



# Stakeholders Meeting on Healthcare Financing in Kenya

## Health Care Financing Reforms in Kenya

**Elkana Ong' uti**

**Chief Economist (MOMS)**

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# Presentation Outline

- Kenya health sector vision
- Objectives of health care financing
- Health financing reforms:
  - Post independence era
  - Introduction of User fees
  - Established of NHIF to provide a contributory hospital based cover and later NHIF reviewed to extend and diversify the range of benefits
  - Sessional Paper on SHI
- Development of the healthcare financing strategy
- Lessons learnt over time
- Key proposals in the strategy

# Kenya Health Sector Vision

- Kenya's health sector vision: Vision 2030 and Medium Term Plan; Kenya Health Policy; Kenya Health sector Strategic Plan II and draft III; MTP II
- **Overall Objective:** Attain universal coverage of critical services that positively contribute to the health of the population

# Specific Policy Objectives

- Eliminate communicable conditions
- Halt and reverse the rising burden of communicable diseases
- Reduce burden of violence and injuries
- Provide essential healthcare that is affordable, equitable, accessible and responsive to clients' needs
- Minimize exposure to risk factors
- Strengthen collaboration with stakeholders and other sectors

# Health Financing Reforms:

## Post independent era

- Kenya has a history of health care financing changes since independence in 1963
- In 1965: Parliament of Kenya passed the Sessional **Paper No. 10 on African Socialism and its Application in Planning.**
  - Government intentions was to provide social welfare services on a large scale through a National Provident Fund and National Health Insurance among other mechanisms.
  - During this period – user charges (Kshs. 5) for every visit to hospital were abolished
  - The Kshs 5 poll tax both used to finance the running of dispensaries and health centres was also abolished

# Health Financing Reforms:

## Post independent era

- 1966- Establishment of NHIF in line with Sessional Paper No. 10 of 1965
- NHIF established to provide a contributory hospital based cover for workers earning over Kshs 1000
- 1972: voluntary membership introduced to bring on board those with monthly earnings below Kshs 1000 and the self employed

# Health Financing Reforms:

## Introduction of user fees in 1989

- Between 1965 and 1989: general taxation used to finance health services in line the policy of free medical care
- Between 1989 and 1992: budgetary constraints and declining donor support led to the introduction of user fees in public health facilities.
- User fees meant to supplement the budget in the running and maintenance of health facilities.

# Health Financing Reforms:

## Kenya Health Policy Framework

- 1994 - The Cabinet approved the Kenya Health Policy Framework
- The framework outlined Government health policies and priorities in the next century.
  - The particular financial reforms included restructuring the NHIF to extend and diversify the range of benefits
- Overhaul of the Fund management with a view to converting NHIF from a hospital to a health insurance fund.



# Health Financing Reforms:

## Move towards Social Health Insurance

- Declining Government support to the health sector - less US\$ 4 per capita (public)
- High out-of-pocket expenditures.
  - A task force set up to explore other financing mechanisms to increase funding to the health sector & reduce OOP spending.
- The task force recommended the establishment of a National Social Health Insurance Scheme.

# Health Financing Reforms:

## Health care financing strategy

- In 2004, Parliament Passed the National Social Health Insurance Bill but not assented to
- A multi-stakeholder Task Force established in 2006/07 to:
  - Develop a long-term, fiscally sustainable, equitable and efficient financing healthcare strategy
- Studies undertaken to inform the process (NHA, PETS , etc)
- Study tours to other countries to provide lessons
- A Health Financing Technical Working Group reconstituted in February 2009 to steer the process
- The draft strategy by 2010 and now and discussions ongoing

# Health Financing Reforms:

## Key Proposals in the Strategy

- The proposals are mutually reinforcing and will guarantee universal coverage for Kenyans. These are:
  - **Protection of the poor through elimination of user fees for the lower level**
  - **Establishment of an Equity Fund for the poor**
  - **Increase informal sector membership in social insurance**
  - **Promote private insurance and other risk pooling plans**
  - **Promote community and other pre-payment schemes through appropriate legislation – Health Benefits Regulatory Authority**
  - **Ensuring every Kenyan belong to a health plan**
  - **Strengthen the role of NHIF in social health protection**

# Health Financing Reforms:

## Health Care Financing Strategy Cont.

- External review of the development of the draft Health care Financing Strategy in terms of contents and process
- The draft proposes a number of financing options:
  - A financing system that guarantees access to quality health care for all Kenyans
  - The system will have in-built mechanism for protecting the poor

## **Finding of the External Review:**

### **Issues agreed on during the stakeholders consultations**

- Issues agreed on:
  - Universal coverage/Social Health Protection
    - All Kenyans in health plan
  - Move to pre-payment system (tax and/or HI)
  - Improve efficiency
    - NHIF
    - Public budget execution
    - Providers
  - Implement NHIF Strategic Review Recommendations
- Purchasing improvement
- Pluralistic services delivery – public and private
- Semi-autonomy of public hospitals

