# Learning Journey

## Changamka

Linda Jamii

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Basics</strong></td>
<td>1</td>
</tr>
<tr>
<td>About the project</td>
<td>1</td>
</tr>
<tr>
<td><strong>Project Updates</strong></td>
<td>4</td>
</tr>
<tr>
<td>Key Indicators</td>
<td>4</td>
</tr>
<tr>
<td>What is happening?</td>
<td>6</td>
</tr>
<tr>
<td><strong>Project Lessons</strong></td>
<td>9</td>
</tr>
<tr>
<td>On savings behaviour</td>
<td>9</td>
</tr>
<tr>
<td>On distribution</td>
<td>9</td>
</tr>
<tr>
<td>On promotion</td>
<td>11</td>
</tr>
<tr>
<td>On client value</td>
<td>12</td>
</tr>
<tr>
<td>On viability</td>
<td>14</td>
</tr>
<tr>
<td>On health care network management</td>
<td>15</td>
</tr>
</tbody>
</table>
Project Basics

About the project

Changamka Microhealth (CMH) is a Kenyan integrated health finance company providing financing mechanisms for delivery of affordable healthcare to the low-income market using innovative technologies such as mobile phones and smart cards. Changamka (through subsidiary Changamka Microinsurance Ltd) partnered with Britam and Safaricom to form a consortium. Together they delivered a composite health care cover called Linda Jamii – protect your family.

Consortium Members:

- **British-American Investments Company Limited** (Britam) is a leading diversified financial services group offering a wide range of insurance and asset management services to individuals, small businesses, corporations and government entities. The Kenyan operation of British-American Insurance Company was established in 1965 and has over 46 years of experience in the Kenyan market providing individual life, group life, pensions, healthcare and property/casualty insurance. It has a medical portfolio of over KES 300 million and has serviced a microinsurance clientele of more than 60,000 farmers.
- **Safaricom Ltd** the dominant MNO in the Region and the operator of the largest mobile money platform – MPESA.

Research shows that about half of households save from their income. Health is a major concern as typified by the following comment: “for me health comes first then my family, because if I’m sick, I am unable to work and support my family.”

In order to make its health insurance product more affordable and to provide access to out-patient services, Changamka and its partners planned to pilot test a combined savings and health insurance product. With the product, clients are able to save money through their cell phone using the MPESA technology for health purposes. Clients can use these savings to pay for the insurance premium or for out-patient visits in empanelled hospitals and clinics. Their insurance begins once they have saved 6,000 Kenyan shillings (KES). A higher level of cover is available once clients reach KES 12,000. At this level families receive access to a comprehensive medical cover comprising cashless access to inpatient and outpatient care, maternity cover and a daily allowance to cover loss of income of KES 500 per day. The insurance also provides a funeral expense benefit which covers the client and spouse. The product is delivered through various channels, including retail, financial services, Britam offices and mobile agents. See the product description below.

The project will assess the impact of this payment facility on insurance demand and on health utilization. The project targets 280,000 individuals, 85 per cent of whom are between Living Standard Measure 1 and 8. The project will be pilot tested in the Kiambu County, a peri-urban area bordering Nairobi. The typical target household consists of seven members. Household members are typically secondary school educated and run small businesses or have small plots of agricultural land.
LINDA JAMII

Every family needs an affordable healthcare plan to manage unforeseen illness or injury without stress. All you need is Linda Jamii, an innovative, quality and affordable family healthcare plan. For KShs. 12,000 per family per year, Linda Jamii offers both a hospitalisation and outpatient benefit; an income replacement benefit to cater for lost income (if either the principal member or spouse is hospitalised); and a funeral assistance benefit in the event of their untimely death. You can conveniently pay the required amount by transferring small amounts to your Linda Jamii account using *525# (KShs. 25 subscription fee will be deducted from your airtime), then visit any Linda Jamii agent to complete your registration. All payments for Linda Jamii are paid ONLY by using the Pay Bill Number: 525525. No cash transactions.

