Learning Journey

Naya Jeevan

Managed Health Solutions

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Project Basics

About the project

Naya Jeevan (meaning "new life" in Urdu/Hindi) is a Karachi-based health microinsurance (HMI) initiative targeting the socio-economically marginalized in Pakistan. It is an intermediary that pools groups of low-income individuals from both formal and informal sectors under a single, socially protective consortium. It negotiates commercial group health insurance from established and highly reputable insurers like Allianz, Saudi Pak, Jubilee Insurance, IGI, and Pak-Qatar Takaful at preferential, below-market rates on behalf of its members.

Naya Jeevan’s most important innovation is that, unlike other HMI ventures, it does not try to shrink insurance premiums to meet the ability to pay of its target population. Instead, it systematically seeks well-resourced sponsors who have a defined relationship with the beneficiary (e.g. employers, contractors, supply chain partners) and therefore have a sustainable reason and ability to pay all or part of the premium for a low-income beneficiary. Given the negotiated discount on commercial – not specifically micro – insurance policies, the premium for the insurance Naya Jeevan provides is somewhere between conventional insurance and microinsurance (approximately US$ 2 per person per month). The benefit design also falls between the two, with a coverage limit of US$ 1,500 a year, benchmarked to cover cardiac bypass surgery across the nationwide provider network.

In return Naya Jeevan members (the beneficiaries) are provided with cashless card-based services at over 190 high-quality, private hospitals across Pakistan. The product covers all hospitalization, including all trauma, inpatient emergencies, day procedures (e.g. colonoscopy), and ambulatory surgery.

Private health care is generally preferred by the working poor in Pakistan due to the timely delivery of quality health services. Deficiencies in the public health care system that result in widespread dissatisfaction include: (i) frequent absence of healthcare providers, (ii) shortages of medicines and (iii) hidden charges for diagnostic material and medical supplies; this adds unpredictable (and often unaffordable) costs to already burdensome travel expenses and opportunity costs associated with the loss of income/productivity due to the prolonged waiting times required to access public health. For health care expenses that are not conventionally insured – such as routine outpatient treatment and chronic medication – Naya Jeevan has arranged wholesale discounts that are passed on to its members, creating additional, frequently accessed client...
value and offering relief in healthcare financing. It also runs a “rescue fund” which can be used on a case-by-case basis to support clients whose claims fall outside of the insurance cover.

The members also benefit from Naya Jeevan's package of value-added services (VAS). These VAS create significant tangible value for beneficiaries, promoting retention and client satisfaction. These include a 24/7 pre-designated ‘family doctor’ tele-health line, targeted preventive health education sessions, and, most importantly, an initial health risk assessment of insured beneficiaries, which often leads to the detection of existing, undiagnosed ailments that can be treated before expensive medical complications arise. Pre-existing conditions are commonly insured, e.g. upon the diagnosis of an eye cataract the health insurance plan immediately takes care of the problem and restores the person’s eyesight, yielding enhanced worker productivity and general health and wellness. This approach provides two tangible experiences to the insured: they meet a doctor (often for the first time in their life), and when someone makes use of the insurance shortly after inception, this has a high impact on their health and their perception of the product. When the insured belongs to a densely clustered group, e.g. workers at the same factory, such stories of early insurance use spread fast, and thus provide a strong positive reinforcement of Naya Jeevan’s responsiveness and credibility, also increasing trust in insurance in general.

On the other hand, the individual screening of every insured’s health status (along with a few key socioeconomic indicators) provides a baseline to measure social and health impact. The pooled health risk profile of pre-defined groups also serves to guide the primary health education interventions, targeting issues related to substance abuse, nutrition, hygiene, and workplace safety. These workshops are delivered by both Naya Jeevan and strategic NGO and corporate partners.

Naya Jeevan leverages corporate distribution networks, supply chains and human resources to distribute, market and co-finance health insurance for low-income beneficiaries. This serves the strategic interests of these corporations not only as part of their corporate social responsibility but also by rewarding and incentivizing loyalty among their low-income staff.

Naya Jeevan has initially focused on three target populations:

1. **Informal domestic workers** (cooks, drivers, gardeners, etc. who are numerous in upper and middle income households in Pakistan). Naya Jeevan accesses these workers by working with large, multinational companies (MNCs) such as Unilever. The MNC encourages its managers and executives to subsidize the healthcare of their informal workers in their households.

