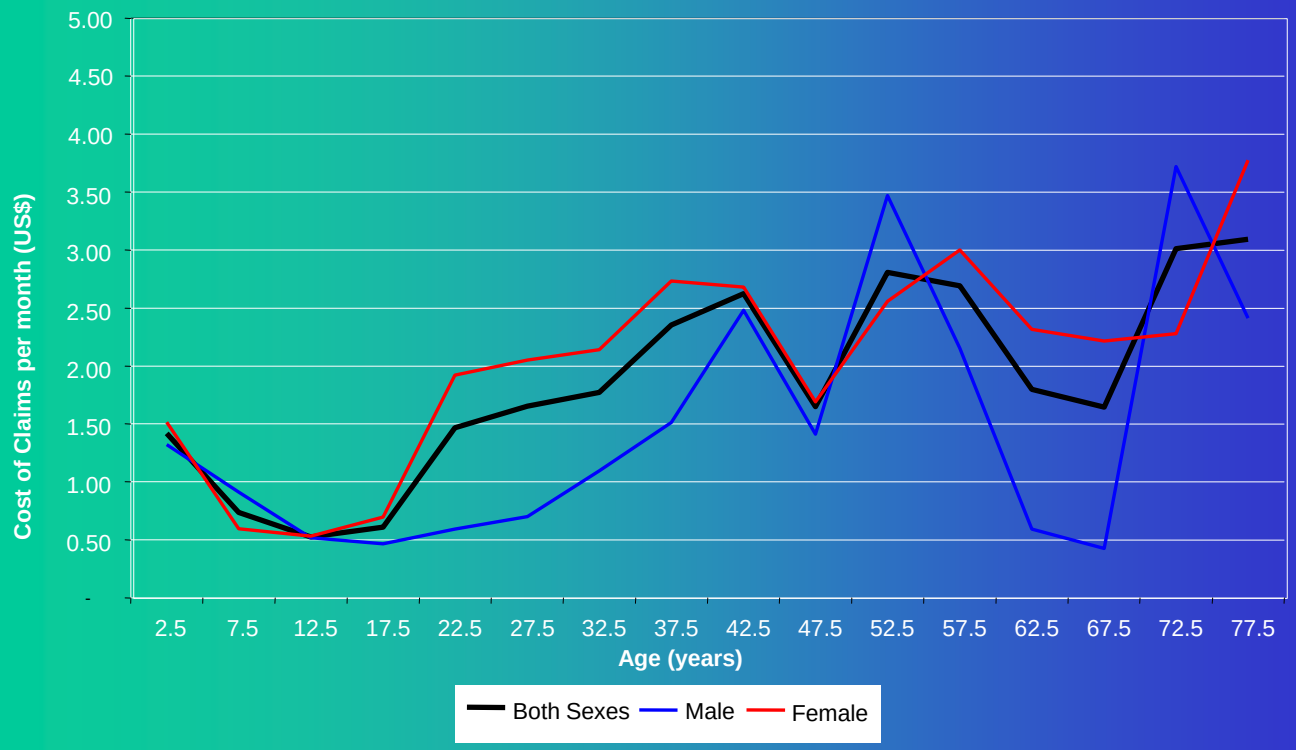
Monthly Claim $	Child	Adult	Average
Male	0.96	1.18	1.07
Female	0.88	2.00	1.58
Average	0.92	1.59	1.33

Throughout the entire eighteen month period of investigation, each member claimed an **average of US $ 1.33 per month**.

Claims Experience by Age and Sex

Average Monthly Claims by Age and Sex in US $

Shows the impact of HIV on women at a younger age than men



Experiences: Informal Sector

•Clients have great difficulty collecting up enough money to pay an adequate premium for an adequate coverage period.

•'Risk pooling' and 'Insurance principles' are difficult for MFI clients to understand.

•This results in very labor intensive marketing and slow uptake.

•MFIs are reluctant to get involved actively in promotion.

