A REVIEW OF MAKUENI CARE

THINKWELL

The Strategic Purchasing for Primary Health Care (SP4PHC) project aims to improve how governments purchase primary health care (PHC) services, with a focus on family planning (FP) and maternal, newborn, and child health (MNCH). The project is supported by the Bill & Melinda Gates Foundation and implemented by ThinkWell in collaboration with country governments and local research partners. SP4PHC is focused on purchasing reforms in five countries: Burkina Faso, Indonesia, Kenya, the Philippines and Uganda.

In Kenya, the project is collaborating with the Ministry of Health, the Council of Governors and county governments to strengthen health purchasing policies and practices at the national- and county-levels. This includes providing targeted technical support to county governments in Isiolo, Kilifi, and Makueni counties.

Makueni county has launched a health financing scheme called Makueni Care, which allows registered households to access free services at public hospitals. This brief provides an overview of how the scheme works and discusses how the SP4PHC team will be supporting the County Government of Makueni to improve coherence between Makueni Care and other purchasing schemes, as well as to reform the scheme to strengthen the delivery of PHC services.

ABOUT MAKUENI COUNTY

Makueni is a county situated in South-Eastern Kenya. It covers an area of 8,009 km^2 and is divided into six sub-counties: Makueni, Mbooni, Kibwezi East, Kibwezi West, Kaiti and Kilome. Makueni has a population of approximately 900,000 people, with women of reproductive age representing 23% of the population. Most of Makueni's population lives in rural areas, with approximately 61% living below the poverty line. Table 1 summarizes the county's performance with respect to key MNCH and FP indicators.

MAKUENI CARE

In 2016, the County Government of Makueni launched Makueni Care, a universal health program that aims to improve access to promotive, preventive, curative and rehabilitative health services and reduce the population's high out-of-pocket expenditure. This program is meant to complement the other existing programs in the county. Below, we describe the program in terms of the program's beneficiaries, the package of services included, the providers participating in the scheme, and how the county pays those providers.

Program beneficiaries

The target population of Makueni Care are residents of Makueni county. Residency is verified using the national identity card. People who reside in the county, but whose national identity card reflects otherwise must show proof of six months of continuous residency in the county. Households pay an annual registration fee of KES 500 (USD 4.87) to register for the program. This is in stark contrast to the monthly premium of KES 500 per family charged by the National Hospital Insurance Fund (NHIF), which the county government felt was unaffordable.

Typically, households are comprised of the principal member, spouse and, on average, three dependants; however, there is no limit on the number of people who can register from a household. Children over 18 years of age are considered independent and are supposed to pay the annual registration fee, unless they are attending school and are under 24 years of age (Mohammed, Cyrus, and Wabuge 2018). People over 65 years old are not required to pay the annual fee unless they have dependants. Once registered, each household receives a unique identification number and a single card, on which all the names of the beneficiaries are listed.

Annual registration can be done at a facility or during campaigns organized by the County Department of Health (CDOH) (e.g. two-weeks campaign in April when schools are closed). In fiscal year (FY) 2016/17[1], the first year of operation of Makueni Care, 49,776 households registered under this program. The number of registered households almost doubled in the following year, reaching 90,422 households. In FY 2018/19, 110,982 households registered under this program. The County Government has now adopted an automated system for registering households and expects to reach more households in FY 2019/20 (Makueni CDOH 2019). Households registered in a given year are not automatically registered for the following year. Given the manual registration system used in the first three years of the scheme, it is difficult to track continuation across multiple years versus new families registered every year.

Table 1. Key county characteristics, 2014

Indicator	Makueni county	Kenya
Total fertility rate	3.3	3.9
Maternal mortality rate (per 100,000 live births)	400	362
Infant mortality rate (per 1,000 live births)	53	39
Contraception acceptance rate	31%	n/a
Modern contraceptive prevalence rate (married or in union women)	65%	53%
Percentage of women receiving antenatal care from a skilled provider	98%	96%
Percentage of deliveries in a health facility	53%	61%
Teenage childbearing	11%	18%

Source: (AMREF Health Africa undated; Kenya National Bureau of Statistics et al. 2015; Track20 n.d.)

The County Government augments the funds collected through member contributions from the County Social Service Fund. The budget allocated to this program is approved by the County Assembly. In FY 2016/17, the County Government's contribution was around 87% of total funds for Makueni Care. As the number of registered households has increased in subsequent years, the County Government's contribution decreased to 77% in FY 2017/18 and to 75% in FY 2018/19 (Table 2). In FY 2019/20, the County Government has committed KES 280 million (approximately USD 2.7

[1] The Kenyan FY runs from July 1 to June 30 of the next calendar year.

million) up from KES 166 million (approximately USD 1.6 million) in FY 2018/19 to the program. It also expects to raise another KES 50 million (approximately USD 0.5 million) from registration fees.