2. **Low-income (mostly blue collar) contracted/part-time staff**, e.g. previously uninsured corporate workers, factory workers, and staff of SMEs (including restaurants and small retail outlets). Procurement of insurance is a voluntary decision of each employer but the insurance is automatically applied to each eligible employee with no ‘opt-out’ provision. Eligibility rules are determined by the employer, who may choose to cover all workers or to use the cover as a way to reward loyalty.
3. **Low-income workers within corporate value chains** (mostly suppliers, SME retailers, and micro-retailers). These workers are involved in the corporate value chains of fast-moving consumer goods companies (FMCGs). The FMCGs can reward or incentivize high-potential SME retailers by sponsoring the health insurance of their low-income employees, or convince large suppliers/contractors to co-finance the health insurance of their low-income workers.

Naya Jeevan’s unique value proposition lies at the intersection of health-care financing and institutionalized philanthropy (insurance premiums for low income populations cross-subsidized through institutional mechanisms and financed by higher income populations). This sustainable cross-subsidy model has also led Naya Jeevan to explore other institutional innovations.

One such innovation is the provision of self-insured cooperative-based managed care for children at NGO schools. Insurance companies play the role of third party administrators (TPAs) and provide access to their cashless provider network and ICT infrastructure. The cost effectiveness and utility of this approach is being systematically compared to the conventional health microinsurance plan provided by Naya Jeevan by evaluating utilization and health outcomes in comparable treatment and control groups of NGO school children.

Another health-financing innovation is an initiative to help children with disabilities enrol in Naya Jeevan’s managed care health plan through a project branded “Artpreneurs for Change”. This is a collaborative effort between Naya Jeevan and the Network of Organizations Working for People with Disabilities, Pakistan (NOW-PDP). Seed funding was provided by the US State Department from the inaugural State Alumni Engagement Innovation Fund. This project aims to provide art therapy classes to three schools for children with disabilities and to use auction proceeds from the resulting artwork to raise sustainable healthcare financing for these children.

### Project Summary

<table>
<thead>
<tr>
<th><strong>Project Name:</strong></th>
<th>Managed Health Solutions¹</th>
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<tbody>
<tr>
<td><strong>Project Start Date:</strong></td>
<td>October 2010</td>
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<tr>
<td><strong>Duration:</strong></td>
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<td><strong>Country:</strong></td>
<td>Pakistan</td>
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<td><strong>Product:</strong></td>
<td>Health microinsurance</td>
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¹ Short for "Managed Health Solutions: Offering Tangible Value via Affordable, Scalable and Quality Healthcare Services to Low Income Families Affiliated with Employer Groups in Pakistan"
## Project Updates

### Key Indicators

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<tr>
<th>Coverage Indicators</th>
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<th>2010</th>
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<th>2012</th>
<th>2013</th>
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<td>No. of Client Orgs.</td>
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<td>108</td>
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<td>No. of Beneficiaries</td>
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<td>16892</td>
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<td>Growth Rate</td>
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<td>630 %</td>
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<td>Renewal Rate – Client Orgs.</td>
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<td>82  %</td>
<td>57%</td>
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<td>Renewal Rate – Lives</td>
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<td>79%</td>
<td>83%</td>
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<table>
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<tr>
<th>Service Indicators</th>
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<td>Trainings – Client Orgs.</td>
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<td>Trainings – Lives</td>
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<td>Preventive Health Workshops- Lives</td>
<td>44</td>
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<td>Number of Beneficiaries with Claims</td>
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<td>Number of Clients with Claims</td>
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<td>18</td>
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<td>Amount Claims in PKR</td>
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<td>1,145,019</td>
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<td>Claim Ratio</td>
<td>47.45%</td>
<td>93.8%</td>
<td>59%</td>
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*Final 2013 Figures to be available at the end of 2013*
Financial Budget
- US$ 360,000 in revenues in 2012-13
- US$ 480,000 budgeted for operating expenses in 2013-14

Naya Jeevan receives revenue in the form of insurance contributions from employers, financial sponsors, employees, and beneficiaries. These contributions are usually received as annual payments in advance. The main expense for Naya Jeevan is the health insurance premium payments that are paid to the insurers on behalf of its low-income members. A gross operating margin of around 30 per cent is generated. This covers other selling, general, and administration expenses operating expenses. Naya Jeevan aims to achieve sustainability (that is, positive cash-flow) at approximately 150,000 enrolled lives, projected conservatively for 2015.

What is happening?

As of December 2013

Naya Jeevan was launched with a very lean operating budget in 2009, and has used the Microinsurance Innovation Facility's Grant and other grants to considerably strengthen its organizational structure, processes, and capacity. Key personnel such as a communications director, marketing manager, customer services coordinator, field team leader, and field force enrolment officers have been recruited, trained, and equipped with the necessary hardware (not all of them have turned out to be the right choice and some have had to be replaced or let go as revenues have not matched financial projections). Functions not intrinsic to the business model, such as human resources management and legal, continue to be outsourced. Standard Operating Procedures (SOPs) have been codified for key workflows such as business development, claims, medical helplines, member services, and the management of the NGO school program; SOPs enable Naya Jeevan to maintain quality control while scaling up its processes and internal resources in line with future growth. More scalable, cost-effective value-added services (VAS) – such as a two-tier medical triage health line – are currently being evaluated. The triage portion of this two-tier system can be outsourced at a time when the volume of incoming health-related queries makes it impossible for Naya Jeevan to provide such high-touch services by itself.