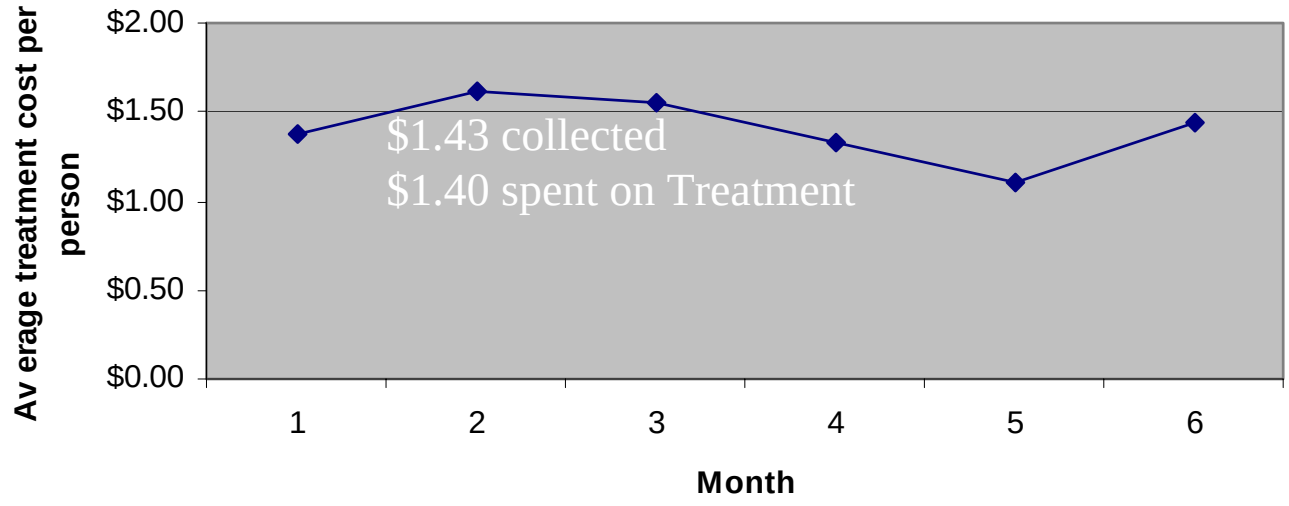
•Small groups do badly due to lack of risk pooling.

•MFI loan schemes for premium payment is very effective.

•To avoid adverse selection greater than half of an MFI group should join, but this is often difficult to achieve.

Treatment cost June – Nov. 2004

Urban MFI pilot study follow up November '04



Sustainability and Profitability

- To achieve recovery of all costs requires 25 % + higher premium
- A large client base (Over 50,000) is required for economy of scale
- Roll out to scale is much faster and easier in the formal sector
- Higher demand from employers for health insurance for low income workers and their families than from MFIs for their clients
- Avoid adverse self selection by small client groups (< 15 families)
- Abuse of system must be prevented aggressively
- Service provider costs and quality must be actively monitored
- Client and service provider contracts must be simple and sound

Low Income Formal Sector

- **High Demand and Rapid Uptake**
- **Able to Pay a Realistic Premium and Pay Promptly**
- **Adequate Premium to cover Administration + Re-insurance Costs**
- **Can Pay Premium for a Long Coverage Period (1 year)**
- **Lower Level of Moral Hazard**
- **Employers understand 'Risk pooling' and 'Insurance'**

Microcare Kisiizi Premiums

Rural Informal Sector Premiums	**Annual**	
Family up to 5 members	$15	**Per family!**
Cost recovery rate of treatment costs 2005	70%	
Premium needed to recover treatment costs + local office administration and re-insurance	$25	**Remember: Hospital does get @ 40% subsidy from Mission and Govt delegated funds**

Microcare Kisiizi Growth and Changes

Year	Lives Covered	Changes
2003	6,500	**- Moved to 1 year premium period from 3 months -Altered coverage to exclude chronic conditions -But include maternity services and - Preventive Health: subsidised insecticide treated bed nets**
2005	12,000	**Access to MFI services through Uganda Microfinance Ltd Introduced chip based smart cards**
2006 November	18,000	**Agreed ongoing subsidy from Cordaid to enable expansion into satellite clinic model using GSM (MTN) phone system with GPRS linking hand held devises with biometric ID verification control**

