



COMMUNITY-BASED HEALTH INSURANCE: POP CONCEPT WITH A TRADITIONAL TWIST



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THE national health insurance coverage of Philippine Health Insurance Corp. (PHILHEALTH), a government-owned corporation, is accessible only to the formally employed as well as indigents, through some 200 local government units. The insurance fund is built through regular salary deductions of the workers that their employers directly remit to PHILHEALTH. In addition, several companies enrol their employees with a private health maintenance organization (HMO).

But those in the country's large informal sector, composed mostly of operators of sari-sari stores, market (sidewalk) vendors and providers of personal services and repairs such as carpenters, laundrypersons and hairdressers have no such cushion in case they require medical consultations or are hospitalized. Neither do the marginalized based in the countryside – the farmers, fishers and their families, fall back on such a cushion. (A program for the self-employed launched in 1999 is hardly known and represents only 2% of PHILHEALTH's entire membership.)

PMHSMPC shifted tack and considered the local culture where solidarity, the tradition of “damayan” lies at the core. This is especially true in times of death in the family, when the neighbours’ usual expression of sympathy is a small donation to defray the costs of the burial.

As early as 1993, the People-Managed Health Services and Multipurpose Cooperative (PMHSMPC) found this situation both a concern and a challenge.

In 1994, narrates Dennis Batangan, M.D., the PMHSMPC chairperson, who studied Community-Based Health for Developing Countries in Germany, the group had planned to put up a community hospital that would make hospital services and care available and affordable to Guimba, Nueva Ecija in central Luzon.

But when the group reviewed the numbers, it realized that unless the members – Dr. Batangan and company – personally had the resources to finance such a hospital, this would not be sustainable. The capital outlay required was too big. “The income would be too low compared with the interest payments we would have to make,” Dr. Batangan said.

The hospital project was dropped in favour of a community health care financing scheme not unlike paying health insurance to an HMO. With support from a church-based development agency in Germany, the group took a year to develop Plan B of a community-based health insurance system.

Fine-tuning the Design

“We noticed there were few takers,” Dr. Batangan said. “The concept of an HMO, of pre-need insurance, was too foreign for them. Insurance and HMOs are not in the rural culture.”

The HMO concept, in the strict sense of premiums to pay regularly and saving up for an eventual illness, did not fit right with the rural setting where people are used to having just enough for their daily needs, and fate or destiny remains a major explanation for much of what happens in a person’s life.

A research associate of the Institute of Philippine Culture at Ateneo de Manila University, Dr. Batangan explains further. “We [proponents of the insurance scheme] were full of rules – of the scope of the insurance coverage, ceilings, etc. Midway through the implementation, we realized we were looking at community-based health insurance from the viewpoint of the health service providers, the hospitals and medical professionals.”

PMHSMPC shifted tack and considered the local culture where solidarity, the tradition of “damayan” lies at the core. This is especially true in times of death in the family, when the neighbours’ usual expression of sympathy is a small donation to defray the costs of the burial. In Guimba, on the border of Tarlac and Pangasinan provinces, primarily a rice-producing town

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with a population of 60,000, this “damayan” is institutionalized in the different variants of a mortuary fund that people’s organizations maintain. In the case of the town-wide women’s organization Pagkakaisa ng Kababaihan, members contribute P2.50 each monthly to this mortuary fund. In cases of death, the member’s family receives as much as P3,000 from the organization immediately. “The family gets the benefit within the first half hour of the relative’s death, no questions asked. You just need to sign an acknowledgment receipt,” Dr. Batangan says.

Riding on the strength of the social value of “damayan,” PMHSMPC redirected its vision of a community-based financing scheme that would assist the poor in their health and financial requirements from the perspective of the user and presented Lunas Damayan to five barangays of Guimba.

Lunas Damayan is in effect a social contract, a commitment of one member to the rest of the group. The contract is one of shared responsibility for the members’ health needs, as well as shared ownership. A member knows this commitment will be reciprocated. “The individual member transfers the risk to the group. The group does risk-pooling, but then again, because the individual is part of the group, it becomes group risk-sharing,” explains Dr. Batangan.

