Extending Social Protection through Health Micro-Insurance Schemes to Women in the Informal Economy

(RAS/01/02/MNOR)

Module 2

Reference Guide and Tools on Health Micro-Insurance Schemes in the Philippines

Setting Up a Health Micro-Insurance Scheme

STEP Strategies & Tools against Social Exclusion & Poverty

International Labour Organization
Subregional Office for
South East Asia and the Pacific

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MODULE 2

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Purpose

This module aims to provide you with the basic guide in setting up your HMIS. It is hoped that it will give you a better understanding of the significant factors that must be considered in establishing your HMIS. If you have already set up one, this section may still be useful to you as a template against which you can check if your own HMIS scheme has indeed considered the important elements mentioned. This guide may not be able to provide you with all the details and steps you need in setting up the scheme but it will provide you with an overall flow of processes that must be undertaken and the important elements that must be considered when undertaking them.

Content

This module begins with the presentation of the overall process in setting up an HMIS. It then presents each stage and discusses the detailed steps to be undertaken. The guide starts with the stage of exploration, awareness raising and dialogue with the target membership and concerned stakeholders. It then covers the subsequent stages until the formal launching of the scheme. Built-in to this discussion are the essential elements or factors that you must consider in each stage of setting up. At the end of this module, you will be presented with the basic principles to be observed in the management of your HMIS.

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Section 2.1: Overall Process in Setting Up Your HMIS

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Section 2.3: Basic Principles in Management

Section 2.1: Overall Process In Setting Up a HMIS

2.1.1 Introduction

The establishment of a HMIS is often a slow and painstaking process. It involves several stages in which you will encounter a number of challenges. Every step that you take and every decision you make at each stage is critical to the success of your scheme. Any mistake you make in the choice of services, in defining the mode of your organization and in calculating contributions could be detrimental to the future viability of your HMIS. The smooth implementation therefore of your HMIS is largely dependent on the efforts you exert in setting it up.

Note that each HMIS is set up on its own way according to the particular needs expressed by the target community and the opportunities that you can master. However, there are generic steps or practices that are commonly followed in setting up most of the HMIS. Taking these practices into account can help ensure the success and sustainability of your scheme.

Overall, the setting-up process entails a growth period until you have reached break-even. This may take 6 months to a year period. This is to be followed by another 2-3 years long process of refining and modifying your scheme based on your initial experience. In general, the setting up of your HMIS follows four (4) major stages:

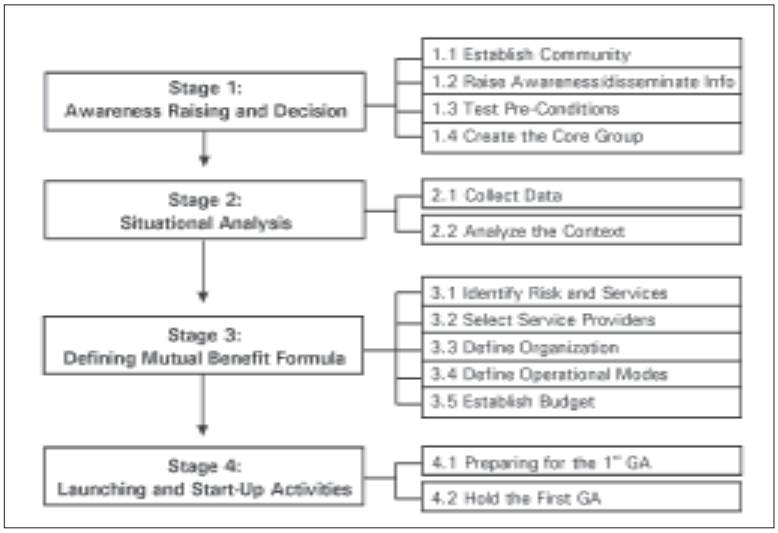
Stage 1: Awareness-Raising and Decision to Set-up A HMIS
Stage 2: Situational Analysis
Stage 3: Defining Your Mutual Benefit Formula
Stage 4: Launching Your HMIS and Start-Up Activities

MODULE 2

2.1.2 Major Stages in Setting-Up Your HMIS

There are four major stages in setting up your HMIS as shown by the box below. The focus of each stage is described briefly.

Box 2.1: Stages in Setting Up Your HMIS



Stage 1: At this stage, potential members become aware of their common health-related difficulties and need and consequently decide to set up a joint solution in the formof a HMIS.

Stage 2: At this stage, you need to collect data and study the information necessary to decide the nature and characteristics of your future HMIS.

Stage 3: At this stage, you need to define the most appropriate mutual benefit formula which covers the services to be offered, the type of organization and mode of operation of your HMIS.

Stage 4: At this stage, you need to prepare for the holding of the initial meeting of the General Assembly or the so called formal launching and start with the initial activities of your HMIS.

2.1.3: The Steps in Setting up Your HMIS

(a) Stage 1: Awareness Raising and Decision to Set-up a HMIS

This stage revolves around the organization of meetings, dialogues and awareness-raising among your target membership regarding the setting up the HMIS. The overall purpose of these initial activities is for everyone concerned to reflect and determine their priority health need/s, make them appreciate the importance of joining their efforts and resources together to address their needs, and to get them express interest in forming a HMIS in response to these needs.

Step 1.1: Establish Contact with the Target Membership

In this step, you need to establish contact with the community and have a close dialogue with them to collect their points of view, identify their health needs and define the actions that need to be undertaken. You may have to pay special attention to existing local associations which have started establishing aid funds or other groups of women and men who have already bonded themselves together for a common cause or interest. You must also involve all concerned authorities from the administration, church and other traditional leaders in the area.

Step 1.2: Raise Awareness and Disseminate Information

This step revolves around the organization of awareness-raising meetings and activities. The purpose is for you to involve the target group in a process of reflection based on observation and analysis of health needs, as expressed by those directly concerned. Awareness-raising and activities are on-going and occur at every stage in your set up process. They will play an important role during the third stage when the target membership is required to participate actively in selecting the benefits to be offered and in fixing the corresponding contributions. In these dialogues and meetings, you must be conscious of the following concerns:

- that solidarity is an essential factor and the cornerstone of any HMIS; as such, you should be able to find and build on those solidarity links among groups or associations in the locality
- that potential members actually experience difficulties in accessing health care; therefore they should realize and be able to express the need to provide a

solution – this is the primary consideration in setting your HMIS

- that the target membership must become genuinely interested in setting up the scheme; this interest is not only based on the real need but one that they consider a priority or an important concern to be addressed
- that people who are likely to join the future scheme must have confidence in the initiators; it is necessary then that previous links between the targeted membership and the initiators in the past be cleared
- that the opinion and attitude of local authorities is important to be considered in setting up your HMIS
- that quality and accessibility of health services to be provided must be assured; it is important for the initiators to assess the capacities and attitudes of these health service providers

Step 1.3: Test Pre-Conditions

It is at this step where you explore and discuss with the target membership and stakeholders the relevance in setting up an HMIS. You have to ascertain at this stage whether the conditions necessary for setting up the insurance scheme really exist and are valid. In addition, you must also generate other relevant information about the target membership – their principal needs, educational level, current practices, cultural barriers, etc. You must remember that the major pre-conditions that must exist for setting up your HMIS are:

ä **solidarity links between members**: These links constitute the foundation of your HMIS. Without a genuine commitment to mutual aid to counter a shared risk, your members will be reluctant to become actively involved in establishing and running that scheme. The links of solidarity that must underpin the set up of a HMIS may manifest themselves in different situations: inhabitants of a village or neighbourhood, employees of an enterprise, members of a social movement, etc.