BENEFITS

A. HEALTHCARE BENEFITS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>BENEFITS FOR THE ANNUAL HEALTHCARE PLAN (12 MONTHS)</th>
<th>BENEFITS UPON PAYMENT OF KSHS 6,000(PARTIAL BENEFITS FOR 6 MONTHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOSPITALISATION CARE BENEFIT</td>
<td>KShs. 200,000 Per family per year</td>
<td>KShs. 75,000 per family for 6 months</td>
</tr>
<tr>
<td></td>
<td>Maternity limit – KShs. 30,000 (within the</td>
<td>Maternity limit: 15,000/- (within the hospitalisation limit)</td>
</tr>
<tr>
<td></td>
<td>hospitalisation limit)</td>
<td></td>
</tr>
<tr>
<td>OUTPATIENT CARE BENEFIT</td>
<td>KShs. 50,000 Per family per year</td>
<td>KShs. 20,000 per family for 6 months</td>
</tr>
<tr>
<td></td>
<td>KShs. 100/-payable per outpatient visit per person</td>
<td>with KShs. 100 co-pay per hospital visit per person</td>
</tr>
<tr>
<td></td>
<td>Optical limit – KShs. 5,000 (within outpatient care</td>
<td>Optical limit – KShs. 2,000 (within outpatient care limit)</td>
</tr>
<tr>
<td></td>
<td>limit)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dental limit – KShs. 5,000 (within outpatient care</td>
<td>Dental limit – KShs. 2,000 (within outpatient care limit)</td>
</tr>
<tr>
<td></td>
<td>limit)</td>
<td></td>
</tr>
<tr>
<td>DAILY HOSPITAL CASH BENEFIT</td>
<td>KShs. 500 (payable from day 3 of hospitalisation</td>
<td>KShs. 500 (payable from day 3 of hospitalisation for principal or spouse)</td>
</tr>
<tr>
<td></td>
<td>for principal or spouse)</td>
<td></td>
</tr>
<tr>
<td>FUNERAL ASSISTANCE BENEFIT</td>
<td>KShs. 40,000 (Assistance applicable to principal</td>
<td>KShs. 40,000 (Assistance applicable to principal and spouse)</td>
</tr>
<tr>
<td></td>
<td>and spouse)</td>
<td>No waiting period for accidental death.</td>
</tr>
<tr>
<td>FAMILY SIZE COVERED</td>
<td>Member / Spouse and all biological or legally</td>
<td>Member / Spouse and all biological or legally adopted children</td>
</tr>
<tr>
<td></td>
<td>adopted children under 18 years or 25 years, if</td>
<td>under 18 years or 25 years, if in school or college.</td>
</tr>
<tr>
<td></td>
<td>in school or college.</td>
<td></td>
</tr>
<tr>
<td>HEALTHCARE COST LIMITS</td>
<td>All limits shown are for the whole family and</td>
<td>All limits shown are for the whole family and not individual limits.</td>
</tr>
<tr>
<td></td>
<td>not individual limits.</td>
<td></td>
</tr>
<tr>
<td>HOSPITALS</td>
<td>Britam approved hospitals.</td>
<td>Britam approved hospitals.</td>
</tr>
<tr>
<td>WAITING PERIOD</td>
<td>60 days from insurance commencement date. No</td>
<td>60 days from insurance commencement date. No waiting period for</td>
</tr>
<tr>
<td></td>
<td>waiting period for accident related hospitalisation</td>
<td>accident related hospitalisation or death (applicable to each</td>
</tr>
<tr>
<td></td>
<td>or death (applicable to each individual)</td>
<td>individual)</td>
</tr>
</tbody>
</table>

B. OTHER BENEFITS

1. A convenient and easy way to save for healthcare using your unique number by *525#.
2. Covers a wide range of healthcare services.
3. Services available from a large number of participating hospitals countrywide.
4. Principal member and spouse should be 18 years - 75 years old at entry.
5. Children covered from one month to 18 years or 25 years if in school or college.
6. Medical card issued immediately upon registration.
# Project Summary