At the same time, has found the need to adapt its processes. For example, it was discovered that although corporate workers expressed enthusiasm to insure their informal domestic workers, their reluctance to fill out the necessary paperwork and provide the necessary personal data about their domestic workers presented a major obstacle. As a result, the data requirements were reduced and electronic enrolment forms are currently being tested.

Dealing with multiple insurance companies (and their fluctuating personnel) also poses challenges related to institutional knowledge. Issues around data integrity and data security have been identified and rectified over time.

To address the lack of understanding or any prior experience of insurance by current and potential beneficiaries, and to help them to make optimal use of their health benefits, Naya Jeevan has produced a range of multimedia educational materials. These also serve as refreshers following initial in-person, group training. Since Naya Jeevan’s marketing material is primarily in English and directed towards potential donor-sponsors and corporate financiers, additional marketing material in local languages
were also developed for low-income insured members, including regular communication like newsletters.

To increase direct interaction with the insured beneficiaries, Naya Jeevan has developed and delivered a suite of preventive behaviour change interventions. Furthermore, a routine practice of proactive, qualitative beneficiary satisfaction surveys has been implemented, with quantitative surveys also currently being developed.

The chief limitation of Naya Jeevan’s business model to date has been its inability to recruit really large numbers of insured persons in a single deal – unlike mandatory insurance for microfinance clients in which tens of thousands of borrowers are covered in a single policy. This slower-than-anticipated market penetration has forced Naya Jeevan to continuously explore additional channels to insure low-income beneficiaries. Not all of these alternate distribution or sales strategies have been successful, e.g. targeting affluent women in spas, cosmetic companies, or themed tea parties to propose the coverage of their maids/domestic staff seems like a good idea in principle, but has yet to take off in practice.

At the same time, some channels have been more successful than expected in insuring several thousand additional insured, e.g. low-income contract staff of the Defense Housing Authority (a large residential association with approximately 150,000 housing units in Karachi, Lahore, and Islamabad/Rawapindi). Another surprisingly responsive market segment has been the ports and shipping industry, which employ a large low-income labour force at Karachi Port working in unloading/loading shipments, transportation and so on. Naya Jeevan has so far enrolled two major shipping companies that are active at Karachi Port, each delivering a large pool of associated beneficiaries. Other distribution channels have yet to be tested, such as GEO TV, one of Pakistan’s most important TV channels that is widely viewed by the Pakistani diaspora (US/Canada, UK, UAE).

Some projects have been able to reach larger numbers, such as the USAID-financed project to provide primary health care to 250,000 residents and integrated health insurance to 5,000 residents in an urban Karachi slum (Sultanabad) adjacent to the US consulate. An important part of this project has been the activation of a mobile banking platform (UBL OMNI) that will enable auto-debited, digital co-payments by beneficiaries and promote their financial inclusion.

On the other hand, several partners that could contribute large numbers of insured beneficiaries, e.g. Unilever, are still testing the quality of services on a subset of all possible beneficiaries. This has put Naya Jeevan in a challenging position as it has to prove its excellence to an increasingly diverse set of clients and beneficiaries, while scaling up human resources cautiously based upon incoming cash flows.

And like every other venture in Pakistan, Naya Jeevan’s plans have been adversely affected by the catastrophic floods that disrupted every aspect of life in the country in 2010 and again in 2011, highlighting the company’s exposure to all aspects of country risk including:
• **Environmental risk:** natural disasters, e.g. floods, earthquakes
• **Regulatory risk:** the Securities Exchange Commission of Pakistan (SECP) has been consulting with experts from the World Bank regarding the introduction of microinsurance regulations in Pakistan. However, Naya Jeevan does not anticipate any adverse impact on its social business model as it is a SECP-registered, licensed insurance brokerage in full compliance with SECP guidelines and the 1984 Insurance Ordinance, etc.
• **Political risk:** while Naya Jeevan is apolitical, there is always a remote risk that its business model is sabotaged by the political realities in Pakistan. Having said that, Naya Jeevan has actively engaged the Federal government – especially in the design of the microinsurance product for the Benazir Income Support Program and the Khyber Pakhtunkhwa province government for their provincial HMI scheme that they are introducing in four districts (1.2 million lives) in a pilot study.
• **Security risk:** while the NJ office is located in a relatively safe locality of Karachi, Naya Jeevan’s first community health center inauguration was marred by the assassination of a local community mobiliser and a local community leader (both were actively involved in local politics as members of a political party). While this made operationalizing the clinic initially challenging, other locals came forward to provide significant support to Naya Jeevan in enabling our healthcare providers to care for patients in the community
• **Inflation risk:** The upwardly spiraling cost of medical services will inevitably raise premiums; Naya Jeevan may not be able to pass on these higher premiums to clients for their low-income beneficiaries in the short term, potentially hindering our growth if we choose to pass on inflationary effects. Naya Jeevan will continue to add more underwriters and seek the lowest cost underwriter wherever possible.