ä **potential members experience financial difficulties in accessing health care:** The future HMIS will, first and foremost, provide a solution to the financial difficulties experienced in paying for health care. Such problems are the primary consideration in the set up of a HMIS. For the target population to become genuinely interested in the HMIS, it must not only meet a real need but this need must also be perceived as being a priority, or at least an important concern. This condition does not always exist at the outset of the project. It is necessary then to help communities to clarify and express their needs, without prompting them artificially.

ä **quality health services in an environment close to the target groups:** It is important to note that the problems encountered by the targeted membership relate to the inaccessibility of health services both in financial and geographical terms. Health services must therefore be of good quality and are accessible to them. You may opt to establish health facilities, but this is a substantial project which is not always viable.

- ä **a climate of confidence between the members and the promoters of the system**: This is a decisive factor, particularly if your target group has previously experienced failure in similar endeavours (savings, credit funds, etc.) in the past. You need to ascertain the level of confidence the general membership has on the advocates and promoters of your health insurance.

- ä **a socio-economic development dynamics:** An existing development dynamics, particularly in rural areas, encourages the introduction of a mutual benefit funding for health services. Profitable economic activities provide communities with the financial resources to be able to pay contributions more readily. In other words, you have to determine economic activities or productive opportunities that exist in the locality which can help gauge the capacity of the targeted membership to pay their premiums.

Note that by the end of this stage, you may decide not to set up your HMIS as the best solution to address the need of your target population. It may happen, for example, that the needs identified by the local communities do not coincide with the services that can be offered. It may be also that mutual aid or solidarity does not exist. If this is the case, then the set up process ends here, and you may possibly shift to another provident system like an insurance managed by a health care provider.

Step 1.4: Creating the Core Group

Your contact with the community should result to organizing a core group that will be involved in data collection, planning and designing the insurance scheme. Since, for obvious reasons, it is not possible for all of the targeted membership to be involved in all aspects of establishing your HMIS, a good solution is for the targeted membership itself to designate a core group. The members of this group will carry out the preliminary work preceding the organization of a General Assembly. This core group should:

- participate in carrying out preparatory studies
- report to the targeted membership the outcome of their work and organize on-going activities and information
- collect the opinions of potential members and facilitate the process of reaching a collective decision on the choices to be made

It is advisable that this core group should have reached a certain level of schooling and must also have the confidence of the targeted membership. It is important for them to undergo training so they can become familiar with the basic principles and operational requirements and dynamics of an HMIS. This group should have the knowledge on:

- the basic principles of mutual benefit program
- the mode of operation and characteristics of an HMIS
- the type of services that the HMIS will provide
- modalities of organization and operation

This basic knowledge will be supplemented by the continuous learning that will occur by participating in the successive stages of setting up the HMIS.

(b) Stage 2: Situational Analysis

It is important that you become thoroughly familiar with the context in which your HMIS will operate. This can be achieved by conducting a feasibility study that will generate information on demographic, socio-economic (including gender relations), health, financial and legal matters relative to your HMIS. The feasibility study forms the basis for the functioning of your HMIS. It generates information that are essential in assessing the overall feasibility of your scheme and, more particularly, for identifying the specific needs of your target membership, making financial projections and determining the benefits to be offered. It provides you with sufficient information in designing the scheme and deciding on the critical elements and features which your HMIS must adopt.

Step 2.1: Data Collection

In this step, you need to collect all the data necessary for planning and designing your HMIS. These data should cover a solid information on the demographic aspects, socio-economic, cultural, medical, financial and legal information. You must note that you only need to collect the useful and relevant data. It is suggested that you access first the data that are already available or already being collected by other groups or organizations to shorten your time and lessen the burden of collecting these back from the primary sources. Specifically, the data collection may include the following components:

- ä demographic characteristics
- ä health care provision
- ä legal and institutional framework
- ä forms of solidarity and organization within the population
- ä family income and health expenses
- ä sanitary conditions and health-related needs
- ä gender relations
- ä health care financing
- ä others: available physical, human and other resources

Please refer to Annex 2.1 for the recommended list of data to be collected.

There are different methodologies that you can employ in collecting these data. It is for you to decide the appropriate mix or combination of collection activities that best generate your information requirements. In deciding which methodologies to apply, you need to consider the time allotted for you to complete the situational analysis, the amount of funds you can spare for these activities and the skills in undertaking these activities. The following section provides you with data collection options with their brief description and application.

- ä **Secondary Data Gathering:** This method refers to the collection and review of already existing data or information from various sources. Major sources are the existing reports or documentations in the local area or those outside with similar or relevant experiences. These may also include reports that are routinely accomplished or submitted or those updated data boards existing in the community. Reports or materials could be sourced from the local government offices (e.g. municipal/ city planning and development office,

schools, etc.), facilities (e.g. Rural Health Units or barangay health stations) or organizations (cooperatives or non-goverment organizations, local associations or federations). It is advisable that in collecting these data, you are guided by an outline of key information you need to collect. It is important that you only collect those that are relevant so that you will not be swarmed with voluminous materials. In reviewing these materials, it is important that you summarize the key information you have learned from each of the material. Be sure that the sources of these summaries are properly referenced.

- **Key Informants Interview:** There are certain data that are best gathered using this methodology. This involves an interview of selected stakeholders or people in authority who possess the relevant information you may need. In undertaking this method, it is important that you are guided with the written set of questions that you want to ask and a recording material where you can note down their responses. Ensure that your questions are logical and properly sequenced and specific. Note that you may have different sets of questions per official or individual that you will interview. This is a good way of getting the views and experiences of people (e.g., economically poor women and men who generally feel inferior because of their low educational attainment, or men and women who belong to the so-called "minority" groups) who find it hard to speak in group settings.

- **Focused Group Discussion (FGD):** This is an effective tool to obtain the opinions of your target group. This allows you a more thorough discussion of critical topics or concerns you need to focus on. The FGD as a methodology requires you to undertake this among a homogenous group of participants or members. For example, you may have to organize a group of adult women separate from the adolescent groups or from adult men. The homogenous grouping may be based on the type of work the members are engaged with. The ideal size of the group is from 8-10. In this mechanism, you need one person to facilitate the discussion and another one to record the discussions. It is a must that the facilitator and documentor are guided with a list of questions relevant to the topic to be discussed. The facilitator must have the skills to draw out the responses from each of the participants, focus the discussion on the topics at hand and facilitate the exchange of ideas, without one member dominating the discussion or one being left out in the exchange of ideas.

- **Ocular Observation:** There are many information which are best obtained through ocular observation. This methodology requires you to physically go around the community or area to be covered by your HMIS. Ocular observation is most appropriate if you want to know the existing facilities, their distance from the members' residence, their physical set-up, who patronize them or how they deliver services. Ocular observation will also point out social and economic activities in the locality. You will be able to identify social clustering and economic productive activities. Arrangements of houses, sanitary conditions of the place, the mode of transportation and other socio-economic features. In conducting ocular observation, you must also have an Observation Checklist as guide and on which you will record your actual observations.

- **Survey:** A survey entails the collection of data from a sample of the target

membership. The sample is usually selected at random to ensure objectivity and the right group to represent the target membership. This means that not all the individuals in the community or all the target members need to be interviewed or become respondents. The survey also requires the development of a questionnaire or a checklist which will be used to interview the selected respondents.

