Clients may value hospital cash less in mature markets like Kenya

In many contexts, hospital cash is a simple and attractive benefit. It allows clients to better handle the costs of health care, travel and loss of wages. It usually offers a fixed payment per day spent in hospital, and therefore offers a transparent, attractive and easy-to-explain benefit for clients. However, the experience of Linda Jamii in Kenya shows that it may be an unnecessary addition in more developed markets where more comprehensive products are on offer.

Linda Jamii is a comprehensive health insurance product, covering out-patient and in-patient medical care, hospital cash and funeral expenses. It is offered by Changamka and its partners Britam and Safaricom. In discussions with clients and potential clients, Changamka found that the hospital cash benefit was either unknown, not understood, or not seen as particularly valuable. Nonetheless, it was driving 5 per cent of claims.

Interviews with non-clients generally confirmed that they perceived the product as valuable before the hospital cash element was mentioned. Similarly, agents tended not to highlight this cover as KSH 500 (approximately US$ 5.50) per day seemed like a small number compared to the large coverage for in-patient and out-patient care.

Although hospital cash is attractive to clients in many contexts, it seems that in a developed market, where a trusted provider is able to offer valuable and extensive in-patient and out-patient cover, this is not the case. To simplify Linda Jamii while also supporting its financial sustainability, it therefore seems possible to eliminate the hospital cash cover without reducing perceived value for existing or future clients.

For more information, see the Changamka Learning Journey [1].