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Prepayment Scheme in Rwanda Accepts Sero-Positive Members

Nearly 11 percent of the Rwandan population is estimated to have HIV/AIDS making it one of the most important health issues facing the country. HIV/AIDS is often excluded from insurance schemes, leaving low-income sero-positive patients impoverished, financially ruined, and exposed to more health problems. Under the USAID funded global PHR Project, for the first time, a National Health Accounts framework and methodology was used to estimate sero-positive households' utilization and expenditures on health care in Rwanda.

The study found that half of the sero-positive patients interviewed were widowed, that they use up to 10 times more basic health care services compared with the general population, and that HIV seriously impairs the ability of low-income households to meet basic needs. Less than 30 percent of households interviewed were able to meet the costs of health services exclusively from their own resources. Most households resorted to multiple ways to pay for health care including receiving assistance, borrowing, and selling assets. The study suggests that AIDS causes serious curtailment in access to health care and increases the economic burden on poor households.

The majority of Rwandans still pay out-of-pocket user fees to receive health care services. Paying user fees at the time when care is needed impedes

access to care for the poor as well as for 90 percent of the Rwandan population who are subsistent farmers and have cash only on a seasonal basis.

Prepayment schemes solve this problem. The Rwandan Ministry of Health (MOH), in collaboration with the USAID-funded PHR Project, developed and implemented prepayment schemes in three Rwandan health districts. Since July 1999, almost 90,000 inhabitants in these three districts became members of prepayment schemes. Preliminary findings reveal members pay on a per capita level three times as much for health care than non-members. At the same time, members' access to care has significantly increased to one visit per capita per year compared to non-members who still report 0.2 visit per capita per year.

The prepayment scheme of the health center of Matyazo in the health district of Kabutare has decided to extend solidarity and prepayment scheme coverage to some 50 sero-positive community members. The annual premium of FRw 2,500 (\$7.80) entitles a family up to seven members to prepayment scheme membership for one year. Members benefit from all services and drugs on the essential drug list provided at the health center, ambulance transport to the district hospital and a limited benefit package at the district hospital, which includes Cesarean section, overnight stay, and physician consultation.

The *WHO Report 2000* discusses the question of how far insurance prepayments may be rated to risks, and the extent to which such premiums should be financed, including subsidies for those unable to pay. The 50 sero-positive prepayment scheme members in Matyazo benefited from a church donation, which paid for their one-year membership premium at a higher price of FRw 2,000 per sero-positive member, instead of FRw 530 for an individual that signs up in a group. The decision to accept sero-positive, high-service users in a prepayment scheme pool puts an additional financial risk on the health center. The health center is paid a monthly capitation rate - which is not risk-adjusted - by the prepayment scheme, and would therefore have all interest to apply risk selection. The health center of Matyazo is aware of the financial risk taken with accepting sero-positive patients in its prepayment scheme pool. Although sero-positive members benefited from their membership premiums being subsidized at a higher price, which will increase the health center's monthly capitation revenue, the health center will still need additional financial support from the

government and donors to assure its financial stability.

The WHO report proposes protecting the sick and the poor by avoiding negative equity consequences in health financing and setting financial and regulatory incentives. Translated into the case of Rwandan prepayment schemes, public- and donor-funded AIDS programs should target low-income, sero-positive patients by financing their and their family's prepayment membership at a higher price. It is too early to institutionalize risk-adjusted capitation payment and health re-insurance in a developing country like Rwanda. Therefore, positive incentives should be set to support the health centers, which take additional financial risks by accepting sero-positive members in their capitated prepayment pool. For example, public and international funds can be used to guarantee providers' financial risk created by sero-positive, low-income groups, as well as to pay prepayment scheme membership at a higher price to vulnerable population groups such as low-income, sero-positive patients, and as a result improve their access to care and protect them from impoverishment.

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