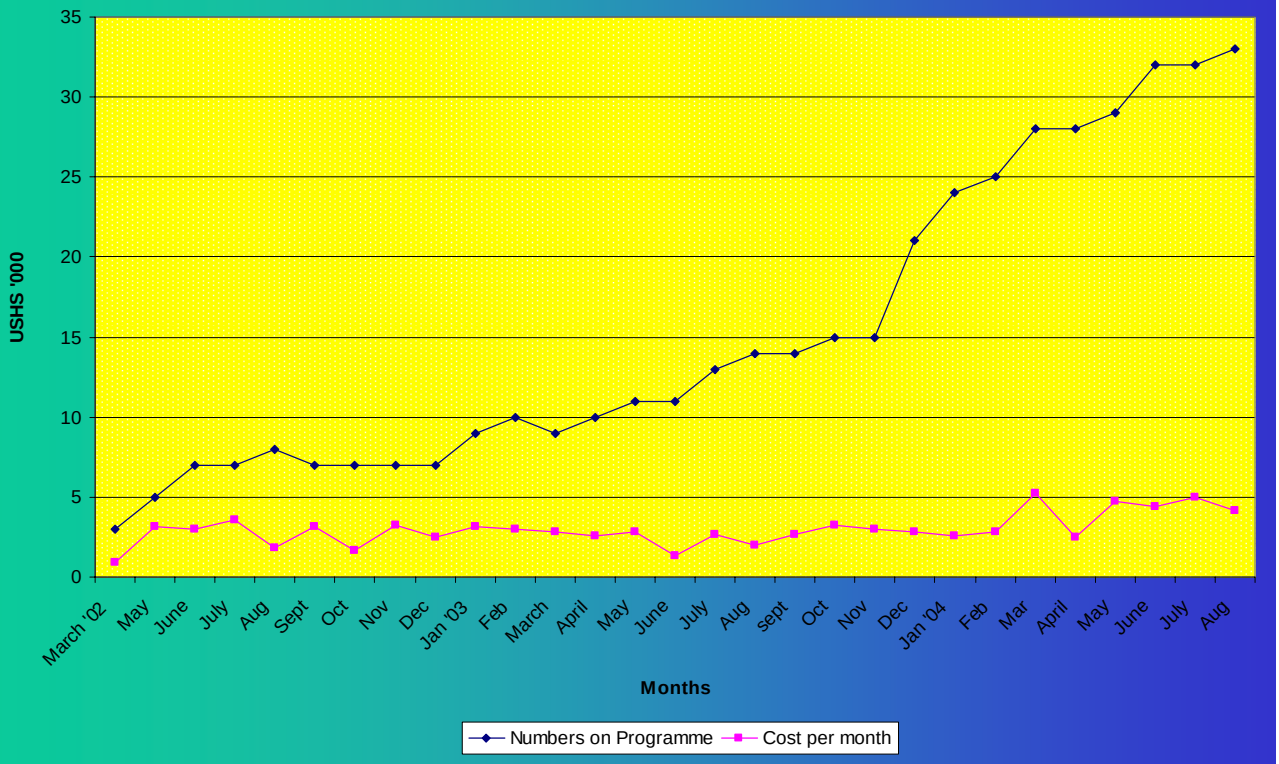
Why does it work?

Quality: Good hospital liked and respected by community

Mutuality: Stable community burial groups and steady growth over **time**

Integrity: Trust and honesty: Community, Hospital & Microcare

Corporate HIV / AIDS Management COSTS 2002-2004



And this was BEFORE Global Fund subsidised 1st line ARV's available.

In Uganda HIV/AIDS treatment is an insurable risk &Microcare covers it

Transformation: An Ongoing Process

2000: Microcare Ltd: A not-for-profit Research Organisation

2004: Microcare Health Ltd: A Commercial Health Manager

2005: Microcare Insurance Ltd: A Licensed Insurer

2006: Rapid expansion of commercial and 'micro' health business in Uganda to achieve commercial viability

2007: International expansion and replication through strategic partnerships

Thanks

Microcare would wish to recognize the support of our donors over the past 6 years including:

- DfID - Financial Deepening Challenge Fund
- DfID - Financial Sector Deepening Unit Uganda
- Cordaid
- Austrian Regional Bureau
- EU SUFFICE Program
- Mc Knight Foundation (USA)

Vision

To facilitate affordable access to quality healthcare for low income people.