- **Project Name**: Linda Jamii
- **Project Start Date**: February 2012
- **Duration**: 9 months
- **Country**: Kenya
- **Product**: Health and funeral
## Project Updates

### Key Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Received subscriptions (no of proposed members)</td>
<td>7,347</td>
</tr>
<tr>
<td>Converted subscriptions (no of insured members plus no of saving uninsured members)</td>
<td>1,724</td>
</tr>
<tr>
<td>Conversion rate</td>
<td>23.5%</td>
</tr>
<tr>
<td>Insured lives at the end of the period (no of insured members)*</td>
<td>1,107</td>
</tr>
<tr>
<td>Policies in force at the end of the period</td>
<td>456</td>
</tr>
<tr>
<td>Full (KES 12,000 cover) policies in force at the end of the period</td>
<td>411</td>
</tr>
<tr>
<td>Number of partial policies (KES 6,000 cover) expired during the period**</td>
<td>181</td>
</tr>
<tr>
<td>Number of non-activated policies for which clients still save at the end of the period</td>
<td>95</td>
</tr>
<tr>
<td>Share of insured members with full, one-year policy activated</td>
<td>58%</td>
</tr>
<tr>
<td>Share of insured members that paid lump sum at once to activate full, one-year policy***</td>
<td>59%</td>
</tr>
<tr>
<td>Share of insured members that paid lump sum at once to activate partial, half-year policy***</td>
<td>71%</td>
</tr>
<tr>
<td>Share of non-converted (saving) members who made more than one contribution****</td>
<td>21%</td>
</tr>
<tr>
<td>Number of inpatient claims over the period</td>
<td>48</td>
</tr>
<tr>
<td>Number of outpatient claims over the period</td>
<td>291</td>
</tr>
<tr>
<td>Claims ratio (claims paid / premium received)</td>
<td>24.5%</td>
</tr>
</tbody>
</table>

* Upon payment of half or full premium amount
** Due to non-payment of the full premium
*** The remainder of the clients used the savings option to save up to pay for the premium
**** These are all the policies that are not yet converted because half or full premium was not received
Average time and number of transactions required to save the 6,000 KES premium

Average time and number of transactions required to save the 12,000 KES premium
What is happening?

As of January 2014

In November 2012, Changamka partnered with insurer Britam and mobile network operator Safaricom to launch Linda Jamii on a national scale.

Identifying the target market

Health care exerts the most financial pressure on families in the lower end of the market given that they have little ability to absorb risk. They therefore form a key market for health insurance. Changamka and its partners decided to focus on those who fall in the living standard measures (LSM) categories 3-13, as it believed that these groups could afford to pay KES 12,000 a year for the insurance.

Furthermore, it decided to target particularly those who fit the following categories:

- Self-employed individuals largely in the informal sector
- Do not have any healthcare insurance or organized health plans for themselves and their families
- Or already have other forms of low cost insurance such as NHIF, but wish to have a more upgraded cover that includes the value additions of hospital cash and last expense cover
- Put a high value on the health of their family
- Aspire to a better future, particularly for their children
- Want to be treated with respect and dignity
- Need to have total trust in the products they spend their little money on
- Safaricom subscribers (access to the M-Pesa service)
- They own a mobile phone and can thus use it for insurance transactions, feedback and receiving updates
- They are literate
- Have exposure to at least radio

Distribution

The initial distribution strategy was to identify retail outlets across the country such as supermarkets, hardware shops, wholesalers, and so on. Among the first to agree was an Insurance broker with a franchise at Uchumi Supermarkets. Postbank and Posta were also approached. Whereas Postbank agreed to distribute the product quite quickly, it took a while to reach a formal agreement with Posta.

