A randomized controlled experiment in rural Kenya found that health microinsurance reduced health expenditures, reduced informal borrowing for medical costs, and increased overall and non-food consumption. The experiment studied the impact of a health microinsurance product offered by the Cooperative Insurance Company on tea farmers belonging to the Wananchi Savings and Credit Cooperative Society.

The study found a decrease in out-of-pocket expenditure by the insured for inpatient services and for all health-care services. There was, however, no change in the use of health care facilities. The study also examined the impact on consumption, assets, and saving. It found a positive effect on household non-food consumption and per-capita consumption (net of premium payment). Moreover, health microinsurance reduced the probability of borrowing from informal sources to cover medical costs.

Taken together, these results suggest that health microinsurance can be an important risk management tool to combat the adverse financial effects of health shocks.

For more on the research design and results, see Research 24: The Impact of a Health Insurance Programme: Evidence from a Randomized Controlled Trial in Kenya. [1]