



The Impact of health insurance in consumer demand for Healthcare in Cameroon

By

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Abstract:

Health insurance inequity seem to be a big problem in Cameroon and has affected the demand for health care services drastically. We shall critically examine the evolution of healthcare insurance in Cameroon, and also look at general demand for healthcare in Cameroon. We will then move on to see if there is any impact of health insurance to the demand of healthcare in Cameroon, where we can then conclude with a conceptual framework on this aspect. The findings indicate inequity, and low demand due to a problem with; premium prices, the coverage or target population, the financing system, experience, type of health insurance design; expected benefits and affordability that has contributed to low demand for healthcare in the greater population of Cameroon.

The Impact of health insurance in consumer demand for Healthcare in Cameroon

Health has become an important issue in every nation and plays a great rule in that country's economics. It has become of great interest to health economist due to the need to manage the scarce resources in health in order to bring out efficient products or services. Most developed countries have detected this and their governments are playing a greater role in the health sector where they try to see that equity exist and everyone is taken care of. They mostly do this through health financing and health insurance is one of the processes. To the contrary developing countries like Cameroon are still lacking behind where most of her citizens can't afford for payment of health services and insurance is less developed with equity problems still very high. We shall critically examine the evolution of healthcare insurance in Cameroon, and also look at general demand for healthcare in Cameroon. We will then move on to see if there is any impact of health insurance to the demand of health in Cameroon where we

can then conclude with a conceptual framework on this aspect. Furthermore, we shall see how health insurance, if well applied, can solve the health inequity in Cameroon as mention above. It should be noted that economic rules also apply in the health sector like any other business sector. As earlier mentioned, Economists are interested on how to manage the scarce resources in health to come out with an efficient output that is affordable. They are interest in minimizing the cost and maximizing the benefits. The rules of “supply and demand” also applies in healthcare but the main problem here is that it is rare to have a free market since prices are controlled by government policies. It is normal to say “one can’t really pay for his/her health” or that “health is priceless”. This is just to say healthcare is complex and it is very difficult to have market equilibrium since the principal of a free market doesn’t exist in Healthcare supply and demand. The government is always there to mediate. This is supported by Hsiao (1995)who stated that “the free market, however, is not a panacea. It alone cannot perform all economic and social functions. Government needs to guide, correct, and supplement the market in many realms”. The insurance is the intermediary between the patient and the provider of health. Our main aim here is to see if this intermediary (health insurance) has any impact on the consumer demand for health. In short, what is its impact on consumer demand for Healthcare? Cameroon is our case study. Cameroon is a developing country with low income. Cameroon is a lower-middle-income country with a population of over 25 million (World Bank 2018). That said, let’s take an overview of the health insurance in Cameroon

Overview of Health insurance in Cameroon

According “WHO” as quoted by (Escobar, Griffin and Shaw (2010);

More than 2 billion people live in developing countries with health systems afflicted by inefficiency, inequitable access, inadequate funding, and poor-quality services. These people account for 92% of global annual deaths from communicable diseases, 68% of deaths from noncommunicable conditions, and 80% of deaths from injuries. The World Health Organization (WHO) estimates that more than 150 million of these people suffer financial catastrophe every year, having to make unexpected out-of-pocket expenditures for expensive emergency care.

In view of the above policy, makers in Cameroon are mobilizing Health insurances couple with other policies to promote health access and outcomes. It should be noted here that insurance is interest in financial risk protection and not the benefits, according to economists' view. Can this have any impact on health demand? We shall answer this question later on page 8. The main objective of health insurance within policy makers in a system is; to prevent unnecessary out-of-pocket expenditure, promote equity healthcare, promote good exploitation of health services and overall to improve health status of its citizens. Let's critically examine the case of Cameroon.

Due to the unusual features of health, Health economist are interested in the level and extend of government involvement, the uncertainties in health, differences in Medical knowledge and health education among health professionals and the activities /behaviors that can promote or change health etc. All these, gives reason for the need of health insurance to take care of the risk of uncertainties. Many such risks are found in Cameroon.