As time went by it became apparent that these channels would not be enough, and that Changamka would need to look to further channels in order to reach more clients more quickly. Changamka was able to reach an agreement with Safaricom to distribute the products through its MPESA agents, and they began to do so in May 2013.
Due to the high number of MPESA outlets to be engaged there was need to outsource the process of recruiting and training the MPESA shops. This agency hires trade development representatives (TDRs) to recruit and train agents. There are currently 30 TDRs.

To increase uptake Safaricom also agreed for Safaricom retail shops to sign up clients. A total of 38 shops across the county were contracted.

The advantages of the Safaricom shops include:
- High traffic of potential clients
- Trusted brand
- Shops spread widely across the country

Due to the growing size of the distribution network there was need to increase Changamka’s internal capacity. It therefore hired area sales supervisors and area managers who were tasked with providing oversight to the agent recruitment process and supervising sales. The team also provides quality assurance checks.

Experience

Based on analysis of the policy use database as well as quantitative and qualitative interviews, Changamka concluded that the Linda Jamii product, while facing challenges, does appear to offer value to its users and may help to address some of the barriers to healthcare financing in Kenya. The interviews suggested that clients appreciate the opportunity to save for the premium.

Many of policy holders felt that payment via MPESA was more reliable and convenient than paying cash to an agent or at the bank. Many also noted that the Linda Jamii mechanism helped streamline the process of paying for and receiving care at hospitals.

A vast majority of those interviewed had used the card at least once, but few had continued and used the savings option. It appears that this result was driven by lack of product support and information, rather than by dissatisfaction with the product features.

As of October 2014

As the pilot period for the product came to an end, the Facility carried out an evaluation of Linda Jamii with EA Consultants.

Its main findings were:
- Linda Jamii offers a strong value proposition deriving from the unparalleled expertise and high profile of its consortium members. Linda Jamii’s affordability, comprehensiveness, and positive perceptions from clients and providers allow it to fill a unique niche in the Kenyan health insurance market.
- Clients are impressed with cost and quality of Linda Jamii, generally reporting that the product offers value to a broad segment of the population. However, under-used and under-marketed distribution points have made purchase of the product difficult. In this way, low sales may not reflect weak demand.
• Loss ratios remain high for this product and have caused concern on the part of the insurer. Problems are concentrated in maternity coverage, hospital cash, high administrative expenses relative to current policy levels, and inconsistent management of healthcare providers.
• Data and policy management systems pose limitations of the product’s functionality both operationally, but more importantly in terms of monitoring and cost-controls. Several healthcare providers expressed concern about policy numbers appearing inactive and renewals not processing in a timely manner. Further, common data entry issues render health care provider management and detection of poor medical practices difficult and actuarial analysis is constrained.

The report made the following recommendations:

• Health insurance for low-income communities is an enormous challenge and as such requires resources and commitment. In Kenya, Linda Jamii has the potential to become a viable product that offers value to clients. However, its success will require a medium-term process of adjustment and hard work. Because resources both financial and human are finite, these should be used as efficiently as effectively as possible.
• A number of product changes are needed. While data quality is poor, and loss ratios may be overstated as a result of specific issues such as weak renewal tracking, they currently appear too high to sustain the product. The loss ratio is currently calculated at 81 per cent, bringing the combined ratio to over 120 per cent. A step-by-step approach to reducing the loss ratio could minimize the value erosion in the product. At the same time it is important to improve data tracking to better inform future product refinements.
• Specifically, the report recommended a 9-month waiting period be applied to the maternity care coverage.
• The report also found that the hospital cash benefit adds little client value relative to costs and should be removed from the policy.
• While some cross-subsidy between single and family policies is merited, family policies are priced too low and should be adjusted upwards.
• Finally, current data and provider management processes are not sufficient to ensure to those clinics are directing clients to optimal and cost-effective care and should be strengthened with an emphasis on monitoring provider’s efficiency and quality.