Community-based health insurance (CBHI) in Sultanabad

A community-based health insurance (CBHI) scheme was initiated in August 2012 in Sultanabad, an urban slum area of Karachi. Funding was provided by USAID for the provision of in-patient health insurance to 5,000 community members, with an additional managed-care fund for outpatient expenses. Naya Jeevan also set up a clinic in the community with donor support to make the CBHI scheme as tangible as possible.

The aim of the CBHI scheme was to raise awareness of health insurance among the low-income slum residents, to raise awareness of health issues, and to test their willingness to self-pay after experiencing a comprehensive health insurance scheme. Naya Jeevan will test whether there is sufficient willingness to pay for insurance premiums at the end of USAID’s financing, but will seek to continue operating the clinic for the community.

The clinic is also accessible to non-USAID funded insurance policy holders, who have the Naya Jeevan insurance health plan but a company or a business as their low-income employees. A few such policy-
holders have also begun using services at the clinic, though whether this is due to their comfort dealing with Naya Jeevan as their insurance provider or due to their geographical proximity to the clinic remains to be explored.

The clinic acts as a first responder to community members’ medical complaints, with a male and female doctor performing an initial screening of patients before referring them to two nearby local hospitals for further consultation or hospitalization if needed. As a result, Naya Jeevan has been able to maintain a healthy claims ratio through both the managed care fund (for secondary outpatient consultations at hospitals), and via the inpatient hospitalization insurance plan, with pro-rated claims ratios of 61.20 and 62.58 respectively. Focusing on primary care may be the key to limiting losses in hospitalization insurance programmes, as this experience with the community clinic has suggested.

**Partnership with Unilever**

Naya Jeevan partnered with Unilever to enrol their district sales representatives (DSRs) in the Naya Jeevan Health Plan. This was Naya Jeevan’s first partnership with a major multinational FMCG company, and was made possible by Unilever’s CSR team, which proved a champion for the project. Unilever has made it mandatory for its network of more than 100 distributors all over the country (ranging from small to medium-sized businesses) to provide health insurance to their informal and formal employees as a pre-condition for doing business with Unilever. Unilever’s motivation for this corporate policy change is not purely philanthropic – one of their distributor’s informal employees suffered a life-threatening accident on the job and passed away because he was unable to afford the associated medical expenses. Media spotlight on this issue threatened to harm Unilever’s corporate image.

Since then, more than 2,500 beneficiaries have enrolled in the health plan, with Unilever planning to expand this collaboration even further to mobile ice-cream sales agents (MSAs) - essentially ice-cream ‘wallah’s selling ice-cream on bicycles or tricycles.

The partnership with Unilever has made it possible for Naya Jeevan to catalyze the health insurance of disconnected and scattered SMEs and micro enterprises. Replication of this programme may hold the key to accelerated growth for Naya Jeevan. However, Unilever has, to date, been unwilling to facilitate the enrolment of low-income contract workers in their own factories in interior Sindh. These workers are seasonal, and part of a labour union with whom Unilever has had a thorny relationship in the past, including multiple on-going court cases. Naya Jeevan will have to find a way to work around this kind of barrier, especially since such unions are fairly common in Pakistan, and often at odds with companies’ management.

Naya Jeevan has also previously attempted to persuade Unilever’s high and middle-income staff to insure their informal household staff. Despite a great deal of interest and apparent willingness, this was unsuccessful as Unilever’s staff was put off by the paperwork needed to sign up. Naya Jeevan is now working with Unilever to establish a simple, online registration process.

**Customer relationship management system**

A customer relationship management (CRM) system has also been implemented. A local technology company (M3 Tech) was selected to implement the software, which is accessible online. The software allows Naya Jeevan and its clients to monitor claims remotely, retrieve plan details and beneficiary
information, and look at historical information. Kinks in the software are still being worked out to make it more user-friendly prior to scaling this technology platform.