Health insurance in Cameroon is still unexploited. According to a report put by M Assurances (2019), "the turnover has grown in the recent years but the penetration rate still remains below 2%". This has been due to lack of insurance culture or awareness among the Cameroonian population. This low penetration has resulted to high rates. The population of Cameroon has lost confidence in health insurance companies due to delays in paying healthcare providers, or breaches of contract, where they failed to play their various roles. All this has given a bad image of the insurer. Notwithstanding, Health insurance is concentrated mostly in the large cities (Douala and Yaoundé) and does not extend to the local communities or villages. Health insurance is provided by private companies where the insured contribute monthly or dues deducted directly from his/her salary and paid to the insurance company concern. The government doesn't really provide health insurance but acts mostly like a provided who provide relatively cheap services that can be paid for "out of the pocket" bases. The notion of health insurance in Cameroon is that; it is for the rich or average citizens and is expensive, so just a tiny working population is insured. The insurance company decides on a selected and/or limited providers too. The consumer is left with no choice, although some are given the limited choices decided by their provider. The government of Cameroon recently decided to put in place a healthcare package where she could support civil servants with a percentage of their total healthcare coverage in case they have health issues. The private healthcare providers are much more expensive as compare to public hospitals and that is why in Cameroon, just a minor population uses health insurances. Cameroon

Health insurance is almost non-existent within the country, and finding adequate levels of private coverage has proven to be a concern for the local population (Pacific Prime)

Demand for health in Cameroon.

The Fertility rate is 2.1 and Life expectancy is 60.3 (Worldometer). Cameroon is one of the African nations experiencing a crisis in human resources for health. There are approximately 1.1 physicians and 7.8 nurses and midwives per 10,000 population (WHO AHWO Cameroon Fact Sheet, 2010). It has an aging population. The health workers are unevenly distributed with some areas lacking.

Cameroon's healthcare system is controlled by the Ministry of Public Health. This sector consists of both public and private sectors including religious groups, NGOs etc. Cameroon has permitted Modern, Traditional and Chinese Medicine to be practiced. The government of Cameroon wishes to provide cheap and affordable healthcare services and medication to the population. This is provided through hospitals/Clinics. The country has 178 health districts, 162 district hospitals (it is gradually increasing) of which some are nonfunctional due to lack of equipment or health personnel. It also has roughly 2,043 public medical facilities. In Cameroon, modern and good quality medical facilities are concentrated in the major cities especially Douala and Yaounde, as earlier mentioned. In rural areas healthcare facilities are almost nonexistent and the inhabitants turn to traditional medicine as the main healthcare provider. Most facilities and Doctors demand direct cash payment (out of the pocket). So, family members or meeting groups help to pay for one another's healthcare bills. There is a serious shortage of doctors in Cameroon in relation to the population. Generally, the patients and family are left to pay the medical bills which most often are relatively high and leave them with enormous debts. So, most people who cannot afford healthcare payments do not often seek healthcare providers. Most of them die without any healthcare service. The traditional doctors are also expensive but payment can be done in kind and in installment. Cameroon has a low per income rate where the living standards are below the world standard. Medical resources, coupled with recent technologies in this field has made them to be very expensive that most hospitals cannot acquire. There is an uneven distribution of healthcare providers. Hospitals and human resources (doctors) are thus limited, implying a "limited supply of healthcare services. Since the population is large (25 million in 2019) and the ratio of doctor to population is

1:10,000, there is natural high demand and high prices. Again, poverty usually comes with illness. As earlier mentioned, consumers have three main choices; modern medicine (private or public), traditional medicine or Chinese Medicine. They can also choose between a high quality or a low-quality hospital. Their choices are limited, since they don't have money, no health insurance package, no available and accessible healthcare providers. This provokes the question of healthcare equity. The government of Cameroon has subsidized most treatment fees in public hospitals where treatment at times is relatively free as compared to private healthcare providers. The questions here that interest us is; Is health insurance assisting or can it assist to solve these problems of payments? Is it helping to increase consumer demand or can it help increase consumer demand in this developing country?