The survey questionnaire can cover several aspects relevant to your HMIS. Through the survey, the profile of the targeted membership can be obtained, their opinions surfaced and their knowledge and practices relative to the HMIS can be determined. Through the survey, you may also collect information on the expenditure patterns of the family and their current allocation for health care and other basic services. Their financial and economic capacity can also be determined. This methodology usually takes the longest to undertake and is resource-intensive.

Step 2.2: Feasibility Analysis

The feasibility study is the foundation of your HMIS' functioning. It is important for you to have a clear understanding of the situation in which your HMIS will operate. This information is necessary in order for you to assess the viability of your scheme, make financial forecasts, determine the specific needs of your target membership and the benefits you will grant them.

On the basis of the feasibility study, your core group makes a financial calculation based on an estimated revenue and expenditure to assess whether it is a good time to set up your HMIS. A major challenge for you is to calculate the average cost of services and the appropriate rate of risk. In many cases, you will have to be content with the initial approximate figures.

The analysis of these data should yield information useful for determining the concrete needs of your target membership and confirming prsesence of the major pre-conditions in setting up a HMIS. Your analysis should yield first of all the information and recommendations whether setting up an HMIS is feasible or not.

Your analysis should also generate information as basis for identifying the services to be offered and calculating the potential contributions of your target members. The results of the analysis should become the basis for determining financial projections and the type of organization you need to set-up including the modalities of your operations.

(c) Stage 3: *Defining the Mutual Benefit Formula*

(c.1) Purpose: The purpose of the previous stage was to gather all the necessary information that would define the activities, organization and operation of your HMIS. In this stage of defining the mutual benefit formula, these information are now analyzed in order to identify the scheme that is best suited to meet the existing needs of your target membership considering local situation and customs.

(c.2) Involvement of the Core Group: The core group you created will be the one to undertake this analytical work with possible input by outside participants. Their analysis however should be regularly shared with your target membership.

For this purpose, you need to organize series of meetings among the targeted members for them to fully understand and internalize the significance of a HMIS. These meetings are also intended to further substantiate the initial data that were collected. These meetings can serve as a means to:

- gather the opinions of all potential beneficiaries
- gain a better understanding of the population's perception of its sanitary conditions, its problems, etc.
- prepare the ground among members for the choices that will result or emerge from the analysis
- prepare members in order to facilitate the decision-making during the fist meting of the General Assembly

Step 3.1: Clarifying the Benefit Formula

You must remember that selecting the benefits to be offered and fixing the corresponding contributions is the central activity in setting up your HMIS. Several formulas for covering health expenses should be drawn up and compared in the light of the needs of your potential members and their financial capacity. Note also that the coverage to be offered by your HMIS must be:

- **relevant**: the types of care covered should correspond to the real health-related needs of your target population; this solution in the form of an insurance must genuinely improve in the situation
- **visible:** members must be able to rapidly perceive the advantages offered by your HMIS
- **accessible cost**: the sum of the contribution must be compatible with the financial capacity of the potential members

It is therefore important that you maximize the use of the information gathered and make an objective analysis of them.

Step 3.2: Identifying the Risks and Services to be Offered

Given the collected information, your core group should be able to identify the health needs of the target membership and be able to identify the various risks involved. It must be able to identify the appropriate package of services that meets the needs of the target community. In this case, there could be different choices and options that will come out of the analysis.

In this regard, it is important for the core group to come up with the different scenarios and identify the major risks involved in each of these scenarios. The core group should appreciate these possibilities in terms of finances by making calculations based on estimates that include the average cost of services to be offered and the frequency the diseases .

Step 3.3: Calculating the Contributions

Calculating contributions is the most difficult part in setting up your HMIS. It is also very important, since the sum of contributions determines the future viability of your scheme.

If the contribution is too low, your HMIS will accumulate a deficit with risk of bankruptcy at some stage in your operations if it cannot mobilize additional resources (e.g. exceptional contributions, subsidies, guarantee funds or other income from HMIS fund-raising events).

If the contribution is too expensive, your HMIS will not be financially accessible to a large number of your target members. The risks of adverse selection and over-consumption will be compounded.

Calculating contributions is based on an estimation of the frequency with which risks occur and the cost of care. Unfortunately, in most cases, there is lack of reliable information that can be used to arrive at accurate estimates. Consequently, the sum of the contribution to be estimated will not be very precise. It is essential, particularly during the early phase of your operation, that you carry out regular monitoring of the sum of contributions and the cost of the benefits, so that any necessary adjustments can be made.

The way in which contributions are calculated depends on the approach adopted in selecting the services you offer, either on the basis of your target members' available income, in a context characterized by poverty, or on the basis on needs expressed by your potential members, in situations where financial problems are less acute. The following table presents the four most frequently used techniques for fixing contributions:

Table 2.1: Methods of Calculating Contributions

Calculation: Available income		Calculation: Needs Expressed	
Method 1 contribution = risk premium + safety margin + operating costs	Method 2 contribution fixed in general assembly, without prior calculation	Method 3 contribution calculated on the basis of the operating budget of the health facilities	Method 4 contribution calculated on the basis of a HMIS budget forecast

Step 3.4: Selection of Service Providers

Once the services to be offered have been identified, the core group should be able to identify and come up with an inventory of the existing health institutions in the locality or nearby areas which they can tap later on to provide the services. The core group can contact these potential service providers and examine the possibilities for establishing agreements with them as a concrete expression to their co-operation. At this step, the core group must assess the possibility and rationale for setting up its own health facilities to provide the service.

Step 3.5: Defining Your Internal Organization

Another aspect that must be defined at this stage is the type of organizational set-up that is most suited to meet the requirements of your HMIS. The analysis should be able to provide the core group with relevant information how the HMIS will be structured, what kind of governing bodies that need to be established and how simple or complex your organization should be.

Step 3.6: Defining the Modalities of Your HMIS Operation

As previously stated, the core group needs to analyze and define how your HMIS should be ran and operated. In this step, you must be able to identify and determine among others your membership modalities, how the premiums will be collected, the mechanisms in providing the services, granting the benefits to your members and the options in payment scheme.

Step 3.7: Preparation of Budget

There is also a need to formulate the program of action and the budget forecast which translates the choices you made into financial terms. You may need external technical assistance especially in the assessment and preparing the income statement.

In general, this step of defining the mutual health benefit will be summarized in the form of different scenarios which will be finally decided during the first GA. The extent and nature of HMIS activities will be reviewed according to your members' priorities.

(d) Stage 4: *Launching Your HMIS and Start-up Activities*

This stage concludes the previous stages and corresponds to the effective birth of your HMIS. This stage is categorized into two steps. The first step is all the necessary preparation before the first GA is held; and the second part is the holding of the first General Assembly or the formal launching of your HMIS.

Step 4.1:Preparing for the Inaugural General Assembly (GA)

This step allows you to make all the necessary preparations in terms of logistics, systems, rules and guidelines prior to holding the first GA. In your preparation, you must give focus to the following four major areas of concern:

- formulating draft By-Laws
- preparing draft Policies, Systems and Procedures
- drawing up the agenda for the formal launching
- convening the first GA

(a.1) Development of By-Laws; In formulating the By-Laws, the following matters should be addressed:

- name and headquarters of your HMIS
- objectives
- services proposed

- conditions of the membership and coverage of dependents
- methods for fixing contributions and their amount
- mechanisms and procedure for the election of the board members
- rules governing the operation of the HMIS that are not provided for in law and in official regulations

The By-Laws lay down the rules regarding your HMIS objectives and operations, specifying the rights and duties of your members and your HMIS officials. It also provides for the modalities guaranteeing the democratic and solidarity operation of the whole organization. By-Laws are also collective contract between your members and the HMIS. They serve as reference in the relationships between your HMIS and the third parties. The working group is responsible for drafting these By-Laws.