Monitoring and evaluation

As its products evolve, and numbers of beneficiaries reach scale, measuring and monitoring the impact of the health microinsurance product will be an increasing priority. To this end, Naya Jeevan has partnered with an independent research institution based in Singapore, Shujog, to develop a robust impact assessment model that measures the social return on investment (SROI) on every dollar that is put into the programme.

Activities in the pipeline

Potential partnership with Nestle

Naya Jeevan has also begun approaching other large MNCs in Pakistan to enroll their supply chain beneficiaries in the plan. One MNC that Naya Jeevan has had more advanced discussions with is Nestle, which has one of the largest supply chains in Pakistan, with more than 200,000 smallholder dairy farms in Punjab, incorporated into an extensive logistics system that delivers milk to Nestle’s factories. Nestle has multiple stakeholders who measure the milk quality at each step in this supply chain, before authorizing milk to move up the supply chain. Naya Jeevan’s discussions with Nestle so far have revolved around enrolling a sub sector of these 200,000 farmers, financed by Nestle as part of a quality control incentive/reward program, and administered through their various collection points in Punjab. However, Nestle has so far been reluctant to subsidize the premiums for such a large cohort, citing their own budgetary constraints (despite record profitability in Pakistan). They also have competing USAID-funded CSR initiatives running with these farmers, which are focused on upgrading farmer’s technical capacity and training. They are therefore reluctant to start the health insurance plan before these CSR initiatives are complete. Naya Jeevan will continue its discussions with Nestle to find a sustainable way to enrol the farmers into its health plan and/or explore other potential beneficiaries in their other business units.
Value-added services

Naya Jeevan has also begun other strategic collaborations with various partners to expand the scope of its value-added services. One such project that is currently in development is an IVR (interactive voice recording) system with a large telecommunications company, Warid, which has a subscriber base of about 15 million people in Pakistan. Naya Jeevan is currently developing pre-recorded health modules on various health topics. People can call and choose to listen to the modules based on their interest and needs. This service will be available across Pakistan, in multiple local languages, and provided to customers on a subscription-based model, with a revenue-sharing agreement between Naya Jeevan, Warid, and the technology partner, M3Tech.

A similar project to enhance beneficiary value is a planned collaboration with UBL OMNI, a mobile money retailer, in which Naya Jeevan acts as an agent of UBL IMNI. As an agent, Naya Jeevan would be able to disburse claim payments and other transactions to a network of more than 10,000 small retail shops all across Pakistan, taking advantage of the branchless banking system popular with the bottom of the pyramid population. This should reduce transaction time and enhance client value and satisfaction for its members.

Pharmacy smart card

Naya Jeevan has also had extensive discussions with local technology partners about the development of a pharmacy smart card. Since pharmaceutical expenses comprise a major portion of health expenditure for low-income people, automating the pharmaceutical value chain from doctor to retailer to customer provides the opportunity to cut down on waste and lower out-of-pocket costs for clients at the same time.

Naya Jeevan would act as a pharmacy benefit manager, using direct-from-manufacturer, pre-negotiated volume discounts on drugs pre-loaded onto a prescription smart card for beneficiaries. Doctors would prescribe the drugs electronically using a smart phone-based mobile application and pharmacists would be able to match the prescription electronically transcribed onto the smart card to pre-authenticated, discounted drugs in their stock. This would help reduce medical errors, cut down on counterfeit medicines in the marketplace through point-of-sale (POS) product authentication technology, and reduce fraudulent claims in corporate OP programmes.

Launching the pharmacy smart card commercially for beneficiaries will require significant technical expertise and project focus from Naya Jeevan, as well as additional financing. Naya Jeevan is continuing to approach impact investing partners with whom it could collaborate and move the proposal from a research and development phase into a commercial reality.

Potential expansion into the northern province of Khyber Pakhtunkhwa (KPK) under a Government of Pakistan and German Development Bank Initiative

In July 2013, the German Development Bank KfW, in partnership with the Government of Pakistan, solicited expression of interests from various insurance companies and consortiums for a mass health microinsurance scheme to be initiated in the northern Pakistani province of KPK. The scheme aims to cover more than 1.15 million people, with their premiums and services financed by KfW, under the project ‘Support to Social Health Protection in Pakistan’ for a period of 5 years.
Naya Jeevan jointly submitted two separate bids in a consortium partnership with Jubilee Insurance and with Pak-Qatar. Jubilee has extensive experience in microinsurance provision as the underwriter of the now-defunct First Microinsurance Agency of Pakistan (FMIA), while Pak-Qatar’s Takaful (Islamic) takaful-insurance is more aligned to the conservative nature of the communities in KPK. Naya Jeevan’s role in this new microinsurance scheme would be as a community mobilizer and administrator of primary care centers in the scheme, in the provision of cashless OP services, and in the provision of various value-added services such as the 24/7 tele-health line. Naya Jeevan’s proposals have already been identified among the finalists, and KfW plans to announce the winning consortium in the first half of 2014. If successful, this would be Naya Jeevan’s first entry into the northern KPK region.
Project Lessons

