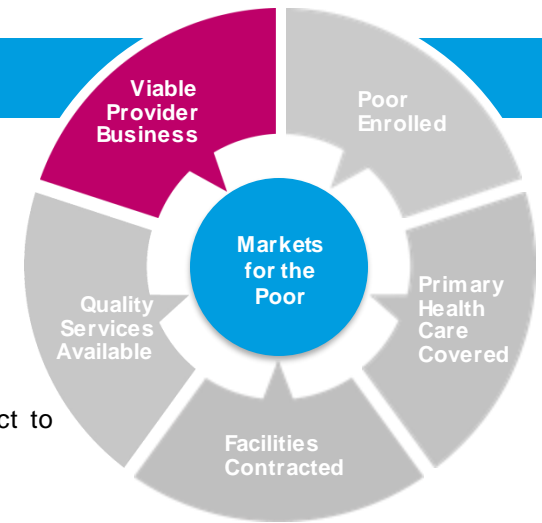


More than 4,000 private health care providers in Ghana rely on payments from the National Health Insurance Scheme (NHIS) for 80% of their revenue, but it can take months for claims to be reimbursed. A receivable financing product from the Medical Credit Fund (MCF) is addressing the problem.



This snapshot looks at how the Medical Credit Fund (MCF) established a pilot receivable financing product to relieve cash flow constraints for private providers, and is moving to scale it up.



**Intervention**

MCF conducted a pre-pilot assessment which revealed that delayed reimbursements for services rendered under the National Health Insurance Scheme (NHIS) were pushing private providers out of business, towards microcredit and informal lending, or into charging patients covered by the national plan.

Responding to demand from health care providers, MCF created the receivable financing product. It played the role of intermediary, bringing together the banks, clinics, and the National Health Insurance Authority (NHIA), which manages NHIS. MCF recruited the participating clinics and trained providers on claims management. It offered training to bank officers regarding not only the financial product, but also how health care services operate within the health insurance scheme. MCF also managed the operational challenges that arose during the pilot roll out.

The receivable financing product was designed to provide a bank advance to the health care provider equal to 70% of claims owed by NHIS. When NHIS pays the claim, the provider receives the remaining 30% payment, less a 2.5% monthly interest rate accrued by the bank lender.

MCF has played a key role in brokering and building greater understanding between the health care and banking sectors,

strengthening the providers’ ability to prepare and submit applications for the product. MCF has emphasised to the banks the low-risk nature of this transaction, which is not dependent on future performance, but on payment due.

Consequently, the banks have agreed to offer an interest rate for the loan that is lower than the rate of medical inflation, so that what the provider loses in interest payments is more than offset by prompt payment of the claim. The rate also is lower than the banks’ base rate.

A maximum of three monthly claims are eligible for financing per cycle. The oldest ones are financed first, with the expectation that they are most likely to be reimbursed soonest by NHIS. Once the NHIS payment is made, the clinic is able to apply for another financing cycle.

MCF conducted a six-month pilot of the financing product, which also included technical assistance to the health care providers in the form of SafeCare clinical and business support services. The pilot intervention was conducted across the country and targeted 15 providers. Each went through one or more cycles of claims processing and financing.

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### Result

45 claims worth 4.84 million GHS (\$US 1.2 million) were financed, with an average loan cycle of 2.5 months. Total payments by NHIS were 3.9 million GHS (US\$ 930,000), with 960,000 GHS (\$US 240,000) outstanding. Providers report improved business continuity and health service quality.



### Examples and Evidence

*“As I speak to you now, I am expecting the fourth receivable loan. I have applied for three, and the fourth one is currently being processed. And I will still apply for more soon. I am very interested, because it has really helped my organisation. I have even recommended the product to a couple of my colleagues.”*

Director, Brite Life Clinic, Takoradi, Western Ghana



### Lessons Learned

Staff shifts do occur in partner institutions. It is important to establish broad and continuous engagement with key persons within partner organisations to increase product knowledge and maintain institutional memory.

The main challenge involved delays in claim submission, claims vetting, and the issuance of Letters of Best Endeavours. To counter this, an intra-NHIA process flow was approved to guide personnel and shorten turnaround times, in addition to assisting providers in submitting timely, accurate claims. Demand for the product is high. Banks see it as low risk. But providers need support to submit well-managed claims.

Facilities (Blue-Star Franchise – MSI)	Program	Bank	Disbursed per Cycle (GHS)
Lebanon Community Clinic	AHME	uniBank	19,700
Brite Life Clinic	AHME	uniBank	80,000
Anton Memorial Clinic	AHME	uniBank	34,000
Lebanon Community Clinic	AHME	uniBank	25,600
Brite Life Clinic	AHME	uniBank	40,140
Brite Life Clinic	AHME	uniBank	41,015
Brite Life Clinic	AHME	uniBank	48,845
Anton Memorial Clinic	AHME	uniBank	30,000
<b>TOTAL</b>			<b>319,300</b>



### Outlook

The project is scaling up with the aim of reaching 40% of eligible clinics and addition of two more bank partners, Fidelity Bank and HFC Bank.

The receivable financing tool is meant as a stopgap until the financing gap regarding NHIS is resolved. MCF, through PharmAccess, participated in a technical review of NHIS instituted by the President of Ghana, which submitted its draft recommendations in September 2016, with the hope that it will result in bold financial decisions in 2017, following national elections.