



Photo credit: Abay Akalu, Abt Associates  
A CBHI beneficiary gets her prescriptions at Asfaw Norahun Drug Store

# Contracting Private Drug Vendor Improves Insurance Service in Lay Armachiho, Amhara Region

The community-based health insurance (CBHI) office in Lay Armachiho woreda (district) in Amhara Region contracted a private drug vendor, Asfaw Norahun Drug Store, to provide prescriptions free of charge to CBHI members and their dependents. Typically, CBHI beneficiaries get their prescribed medications from the public hospital and health centers in the area without incurring out-of-pocket expenses. However, when these facilities have stockouts, CBHI beneficiaries turn to private drug stores. Before this agreement with Asfaw Norahun Drug Store, beneficiaries who could find sufficient funds purchased their medications at private drug stores and sought reimbursement from the CBHI office for their out-of-pocket expenses. They had to wait for a lengthy processing period before receiving reimbursement. Some beneficiaries may have had to forego their medications because the out-of-pocket drug price was higher than they could afford. The stockouts and reimbursement issues contributed to CBHI beneficiary dissatisfaction with the services they received.

The CBHI scheme alleviated these constraints to care and created efficiencies in the reimbursement process by contracting with Asfaw Norahun Drug Store and reimbursing the store for the prescriptions they fill.

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In the first six months of the contract (June to November 2021), the CBHI office reimbursed Asfaw Norahun 272,500 Birr (approximately US\$ 5,300) for drugs it provided to over 2,500 CBHI beneficiaries. Agere Enyew, the woreda's CBHI coordinator, said, "Before the contract with the private vendor, the CBHI team was so busy processing numerous reimbursement requests from individual beneficiaries that we could do nothing else." Now the CBHI team processes fewer than five requests per month from CBHI members who bought their medications from vendors other than Asfaw Norahun.

Most importantly, CBHI beneficiaries can more easily obtain their prescribed medications: they no longer have to deal with a lengthy reimbursement process and out-of-pocket expenses. Improved CBHI member satisfaction and availability of medications also contributed to increased CBHI membership renewal and registration this year, according to Agere.

Lay Armachiho woreda is located in Central Gondar Zone of Amhara Region. Over 19,000 households (approximately 73% of the total eligible households) in the woreda are currently enrolled in the CBHI program. This is a 58% increase from last year.

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