It is estimated that these recommendations could reduce the combined ratio from 123 per cent to 79 per cent. Further improvements would be possible over time, with improved provider management, economies of scale and gradual reductions in some administrative and marketing costs.

The product recommendations will reduce the financial value of Linda Jamii to clients as it will increase its cost to a large number of clients while reducing some of its coverage. Nevertheless, value can be significantly improved in other ways, in particular by making adjustments for smoother administrative processes and improvements in the client experience.
Project Lessons

On savings behaviour

Despite initial take-up it is difficult to sustain saving behaviours. Many clients paid the premium in lump sum. Those who saved often contributed twice or three times instead of systematically save small amounts. Most of the partially insured members did not manage to keep saving to get the full KES 12,000 cover; hence their policies lapsed after 6 months. Changamka believed that this was due to a lack of product support and information and is planning to run SMS reminder campaigns to turn some of its clients into more systematic savers.

On distribution

As soon as the channel sees the business case, the enrolment increases steadily. It took Changamka more than year to show the value of Linda Jamii to Uchumi retail channel. Uchumi has kiosks in its supermarkets with a franchisee selling various financial services in main locations and just Linda Jamii in other settings. The traffic with the kiosks is substantial; up to 300 persons visit it per day. However, people do not buy Linda Jamii at first pitch, often come back later for more information. Several tactics
help to stimulate enrolment at Uchumi. Changamka conducted a number of mystery shopping activities to identify capacity gaps among agents. They addressed them with more targeted training to Uchumi franchisee. They have also cut down the time needed for registration from 20 minutes initially to 10 minutes through default input to some fields in the mobile application form. Lastly, they developed a strategy together with the broker to sign up groups instead of individuals. These are often small businesses operating in the vicinity of supermarkets.

**Only the most advanced M-PESA shops and mobile agents can be a good channel to sell a complex Linda Jamii offering.** Despite huge network size, most of the smaller outlets do not have enough interest and capacity to sell complex financial services. The recruitment of the most advanced outlets is key to make it work.

**A higher-touch distribution strategy was needed than initially expected.** The distribution and sales of Linda Jamii represent a significant divergence between projections and execution. The current 8,000 policies are significantly short of the January 2016 goal of 280,000, with the relative significance of distribution points similarly differing from expectations. Given the overall positive feedback on the product we received, we believe that low sales are less of a result of the value of the product, but rather its relatively slow and weak distribution. Low sales may be largely attributable to unclear marketing and sales channels. Our research found that it can be difficult for a potential client to identify and find an independent sales agent. They are few and often not visible to the public. Tepid sales, therefore, do not necessarily reflect weak demand for Linda Jamii.

To a large extent, the sales performance reflects the need for a “high touch” sales strategy with this product. Sales agents noted that explaining the product can take 10-15 minutes and does not always result in an immediate “sale”. Those distribution points that offered clients more time for explanation and discussion seem to be faring best. Contrary to projections, Win-Win agents at Uchumi supermarkets, other superagents, and agents managed by Changamka account for the overwhelming majority of policy sales, selling 86% of active policies with a small remainder sold by Safaricom (11%) and Britam (3%).

**Sales by distribution channel**
High touch sales can be effective, but they require dedicated agents who are well-versed and committed to the product. They also need to be available and readily identifiable. Today, Kenyan consumers have limited experience and understanding of Linda Jamii and require a hands-on approach to sales. Over time, however, experienced users can be shifted into a lower-touch process for renewals and new users may be more familiar with the product and willing to purchase it with fewer interactions. Today, however, more successful distribution of Linda Jamii is slower and takes time to produce results.

It is important that sales points are accessible to the right demographic and sell to them at a suitable time and situation. One of the reasons Britam’s sales points struggled is that they are typically higher-end than Linda Jamii’s target demographic. Safaricom sales points struggled since they are very busy and not always suited to the more time-consuming sales process for Linda Jamii. Superagents, has a mixed sales record. Many agents represented by superagents carry large portfolios of insurance products and may put Linda Jamii on a lower priority than products with higher commissions. Nevertheless, Linda Jamii is attractive to the population segments served by superagents and many of their agents report averaging 30 sales of Linda Jamii per month.

