



CarePay Ltd.

Executive Summary

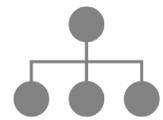
Africa has a very low insurance penetration rate largely due to the high cost of healthcare and the mistrust between payers, providers and consumers. A large majority of the population is forced to pay out-of-pocket for all their healthcare costs. CarePay developed a Mobile Health Wallet, branded M-TIBA in Kenya, through a partnership with PharmAccess Foundation and Safaricom. Health funds from public and private funders can be directly allocated to a clients' mobile wallet. These funds can be restricted to conditional spending at selected healthcare providers. Using the CarePay platform, more than 4 million people have been digitally enrolled for public and private health schemes, who all contribute to attaining Universal Health Coverage in Kenya. The M-Tiba platform in Kenya has been used to offer 320,000 treatments, has handled over 1.4 million transactions, and has paid out 6.4 million dollars to providers. The platform is currently also being rolled out in Nigeria and Tanzania.

Characteristics

- Website** www.carepay.co.ke/
- Recognition** Shared Value Gold Award at Loeries Awards 2017
- FT/IFC transformation business awards 2017
- Awarded "Technology Pioneer" status by World Economic Forum in 2018



YEAR FOUNDED
2015



TYPE OF ORG
FOR-PROFIT



OFFERING
TECHNOLOGY/FINANCING



COUNTRY

- KENYA (BOTH SOFTWARE DEVELOPMENT AND OPERATIONS)
- NIGERIA (OPERATIONS)
- TANZANIA (OPERATIONS)
- NETHERLANDS (SOFTWARE DEVELOPMENT)

THE STORY BEHIND CAREPAY LTD.

In 2011 the concept of a mobile health wallet was developed by co-founder Michiel Slootweg to offer a potential solution to the key challenges faced by the health insurance industry in Kenya. The medical insurance industry continued to experience escalating healthcare costs, coupled by high administration costs and fraud levels resulting in losses on health insurance and the insurance penetration remaining at below 3% of the population.

Insurers responded to these escalation costs by introducing more restrictions, smaller limits and deployment of technology such as biometrics which further increased costs. The over-utilization continued and the trust and transparency within the ecosystem continued to be a key challenge. The inefficient claims process continued, which meant payments to healthcare providers were at times delayed even beyond six months.

During the initial pilots in 2013, clear value was being created by using the Mobile Health Wallet, using this simple mobile solution. Trust, transparency and efficiency was created for all players within the ecosystem (the consumer, payer and the healthcare provider). These pilots, carried out in low income areas of Nairobi, demonstrated that the mobile platform could efficiently offer conditional benefits to target groups as well as digitize and automate payments to providers upon delivery of quality care.

Based on the Mobile Health Wallet concept, also in 2013 a Memorandum of Understanding was signed between the PharmAccess Foundation, Safaricom and the MPESA Foundation to facilitate their working together in creating “an MPESA for healthcare.” This resulted in the launching of the CarePay Health Platform based on the Mobile Health Wallet that could provide real-time Health information and payments to all stakeholders. In 2014 an investment plan for “CarePay Ltd” was created by Michiel Slootweg and Kees van Lede, the other co-founder, and the company was registered in 2015, funded by the MPESA Foundation and IFHA, with the aim of further developing the Mobile Health Wallet into a scalable health platform that could reach all Kenyans, just like MPESA had done in the financial sector. To date, CarePay is still the developer and manager of the M-TIBA platform, which now connects over 4 million lives and more than 1,200 healthcare providers in Kenya alone, and is being piloted and scaled up in Nigeria and Tanzania.



CHALLENGE

Less than one in five Kenyans enjoy some form of medical coverage. This is mainly attributed to the increasing cost of care and the lack of trust between insurance providers, providers and consumers.¹ Every year, about 1.5 million Kenyans are pushed below the poverty line due to catastrophic healthcare costs.² Insurance providers have been unsuccessful in scaling affordable medical insurance covers due to the high administration costs, increasing levels of fraud and the escalating cost of Healthcare. The situation in the other markets where CarePay currently is active in (Nigeria and Tanzania) is similar, if not worse.

The highly manual claims submission processes make it impossible to take prompt actions due to lack of real-time data. It is estimated that as much as 50 percent of insurance claims paid out are actually-falsified.³ Delays in payment, on the fee for service model, have further incentivized healthcare providers towards over-utilization and increasing service costs. Insurers in return, in a bid to manage escalating costs, have increased premiums to allow them to deploy biometric and utilization monitoring technology to manage the highly complex benefit restrictions.