(a.2) Drafting the Policies, Systems and Procedures : The By-Laws are complemented by formulating the policies, systems and procedures (PSPs) which specify certain provisions regarding the practical operations of your HMIS which are not covered in the law. This will also be submitted and presented to the first meeting of the GA.

(a.3) Drawing up the First General Assembly Agenda: Your core group needs to prepare the agenda of the first meeting of the GA or the formal launching of your HMIS. This first meeting usually has the following purposes:

- to inform the potential members about the proposed set of your HMIS
- to present and discuss the different options which your HMIS need to finally adopt
- to decide regarding the organization and operation of your HMIS

Step 4.2: Holding the First General Assembly or the Formal Launching

The first GA should be the venue to inform members about the proposed set-up of the organization, with emphasis on the following:

- its philosophy
- overall objectives
- advantages and disadvantages
- form of administration

The GA should also discuss the different options and decide on the organization and operation mechanisms of your HMIS.

In the actual launching of your HMIS, it is advisable to invite as many members and officials in the community. In this launching activity, the benefits of participating in the scheme must take focus and the principles of solidarity and mutual trust must be emphasized. Equally to be stressed are the expected contributions and other responsibilities of the members so that they will have a balance perspective when joining your HMIS.

In launching, extra effort must be exerted to make this a high profile activity. Target members are encouraged to join and enrol. Hence, there should be opportunities for members to enrol during the launching activity.
The organizational structure of your HMIS is agreed upon at this time, where

management bodies responsible for ensuring its operations are decided upon. The organization chart of your HMIS must precisely determine the position of every official, define their functions and corresponding authority. Please refer to Annex 2.3 for a hypothetical example in setting up an HMIS.

Section 2.2 : Support Activities In Setting-up and Running Your HMIS

There are other activities that you need to carry out in order to ensure the efficient and effective operation of your HMIS. Aside from establishing the management systems, there is a need to prepare your potential members and beneficiaries about the mechanisms and requirements of your HMIS. There is also a need to continuously remind them of the basic principles of your HMIS even during actual operations. More importantly is preparing the key leaders who have been assigned to manage your HMIS. All these entail a series of training, orientations and meetings.

2.2.1 Capability Building of Involved Persons and Staff

The capability of persons assigned with responsibilities in managing your HMIS must be developed. They need to receive appropriate training to prepare and enable them to handle their tasks. These training programs must be packaged progressively in order to fully develop their competencies required in their jobs. Areas for training include:

- leadership and program management
- gender and development
- data processing, analysis and presentation
- advocacy and negotiation
- social marketing their products
- administrative and financial management
- monitoring and evaluation
- proposal development
- communication material development

It is therefore necessary that their competencies are defined for each role or function they are expected to perform.

These training must be followed up by periodic monitoring and regular supervision. Capabilities of staff and personnel may also be enhanced by providing them with the necessary tools in performing their tasks. In this regard, the checklist for monitoring and evaluation and templates of administrative and financial transactions must be provided. It is encouraged that staff or personnel assigned will be given the chance to participate in an observation tour which can demonstrate or model to them how a HMIS can be effectively and efficiently operated. In this regard, it is important that the authorities and responsibilities of each body/ unit or assigned staff be clearly delineated and that their internal linkages and functioning arrangement be clearly defined and supported.

2.2.2 Continuous Information and Updating

A continuous effort to inform and update the members regarding the scheme must be exerted. The continuous information on the principles of their formation particularly solidarity, risk-pooling, precaution, etc. must be emphasized time and time again. It must be noted that the principles on which your HMIS was established cannot be learned and internalized at once. This requires series of orientation and open discussion.

Aside from constant reminders, you need to be abreast with the updated information and new technologies. This will expose you to new learning and methods which are helpful in making your operations and management more effective and efficient. This continuous learning must reach not only your key leaders but the general membership as well.

2.2.3 Continuous Campaign to Increase Membership

This must take precedence in your information drive. These campaigns must take on creativity and innovations of approaching and winning members to join the scheme, especially women and men who are in disadvantaged situations, or who tend to be excluded (e.g., residents in interior communities, indigenous peoples). Note that by increasing your membership, you are directly increasing the viability of your scheme through their additional premiums and contributions. Efforts must be taken to market your product and encourage others to join and enrol. Testimonials are effective methods of winning more members.

2.2.4 Continuous Promotion for Regular Contributions

In order to promote regular contributions and avoid abuse, you must ensure your members to continuously become aware of the principles underlying the purpose of your HMIS. Aside from continuous campaigning, there is a need for you to review and analyze the most appropriate collection system for your members. Note that one of the weaknesses in most HMIS is a weak collection system and the unavailability of staff to make these collections. Some HMIS have organized themselves to ensure constant, closer and more strict follow-up of the members' contributions. Others have dedicated staff or officers in their organization to perform this task.

2.2.5 Monitoring and Evaluation

Monitoring and evaluation is key to ensuring that your HMIS progresses the way your members and organizers planned it and for it to remain faithful to the agreements and covenants for which it was established. The need for a regular monitoring and periodic evaluation cannot be under estimated. Chapter 5 is dedicated for this topic.

Your HIMS is anchored on mutual assistance and solidarity. But as social protection in health, it is also looked upon as a financial tool that constitutes what could be called the 'social economy company'.

The principal function your HMIS is to set up an insurance mechanism against certain health-related risks. The management of such an insurance scheme is relatively complex, since the coverage of risks involves a large component of uncertainty. Each HMIS therefore like yours should respect the basic principles of management. These include transparency and confidence, the preservation of resources and separation of management.

2.3.1 Transparency and Confidence

Transparency is one of the fundamental principles of management. It is necessary to earn the confidence of your members. Since the capacity to bring in contributions determines the income of your HMIS, ensuring the confidence of your members becomes the cornerstone of its lasting independent development. Your members contribute to your HMIS only if they believe that when they have health problems, they can call upon it for assistance.

Transparency can be demonstrated by recording information into the HMIS documents those that conform to the real situation. Nothing must be concealed, omitted or changed. All revenue and expenditure, for example, such as the purchase of consumables, payment of invoices, or recording of contributions, must be justified by an accounting record.

All these evidences must be retained, carefully filed and kept on hand. They must be available and accessible to all authorized persons. For practical reasons, management and accounting records must be centralized and kept at the HMIS office.

Note that confidence also of members in your manager/s or key officials is essential for your HMIS survival. Members joined your HMIS because they believe in the leadership and they are confident that the officials seated and assigned to run and manage their HMIS are trustworthy and competent.

Transparency must also be balanced with confidentiality. Your HMIS must be able to manage personal information concerning the beneficiaries (their contributions, sickness, treatment used, etc.). You must ensure therefore that the confidentiality of their personal information is respected.

2.3.2 Preservation of Resources

There are various resources held and maintained by your HMIS. These include the following:

- monetary resources: cash and liquid assets (cash on hand and/or at the bank);
- material resources: buildings, equipment, stock, etc;
- human resources: paid and voluntary staff, the know-how of the mutual health insurance scheme.

Your HMIS must ensure that consumable resources are renewed so as to sustain your operation. You may also have to seek to increase your resources to improve the services of your HMIS.

As HMIS, you can also develop your human resources. In particular, the importance of the work of unpaid volunteers or the abilities and know-how of personnel should be attended to.

2.3.3 Separation of Management

Your HMIS may have several activities, each of which involves its own cost and revenue. These activities may be managed by different structures which you established: credit activities, for example, may be managed by Structure 'A', while health insurance activities may be managed by Structure 'B'. In this case, each unit must be responsible for its own accounting.