Table 2. Makueni Care program funds, FY 2016/17 – FY 2018/19 (KES)

FY	County Government contribution	Premiums	Total
2016/17	168,731,706	24,888,000	193,619,706
2017/18	151,165,533	45,211,000	196,376,533
2018/19	166,000,000	55,491,000	221,491,000

Source: (Makueni CDOH 2019)

The benefit package

The development of the Makueni Care benefit package was guided by various national and county plans and policies including the Kenya Health Sector Strategic and Investment Plan 2014-2018, Kenya Health Policy (2014-2030), Kenya Essential Package for Health, Makueni County Vision 2025, and the County Integrated Development Plan. The County Government also considered criteria such as cost-effectiveness, cost, burden of disease, fiscal impact, etc. The benefit package includes both inpatient and outpatient services as follows:

- **Inpatient services:** Nursing care, daily bed fee, ward consumables, drugs, daily consultations, investigations (both laboratory and radiological) and blood transfusions;
- **Outpatient services:** Dental services[2], minor operations, ambulance services from community to county hospitals, laboratory services, occupational therapy, physiotherapy, routine orthopedic services, pharmacy services and imaging.

A range of services are excluded from the Makueni Care benefit package. Makueni Care does not cover auxiliary devices and cost of surgical implants, forensic services, post-mortem services and specialized services such as computerized tomography, intensive care unit services, dialysis and non-routine medical reports. Referrals to facilities outside of Makueni county are not covered as well (Mohammed, Cyrus, and Wabuge 2018). However, in FY 2019/20, the County Government plans to expand the Makueni Care benefit package to include consultation fees in specialized clinics; ear, nose and throat and ophthalmological services, and ambulance services from county hospitals to any referral destination.

FP and MNCH services are not covered by Makueni Care. Public hospitals in Makueni county have been offering FP services free of charge prior to Makueni Care. Hence, the scheme does not alter anything in this respect. Deliveries, antenatal and postnatal care are all services provided by hospitals and covered through the NHIF Linda Mama scheme. Thus, the County Government has instructed public hospitals to register pregnant women to the Linda Mama scheme and claim reimbursement from NHIF instead of charging any of these services to Makueni Care. However, if national funding for Linda Mama changes in the future, the County Government is committed to covering MNCH services under Makueni Care.

Providers

Once registered under Makueni Care, households can access services free of charge at government-owned county hospitals (8 level 4 facilities) and the county referral hospital (level 5). All public hospitals are automatically qualified to offer services under this program. Primary care facilities (level 2 and 3) are not included in the program, as health care services in these facilities are provided free of charge. It is expected that patients will access services at a primary care facility before going to a hospital. Without a referral from a lower level facility, patients cannot access services in a hospital unless they live close to it. If patients do not meet these conditions and have ailments, hospitals can refer them back to a primary care facility. In FY 2017/18, at least 78% of patients receiving treatment in hospitals were referred from a lower level facility (Makueni CDOH 2019). The scheme

[2] These are cost-shared services.

does not purchase services from private sector facilities.

Payment

Makueni Care uses a fee-for-service mechanism to reimburse the cost of services delivered by hospitals. Providers propose a reimbursement rate, which is validated by the County Assembly. The rate varies due to differences in workload at the facility. The reimbursement process starts at the hospital, whereby the accountant sends the required documentation (Box 1) to the office of the Chief Officer of Health by the third day of the following month. All documents are sent on paper. Reimbursement is remitted by the 10th of the month, and money is deposited into the hospital account. It should be noted that although facilities submit documentation to get reimbursements on a monthly basis, money can be accessed only once the quarterly budget for the hospital is submitted and approved (Mohammed, Cyrus, and Wabuge 2018). Makueni county has implemented an electronic system for hospitals to track their spending, as well as reimbursements received from the county aiming to improve accountability and management of records.

Box 1. Documents required for Makueni Care reimbursements

*1. **Statement of accounts**, which includes the total cost of treatment from different points of services (consultation, laboratory, pharmacy, physiotherapy etc.);*

*2. **Workload report**, which includes the number of patients, the name of each patient, visit dates and cost of treatment;*