On providing value to clients through tangible health benefits, and improving long-term demand for health microinsurance

Volume-based discounts and strategic sponsorship for health insurance can provide a means to offer more comprehensive benefits at an affordable cost to low income clients. Naya Jeevan’s innovative approach includes partnering with top health insurers to offer customized and meaningful coverage. Its experience so far suggests that through bulk discounts and sponsorship, it is possible to offer these more extensive benefits, including VAS, to low-income clients.

VAS increase value recognition, product tangibility, and, ultimately, product acceptance and client retention. VAS give members some of what they want (help with frequent non-catastrophic components of health care) in addition to what they need (protection against the ruinous costs of infrequent major medical events).

VAS can even provide a surprising way to find additional interest and sources of funding from other organizations. Some VAS even yield unexpected spin-offs, for example producers of personal hygiene products (e.g. P&G) may finance hygiene workshops and leverage them as promotional platforms for their products. Pharmaceutical companies, such as Pfizer, may recognize the statistical and clinical value of the lung function test results of members gathered during Naya Jeevan’s anti-tobacco workshops.

Greater standardization and simplification of products and processes is necessary as a scheme begins to scale up. There are significant operational challenges to offer a customized health plan on a large scale, both in terms of benefit design, and in terms of hands-on VAS and client education. It is possible to make this easier by simplifying where possible. For example, eliminating the exclusion of pre-existing conditions makes the product easier for the client to understand and for the insurance company to administer. Naya Jeevan recognizes that as it scales up, it may well need to seek further standardization and even simpler product design features and processes.

Primary care services are the key to optimizing Naya Jeevan’s relationship with beneficiaries, and to generate greater client value and revenue. Client value perception of HMI is tied not just to VAS, but specifically to primary care services. Beneficiaries use primary care services more frequently and are more willing to buy an insurance product which offers affordable access to them. Naya Jeevan is increasingly seeing the need to increase its primary care offerings. See this short video, which illustrates this shift.

Augmenting (or even replacing) remotely delivered VAS with a nationwide, franchised
network of low-cost clinics seems to be a promising option. Naya Jeevan’s first experienced running such a clinic through the USAID-funded project in Sultanabad. Further investigation is needed into whether and how much clients would be willing to pay for these services.

**Workshops and in-person health screenings require significant support from companies and clients.** Workers have to be available to attend the screenings/workshops, which represents an immediate opportunity cost to them and their employers. Due to time and resource constraints of corporate clients, some employers choose to reduce their support to provide VAS. This raises interesting questions regarding the value perception of VAS among corporate client/sponsors versus that of the low-income beneficiaries. An additional challenge has been providing workshops and health screenings to the families of the beneficiaries at the employer’s work site, often during work hours.

Naya Jeevan is therefore planning to provide remote training modules enabled through interactive voice response services (IVRS), accessible nationwide via mobile phone, in collaboration with Warid Telecom. It hopes that this will increase access to the information usually given in workshops to those in remote locations and before and after work hours.

**It is challenging to provide high-touch services where clients are sparsely spread.** Naya Jeevan’s commitment to provide excellent service to marginalized people has included patient support at the time of treatment and claim optimization services following treatment. This has proved particularly important where hospitals are used to dealing with wealthier clients and may discriminate against low-income clients, or not be accustomed to dealing with their needs. However, these high-interaction services make geographic expansion more challenging. In some remote and predominantly poor areas the density of potential beneficiaries may be too low to justify deploying human resources in the area. In general, provision of value-enriched services to beneficiary groups that are highly fragmented remains challenging and requires much more coordination with the sponsoring corporation.

Naya Jeevan may need to explore alternative solutions to outsource some of its VAS to acceptable quality healthcare providers already present in such remote areas (if they exist). Of course that may open a new Pandora’s Box of management challenges.

**A suitable balance needs to be found between encouraging versus controlling claims.** Naya Jeevan has used an institutionalized “rescue fund” established to cover claims that, although excluded by the terms and conditions of the insurance policy, appear “morally” legitimate and contribute to building beneficiary and client trust and core product acceptance. The use of this rescue funds needs to be carefully monitored as the volume of the business grows, as Naya Jeevan cannot scale the fund pool indefinitely unless a fund provision is made from within the existing business model.