It is also possible for your HMIS, being a single body, to manage several activities. In this case it may only have a single account department or unit. This single accounting, however, will not allow your HMIS to assess the performance of the different activities separately. There is a need to establish separate accounting for each activity, for a more effective management .

This principle of separation of management also includes the non-transfer of resources between different structures. A group which has an income-generating activity (collective fields, mutual savings and credit interest rates, etc.), for example, may decide to offer part of its profit to the HMIS to improve its ability to meet its beneficiaries' health costs. To ensure transparency in management, you must record inflows and outflows in two separate management systems. In this way, the separation of management will ensure clarity of the role/impact each activity has on the overall performance of your HMIS.

2.3.4 Key Parameters To Determine the Future Management of Your HMIS

Each HMIS arises out of a distinctive social situation. The management of each scheme should be conceived according to its particular features and needs. Several factors will play a decisive role in the management of each HMIS.

(a) *Size of Your HMIS*: If your HMIS is small, it benefits from a social control that fosters confidence in the management and therefore, it is allowed to have certain flexibility in its procedures. On the other hand, if your HMIS is large, you may have to professionalize its management. In this context, the size of your HMIS becomes critical as it indicates the minimum number of beneficiaries that will allow it to function on a professional basis.

(b) *Nature of Benefits of your HMIS:* The services offered by your HMIS must correspond to the needs of your target membership and their capacity to contribute. However, it will be in your interest, if at the initial stage, you only offer a limited number of services. You may increase these services later once you have gained experience and established adequate information about the trend or seasonality of your revenues and expenditures.
The nature of services offered on the other hand also influences your management. Services with a high utilization rate (e.g. outpatient care) would require more intensive management of meeting the cost of benefits than the others (e.g. deliveries).

(c) *Frequency of Contributions*: The feasibility study indicates the amount and frequency of contributions according to the income of your members. It is easier to check that contributions are paid regularly when they are on an annual basis. In the case of monthly contributions, for example, a well-developed system for collecting and monitoring these payment will be essential for the HMIS to succeed. *(d) Activities Associated With Your HMIS:* Your HMIS may benefit from synergies connected to supplementary activities carried out by your members. For example, if your HMIS is associated to a savings and credit bank, it may benefit from know-how acquired in management or the availability of equipment and premises, channels of communication.

(e) *Your HMIS Relations With the Care Providers*: You may need to seek to involve the providers in your management so as to ensure better control and monitoring of care provision in favour of your beneficiaries.

Annex 2.1 Checklist Data to be Gathered

Objectives	Indicators	Data Sources
A. Demographic Characteristics		
To know the target membership, in order to: (a) compute contributions (b) identify whether individual or family membership would be preferable (c) monitor the level of reach of the HMIS	• population size and growth • distribution of the local population by age and by sex • average size, composition of families (men, women, children, other dependents) • migration movements	• national/regional census carried out by government offices (e.g. (National Statistics Office) • institutions reports (NGOs, POs, etc.) • local government offices Planning and Development Office, Social Welfare and Development) • household surveys
B. Health Care Provision		
(a) To identify the type of health services that could be covered by the HMIS (b) identify providers who could provide health care to HMIS Members	• number and geographical distribution of health care providers • nature of health services • (consultations, hospitalizations, maternity, etc.) • quality of health care • number and qualifications of health care staff • population's perception of providers • distances between health care providers and the target membership (area of operation of providers) • drug distribution circuits, availability of essential drugs and generic drugs	• Department of Health (national/regional) • provincial/ district and municipal/city health offices • hospital units • NGOs or other organizations workingin thehealth-related field • household surveys • best-regarded health care providers
C. Legal and Institutional Framework		
To gain an understanding of the legislative and institutional framework that will govern the operation of your HMIS	• legal provisions whereby the HMIS can be given legal personality • regulations governing health policy: organization of health services, prevention, etc. • regulations dealing with medical drugs	• Public authorities. • NGOs, cooperatives and other local associations. • Department of Health (national and regional) - Bureau of Food and - Bureau of Health Facilities and Services

Objectives	Indicators	Data Sources
	• policy (including Acts and price-fixing regulations)	- National Center for Health Facility and Development
The existence of a specific mutual benefit system's legislation or a code on mutual benefit system is not a prerequisite for establishing an HMIS. Your HMIS may take the legal personality of the cooperative, non-profit group, etc.		
D. Forms of Solidarity and Organization within the Population		
To identify the possibility of using local know-how in regard to organization and current mutual aid and solidarity practices	• current and past forms of organization within the population (community groups, cooperatives, district committees, etc.) • organization and operation of local mutual aid bodies or associations • modalities for collection of contributions, problems, experienced, etc. • existing mutual aid and solidarity practices in regard to health	• Associations, cooperatives, mutual aid funds, etc. **Data Sources**
E. Family Incomes and Health Expenses		
(a) To identify the most favourable periods of the year for paying contributions (b) To ascertain an average amount that families could afford to pay as a contribution	• economic activities of the population • type of agricultural production, share sold and share consumed • level of earnings within the population • distribution and evolution of purchasing power • annual family budget and share of budget devoted to health	• regional and/or national surveys • NGOs and local projects. • household surveys (difficult to carry out).
F. Sanitary Conditions and Health-Related Needs		
(a) To identify priority risks to be covered	• health problems according to gender, age range/ life cycle occupational grouping	• regional Department of Health (or equivalent administrative institution)

Objectives	Indicators	Data Sources
(b) To obtain parameters for calculating contributions	• priority health needs • incidence of malnutrition • infant mortality • frequency of visits to health care providers(by services) • most common complaints • rate of mortality/morbidity (by infectious and parasitic diseases)	• health care providers: - records of consultations, hospitalization,maternity, etc. • WHO standards • NGOs and other organizations working in the health field.
G. Health Care Financing		
(a) To obtain parameters for calculating contributions (b) To select modalities for granting of benefits and remuneration of health care providers	• modalities of operation and financing of health expenses • cost of health care initiatives in health care financing	• Household surveys and surveys of health service users • FGDs or Key informant interviews of PO representatives and barangay leaders
H. Gender Relations		
To establish gender division of roles and responsibilities in family and community in relation to health To determine differential access of women and men vis-à-vis health programs, services and facilities To determine who makes decisions around health concerns in the family and community (e.g., budget, which facility to access, application of practices such as use of contraception)	• Which group would currently have greater interest in such scheme • Which group would need to be convinced on the benefits of such scheme? • Which group would have wider gaps in terms of access to these? • Which group would need to be especially convinced about the need for such scheme? (and therefore would be willing to allocate financial resources)	• FGDs or Key informant interviews • Household surveys • Local government unit and health unit • FGDs or Key informant interviews

Other Elements:
Identification of material resources (premises, etc.) human resources (local expertise, etc.) and others (banking institutions, providers of goods and services (printing businesses, etc.).

Annex 2.2: Calculation of Contributions

The following shows how the four methodologies in calculating contributions is done.

Method 1: Contribution = Risk Premium + Safety Margin + Operating Costs

In order to understand this first, most precise, method of calculation, you must give consideration first to the purpose served by contributions, namely:

- % to reimburse health-related expenses (minus co-payment) relating to care covered by your HMIS
- % to build up reserves in order to place your HMIS on a sound financial footing, year by year
- % fund your HMIS operating costs

There are three stages in setting the premium:

1. Defining the benefit package – based on the needs identified in your feasibility study
2. Calculation of the premium
3. Establishing scenarios – determining the premium that is most acceptable to your target population

This first method breaks down the calculation of contributions into three elements:

Individual Contribution by Types of Health Care Covered =Risk Premium + Safety Margin + Unit Operating Cost

(a) Risk Premium = frequency x (average cost of the service – co-payment payable by the patient)

Frequency is defined as the number of clinic consultations or hospital confinement divided by the total population of an area

(b) Safety Margin = frequently fixed at 10% of the risk premium.

