

REQUEST FOR APPLICATION: *Digital Financial Services on Health Outcomes and Health Systems*

Executive Summary

ACCESS Health International, with support from MetLife Foundation is the lead implementer of a newly established Fintech for Health Innovation Platform. With the aim of overcoming persistent financial barriers to healthcare access, ACCESS Health is convening partners from the health, technology, startup and financial sectors to build knowledge and co-create solutions and partnerships so that people no longer have to choose between catastrophic costs and catastrophic illness. While this initiative is currently focused on six markets in Asia, we believe that fintech for health has global relevance in efforts to improve health care access through digital financial inclusion, especially in low-resource settings. With support from Digital Square, ACCESS Health and Microsave will translate the partnerships made and knowledge learned for scale up and replicability in markets globally. Our proposed activities include desktop research combined with extensive interviews and analysis on *how* digital financial service models in healthcare were created, launched, and scaled, including barriers and success factors. We will pay special attention to the enabling factors and cases for how two disparate industries – financial services and healthcare – are able to work together. ACCESS Health has extensive experience in health financing, primary health care, and digital health technology in China, Southeast Asia, and India. Microsave contributes the expertise in financial services and fintech to ensure that appropriate solutions are created for health financing challenges. Upon completion of the project, USAID and the global health community will have an analytics tool to help project leads decide on the most appropriate digital financial services model for a given healthcare market, target population, regulatory environment, or given partners' capabilities.

Consortium Team

Primary Organization: ACCESS Health International

ACCESS Health International is a nonprofit think tank and advisory organization with the vision that all people have access to high quality, affordable healthcare, and a right to lead healthy, productive lives. We work toward that vision by conducting practical research, creating knowledge sharing and partnership engagement networks, and supporting project implementation. With offices in the US, China, India, Philippines, and Singapore (Southeast Asia), we work with governments, industry partners, startups, and nonprofits to develop knowledge and tools for health systems strengthening, focusing on health financing, digital technology, and service delivery innovation for community-based care.

Partner organization: Microsave

MSC (formerly known as MicroSave) is a leading international development consulting firm that offers practical, market-led solutions focused on enhancing access to financial services to the low and middle-income segments. Our inspiration is to live in a world in which all people have access to high-quality, affordable, market-led financial services and other support they need. We offer consulting services in multiple domains including, Digital Financial Services, Banking, Financial Services and Insurance, Micro, Small and Medium Enterprises Finance and Private Sector Development. Across all the domains, we provide services in Market Assessments, Monitoring and Evaluations, Organizational Strengthening, Strategic Business Planning, and Product strategy for service providers. We have worked with a range of donor agencies, central banks, policymakers and national governments in

various countries of Asia and Africa. We understand the financial needs, behavior and money management practices of the mass market and have worked extensively with digital financial services providers including FinTechs to incorporate our market insights in the design of their solutions. We have set up an incubation/solution lab for FinTechs to cater to the mass market in India.

Project Description

1. Problem statement

Out-of-pocket spending on healthcare costs are one of the greatest threats to the financial security of people around the world. Despite commitments to universal health coverage, disparities in access, quality, and affordability persist. OECD countries have an average out-of-pocket expenditure rate of 13.76%, while in the least developed countries, 51.76% of healthcare costs are out of pocket. In Asia, out-of-pocket payments, as percent of total health expenditures, are high with 64.8% in South Asia, 33.5% in low income East Asia countries, and 26.1% in high income East Asia countries.

Every year, one third of all new cases of poverty in Southeast Asia are due to healthcare costs, with medicine being the largest contributor to the financial burden of healthcare. Sixty-five million people living in the WHO South-East Asia Region are in extreme poverty due to healthcare costs, while seventy-five percent of people with cancer in Asia face death or financial catastrophe within one year of diagnosis.

Proposed Work

Phase 1: Current work (not part of proposed Digital Square grant)

ACCESS Health International, with support from MetLife Foundation, recently established the Fintech for Health Innovation Platform. The primary purpose of the platform is to help people pay for and access the care they need, when they need it, avoiding financial hardship while improving their health.

The program objectives are:

- 1) to test and scale projects that help people pay for and afford the healthcare they need, using digital financial services and a financial inclusion approach,
- 2) to promote cross-sectoral innovation in healthcare access and affordability, and
- 3) to conduct research on best practices and innovations in fintech applications in healthcare.