**Selecting the right insurance underwriting partners and aligning objectives and operating practices is of paramount importance.** Naya Jeevan was compelled to stop working with one of its original insurance underwriters at the end of 2012; the underwriter was consistently rejecting claims, leading to low client satisfaction followed by low renewals. Additionally, Naya Jeevan had negotiated quarterly payments with this underwriter in lieu of up-front annual premium payments, since beneficiaries and companies prefer quarterly payments that conform more closely to their cash flows. However, the underwriter discontinued this arrangement while the policy was still in effect, leading to confusion and time lost trying to resolve the situation. Naya Jeevan had to eventually shift its remaining portfolio with this underwriter to other insurance companies.
Growing a pioneering service company from scratch requires continuous evolution of systems, human resources, and processes. Naya Jeevan explores innovative business models through a “rapid prototyping” approach. This requires flexibility and continuous improvement of business processes. Managing staff turnover – even if that simply means adding new people as the business grows – requires systematic documentation of and training on Standard Operating Procedures (SOPs). Sufficient senior managerial focus on company structure and business processes can be challenging when most of their organizational bandwidth is taken up by generating new business or working capital. Having the discipline to address all four pillars of an organization in growth phase with an appropriate balance is difficult.

Moreover, when starting an innovative business venture from scratch (self-financed with equity-based working capital), management specialization is a luxury that can hardly be afforded. However, as the company scales, the need for focused and dedicated senior management functions such as HR talent development will become a strategic priority. This requires internal behavioral change and can appear resource intensive, but it is important that the company does not delay this necessary evolution too much.

Skilled human capital is rare and expensive (and not just in corporate management), so an ongoing challenge to Naya Jeevan is the tension between budgetary constraints and the need to hire and retain top-notch staff. There is a limited, highly-compensated talent pool in Pakistan that is usually beyond Naya Jeevan’s financial reach and generally unmotivated to abandon established and well-paid careers for pioneering experiments. Consequently, Naya Jeevan is continuously looking for talented individuals who are recruited immediately from business or graduate school before they are picked up by wealthy corporations who offer them much higher salaries. The risk is that these individuals will eventually gravitate towards higher compensation, leaving Naya Jeevan to recruit - and train - yet another cadre of entry-level candidates.

There has been a need for creative solutions where traditional insurance falls short of the need of low-income clients. The extended claims processing times of some insurance partners (up to 60-90 days in some cases where documentation is incomplete) makes it necessary for Naya Jeevan to step in with a more client-responsive, innovative solution such as the implementation of a pre-claim review processing fund where clients/beneficiaries are advanced a pre-specified percentage of their claim while their claim is under review.

On innovating towards sustainability and scalability: What are the most durable and effective distribution channels?

One of the major barriers to success for innovative business models in Pakistan is skepticism about market innovations. In Pakistan, markets and customers are intrinsically suspicious of market innovations that are ‘disruptive’, and there is a tendency to wait on the sidelines and observe how pioneers perform before embracing innovative ideas. Consequently, market acceptance and trust/credibility is built over a prolonged period of 2-3 years, during which any new, innovative organization must sustain itself and build a stellar market reputation for service delivery.

Naya Jeevan has learned (the hard way) that partnering with known entities, especially trade associations, helps establish credibility. Decision-making within corporate Pakistan is heavily dependent on personal and professional relationships, and credible existing partnerships support this process. It is
also critical to repeatedly educate prospective sponsors on the risks, especially reputational risks, of not providing benefits to their lower-income workers.

**There is a need to be very aware of, and respond to, cultural barriers to efficiency.** In Pakistan (as is true for many other developing countries), the business culture is highly relationship-based and business is conducted in person. This has huge implications for business operational cost and efficiency as a typical business transaction requires four to eight physical meetings and travel costs can escalate quickly. This slows the business development cycle significantly and results in an incubation period for major corporate deals of a minimum of six to nine months and typically between 12 and 18 months.

**Corporate supply and retail chains can be promising distribution partners, but present particular requirements.** In hindsight Naya Jeevan could have anticipated the particular concerns and questions of supply chains and distributors, to encourage them to participate in the programme more quickly. Nonetheless, the success of insuring corporate supply and retail chains will be challenged by their geographic spread, which requires access to hospital services located well beyond the existing hospital provider network.

**Slow growth is the single biggest challenge to Naya Jeevan - especially if operating revenues don't keep pace with the relatively high operating expenses required by its high-touch, service-intensive model.** Naya Jeevan’s mission and innovative approach have been attractive to many institutional and individual donors, who have funded the social enterprise. However, these donors will demand visible progress on a path towards sustainability (now conservatively projected for 2015).