This is linked to uncertainty in the calculation of the risk premium.

(c) Unit Operating Cost = estimate of total operating costs divided by the number of expected beneficiaries. It may also be fixed in the first instance at +/-10% of the sum: risk premium plus safety margin. This second alternative is considerably less precise.

Added to these three elements is a factor E corresponding to the surplus to be set aside to generate financial reserves.

You may use the table on the following page to facilitate computation of the premium for a defined benefit package.

Health Services	Risk Premium		Rate of Coverage	Risk Premiums per year per person	Safety Margin	Operating Cost	Net Premiums per year per Person
	Frequency	Cost of Services					
	A	**B**	**C**	**A x B x C = D**	**D x 10% = E**	**(D + E) x 10% = F**	**D + E + F = G**
Out-patient care	1.53	**1280**	100%	**195.84**	**1.95**	**1.97**	**199.76**
Consultations		50		76.50	0.76	0.77	
Diagnostics		150		229.50	2.29	2.31	
Medicines		1000		1,530.00	15.30	15.45	
Transportation		80		122.40	1.22	1.23	
Maternity Service	0.57	**580**	100%	**33.06**	**0.33**	**0.33**	**33.72**
Pre-natal		300		171.00	1.71	1.72	
Post-natal		200		114.00	1.14	1.15	
Transportation		80		45.60	0.45	0.46	
Minor Surgery	0.28	**1530**	100%	**428.40**	**4.28**	**4.32**	**470.72**
Consultations		300		84.00	0.84	0.85	
Diagnostics		150		42.00	0.42	0.42	
Medicines		1000		288.00	2.88	2.90	
Transportation		80		22.40	0.22	0.23	
Hospitalization	0.08	**4000**	100%	**320.00**	**3.20**	**3.52**	**326.72**
Consultations		300		24.00	0.24	0.24	
Diagnostics		500		40.00	0.40	0.40	
Medicines		3000		240.00	2.40	2.42	
Transportation		200		16.00	0.16	0.16	
Total Premium Per Person Per Year							**1030.92**

Steps in using the above table:

1. Determine the needed health services of your community based on the feasibility study. You may further break down services into components like consultation, diagnostics and medicines for out-patient consultations.
2. Determine the frequency or the rate that a certain health event occurs by getting the number of consultations or number of hospitalization in one health facility divided by the total population of an area. You may get this information from the yearly census of the health center or the hospital in your area.
   As an example, Bicao, Carmen, Bohol has a population of 52,000 in year 2003; the rural health unit in Bicao had a total consultation of 80,000; there were 30,000 maternity consultations; and 15,000 minor surgery procedures done. The district hospital had 20,000 confinements for the year but it services a population of 250,000 which includes all the *baranggays* in Carmen. The frequency of out-patient consultations for year 2003 is 1.53; maternity service is 0.57; and minor surgery is 0.28. Hospitalization has a frequency of 0.08.
3. Estimate the cost of each health event. You may get information from the health centers, hospitals, pharmacy and laboratory or diagnostic centers.
4. At the point, it is assumed that the rate of coverage for each health service is 100% meaning the HMIS intends to pay for the total average cost per health service.
5. Risk Premiums Per Person Per Year is equal to the (frequency x cost of service) x rate of coverage.
6. A safety margin of 10% of the Risk Premium is usually set.
7. Operating Cost = estimate of total operating costs divided by the number of expected beneficiaries. It may also be fixed in the first instance at +/-10% of the sum: risk premium plus safety margin. This second alternative is considerably less precise.
8. The net premium per person per year for all the identified health services is equal to the Risk Premium + Safety Margin + Operating Cost.

Note that if several types of health care are covered, the total individual contribution is equal to the sum of contributions calculated for each type of care. The family contribution is equal to the total individual

contribution multiplied by the average number of family members.

These calculations will produce an estimate of the annual contribution. It may then be broken down by day, month, etc., depending on the periodicity of payment of contributions that is best adapted to the mode of income of the target membership.

The process whereby a final decision is reached regarding the contribution to be charged to members takes place in three stages:

(a) An estimate is made of the target membership financial capacity, i.e. the average sum that each individual or family could afford to pay as a contribution;

In the above example, each member needs to pay Php 1,030.92 per year to cover all benefits identified. However if the target population said that they could only pay Php 400.00 per year per person, this premium-benefit package will be good but nobody could afford it.

(b) Several scenarios are developed to cover health-related expenses according to your target members' capacity to pay. You may choose from the following options: (1) Limit the services, (2) Ask for subsidies, (3) Reduce the rate of coverage, (4) Negotiate with health care providers to reduce price of service and (5) Reduce the frequency of illness.

Limiting the health services that the HMIS would cover may enable the scheme to develop a package that is more affordable. However, preventive health care activities should be undertaken to prevent occurrence of such illnesses in the community. Subsidies should only be used for the operating costs and not for the payment of health care benefits. Reducing the rate of coverage is an acceptable practice to reduce the cost of premiums. Negotiating with health care providers is one of the best alternatives that the HMIS could do to offer better coverage to its members.Reducing the frequency of illness cannot be done on the first year of operation because your HMIS may not have the actual data. Conducting preventive health care activities could also reduce the frequency of illness.

The total sum of the contribution corresponding to each scenario must be compatible with the contribution that the target membership is in a position to pay.

(c) These different scenarios are presented to your target membership who also participate in making a final choice of your HMIS activities and the care it will provide. One of these scenarios will ultimately be decided upon, in the light of which the promoters of your HMIS will be able to fine-tune, the mechanisms and tools to be employed and draw up a budget forecast for the mutual organisation.

Method 2: Contribution Fixed in General Assembly Without Prior Calculation

The second "method" is probably the most widespread, despite the fact that it is not very scientific. Members meet and estimate how much they would be able to pay on a regular basis and then decide on the services to be covered by their HMIS.

If no particular expertise or prior studies are used as a basis (attendance, costs of health services, etc.), this approach is extremely random. Mistakes may easily be made and it is quite likely that financial difficulties will arise.

This approach must be combined with the following measures, in order to limit the possibility of bankruptcy:

- % a lengthy period of observation in order to accumulate substantial financial reserves
- % a ceiling must be placed on expenditure
- % members must be fully informed of the difficulties to be expected

This approach is mentioned here because it is one that has frequently been adopted in the past, and in order to highlight the dangers. It is not, however, recommended.

Method 3:Contribution Calculated on the Basis of the Operating Budget of the Health Facilities This mode of calculation is appropriate primarily in the context of an insurance system set up by a health care provider (non-profit insurance managed by a provider). The latter estimates its operating budget, taking into account that the insurance will probably attract increased attendance. This budget is then distributed over the entire target group (population covered by the provider, for example), to arrive at an individual premium.

Some HMIS also use this method, although it is appropriate only for those who run their own health facilities.

Method 4: Contribution Calculated on the Basis of an HMIS Budget Forecast

This technique involves: (a) assessing the health needs of the target membership; (b) estimating the expenses incurred in covering these needs; (c) estimating revenues necessary to cover these expenses; and (d) fixing the level of contribution necessary to achieve these revenues.

