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The Path to Universal Health Coverage in Kenya: Repositioning the Role of the National Hospital Insurance Fund

The National Hospital Insurance Fund's (NHIF) mandate by the Ministry of Health (MOH) of Kenya to implement Universal Health Coverage (UHC) generated controversy among stakeholders. Prior allegations of corruption and financial sustainability of the initiative were key concerns.

The World Bank Group (WBG), through a collaboration between the Health in Africa initiative programme and the Kenya Health Sector Project, worked with the NHIF on a reform agenda and advised on a strategic review of the organization. The WBG had an extensive dialogue with the NHIF and MOH which led to the approval of an independent strategic review that concluded that, although there had been reputational challenges in the past, NHIF has the capacity to deliver universal health coverage in Kenya.

BACKGROUND

The role of the World Bank Group in reforming and repositioning the national hospital insurance fund

The goal of Universal Health Coverage is to provide everyone with affordable access to health services.¹ Recently, Kenya has undertaken a number of health system and financing reforms to increase coverage for quality health services, improve availability of essential medicines, and reduce out-of-pocket payments.² Health insurance in Kenya is offered by the NHIF and private insurance companies, as well as community-

based and microfinance insurance organizations. NHIF has 18% coverage of the population, while private, microfinance and community-based health insurance provides 2% coverage. The NHIF is a state corporation established in 1966, mandated to provide accessible, affordable, sustainable, and quality social health insurance to the Kenyan population. As the largest national insurer, the NHIF is best positioned to deliver UHC in Kenya. However, due to a number of corruption allegations, mismanagement, poor capacity, inefficiency, and weak governance and accountability mechanisms; stakeholders doubted the NHIF's capacity to deliver UHC in Kenya.

The WBG began to change the perception of the NHIF. Although there

¹ Definition of Universal Health Coverage, World Health Organization http://www.who.int/universal_health_coverage/en/

² See past SmartLesson to read more on health reforms in Kenya: <http://smartlessons.ifc.org/smartlessons/lesson.html?id=1551>



mitment to implement the recommended reforms.

After the rigorous strategic review by the WBG, the Kenyan MOH made a major decision to implement its UHC initiatives through the NHIF. The Kenyan Cabinet approved a policy paper on UHC on October 11, 2012 that made a stronger case for NHIF. The country's commitment to achieve UHC and recommendations from the strategic review were attached to the paper, reflecting the government's commitment to proceed with the reform. The Kenyan government also appointed a task force to manage specific recommendations and implement the re-

were reservations about the NHIF, it is clear that it remains a major organization, with the potential and capacity to realize UHC in Kenya. The first private health sector assessment in Kenya contributed to changes in the perceptions about NHIF. The assessment revealed that the organization was a major player in providing insurance coverage. The private health sector players recognized that a strengthened NHIF with improved coverage would widen the market for potential paying clients.

The WBG took the initiative by collaborating with the NHIF on a reform agenda. The WBG recommended a strategic review to identify NHIF's strengths, weaknesses, opportunities, and areas of reform. The WBG's commitment to extensive dialogue with the NHIF and MOH led to the approval of an independent strategic review of the NHIF as well as an agreement to cost shared expenses from the review conducted by Deloitte Consulting and allow full access to its records and data. The latter was viewed as a major milestone, due to the NHIF's secretive nature on matters relating to its financial records.

The review confirmed NHIF's challenges, but also revealed the organization's ability to successfully deliver UHC. Despite the heated reactions that the strategic review generated, the findings were adopted and approved by the MOH and the NHIF board of directors, who made a com-

mitment to implement the recommended reforms agenda with the objective of "transforming NHIF into an efficient and effective purchaser of quality health care services that are affordable and accessible to the different constituents of Kenya's population." The draft Health Bill is under review by the Kenyan Parliament, which specifically recognizes the role of the NHIF as the key health insurer in Kenya.

The WBG has played a key role in supporting the NHIF to implement a number of key reforms. For example, the NHIF partnered with the WBG and the Rockefeller Foundation to develop a Health Insurance Subsidy Programme for the poor (HISP) which aims to provide comprehensive coverage to the 9 million people living in extreme poverty in Kenya by 2020. The World Bank has provided US\$20 million funding for the initial phase of the program, which includes a US\$6 million grant from the health results innovation trust fund supported by the UK Department for International Development and the Norwegian Government. The WBG is providing technical support for the design and implementation of the program. Also, through the Africa Health Markets for Equity (AHME) consortium, funded by the Bill and Melinda Gates Foundation and the UK Department for International Development, the WBG is supporting the NHIF to increase insurance coverage among the informal sector and increase the number of low-cost private facilities

contracted as service providers. The WBG is collaborating with the NHIF in its implementation of a certification system for increased quality assurance and improvement. The NHIF is contributing 40% of the costs of this quality improvement project. The WBG together with the World Bank and other development partners are supporting the MOH to develop a health financing strategy and roadmap for UHC in Kenya.

These reform efforts, coupled with the catalytic effect of the WBG's work, have resulted in a progressive shift in perceptions about NHIF, especially among key stakeholders, who are increasingly recognizing the crucial role that the NHIF could play in Kenya's efforts to achieve UHC. For example, the ongoing support from the World Bank Group is being complemented by the German Development Corporation (GIZ) through 20 million Euro financing provided through KfW Development Bank. The Japanese government, through the Japan International Cooperation Agency (JICA), has also committed to supporting the NHIF.

LESSONS LEARNED

Lesson 1: Evidence trumps perceptions: The use of evidence for effective policy dialogue.