**Increasing political interest in implementing social protection/development solutions can present opportunities.** In a post-election year in which newly-elected governments wish to make their political mark, there are opportunities for Naya Jeevan to collaborate and expand its presence in the public sector. More recently, Naya Jeevan has had meetings with the national health microinsurance scheme for the ultra-poor (entitled the Benazir Income Support Program or BISP). In addition, Naya Jeevan has had discussions with the World Bank, kfW, and the provincial government of KPK regarding a provincial HMI scheme that KPK wishes to launch in four districts benefiting 1.1 million lives.

**On identifying niche, ‘early-adopter’ industrial segments within the SME sector**

**The most successful example of early SME adopters of Naya Jeevan’s integrated health plan is the upscale food and beverage industrial segment.** Hints of positive contagion have been observed, when, for example, informal workers at one restaurant who are insured with Naya Jeevan have spoken positively about their experience to the uninsured workers of a nearby restaurant, creating demand for HMI at this restaurant and eventually insurance cover for these workers too.

Restaurants are particularly keen to expose their food handlers to Naya Jeevan’s hand hygiene certification programme. It has been observed that SMEs that are striving for a clean, hygienic operating environment are more receptive to the idea of offering health insurance to their low-income workers. Therefore, the hand hygiene certification programme could be used as a business development tool.

**With small numbers of workers, SMEs may not experience any insurance claim during one year, and may be less likely to re-enrol.** The obvious drawback of targeting SMEs is that each SME client provides
a very limited number of new insured members. If the SME’s limited number of beneficiaries does not incur any insurance claims during a given policy year (which has occurred), the client may be reluctant to re-enrol. Naya Jeevan has offered such clients a managed health-care fund instead of health insurance. While some have been receptive, a long-term solution is still needed to tackle this challenge.
Next Actions

Capacity building

Naya Jeevan is currently working on strengthening its member services division and offering its VAS on a standalone basis to various insurance companies and microinsurance providers. It will also soon add another primary care clinic, this time linked to its work with the Defense Housing Authority.

It is investing in the automation of processes, training of personnel (through the USAID-sponsored Assessment & Strengthening Program (ASP)), and scaling of its sales team to develop business with more companies and institutions in the country.

Naya Jeevan will also expand raising money to allow it to expand its work north into the Punjab province. It hopes to open an office in Lahore, so that it can work with businesses and service beneficiaries in the area.

It has recently hired a doctor and a business development professional in Lahore, the capital of Punjab region, so that it is able to attract new clients in a previously unexplored region of 90 million people, and to provide them with VAS.

Product development

Expanding its range of VAS is critical for Naya Jeevan to not only move towards financial sustainability, but also to increase the value proposition of its products. Naya Jeevan will expand its product and service repertoire by doing the following:

- Offer life insurance to both current and new clients for their low-income members. Some clients have expressed an interest in life insurance as well as health insurance, and Naya Jeevan is currently developing this option. This would provide an additional revenue-generating product, and allow Unilever to meet more of its beneficiaries needs.
- Create a network of discounted primary care clinics. This will involve establishing more of its own clinics, as well as integrating existing low-cost clinics in the cities and rural areas where Naya Jeevan’s members live.
- Secure funding and technology partners for launching its national Pharmacy Smart Card programme and incorporating this innovation into its HMI offering
- Explore direct-to-consumer distribution channels for retailing Naya Jeevan’s HMI product through the retail chains of its various strategic partners, such as UBL Omni and Warid/Telenor. This will require fine tuning its HMI offering to control anti-selection, and tailoring the benefit package to what can be cost-effectively offered to the mainstream low income population.
- Embrace telemedicine/video consultation to provide underserved remote/rural communities with access to its services. Naya Jeevan will preselect such clinics, or partner with existing health centers in rural areas to provide telemedicine services.

Replication

Naya Jeevan has been approached by various organizations and institutions (including the abc* Foundation in the US) to replicate its partner-agent-sponsor model in these countries. Depending on the
similarities in context, Naya Jeevan will explore partnering with local institutions in these countries, possibly through a franchise model. This will naturally be contingent on it securing reasonable financing to undertake these endeavors. Similarly, Naya Jeevan’s business model can potentially be replicated in the United States itself, but further work is required to conduct a feasibility study on how appealing Naya Jeevan’s value proposition will be in the post-Affordable Care Act (ACA) landscape.

**Experimenting with new schemes**

Possible new schemes include the KfW microinsurance scheme in partnership with the KPK government. Naya Jeevan will also explore entering into a transnational diaspora agreement with US health insurers and institutions, for the health insurance of the Pakistani diaspora in North America and the Middle East. Such an insurance product would be financed in the host country of the diaspora agent, with service delivery occurring in the home country. Naya Jeevan has already had some initial discussions on such an arrangement with Aetna, ARY, and GEO TV.