



THE MOBILE HEALTH RESEARCH LAB: MOBILE WALLET

Investigating how mobile money can be used to pre-pay for healthcare in Kenya **FINANCE**

Implementation date: June 2010 to June 2015

The healthcare system in Kenya is stuck in a vicious cycle of low demand and poor supply. On the demand side, only seven percent of women and 11 percent of men have health insurance (Kenya DHS, 2010), with 35.9 percent of total health expenditure paid for out-of-pocket, in cash (Chuma and Okungu, 2014). On the supply side, private healthcare providers have difficulty attracting capital to invest in more services and better quality. Despite the promise of free, publicly provided healthcare, most consumers prefer the service and customer-oriented attitude offered by the private sector. This is evidenced by the fact that more than 50 percent of all healthcare is provided by the private sector. It is forecast that by 2025, the private sector will account for as much as 75 percent of health expenditures, amounting to \$1.8-3.1 billion (Open Capital Advisors, October 2012).

In its Mobile Health Research Lab in Nairobi, PharmAccess investigates how mobile technology can be leveraged to turn the vicious cycle of low demand and poor supply into a virtuous one. One of the concepts tested was that of a mobile health wallet (i.e. ring-fenced mobile money that can only be used to pay for healthcare at selected, quality-controlled healthcare facilities).

About Mobile Wallet

The Mobile Health Research Lab in Nairobi was established in 2013 to investigate how mobile money can be leveraged to pre-pay for health-care. The Lab tested various payment mechanisms, including Safaricom's M-PESA—the mobile payment system that converts cash into electronic value (and vice versa) and is used by 80 percent of Kenya's adult population—to enable users to pay and save funds for healthcare with a mobile wallet. The application aims to

increase health spending and decrease cash out-of-pocket costs, for example through risk pooling and digitizing healthcare payments. The mobile health wallet facilitates same-day payments and lowering of transaction (overhead) costs for healthcare providers, the creation of a trusted brand for the mobile network operator, increased access to services for the user, and proper accountability of the usage of funds for payers (including reporting).

Evaluation and Results



The Mobile Health Research Lab uses aspects borrowed from Behavioral Economics to observe what people really spend money on, rather than only asking for opinions via self-reported surveys. Apart from performing technical usability tests on the different designs, the Lab collected data on the willingness of healthcare providers to accept mobile payments; service utilization (diagnosis, drugs, and lab tests); user experience with the technology; and customer satisfaction with the service received. In addition to online / real-time transaction and utilization data, the Lab also collected information via (bi-weekly) telephone interviews and focus group discussions. Results and outcomes from mobile health wallet implementation included:

Mobile payments help cut-down on “leakage” at providers (i.e. money disappearing)—estimated at 20-25 percent in the private sector

Visibility of cash flows opens up possibilities for granting loans and advances to further strengthen the financial position of health facilities, allowing them to invest more in better care

Mobile wallet has positive effects on the ability to save and pay for healthcare—women, for example, can no longer be robbed of their cash when walking to a maternity clinic after dark. As a result, more women now come to the clinic for safe delivery, which has a positive effect on maternal and child health

Group savings (“chamas”) as well as dedicated health remittances can be stimulated as well

The results and outcomes were obtained by directly gauging the response in test markets. Commercial viability is the best proof-of-concept.

Lessons Learned

- People at the bottom of the pyramid have no difficulty using mobile products/services
- Mobile health wallet allows direct targeting/subsidizing of selected groups (e.g. women with children)
- (Near) real-time data on payments & utilization can be turned into targeted health services
- Mobile (i.e. digital) payments increase the security/safety of patients, and the financial position of clinics (through less leakage)
- Trust is important; The Chama (savings group) members did want to meet, in person, the party who would be holding money on their behalf, and who would be providing the top-up
- Change management is required, and takes time

Conclusion

The mobile health wallet was designed and tested successfully. By channeling funds directly to the patients, they are empowered to vote with their feet, demanding better care at lower prices (strategic purchasing). Providers are encouraged and incentivized to deliver quality services, given access to quality improvement programs, business training and affordable loans. A consortium is now being formed to take the mobile health wallet to national scale.

Geographic Coverage: Nairobi, Kenya

Implementation Partners: Safaricom (Telecom & Mobile Money expertise), AAR (Healthcare & Health Insurance expertise), Dodore Kenya (Enrollment of patients & facilities), PharmAccess (Implementation Lead, Project Design & Donor coordination)

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Contact Information:

PharmAccess | Cees Hesp, Director Joint Learning, (+31 654203527, c.hesp@pharmaccess.org)

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