Adjustments Grounded in Simplicity

With the changes in the project concept in 1996 came the support of three local organizations: the women’s group Pagkakaisa ng Kababaihan, as well as Bagong Silang Multipurpose Cooperative in barangay Cabaruan and Pandaya Multipurpose Cooperative in Maturanoc. The Guimba Groundwater Irrigators Association, which is composed of beneficiaries of the government’s pumping station, would eventually join the project too.

The partner organizations determined their own rules – the amount to be collected from members, the frequency, and the ceiling for benefits. The viability of Lunas Damayan, therefore, was entirely up to the members. The more the members who enrol into the scheme, the smaller the contribution each would have to make, the easier the collection effort. In the beginning, when a member or a dependent (usually one per member) got sick and needed medication, she or he went to the project physician with the membership card, and received free treatment. This physician received a regular monthly honorarium, regardless of the number of cases handled. But this arrangement was

Guimba's community-based health insurance scheme had to be redesigned to suit local culture.



terminated after a year, when the participating organizations realized that only a few of their members went for consultation.

Today, in place of a project physician is the municipal health officer who issues a letter of authorization to accredited hospitals in the area in case the patient requires hospitalization.

In addition, Lunas Damayan has no exclusions – that is, a list of diseases the scheme will not cover – as long as the expenses do not exceed P3,000 per incident, the common ceiling for benefits that the participating organizations set. The usual contribution varies from P2.50 to P10 monthly, although a few organizations have devised a system where members make a contribution only when one of them actually requires medical attention. This is because within a year, only eight needed hospitalization. Thus, in consideration of the irregular (and seasonal) income of farmers' families, “contributions upon need” seemed more viable. Outside of these actual incidents, members pay just the mandatory annual fee of P25.

The support the project received in 1999 from the Canada Fund for Local Initiatives was toward the formation and strengthening of the scheme's leadership, the municipal-level Lunas Damayan Council. In the support package were workshops for the leaders (and in some activities, also the members) to highlight the merits of collective action, inputs on social health insurance mechanisms in general, teambuilding gatherings on “distributed” leadership, as well as planning sessions and training in monitoring and evaluation.



Community members learning about the mechanics of health insurance

Mainstreaming Phase

From 1,600 members since Lunas Damayan was launched, the scheme today has more than 4,300 members with a recent decision of Samahan ng

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Kababaihan to make membership mandatory. "There is no question about the benefits of the scheme," says Linda Dizon, president of the group. In the past year alone, four of its members benefited from the Lunas Damayan scheme, three for their myoma-removal procedures, and one for anti-rabies treatment.

Because Lunas Damayan has now been mainstreamed into the activities of the LGU, which funds a full-time staff to coordinate the program, the challenge is how to ensure that this remains effective vis-à-vis a growing membership.

The project has also been turned over by PMHSMC to the participating organizations, consulting with the leadership to help ferret out problems on occasion. It has received support from the office of Sen. Juan Flavio Velasco, a former secretary of the Department of Health, as well as the Cooperative Development Authority.

But more important, at the national level, Lunas Damayan served as a prototype for the Department of Agrarian Reform's Agraryong Pangkalusugan (DAR-AP) initiative, a health support service the agency wants to make available to agrarian reform beneficiaries in 18 areas where community-based health financing is already in place, albeit in varying degrees. The inclusion of Lunas Damayan into DAR-AP signals a higher level of actualizing the organization's commitment to respond to members' health financing needs, as well as brighter possibilities of the integration of community-based health financing schemes in general into the government's national health insurance program.

In the meantime, negotiations between DAR-AP and PHILHEALTH are ongoing on possible modes of insurance coverage of rural families. These range from an arrangement similar to the monthly contributions of and claims in cases of hospitalization available to formally employed workers, to a mix of assistance from PHILHEALTH and the community organizations and rural cooperatives whose health financing mechanisms are already in place. A conference to take place in January 2003, under the auspices of the Institute of Philippine Culture and PHILHEALTH, will gather these different organizations and cooperatives to firm up their proposals for their integration into PHILHEALTH.

For its part, Canada Fund has been encouraging the different health projects it supports to adopt a community-based financing scheme similar to Lunas Damayan for broader access at the grassroots level to the basic health services.