# **Finding of the External Review:**

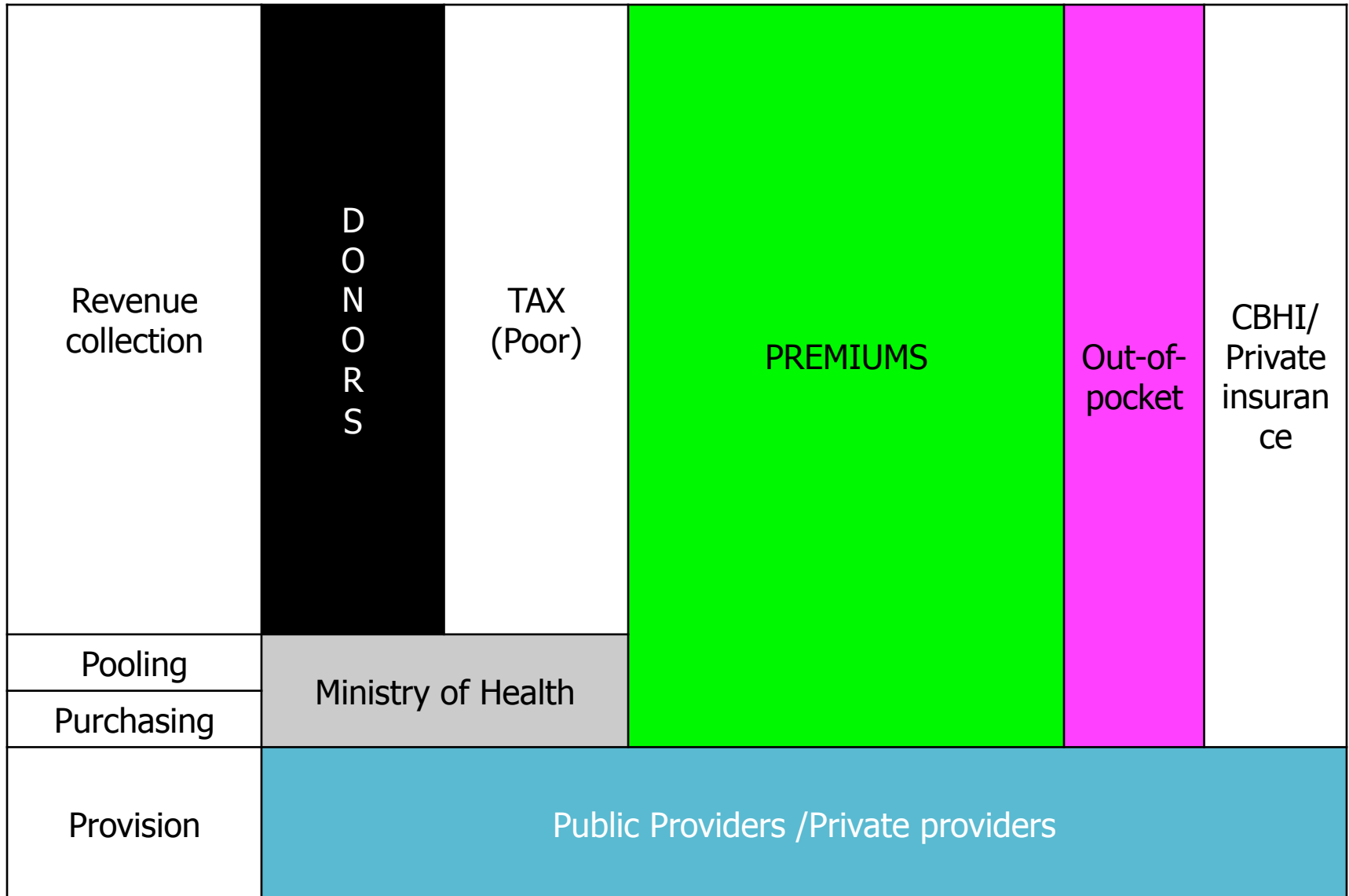
## **Contentious issues identified by the review**

- Different views, interests & positions surfaced during the process of developing the strategy
- Some issues/proposals have not therefore been agreed on:
  - Move to mandatory scheme(s)
  - Health benefits regulatory authority and/or Benefit & Tariff Board
  - National Health Revenue Authority
  - Single pooling and single purchaser
  - Employer contribution among others to NHIF

# Challenges Identified by the External Review

- The changing dynamics among stakeholders
- Changing environment - *e.g. a devolution process that makes the environment for health financing reforms more complex, especially the role of NHIF*
- Bringing together stakeholders to agree on the contentious issues
- **The low level of spending** - may not be sufficient to meet the universal coverage for all in line with the **Constitution, 2010 and its right based approach to healthcare**

# Vision on Healthcare Financing System





# Way forward

- Work with other arms of Government in taking forward areas that have already been agreed (Cabinet Memo)
- Institutional audit of NHIF initiated – Implementation of key recommendations ongoing
- Pilot test some of the proposals in the strategy
- Draft road map with proposed activities that will lead to the finalization of the draft strategy

**Thank You**