Uchumi offers a well-known, convenient location but not necessarily one where a large number of potential clients for Linda Jamii are shopping. Uchumi customers appear to be somewhat wealthier than Linda Jamii’s target audience, for example. In addition, When shopping for their weekly groceries, people may feel “poorer” or more miserly, which in turn may make this a bad time to ask people to consider an additional expense, albeit a useful one. Additionally, the issue of health insurance is not usually salient at the supermarket. This is not where people think about their health or illness, but their consumption. The benefits of the Uchumi channel exist and should be acknowledged and replicated, but its limitations are also important.

On promotion

Visuals need to be clearly identifiable with the product and benefits. Originally the promotional materials focused on the ease of registration through mobile phones and therefore used an image of a mobile phone. It was hoped that this would differentiate the product from traditional insurance and create a buzz. However, many people misunderstood the promotions for mobile phone advertisements. As a result, Changamaka decided to redesign the materials. The current version depicts a family in a hospital, but looking clam and happy. This immediately communicates that it is a healthcare product, and suggests that the product helps the family stay relaxed even when faced with medical problems. The new tag line, mwisho wa mawazo (meaning “peace of mind”), reiterates this message.

The same family is used in the television advertisement and several marketing materials. It is generally positively received as the wish to secure the future of a person’s family is an emotive subject.
On client value

It is possible to offer significant client value through a mobile health insurance product. Linda Jamii’s value was articulated by non-clients in interviews, who perceived the coverage vs. price to offer a solution for many of their families’ health care needs. Existing clients also had generally positive perceptions of the product’s cost vs. coverage mix. Of five key aspects of access to care, existing clients noted that Linda Jamii excels in three critical components—affordability, quality, and the professionalism and friendliness of staff. Furthermore, many clients said that they were satisfied enough with the product to recommend it to family and friends.

EA Consultants’ model of key elements of healthcare access
The value of Linda Jamii lies chiefly in the following aspects of the product:

- Private provider network
- Maternity care
- Value of coverage
- Simplicity (no exclusions and few limits)
- Accessibility
- Affordability
- Convenient payment methods

**However, the value of this health product is constrained by barriers to accessing health care.** Client experience revealed two barriers to improving access to health care through Linda Jamii: effective information about providers and coverage, and the proximity and availability of clinics.

Information is critical in ensuring that clients and their families are familiar with the coverage and have realistic expectations of coverage. It allows families to make better decisions around usage and finally, helps families obtain coverage effectively when it is needed. Complaints about information ranged from clients not knowing which clinics were covered in the network, to clients feeling helpless because they did not know how much coverage they had already used, and thus were afraid to go to the doctor and “overspend”. Additionally, a few clients noted that their spouses were unaware of the details of the coverage, and thus were not in a position to become users.

Proximity can be a large constraint to access to care. A clinic or doctor that are far from a person’s home can deter them from seeking care altogether at worst, and to a lesser extent, drive up the cost of coverage. It can also mean that people select providers that are more costly, since they have to travel anyway, rather than lower-cost local clinics. Clients mentioned that they were either unaware of the providers in their area or that such providers were unavailable within 20-30 kilometres. A smaller set of clients also noted that the clinic quality in their area was poor, and they therefore preferred to travel to central Nairobi.

**In general, Linda Jamii can improve its overall value by making the patient experience more efficient and save patients time and costly care.** Most critically, front office attention to patients at medical providers needs to be streamlined to offer seamless coverage. Britam and its medical provider management should train staff in using the system and spot check those clinics that are reported as frequently rejecting patients to ensure that receptionists are familiar with the system and checking patient affiliation. This seamless attention will ensure that patients are not turned away, forcing them to incur unnecessary expenses or more importantly, to become more sick. Similarly, Changamka must ensure that the payments made by patients are up to date in the system.