Impact of health insurance on consumer healthcare demand in Cameroon.

According to Spaan E. et al (2012) health insurance is attracting more and more attention in low- and middle-income countries as a means for improving health care utilization and protecting households against impoverishment from out-of-pocket expenditures. The health financing mechanism was developed to counteract the detrimental effects of user fees introduced in the 1980s, which now appear to inhibit health care utilization, particularly for marginalized populations, and sometimes lead to catastrophic health expenditures. The World Health Organization (WHO) considers health insurance a promising means for achieving universal health-care coverage.

No expanded studies were found on the impact of health insurance on Consumer demand for health in Cameroon. We should be reminded that Health Insurance main rule is risk protection but the policy makers of the government are interested in both risk protection and other benefits. In Cameroon the government has the National insurance fund that is designed mostly for civil servants (government employees) and take care of some medical expenditure linked to job related medical problems. There are private insurance companies available (voluntary subscription, although in some cases, the government insist on compulsory subscription) and are mostly concentrated in the big cities and geared mostly for the wealthy and average working class. This raises the question of healthcare inequity of which is not really our point of interest at this point. It can be said that the health insurance scheme excludes the poor in

Cameroon. But does introducing insurance scheme actually indicate quality services or more usage by consumers?

Does it imply there is usage of more services as stated by Acharya et al (2012 as cited in Spaan et al 2012);

the purpose of health insurance is threefold: increase access and use by making health services more affordable, improve health status through increased access and use, and mitigate the financial consequences of ill health by distributing the costs of health care across all members of a risk pool.

Financing is one of the barriers to access health and there exist non-financial barriers too. Cameroon is a developing country and developing countries lack financing means and so even if they have a good Health insurance scheme, they will not be able to implement and so won't profit in the threefold purpose of health insurance as indicated above. In Cameroon, the scheme has left out the majority (the poor) and thus does not help in the financial consequences of ill health by distributing the cost of health across the risk pool. Even if the scheme makes it affordable, there will still be a problem of getting a good health provider, since quality service is found mostly in the big cities and room has been given for the insurance companies to discriminate on the type of provider including the provider's location. This goes a long way to deprive the consumer from choosing a suitable provider of choice.

The question we shall be interested in here is that, does the available insurance scheme has any impact on the consumer demand for healthcare services? The question will be answer in three dimensions: I) Do those insured ask for more services than when the where not insured? II) Does insuring more population increases demand or access to health? III) Is the risk pool helping to give access to health to those who could not afford (poor and less privilege)? In short, what is the impact of healthcare insurance on healthcare demand?

Insured consumers turn to ask for more health services than when they weren't insured. This happens mostly with the average wealthy and poor. Since they could not afford to go visit healthcare services due to lack of means. The rich turn to demand more expensive and quality services. Majority of the average rich and poor turn to healthcare service for those conditions that they didn't usually go to, when they weren't insured. (Expensive and unaffordable "out of pocket payment"). And to avoid unnecessary hospital or pharmacy visits, most insurance companies turn to do partial risk sharing, where the insured is entitled to pay 10 to 20% of the bills. This answers our question 1

above; that overall, Consumer demand for healthcare increases. This also implies that insuring more people will increase demand for healthcare. And concerning the 3rd question, the “risk pool” is minimal here in Cameroon since the poor aren’t involve and so this question cannot be answered until the insurance scheme is made in such a way that it will involve the poor and even the non-working class. If this can be done in Cameroon then the demand for health care will increase due to the risk pool. The policy makers should be aware of the fast-growing private sector and their need and willingness to contribute in health insurance scheme.