SOLUTION

Through CarePay's M-TIBA platform, funds from donors, public and private insurers are directed to consumers' Mobile Health wallet, making them much more involved and aware of the cost and quality of care they receive. The funds can be restricted to conditional spending at selected healthcare providers. With every transaction, CarePay can offer a digital payment for real-time medical and financial data, making healthcare more transparent for patients, healthcare providers and payers.

The real time data available to insurers should help improve their pricing strategy and their ability to pay providers promptly. In addition, using machine learning and artificial intelligence, the platform aims to automate claims management, prevent fraud, and shift the focus away from fee for service models towards rewarding providers for outcomes and quality care. Competition exists in specific segments, but no player is offering a holistic solution across the entire customer journey.

The use of the mobile phone to manage benefits also fosters a closer relationship with every consumer creating opportunities for behavioral change and increasing the focus on preventative care.

1 Kenya Integrated Household Budget Survey (KIHBS) 2015/2016.

2 Kimani R. Out-of-pocket healthcare expenditures and household poverty: Evidence from Kenya

3 Omondi D. (2019) How doctors are dragging medical insurers to early grave

OPERATING AND BUSINESS MODEL

CarePay operates through a business-to-business, business-to-consumer, and a business-to-government business model. To achieve critical mass, CarePay is working with administrators of large health schemes and directly with payers like the government and donors. In the case of private insurers, they distribute the platform to their members. In the case of governments, so far, their ask has been to drive the process of enrollment of the end users for Universal Health Care. A logical next step would be to also extend CarePay's platform into the public hospitals, to allow for real-time treatment data capture for the government. CarePay has dedicated resources to support all users within the ecosystem.

Current monetization focuses on the payer side through management fees for donor fund management and a fee per life model for corporate and public insurance clients. As CarePay achieves scale, new forms of monetization are expected to arise.

IMPACT

With the use of the CarePay platform, cost of administration per life has been shown to be reduced by more than 50%. The cost of medical care on schemes has also been reduced by as much as 20% annually. Additional cost savings whilst enhancing the quality of care has been shown using additional tools that track patient journeys, allowing for better capitation models and other smart reimbursement and contracting models for care.

For Universal Healthcare in Kenya, the M-Tiba platform has over the past two months facilitated the digital enrollment of over 2.5 million Kenyans in three pilot counties using over 9,000 youth and community health workers.

The use of a mobile health wallet has shown to be an effective tool for improving the saving behavior for healthcare costs and shifting consumers towards purchasing insurance. The ring-fenced health savings wallet makes it easier for the informal sector to access insurance through monthly premiums facilitated from small daily savings.

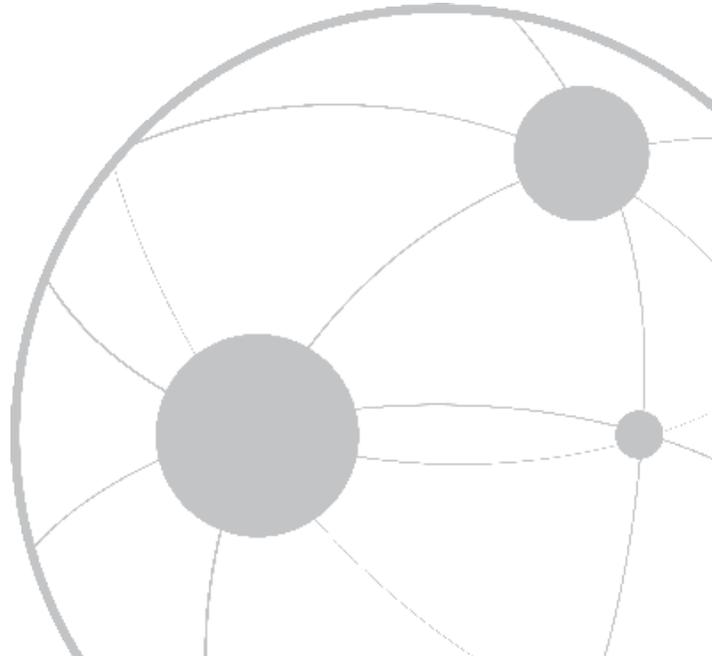
The platform health funds, with their individual set of conditions, from multiple payers including government and donors, can be used to transparently offer comprehensive basic healthcare to those vulnerable within the society at low operational costs.

Additional tools are currently being piloted that support both doctors and patients with non-communicable and other chronic diseases towards improving compliance to care.





INNOVATIONS IN HEALTHCARE™



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the accuracy of the content.