**Hospital cash may not provide significant value in the context of Linda Jamii.** In discussions with clients and potential clients, the hospital cash benefit was either unknown, not understood or not seen as especially valuable. Nonetheless, this is driving a significant 5% of claims. This high number is most likely because claims are automatically generated from a patients’ record of days in the hospital rather than from explicit claims by patients. Interviews with non-clients generally confirmed that they perceived the product as valuable before the hospital cash element was mentioned. Similarly, agents underemphasized this coverage as the KSH500 per day seems 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 context where a trusted provider is able to offer valuable and extensive inpatient and outpatient cover, hospital cash is unimportant in comparison. In comparison to the generous medical coverage, it represents a small amount. To simplify Linda Jamii while also supporting its financial sustainability, hospital cash coverage could be eliminated without reducing value for existing or future clients.

**On viability**

**The most important recommendation to improve viability is better data quality.** The actuarial review of the product highlighted some of the difficulties in making strong recommendations on a health insurance product when data quality is poor and inconsistent. As a result, it is important to consider that the principal recommendation of the review was to improve data quality, in particular: registration of initial policy purchase as well as renewals per client, improved tracking of dates of registration and policy activation and a consistent tracking of medical diagnoses and treatment.

**Concentrated use of a few costly clinics may put pressure on viability.** The usage of Linda Jamii is highly concentrated around a relatively small number of healthcare providers. The network’s largest provider, Coptic Mission, accounts for 30% of all inpatient costs and 57% of its hospital stays. The next five most popular hospitals combined serve a similar share of Linda Jamii clients. In this way, a small amount of the network’s 711 nationwide hospitals serve the majority of policy-holders. While this may reflect a geographic concentration of clients—67% of clients live in Nairobi—it also suggests that clients travel to more costly high-end facilities, eschewing cheaper local clinics. If this trend towards concentration of health facilities utilization persists as Linda Jamii expands, over-demand at popular hospitals may put pressure on the product’s financial viability.

This highlights the need for medical provider management but also client education about how to better use the product. Clients can be a more efficient user by using their insurance more frugally early on and saving some of their coverage for potential future needs.

**Number of Claims at Hospitals with more than 100 claims (May 2013-July 2014)**

![Frequency of Hospital Use: Hospitals with >100 Claims](image)

**Maternity benefits offer significant client value but may also threaten viability.** Maternity coverage represents 4% of all visits by patients yet 45% of claims cost. Maternity care is an attractive feature of
the package and makes it easier to sell. It also addresses a very real health need in the country. Nevertheless, it is the most subject to adverse selection, and threatens the long-term viability of Linda Jamii. As a result, it was recommended that Britam introduce a 9-month waiting period for antenatal coverage and deliveries on Linda Jamii. Over time, maternity-related claims should be carefully monitored and elimination of maternity coverage can be considered if these put pressure on the product’s viability.

**Targeting particular client groups may help improve the viability of the product.** Retail clients are driving the loss ratios to a greater extent than corporate clients and represent 62% of all policy holders. To some extent, this may be because they are more aware of the coverage as they are more active buyers. Similarly, corporate clients who often receive the insurance product as a free benefit may have very little information on how to use it. This is not an ideal situation either, because over time, they may lose interest and their employers may stop contributing.

Additionally, retail buyers may be using the product more because they are buying with the intent of usage. This does not necessarily mean that they have a pre-existing illness, but it can be that they have an expectation of needing to visit the doctor over the course of the year. Families with small children, in particular, have more predictable patterns of usage and know that they will require some access to services over a year’s time. Health insurance is meant to be used, and thus, some of these retail clients are an important part of the target market for Linda Jamii. Similarly, some corporate clients (who may be younger, single and/or childless), even those who may still not be aware of how to use the product, can be essential to the short-term longevity of the product. It will be important for the product to attract a good balance between these two types of clients.