Conclusion: How does health insurance affect demand? Conceptual framework

Health insurance varies from one geographical location to another. The premium price, the coverage or target population, the financing system, experience, type of health insurance design; expected benefits and affordability, determines affiliation by consumers. It should be noted here that healthcare market concentration (whether horizontal or vertical) by providers, pharmacies or health insurances companies, turn to influence demand for health greatly. Introducing a good public health insurance scheme that will increase coverage widely, is the best way of increasing consumer demand for healthcare, since the private health insurance companies are usually considered to be expensive for the poor and unaffordable. The policy makers in Cameroon should adapt the social health insurance, tax-based insurance, or a mix scheme, which is already adopted and is been practiced in the developed countries (it must be modified to suit the reality). This will reduce the gap of inequity since there will be a common risk pool where the rich and poor contribute according to means but everyone in turn has equal access to healthcare services. This will greatly enhance the demand for healthcare insurance and healthcare services. According to economic theory, health insurance coverage is expected to lead to greater health-care utilisation by reducing the cost of care (Phelps, 1997). As earlier mentioned, Cameroon majority population are the “out of the pocket payment in cash” healthcare consumers type, who cannot afford to pay their bills. According to the price elasticity of demand, if the public insurance scheme is adopted, then healthcare prices will drop and subsequently demand will be high, since many people will subscribe to this scheme and that will help reduce the out of pocket payment. When many people are involved in an insurance scheme, it becomes sustainable. But there is still a moral question to be answered; will the insured receive quality service or will health care providers of good quality be evenly distributed? That question is not of interest in this paper but somehow if providers’ quality

is low and the providers are not accessible then health insurance scheme will affect demand negatively or not at all. This will happen in the rural areas of Cameroon but the reverse will be true for the urban areas (rich). However, the impact of healthcare insurance on consumer demand is somehow very complex in the developing countries (including Cameroon) since it requires financing.

However, taking into consideration supply and demand curves in the healthcare, where the market is not free, then relatively, there is no market equilibrium. But this does not cancel the fact that providers might modify their prices thus hampering or promoting the utilization of healthcare services. This too, can influence demand for healthcare services from insurance companies. So, the government must have a strong regulatory mechanism in place to avoid where there will be reduction in demand for healthcare services. The more there are many people in a risk pool, the less the rate of subscription. The availability of preventive healthcare services is a plus. Cameroon needs more efforts on this area that shall involve private hospitals or clinics. Svoronos *et al.*, (2014) supported this, where they indicated that; ‘factors specific to the developing country context may influence the impact of health insurance, including a lack of awareness of or trust in public programs and a lack of access to health-care infrastructure’. The rule of healthcare insurance impact on demand has been clearly demonstrated but does this have any impact on healthcare equity?

Recommendation: How can health insurance be best applied to reduced health inequity?

Equity in healthcare simply means fairness in providing healthcare services to all. It sounds simple but it is a very complex issue. Here we are talking about insurance services accepting all categories of healthcare consumers and making their scheme affordable to all social groups, the government establishing a public insurance scheme, the accessibility and availability of the insurance scheme to all and the accessibility and availability of the healthcare providers to all. As mentioned earlier on page 10, the policy makers in Cameroon should adapt a Social health insurance, tax-based insurance, or a mix for all. Where the rich can subsidize for the poor. The pool becomes common in usage but the premium should be relative to personal income. Taxes can subsidize for the very poor. Its aim is at giving the low-income population access to quality healthcare services. This scheme insures national coverage. It is said that poverty comes with illness. Thus, in Cameroon, the low income population is vulnerable

and if universal healthcare insurance scheme is not design and applied, then healthcare health inequity will continue in Cameroon, since we have seen the impact of healthcare insurance and demand for health to have great positive influence on healthcare consumption if well designed and implemented. The government should put up a good policy on Health financing that is global than the free sporadic experimental policies. This should follow the Intensified WHO Cooperation (IWC) programme brought forward in 1989.

A national action involving legislation will be better than the multiple disorganized and isolated local experimental approaches in different parts of Cameroon. The economy of Cameroon should be improved and she should collaborate more internationally with the World Bank, WHO, and experienced developing countries that have good Health Care insurances schemes in practice.

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