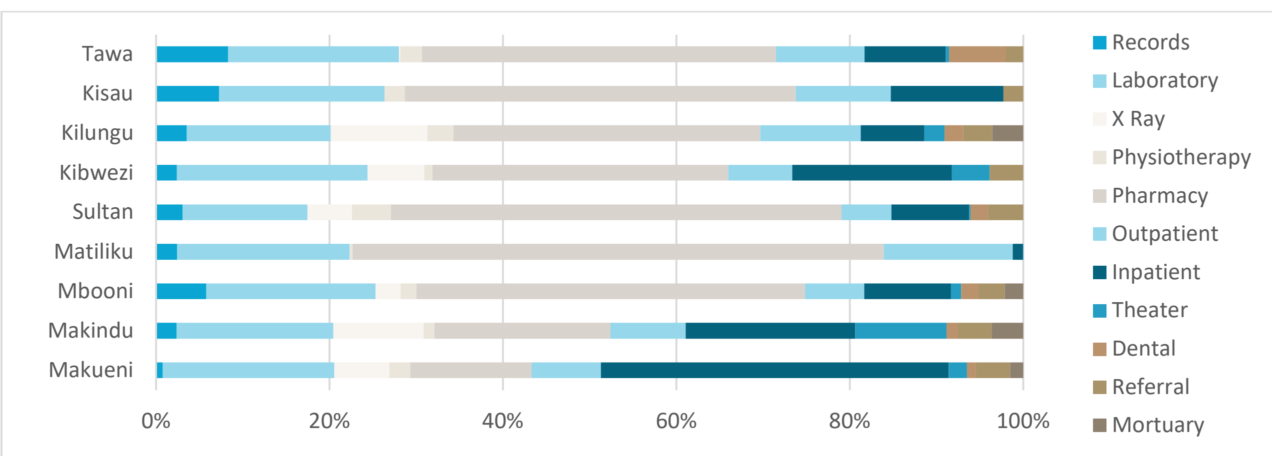
*3. **Invoice** generated by the hospital accountant to request reimbursement;*

*4. **Cover letter** from the health facility requesting reimbursement.*

Reimbursements to hospitals for services provided under this program amounted to KES 231,037,414 (approximately USD 2.3 million) in FY 2017/18. The largest share of this amount was spent on pharmaceuticals (30%), followed by inpatient services (21%), laboratory work (19%) and outpatient services (9%). Makueni Referral Hospital received a third of reimbursements.

Expenditures on pharmaceuticals vary significantly across sub-county hospitals, ranging from 20% at Makindu Sub-County Hospital to 61% at Matiliku Sub-County hospital (Figure 1). Similarly, expenditures on inpatient services vary from 1% at Matiliku Sub-County Hospital to 20% at Makindu Sub-County Hospital. Some sub-county hospitals, such as Kibwezi, Kisau and Makindu, have more expenditures on pharmaceuticals and inpatient services, because these are big facilities, located near rural-urban towns in Makueni County and have a bigger catchment population. CDOH has started an investigation at Matiliku Sub-County Hospital to understand why expenditures on pharmaceuticals account for more than half of total hospital expenditure.

Figure 1. Hospital expenditure by type of services provided under Makueni Care, FY 2017/18



Source: (Makueni CDOH 2019)

Note: All hospitals are sub-county hospitals, except Makueni, which is a referral hospital.

CONCLUSION

Makueni Care is an effort by the County Government to expand access to health services to all of its residents. However, the program faces a few challenges that warrant discussion and action. First, the program spends substantial resources (especially on inpatient care) for those who do not pay any premium, i.e. people over 65 years. Consequently, there are concerns about its long-term financial sustainability. Second, the scheme runs the risk of attracting more people to access care at hospitals instead of lower-level PHC facilities. While patients are meant to be referred by a lower-level facility, the purchaser has no easy way to enforce this. Moreover, service delivery gaps at the lower level will likely trigger an increase in referrals. More in-depth analysis is needed to map patient pathways to explore how the gate-keeping function can be strengthened. Third, the program uses fee-for-service to pay providers, incentivizing hospitals to over-provide services and favor more expensive interventions over simpler, less expensive procedures. Fourth, Makueni Care is one of many purchasing arrangements in use at the county-level. Public hospitals receive supply-side financing from the county (for staff salaries, drugs, etc.). They receive payment under Makueni Care, and can also claim and receive reimbursement from NHIF for those who carry insurance. The CDOH is keen to generate revenues from national programs such as Linda Mama, EduAfya and SupaCover, all of which are managed by NHIF. There is a need to ensure coherence across these provider payment methods. This is even more pressing given the imminent scale-up of the Universal Health Coverage pilot funded by the National Government, which also reimburses public hospitals for forgone user fees.

Therefore, SP4PHC's technical support to the County Government of Makueni is very timely. The team has embedded a program officer within the CDOH to support the department to undertake tailored analytics, design policy reforms, and then test them. The Health Policy Plus project is currently conducting an impact evaluation of the Makueni Care program, the results from which are expected by the end of the year. The SP4PHC team will draw insights from this evaluation and other efforts to assess the strengths and weaknesses of health purchasing policies and practices in Kenya.

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For more information, please visit our website at **https://thinkwell.global/projects/sp4phc/**.

For questions, please write to us at **sp4phc@thinkwell.global**.

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