Activities under the Fintech for Health Innovation Platform fall into three categories: 1) knowledge building and thought leadership on best practices and opportunities in fintech for health, resulting in a comprehensive database of digital financial services companies with potential capabilities in healthcare and health payments, as well as a database of specific health financing problem statements requiring digital financial services; 2) engagement between digital financial services and healthcare industries to facilitate multisectoral partnerships; and 3) implementation of on-the-ground digital financial service projects in healthcare systems. We will facilitate the co-creation and launch of nine projects, aimed to reach 500,000 low- and moderate-income people, in Bangladesh, China, India, Malaysia, Nepal, Vietnam.

We will complete the first phase of research for the MetLife Foundation project in February 2020, producing a white paper on the opportunities for digital financial service in healthcare. In the paper, we will outline why digital financial services have an important role to play in helping low- and moderate-income people pay for and access healthcare and describe the health financing challenges in the six

focus markets in Asia markets. The paper will also include our framework for mapping digital financial services in healthcare.

Phase 2: Knowledge-sharing and cross-sectoral partnerships beyond Asia (with support from Digital Square)

The second phase of research, with support from Digital Square, would allow us to explore further the enablers and barriers for successful digital financial service models in healthcare in Asia and beyond, with a pragmatic approach that channels our research directly towards partnerships and solutions. The results of this second phase of research will benefit both USAID-funded projects on digital financing and will inform our own approach to project facilitation under Fintech for Health.

We will conduct a gap analysis of target markets outside of Asia to assess health financing options within public financing (e.g. social insurance programs), private insurance, charitable and other traditional health financing models. This analysis will be used to determine payment and affordability gaps for lower- and moderate-income populations. The gap analysis will help us to create country- or context-specific problem statements and in partnership with digital and traditional financial sectors identify those that may be best addressed by fintech solutions. We will move beyond identification of solutions to engaging and matching potential partners for the problem statements. We will utilize our extensive network of industry, government, and non-profit organizations to facilitate dialogue and co-creation of solutions in situations where incentives can be aligned.

MicroSave Consulting will lend their expertise on designing and implementing financial inclusion models, some of which already include applications in healthcare. Furthermore, a senior representative of MicroSave is on the advisory committee for the Fintech for Health Innovation Platform. ACCESS Health International and Microsave’s India teams will conduct the desktop research and will lead interviews using telecommunications platforms (e.g. Skype, Google).

2. Approach

- a) Desktop research on models of digital financial services and its current or potential application in healthcare
- b) Based on findings, we will interview leaders of successful DFS models in healthcare. We will also interview leadership from models that seemed promising but did not succeed (1-1.5 months)
- c) Analysis of findings and recommendations: From desktop research and interviews we will identify common success factors and barriers, creating a global reference of factors that are needed in all fintech for health program to be successful versus elements that require adaptation to the local context. As we anticipate that partnerships will be key to these models, we will conduct general stakeholder mapping and engagement exercises on the roles of non-traditional partners in health. Recommendations for design and implementation of digital financial services models in healthcare will include: partnership formation between financial services companies and healthcare organizations, adaptation/localization tools from one country to another, suggested metrics or monitoring & evaluation frameworks.
- d) Publication of a landscape study, with key findings, the recommendations listed, and an enhanced framework for mapping digital financial services in healthcare, and an analytics tool to help project leads decide on the most appropriate digital financial services model for a given healthcare market, target population, regulatory environment, or given partners’ capabilities (2 months, including final draft, graphics, and publication).

3. Risk Mitigation

- a) Knowledge gathering, including access to relevant interviewees, especially to those whose models have not been successful - low risk

Mitigation Strategy: We will work through our network to reach out to relevant parties and be upfront about managing sensitive information

- b) Co-convening of potential partners across sectors - moderate risk

Mitigation Strategy: We will be very targeted when identifying and reaching out to bring together relevant parties. We will manage timetables to bring together these parties physically or remotely.

- c) Co-creation of partnerships and solutions - moderate to high risk

Mitigation Strategy: Leveraging our experience in bringing cross-industry partners together, we will design a very structured approach that facilitates productive engagement and focuses on aligning incentives and managing expectations.