As such, incentives and commissions could be adjusted to encourage a more even, 50/50 mix of corporate vs. retail clients. This could include strategies for attracting groups of informal sector workers through associations, ROSCAs and financial institutions as well as a more aggressive strategy to engage small and medium enterprises.

**On health care network management**

**Data concerns make analysis difficult to implement regularly and significantly hinder measurement of usage and detection of bad practices on the part of medical providers.** Many data quality concerns emerged, including inconsistent categorization of diagnoses across the network, and problems with keeping user data up to date. These data problems make monitoring difficult, and leave the door open for hospitals to overcharge and potentially over-prescribe for some services. Under the current MIS system, it is impossible to detect or measure the prescription of unnecessary medicines and diagnostic tests by hospitals.

**Systematic monitoring of network hospitals is vital.** The affiliation of Linda Jamii’s current 711 provider network took place over a short period of time and through an outsourcing mechanism whereby Britam offered a third party commissions for bringing new providers on board. The incentives of this scheme were focused on expanding the network rapidly rather than insuring quality in its providers. Still today, there is no process for managing the quality of care offered by providers. Britam’s quality management staff is relatively small and spends relatively limited time in the clinics monitoring protocol and treatment of Linda Jamii patients. There is no systematic credentialing or monitoring system for
network hospitals. Resultantly, as the product grows, it will be difficult to ensure that care is high-quality and cost-effective.

Significant investments are needed in medical provider management processes and systems, to support providers in reducing costs, guiding patients to most appropriate care, and limiting over-usage. This will involve having physicians and provider care managers in the field, visiting providers on a regular basis. A carrot and a stick method approach to provider management can be most efficient. Providers with good practices can be fast-tracked for payment, while those with problems may require additional controls and possibly the threat of being taken out of the network.

**A strategy is needed to combat the high number of visits from a small number of clients.** 10% of policies are used 15 or more times per year. As such, a few frequent may be adding financial pressure to the system. The frequency of use may be merited by the illness of a patient or family, however, they may also be the result of insufficient or inadequate treatment of an illness, hospital abuse of the system leading to the prescription of multiple follow up visits, or client ignorance about where and when to go to the doctor. While an easy solution to this problem would be to cap the number of visits per policy in the product, this solution might reduce the value perceived by clients, and may actually make sales more difficult by adding to the complexity of the system. Instead, Britam could make significant investments into their medical provider management processes and systems, to support providers in reducing costs, guiding patients to most appropriate care, and limiting over-usage.

**Client education can support better health care provider management.** Clients do not typically want to spend their time in providers’ offices. Traveling with small children to the doctor is tiring and disruptive to a parents’ work schedule and other activities. But the data shows, nonetheless, that patients do go to the doctor frequently even with low-risk symptoms of a cold or general abdominal pain. When they do go to the doctor, they often expect a drug prescription for their troubles, even when it may not be medically necessary. At times, clinics may not have the generic version available, and offer patients a more costly, brand-named cough medicine or analgesic or anti-inflammatory.

Including basic messaging in Linda Jamii marketing around patient rights and how to be a good user of the product can be effective over the longer term in supporting more cautious spending by providers. Technology can be supportive of these efforts. Safaricom can use its SMS capabilities for existing clients of Linda Jamii to support good health service utilization. For example, clients can be reminded that early treatment for malaria is more effective, but can also be encouraged to go to local outpatient clinics rather than hospitals for most small health issues. Additionally, when clients arrive at a doctor’s office, they can be warned of their current balance on their insurance coverage, and suggestions such as “ask for generic medicine to stay within coverage can be offered”. Other suggestions can include: “we encourage you to ask a doctor questions. If the doctor is not providing answers, call us at this #!”. These messages signal to clients that they are a part of their care process and can help to manage costs and advocate for themselves. This can be both empowering for clients and effective in involving them in their care.