Therefore, to calculate the contribution, it is necessary to draw up a budget forecast establishing, first, a forecast of expenditure by the HMIS to cover health expenses, operational costs and training and, second, the revenues needed to cover these expenses.

While calculation of the contribution resides on the same elements as under the first method, they are presented in a different manner. A model budget is drawn up on the following page.

Expenditure		Income	
Items	Sum	Items	Sum
Health Benefits: service 1 service 2 service n Safety Margin (10% of health benefits) Operating Costs - wages or compensation - travel cost - supplies - others Training Costs (Surplus)		Membership Fees or Sale of membership cards Contributions (Donations or subsidies)	
Total Expenditure		Total Income	

(1) Total Anticipated Expenditure=Frequency of Illness x (ave. cost minus co-payment) x expected number of members.

(2) Membership Fees are generally intended to defray administrative costs relating to membership (formalities, printing of membership cards, etc.), which are part of the operating costs in the "expenditure" column.

(3) Total Contributions = Total Expenditure - Membership Fees. The contribution per member is arrived at by dividing this total of contributions by the number of expected members.

(4) Possible donations and/or subsidies are not taken into account in calculating contributions. Indeed, in the interest of ensuring the sustainability of your HMIS, such as donations or subsidies must not be used to reduce the sum of the contribution. They may instead be used to cover specific investment or operating costs, in which case a corresponding entry will appear in the expenditure column, but will be excluded from the total of expenditure for calculating contributions.

They may alternatively be used to boost the financial soundness of your HMIS, in which case the corresponding item will appear under the surpluses item in the expenditure column which will likewise not be included when calculating contributions.

Annex 2.3
An Example of Setting Up an HMIS

Cooperative X has decided to set up an HMIS. The core group made up of designated members of the cooperative has carried out a situational analysis. The results of this assessment are summarized below:

A. Results of the Situational Analysis

(1) Demographic Characteristics

The municipality and surrounding areas have a population of 10,000 individuals (NSO Projected Population for 2000 based on 1995 Census), with a 50-50 male and female ratio. Families have six members on average (two adults and four children). The cooperative has 500 members who live in the municipality and nearby barangays.

(2) Health Care Provisions

The municipality has a health center which is administered by the municipal government. The health center provides the following services:

- outpatient consultations
- minor surgery (bandaging, stitches, etc.)
- maternity check-up
- vaccinations

The health center has a "botika" or pharmacy which sells only essential and generic drugs.

Initial meetings reveal that the members are happy with the health center, although they are less happy that the doctor is frequently absent and complain that the "botika" is selling medicines and not giving them for free.

It is also noted that a retired nurse lives in the municipality, carrying out home consultations and selling some drugs and medical consumer items. She charges fees higher than when availed of from the health center, but she accepts payment in instalment basis and gives a lot of vaccinations.

Thirty kilometres from the poblacion where the health center is located is a District Hospital which provides secondary health care of excellent quality.

- hospitalization
- surgery
- non-spontaneous deliveries
- laboratory and radiology
- others

The health center does not have an ambulance. Patients referred by the health center to the District Hospital are transported by tricyles or a passenger jeepney with an estimated amount of Php 20 per day). The fare between the poblacion and the district hospital is about Php 100.00, but many drivers do not hesitate to demand up to Php 300.00 when asked to transport a gravely-ill or emergency patient.

(3) Legal and Institutional Framework

The cooperative has its own by-laws and policies, systems and procedures. National legislation does not provide specifically for the mutual benefit system, but the cooperative is registered under the Cooperative Development Authority. The cooperative management is aware of the formalities required to obtain recognition as an association.

(4) Forms of Solidarity and Organization of Members

In addition to the cooperative, a number of formal and informal groups exist in the municipality and surrounding areas. These are primarily the women's associations (mutual aid for agricultural tasks, ceremonies, catering, etc.). Men also have their groups, primarily for the purpose of organizing mutual aid in carrying out agricultural tasks and building homes.

It is estimated that all families have access to these mutual aid activities, either through the woman or the man (most often both members of a couple belong to a group). The cooperative is a mutual aid fund intended to provide financial support during marriages, births, deaths, illnesses, etc. It operates along the same lines as traditional groups. The financial mutual aid activities are organized basically as follows:

- the members of a group pay a contribution of approximately Php 25.00 per week, plus a contribution of Php 500.00 per month during the period when crops are sold
- aid is granted to members requesting it in the following form:
  - gifts for sums of under Php 1,000
  - loans for sums of over Php 1,000 up to Php 5,000

All groups and associations experience the same problem. Their mutual aid fund is insufficient to meet the requirements of members, especially during low cash periods.

(5) Family Income and Health Expenses

A study carried out by the Department of Agriculture – Regional Office for the support of peasant farmers reveals that families average an annual income of Php 80,000. Income fluctuates over the year. Most money is available between December and February (sale of harvests, agricultural credits, etc.) and less between June and August (low cash period). Families spend an annual average of Php 6,000 on health.

(6) Sanitary Conditions and Health-Related Needs

The health center has carried out a survey of 100 families from the municipality, revealing the following percentages of the utilization of health care by source:

(1) no service taken : 15%
(2) self – medication : 15%
(3) traditional health providers : 20%
(4) private nurse : 18%
(5) health center : 31%
(6) district hospital : 1%
(7) others : 4%

- Purchase of drugs at the market or from shops
- Health care outside the district area (illness while traveling, etc.).

Families using the first four alternatives gave the following reasons for doing so:

- in 80% of cases, lack of money at the time of illness,
- in 20% of cases the illness was not serious or traditional treatment was used.

In regard to hospitalization, families stated that, on average, one gravely-ill patient out of every two could not be sent to the district hospital for financial reasons. When patients cannot be hospitalized, other forms of care are used, but many patients do not survive.

Risk Rate

Based on the information from the health center and with the assistance of the hospital doctors, the HMIS core group calculated the following risks rates (in the light of local morbidity figures and hypotheses regarding the uptake of health services with the HMIS set-up):

Data/Information	Risk Rate
Health Centre	
outpatient consultation	150%
hospitalisation	6%
minor surgery	10%
maternity (rate spread over the entire population)	4,5%
Hospital	2%
hospitalisation (including surgery and non-spontaneous deliveries)	

(7) Costs and Financing of Health Care

	Consultation	Hospitalization	Minor Surgery	Maternity Benefits	Drugs	Total Cost
Consultations	200				900	1,100
Hospitalization	200	500			2,000	2,700
Minor Surgery	200		300		500	1,000
Maternity Benefits	1,000			1,500	3,000	5,500

In order to acquire all the necessary information and given that the information available from the health center is not very reliable, the core group carried out two surveys:

- one survey among 100 patients seeking consultation, 50 hospitalized patients and 50 women delivering at the HC,
- another among 100 patients hospitalized at the hospital (all services included)

The objective of the survey carried out among patients attending the health center was to ascertain the average cost of the different services. The results were as follows:

Survey Among Health Center Users: Average Cost of HC Services

(1) No consultation charge for women who have undergone regular pre-natal check-ups.
(2) The total maternity cost includes delivery, stay and initial care of the infant.

Survey Among The District Hospital Patients: Average Cost of Services

Hospital services are paid as a flat rate and include the various procedures involved (hospitalization, surgery, non-spontaneous delivery, radiology, etc.) together with drugs supplied by the hospital pharmacy. The latter is always well stocked and carries all medical devices and drugs prescribed by doctors. An additional charge is payable for some specialist procedures, to be added to the flat rate charged. Upon arrival at the hospital, the patient undergoes an initial consultation at the cost of Php 150.00. which is not included in the flat rate. The average cost of a hospital visit is about Php 7,500.00 broken down as follows:

- consultation : Php 150.

