COMMERCIAL MARKET STRATEGIES
NEW DIRECTIONS IN REPRODUCTIVE HEALTH

Can the Nkoranza Community Health Insurance Plan Afford to Add Normal Deliveries to its Benefit Package?

Summary: Births attended by skilled birth attendants and/or those at medical facilities are significantly associated with better birth outcomes, including reduced maternal mortality. Ninety-six percent of women surveyed in Ghana's Nkoranza district were willing to pay higher insurance premiums for expanded birth delivery benefits.

Background

Nkoranza is a rural district in Ghana with a population estimated at 128,000 in 2000. About 95 percent of the economically active population is involved in agriculture, with food crop farming as the main source of cash income. Approximately 45 percent of the population of Nkoranza is considered poor, according to poverty measures established by the World Bank.

St. Theresa's hospital launched the Nkoranza Community Health Plan (NCHP) in 1992. The plan was a response to the inability of district residents to pay for their health care, especially hospitalization, following the introduction of a cash-and-carry system into Ghana's health sector in the late 1980s. The Catholic Diocese of Sunyani manages St. Theresa's hospital — the only hospital in the district. The hospital initiated the scheme because its financial performance declined as a result of the cash-and-carry system and because patients delayed seeking needed care due to the cost.

NCHP is now one of the largest community health insurance schemes in sub-Saharan Africa, with 41,000 members in 2002. It is renowned for existing on its own resources — premium income. For 2002, the yearly premium for NCHP was 16,000 cedis. The principal benefit of NCHP is 100 percent coverage for hospitalization, including births delivered by caesarean section. Additional benefits include drug refunds for prescriptions not available at the hospital, referrals to hospitals outside Nkoranza for specialist care, and outpatient care for snake- and dog-bite treatment.

For some time, women in Nkoranza have sought to have normal deliveries covered by the plan. The Sunyani Diocese health system and hospital administrators were interested in expanding the plan's benefit package to include this service. They were unsure, however, of the impact of such a benefit on premiums and enrollment and were concerned about creating demand for inpatient deliveries that could not be met in the present facility. The Commercial Market Strategies project provided technical assistance to NCHP to assess the cost of introducing a normal birth-delivery benefit and the willingness of consumers to pay for the increased premium to cover the expanded benefits package.

Based on plan enrollment and benefits policies and using a variety of enrollment scenarios, CMS developed a model to estimate the premium increase required for a normal delivery benefit. This model indicated that a premium increase of 737 to 2,819 cedis per annum would be required for NCHP to offset the cost of a normal delivery benefit.

To estimate the impact of a premium increase on enrollment, CMS conducted a willingness to pay survey — a method used widely in health policy development.

The Willingness-to-Pay Method

A research team consisting of CMS and Research International of Ghana implemented a willingness-to-pay (WTP) survey. This method uses a series of questions to determine what current and potential users of a product or service would be willing to pay for it. First, the surveyors describe the product or service; then, the surveyors ask the respondents if they would be willing to pay a suggested price. If the respondents say yes, the surveyors ask if they would be willing to pay an even higher suggested price. If the respondents are unwilling to pay the suggested price, the surveyors ask if they would be willing to pay a lower suggested price than the one originally given.

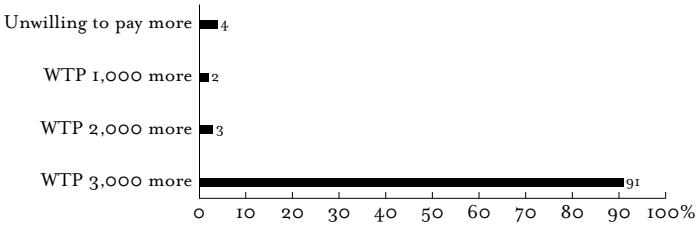
The research team contacted 400 women (at their homes) who were part of the Nkoranza Community Health Plan and asked if they would be willing to pay 2,000 cedis more for the expanded birth

delivery benefit. If they said yes, the research team asked them if they would pay 3,000 more. If they were unwilling to pay 2,000 more, the research team asked if they would pay 1,000 cedis more. The research team also interviewed an additional 400 women who were not part of NCHP to assess whether the normal delivery benefit (offered at various premium levels) would motivate them to join NCHP.

Findings

Figure 1 shows the willingness of women currently enrolled in NCHP to pay the expanded premium necessary for the normal delivery benefit. Only 4 percent reported that they would be unwilling to pay more for the normal delivery benefit. About 91 percent of all women surveyed were willing to pay 3,000 cedis in addition to their current annual payment for the plan to include maternity care. Among women not enrolled in the health plan, about 15 percent said they would see a normal delivery benefit as an inducement to join (data not shown).

Figure 1: Willingness to Pay for Normal Delivery Services Among Current Enrollees (in percent)



The study also examined whether the plan would be negatively affected by adverse selection (i.e. whether it would disproportionately attract women who want to have children or deter those who do not want more children). The results showed no evidence that this impact would occur — there would be no significant change in the proportion of women who wanted more children enrolling (data not shown). Also, the proportion of insured women who would give birth in the near future would not change as a result of the expanded maternity benefits (data not shown).

Program Implications

Births attended by skilled birth attendants and/or those at medical facilities are significantly associated with better birth outcomes, including reduced maternal mortality. These findings suggest that the financing of the NCHP will not be adversely affected if normal delivery benefits are introduced — it could initiate a maternity benefit while increasing the premium to cover the additional cost and maintain approximately the same enrollment levels. The vast majority of women currently enrolled were willing to pay an additional 3,000 cedis for the introduction of the normal birth benefit. There are also some indications that the normal delivery benefit would attract women who are not enrolled. In addition, there does not seem to be any evidence of adverse selection. These results and the method of analysis will be of interest to health insurance schemes that are considering introducing additional benefits.

More Information

For more information or to receive a copy of this research paper, please contact Christine Préfontaine at (202) 220-2174 or *cprefontaine@cmsproject.com*. Electronic versions of most CMS publications can be downloaded from the publications page in the resources section of the CMS web site at *www.cmsproject.com*. Sohail Agha, Rich Feeley, and William Winfrey wrote this brief.

Source

Amoako N, R Feeley, and W Winfrey. *Health Financing in Ghana: Willingness to Pay for Normal Delivery Benefits in a Community-Based Health Insurance Plan*. Washington DC: Commercial Market Strategies Project, 2002.

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FUNDED BY:
US Agency for International Development
Contract No. HRN-C-00-98-00039-00

Commercial Market Strategies (CMS) is a USAID-funded project. We work with the private and commercial sectors to increase access to and demand for quality reproductive health services in developing countries.

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