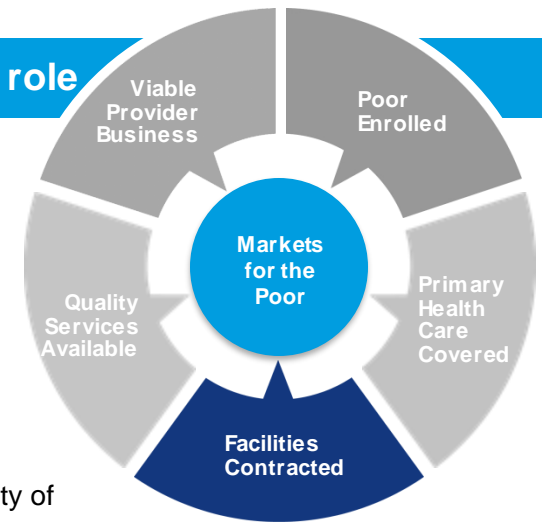


Population Services Kenya's (PSK) Tunza franchise proposes to leverage its networking function to mitigate transaction costs between the Nation Health Insurance Fund (NHIF) and midlevel franchisee providers.



In order to assist their empaneled franchisees with claims management, PSK are exploring the possibility of taking on an aggregator role.



**Intervention**

PSK works with members of its 400-strong Tunza franchise network to facilitate NHIF empanelment. PSK is developing its brokerage role further by establishing itself as a provider aggregator able to negotiate contracts on behalf of network providers with the NHIF. To this end, PSK is developing a roadmap which will address key questions :

- What gap could PSK address for both NHIF and providers so that the value proposition is compelling enough?
- How do we get NHIF and provider buy-in?
- How is revenue generated from an aggregator model?
- How viable is an aggregator model financially?
- What structural and legal considerations does the organisation need to address in order to perform this function?
- What investment is needed for infrastructure and personnel to perform this function?

Key outputs of the roadmap will be a thorough analysis exploring feasibility, desirability, and financial viability. This will include financial modelling.

**Challenges**

PSKs current relationship with providers in the network is based on a memorandum of understanding which is not legally binding.

NHIF terms and policies currently allow it to empanel only individual providers and not a representative organisation, due to experiences with fraud in the past. Aggregation could be politically sensitive, as it could mean reducing the revenue stream of the claims management department.

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**Examples and Evidence**

Providers in the network have expressed appreciation for PSK's role as a broker and shown interest in learning more about issues such as revenue sharing and how PSK's role as aggregator could affect their business. Developing a road map and financial model will help to address some of their questions and concerns.



**Lessons Learned**

Restructuring PSK's relationship with franchise providers into a contractual one where both parties share liability will require structural and organisational modifications.

PSK will benefit greatly from acquiring actuarial, risk assessment, management and mitigation skills. Developing a financial model will help PSK to identify where in the claims management process PSK could add most value.

A dedicated process owner is required at the NHIF to facilitate aggregation and foster engagement between the NHIF, the aggregator and franchise providers.



**Outlook**

PSK's roadmap, due in early 2017, will outline benefits, challenges and key process milestones for aggregation. Whatever approach the aggregator takes has to be compelling enough for the insurer to bear an admin cost.