Means of Payment	Attendance at Health Center	Attendance at Hospital
Money Available at Home	60%	30%
Debt		
- family	6%	10%
- friends/neighbours	2%	5%
- association		6%
- money lender (average interest rate: 50%)		15%
Gift		
- family	4%	2%
- friends/neighbours	-	-
- association		
Sale		
- crops grown or livestock - reared	10%	-
	15%	25%
- others	3%	7%
Total	100%	100%

- Hospitalization: Php 5,000.
- Specialist Procedure: 2,350.

It includes all the cost of procedures and drugs. It should be noted that patients arriving with a referral voucher from a health center do not pay the initial consultation at the hospital.
In the survey, families stated that they use the following means to pay for health center and hospital services: During the course of the survey and consultation meetings, the members, particularly the women, demonstrated considerable interest in the idea of an HMIS. A large majority said they would be ready to pay a weekly family contribution of Php 25, together with a sizeable contribution at the time of sale of their

main crops. A rapid survey in the municipality and surrounding areas revealed that 500 families are already prepared to join the HMIS to be established.

(8) Other Considerations

The cooperative has premises that could be lent to the HMIS. In addition, the cooperative manager is ready to work with those running the HMIS to ensure efficient management. (However, the HMIS should ideally be independent from the cooperative, so that membership can be open to all and not confined to the members of the cooperative only).

A saving/credit fund has operated during the last five years in the municipality and has won the confidence of the people of all surrounding areas. It costs Php 1,000 to open an account.

Estimates from the stores and printing shops in the poblacion show that the following costs can be expected:

Ledger	: Php 50.00
Pen	: Php 10.00
Printing of Membership Card	: Php 150.00
Management Register	: Php 500.00
Calculator	: Php 300.00.

Lastly, the cooperative, which has had positive financial results over the last few years, proposes to make available to the HMIS a supporting fund of Php 50,000.00, the modalities of use for which will be laid down in consultation with the persons running the future HMIS.

B. Organization and Operation of the HMIS

The HMIS could be organized in two ways.

(1) The HMIS is a new association open to all families in the municipality. Its office is at the poblacion and anybody wishing to join must go there to carry out the membership modalities then pay regular contributions at intervals specified by the HMIS. However, since people or groups are scattered and many are located far from the poblacion, this mode of organization might be considered to deter people from joining.

(2) Another solution, which is more suited to the lay-out of the municipality (several distant barangays, but accounting for 60 per cent of the population), would be to link the HMIS with the existing mutual aid associations. Tasks relating to the processing of membership, collection of contributions and control are shared between the mutual aid associations and the HMIS.

(2.1) Each association designates HMIS officers who meet on a regular basis (e.g. once per month) at the poblacion headquarters, constituting a Board of Directors.

(2.2) Each association is free to set up its own mutual aid and solidarity activities in order to facilitate HMIS membership for families, particularly the most disadvantaged.

(2.3) The General Assembly convenes once per year with the participation of all HMIS members. This event may provide an occasion for a major municipal celebration.

(2.4) The HMIS will open an account at the Poblacion Savings/ Credit Fund, but will also have a petty cash fund to meet current expenses, thereby avoiding the necessity of frequent trips from their area to the poblacion to withdraw.

Activities of the HMIS: The nature of the situation outlined suggests the following two activities but there are still others.

- coverage of health care costs (to be defined in the scenarios)
- financial assistance for transportation of patients to the hospital (and negotiation of prices with jeepney or tricycle drivers

Example of Coverage:
The level of interest demonstrated by families suggests that a relatively high number of members can be expected to join during the first year. However, it is prudent to work on the assumption of a maximum of 25 per cent membership rate. It is preferable to offer family membership, in the interests of limiting adverse selection.

Working with these hypotheses, the HMIS would have some 2,500 beneficiaries during the first year, distributed among approximately 420 families.

Families state that they are prepared to pay a contribution of Php 25.00 per week, plus an additional contribution when they sell their harvest (on average Php 300.00 in associations). This would produce an anticipated annual sum of Php 2,200 in contributions, distributed as follows:

Weekly Contribution : Php 25.00 or Php 1,300 per year
Additional Contributions : Php 300.00 x 3 months (December to February), that is Php 900.00

Coverage Hypothesis
The HMIS assumes the objective of covering a combination of major risks and costs of minor hospitalization, maternity and minor surgery at the health center. There is no co-payment, covering 100 per cent of costs. The contribution is broken down as follows:

Risk Premium: (expected rate of attendance x average cost)

Hospitalization at the District Hospital : 0.02 x 12,500 = 250
Minor Observation at health center : 0.06 x 2,700 = 162
Minor surgery at health center : 0.1 x 1,000 = 100
Maternity at health center : 0.045 x 4,500 = 203
Risk Premium : Php 715.00/year/person

Safety Margin
Safety Margin = (10 % of of Risk Premium)
= Php 715 x 0.1 = 72 /year/person

Unit operating Cost

Since the various costs can be estimated, it is possible, in this case, to ascertain unit cost, on the basis of a budget forecast. On the assumption that the HMIS works with two associations in each area and with five associations in the municipality, the annual operating costs of **Php 74,400.** would be distributed as follows:

450 membership cards : Php 67,500 (family cards),
2 ledgers/association : Php 50.x 2 x 5 associations= Php 500.
(record of members and of contributions)
20 pens : 20 x Php 10 = Php 200.

Management Tools : 5 x Php 500 = Php 2,500
(1 petty cash book, 1 bank book, 5 books of health care
receipt slips, 2 books of invoices)
calculator : Php 1,500.
trips to Poblacion : Php 1,200.
(1 return per month 2 x 50 x 12)
charge for opening an account: Php 1,000

Part of these costs can be covered through the sale of membership cards at Php 150: 420 x 150 = **Php 63,000**

The other part is added to contributions:

(74,400-63,000)/420 = Php 27.14 member/year
= Php 28.00 member/year

The total contribution will therefore be:
Per person and per year: 715 + 72 + 28 = Php 815.00
Per family and per year: Php 815 x 6 = Php 4,890 or
rounded off to
Php 4,900.

The coverage offered is attractive and gives the HMIS a high profile, but requires a contribution that is lower than the estimated contribution capacity. However, the HMIS must regularly monitor its benefits. Agreements may be made, for example, between the nurse and members to record outpatient consultations as minor surgery or minor hospitalization, which can then be charged to the HMIS. It would be wise to apply a percentage co-payment for these two types of health care.

In the interest of strengthening its financial sustainability, the HMIS could ask the cooperative to use the Php 50,000.00 that it has offered to make available to set up a reserve fund, to be paid into a separate account at the savings/credit fund.

(8) Gender Relations

According to focus groups discussions and informant interviews with representatives of people's organizations and barangay officials, women in most or all cases attend to the health needs of sick family members. Majority of those who volunteer in community health projects are women, with minimal participation of men. Health is seen in the community as a women's concern.

Most of the health projects involve maternal and child health care, and occasional sanitation and cleanliness drives. Child-bearing women complain that the reproductive health and family planning services of the local health unit have deteriorated.

Most respondents reported that the men still generate the bigger income within the household, even as women help out in farm activities and generate occasional earnings from selling goods. Men get to decide on major expenditures. Local associations are mostly dominated by men in terms of membership and leadership, with the exception of a lone women's group that was initially set up for accessing micro-finance for livelihood projects.