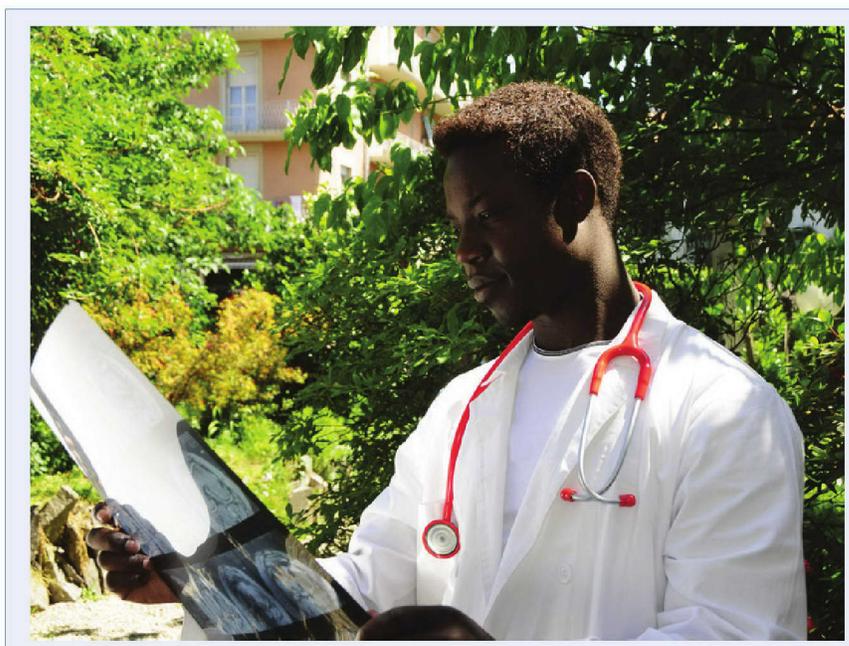
One of the key lessons learned was the critical importance of evidence-based problem solving related to reform policies and public institutions. Stakeholder apathy toward the NHIF was a key challenge; however, the initiative by the WBG to undertake a comprehensive strategic review of NHIF involving MOH and other key stakeholders resulted in a breakthrough. The findings of the strategic review of the NHIF provided concrete evidence on the status of the NHIF and provided the basis for developing a roadmap for its reform. This evidence provided a convincing case on the need for all players in the sector to focus on supporting the NHIF to reform and build its capacity to deliver on its mandate. The success of this process would not have been possible

without the evidence provided by the strategic review and inclusive policy dialogue.

Lesson 2: Don't focus on discovering problems, but find solutions; it's critical to use local institutions for country-driven solutions.

Local institutions in countries play important roles in driving sustainable solutions by development partners. Although the NHIF was initially decried as a vehicle for social health insurance, the strategic review and assessment of private prepaid schemes in Kenya, both supported by the WBG, highlighted the criticality of the NHIF in achieving UHC. The NHIF is a home-grown solution for achieving social health insurance in Kenya, and to date it remains the single largest health insurer, providing coverage to more than 90% of the insured population, with over 40 years of experience in providing health insurance. Rather than discard such an institution, a more effective approach would be to reform and strengthen it. The success of policy and institutional reform lies not in abandoning local institutions but in strengthening them.

It is insufficient to simply identify problems; finding solutions is necessary. As outlined earlier, the WBG did not stop with the NHIF strategic review. It has actively worked with the NHIF to support its reforms. This support helped build NHIF's institutional capacity to support and deliver re-



forms while keeping the broader reform agenda alive.

Lesson 3: Appropriate policy and regulatory frameworks lead to successful reforms.

A supporting policy and regulatory framework remains essential for implementation of reforms. The WBG has supported the MOH in the development of a comprehensive health bill which is currently being debated by the Kenyan parliament and awaiting enactment. The importance of UHC and the critical role of the NHIF is clearly articulated in this draft law. Furthermore, the WBG is working to support the MOH in the development of a health financing strategy and UHC roadmap that clarifies the NHIF's prominent role. These legal and policy frameworks are important for guiding the planned institutional reforms at the NHIF.

Lesson 4: UHC is an important enabler of private sector growth.

The Kenyan experience has emphasized the key role that UHC plays in promoting private health sector growth. Private sector players recognize that increased insurance coverage among the population expands their market. Being the largest health insurance provider in Kenya, there is now a general acceptance that the NHIF is the best placed to drive the UHC agenda. Strengthening the NHIF has been identified as an important priority by private sector providers with the recognition that a reformed NHIF is an important enabler for private sector development in Kenya.

Lesson 5: The need for transparency and citizens' engagement in successful reform.

Finally, as shown by the NHIF, the availability of financial and operational data to public scrutiny enhances trust in parastatal organizations. The reform initiative also helped the NHIF to be proactive and develop a communication strategy to more effectively engage with Kenyan citizens and inform them about its products and services. Reforms without such transparency and engagement will not be effective.

CONCLUSION

The NHIF remains one of the most important institutions for realizing UHC in Kenya. Despite the challenges faced by the organization, there is a growing recognition that the organization is on the path to reform. By choosing to proactively engage with the NHIF, the WBG has made significant contributions to reorienting stakeholder perceptions about the NHIF. This engagement has been deliberative, inclusive, action oriented, and backed by legal and policy reforms. A more efficient and transparent NHIF can help to realize the path toward UHC in Kenya. The experience of the World Bank Group's engagement with the NHIF offers important lessons on how to work with existing public institutions to reform and strengthen their capacity to more effectively deliver their mandate.



DISCLAIMER

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