Public-Private Partnership Stories

India: Meghalaya Universal Health Insurance Program

In India, roughly 60% of all health expenditure is paid out of pocket. This prevents many poor and lower middle class families from seeking healthcare out of fear of not being able to afford it. The Government of India aims to provide Universal Health Coverage (UHC) to all its citizens and financial protection is the core component of UHC. To support this, the International Finance Corporation (IFC) partnered with the Government of Meghalaya (GoM), a state in remote North-East India, to design and implement a government sponsored and subsidized social health insurance (SHI) program that will be a significant step towards providing UHC and equitable access to healthcare to the entire population of the state. The innovative public-private partnership (PPP) was designed to help the GoM to partner with a private insurer to share operational and financial responsibilities for contracting a network of public and private hospitals across India, to provide cashless, equitable, and technology enabled, access to healthcare for Meghalaya's 2.9 million people. This is one of the first successfully implemented universal SHI programs in India, and the first advised by IFC.

The first phase of this innovative PPP was successfully launched in December 2012, and the final phase, Megha Health Insurance Scheme 2 (MHIS 2), was launched in May 2015. After a highly competitive bid, a three-year contract, renewable subject to satisfactory performance, was awarded to New India Assurance Company, one of the largest insurers in India. Enrollment of people into the program started in July 2015 and 334,000 families (49% of families in Meghalaya) were enrolled in the program by the end of 2015. In July 2016, the ever-expanding hospital network comprised all publically-run hospitals in Meghalaya, as well as 58 private hospitals from across the state and country. This includes India's largest private hospital chains such as Apollo Hospitals, Narayan Health and Manipal Hospitals, and enhances the infrastructure part of UHC.

BACKGROUND

Globally, 3 billion people have to pay out of pocket (OOP) for healthcare. According to the World Health Organisation, around 100 million fall into poverty due to unavoidable catastrophic health expenditures (CHE), of which around 60 million are estimated to be in India. This makes CHE one of the major contributing factor to poverty in India. The hilly north-eastern state of Meghalaya in India is home to around 3 million people, with 40% being classified as poor according to the Government. The National and State Governments in India are attempting innovative private sector solutions to provide citizens UHC with equitable access to healthcare without fear of financial ruin. India's public health system, including its national insurance program, while bringing some relief to poor families, excludes important services like primary care, diagnostics, and expensive hospital care. Only around half of India's Below-Poverty-Line (BPL), population has access to SHI. Most SHIs in India do not cover the large majority of vulnerable families, most of which are poor or just marginally above the BPL, leaving them without any financial security against CHE and making it difficult or impossible to access healthcare due to high costs.

IFC'S ROLE

The Government of Meghalaya (GoM) approached IFC to help design and implement the Megha Health Insurance Program (MHIS) to provide UHC to every man, woman, and child in the state. MHIS was launched in two phases, Phase 1 in Dec 2012 and this final Phase 2 in July, 2015. IFC worked closely with the World Bank's Health practice and in partnership with the GoM and with significant help and encouragement from the Government of India in conducting detailed technical, financial, actuarial, regulatory and legal due diligence. This formed the basis for the design of a comprehensive social health insurance-based program which not only provides increased health insurance cover based on market accepted pricing of services, but also significantly enhances the quality and breadth of services available to people. Participation from the public health sector was also a strong incentive to increase competition and promote primary care in remote, rural locations.

PPP TRANSACTION STRUCTURE

IFC has designed MHIS to be a universal social health insurance scheme bringing together public and private health providers in delivering UHC and equitable healthcare services to the people of Meghalaya. MHIS provides an annual financial cover of USD 3,300 per family for cashless cover for more than 1,600 common diseases including secondary, tertiary, and daycare hospitalization benefits, rehabilitative and diagnostic services, and high impact preventive and primary care services for women and children and people suffering from chronic diseases, such as diabetes and heart disease. All residents of Meghalaya are eligible to enroll at nominal payment, and ultimately 2.4 million people are expected to benefit annually. Due to the competition and economies of scale generated by the project, it provides fiscal savings to GoM with premium of USD 7 per family (just 90% of the premium for MHIS 1 and 78% of the premium for older, more restricted SHI). The rates for services under the project were calculated based on an in-depth costing study, one of the first of its kind in India. This ensured widespread acceptance amongst the private health sector. These rates were further tiered to reflect the quality of healthcare providers thus promoting quality enhancement in hospitals and greater competition. Greater public enrollment in the program was encouraged by close alignment of insurance company's incentives for enrollment, utilization, and empanelment of hospitals. Substantial and sustained participation by the public health sector was encouraged through innovative incentives and revenue sharing mechanisms, which resulted in increased participation of government health facilities from just one under the previous SHI to 93 in just one year of MHIS. By July 2016, 68 Primary Health Centers (PHCs) and 22 Community Health centers (CHCs) were participating actively in the program, highlighting the immense success in harnessing and promoting the government's primary healthcare network into the program. The program has also been successfully replicated in other states of India and is being studied for wider adaption by the Government of India.

BIDDING

Considering the innovative nature of the project, IFC conducted extensive outreach and consultation from the design phase of the project to educate possible investors and get their feedback. As a result, 10 of the 14 eligible health insurance companies submitted bids for the project, sending out strong signals of widespread acceptance of the concept. After the transparent and competitive bidding process, New India Assurance Company, one of the largest insurers in India, was awarded the three year contract, renewable on good performance at a quote equivalent of USD 7 per family.

EXPECTED POST-TENDER RESULTS

- At least 1.8 million, (60% of Meghalaya's population) to benefit annually

- Financial protection of INR 200,000 (USD 3300) provided annually per family for comprehensive hospitalization care and high impact diagnostic, preventive and primary care services

- Effective incentives to enhance the participation of public health sector, especially in peripheral, underserved areas through revenue sharing.

- Hospital Network enhanced by nearly 300% including National Accreditation Board for Hospitals and Healthcare Providers - Medical Imaging Services (NABH-MIS) and reputed specialized hospitals across India