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IMPROVING HEALTH CARE FINANCING IN KENYA TO ACHIEVE UNIVERSAL HEALTH COVERAGE

The Kenya Constitution 2010 states that every Kenyan has a right to quality and affordable health care¹, and recognizes the role of the government in removing barriers to access. Universal health coverage (UHC) means that all people and communities can use the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship. One of the most critical challenges faced by health systems is to generate efficient, fair, and sustainable financing mechanisms, which guarantee universal coverage of good quality health services to the entire population.

Kenya is committed to achieving universal health coverage and this is also reflected in the 2016 RMNCAH Framework. In 2014 the Ministry of health developed the Kenya Health Policy (2014-2030)² whose goal is attaining the highest possible standard of health. The goal will be achieved by supporting equitable, affordable, and high-quality health and related services of the highest attainable standards for all Kenyans³. The implementation of the Kenya Health Policy Framework (KHPF) 1994–2010 led to significant investment in public health programmes and minimal investment in medical services, resulting to improvement of health indicators such as infectious diseases and child health⁴. It is however important to take cognizance of the emerging increase of non-communicable diseases which are eroding the gains made in the health sector.

Trends in Achieving Key health Targets

Indicators	2008/09	2014
Contraceptive use	46%	58%
Skilled birth attendant	44%	62%
Infant Mortality	52/1000	39/1000
Under 5 Mortality	74/1000	52/1000
Maternal Mortality	488/100,000	362/100,000
Indicators	Indicators	Indicators

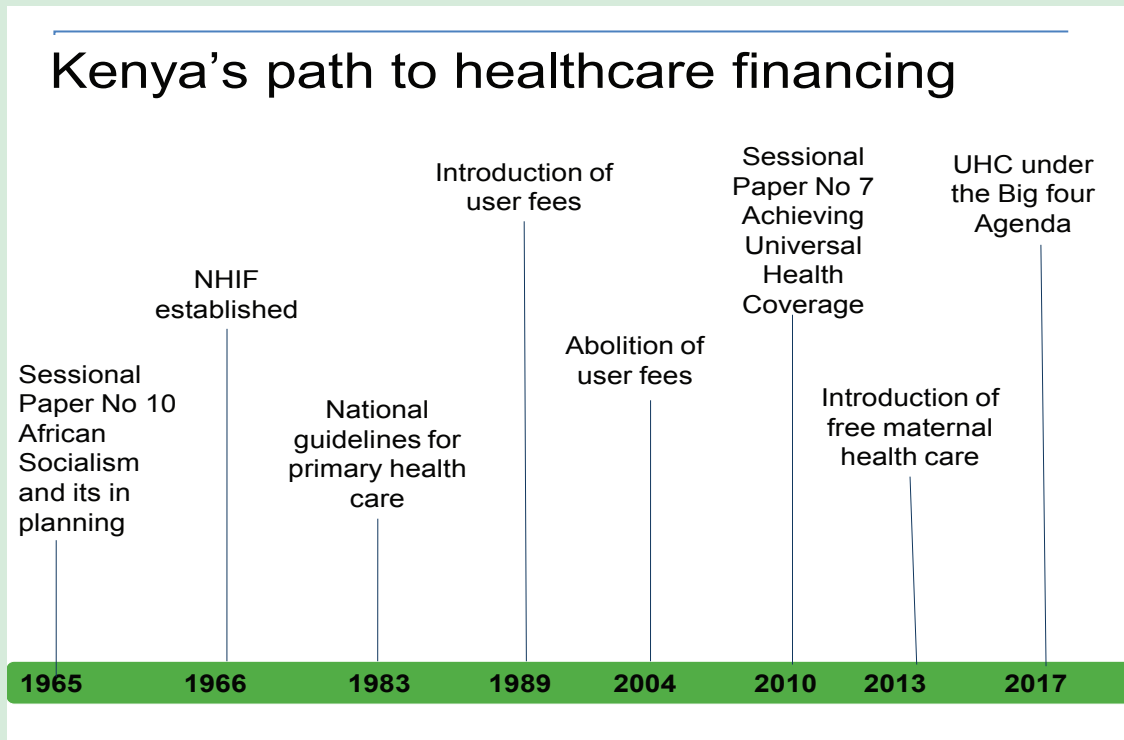
Source: 2014 KDHS

Kenya's health sector is in the process of developing the Health Financing Strategy that will give impetus to Kenya's journey towards Universal Health Coverage (UHC). Health financing is the "function of a health system concerned with the mobilization, accumulation and allocation of money to cover the health needs of

the people, individually and collectively, in the health system". It states that the "purpose of health financing is to make funding available, as well as to set the right financial incentive to providers, to ensure that all individuals have access to effective public health and personal health care"⁵.

The health financing objectives in Kenya remain to assure resource adequacy for delivery of the Kenya Essential Package for Health (KEPH), in an equitable and efficient manner. This it aims to attain, through focusing on systems of resource generation, risk pooling and purchasing of care. Various institutional mechanisms are required, to establish these required systems. The expected institutional arrangements relate to direct purchasing of care, insurance, direct provision of care, and contracting of care⁶.

Ongoing epidemiological, demographic and nutrition transitions will pose significant challenges for health financing systems in Low and Middle-Income Countries (LMICs) in the near future as the communicable disease burden lessens and the non-communicable disease and injury burdens expand. At the same time, the current communicable disease burden, especially that caused by Malaria, Tuberculosis, and HIV/AIDS, poses a serious threat to public health, health systems and economic growth⁷.



Kenya has a long history of health financing. In 1965 the Sessional Paper number 10 on African Socialism and its application to planning set the precedence as one of its key aim was to provide equal access to healthcare of all citizens. The National Health Insurance Fund (NHIF) was established in 1966 for those working to cater for their healthcare and the government to cater for those not able to pay. The District Focus for Rural Development led to decentralization and implementation of WHO framework for Primary health Care by publishing the guidelines to be used in rural facilities. In 1989, due to budget constraints the government re- introduced the user fees which were abolished again in 2004. NHIF has been restructured to respond to emerging needs for its contributors, however, there is only a small percentage of the population that have a form of healthcare insurance hence relying on out of pocket for healthcare. This is not sustainable with most of it running out in case of long illnesses, resulting in numerous harambees from friends and well-wishers to cater for the same.. About 83% of the population lack financial protection from health care costs, and about 1.5 million Kenyans are pushed into poverty each year

due to out-of-pocket payment for health care⁸.

The government spending on healthcare is approximately 6% of GDP which is low compared to other countries in the region. Approximately 25% of the Kenyans are covered by a public, private or community-based health Insurance scheme. The amount of Out Of Pocket (OOP) spending remains high, leading a lot of people into poverty and posing a barrier to access healthcare¹.

The Government is committed to provide health care services to all its population through the National Health Insurance Fund (NHIF) where both formal and sector workers pay a premium into national pool (NHIF) which is the predominant health financing mechanism for Kenya. This financing mechanism has raised questions regarding the feasibility of the approach in settings with large informal sector populations for various reasons including: the difficulty in determining incomes of informal sector workers; appropriate premium rates; how to enforce contributions and ensure that revenue collection mechanisms are administratively efficient.

Health Financing is a Policy Orientation for Kenya Health Policy 2014-2030

Current State of Health Care Financing

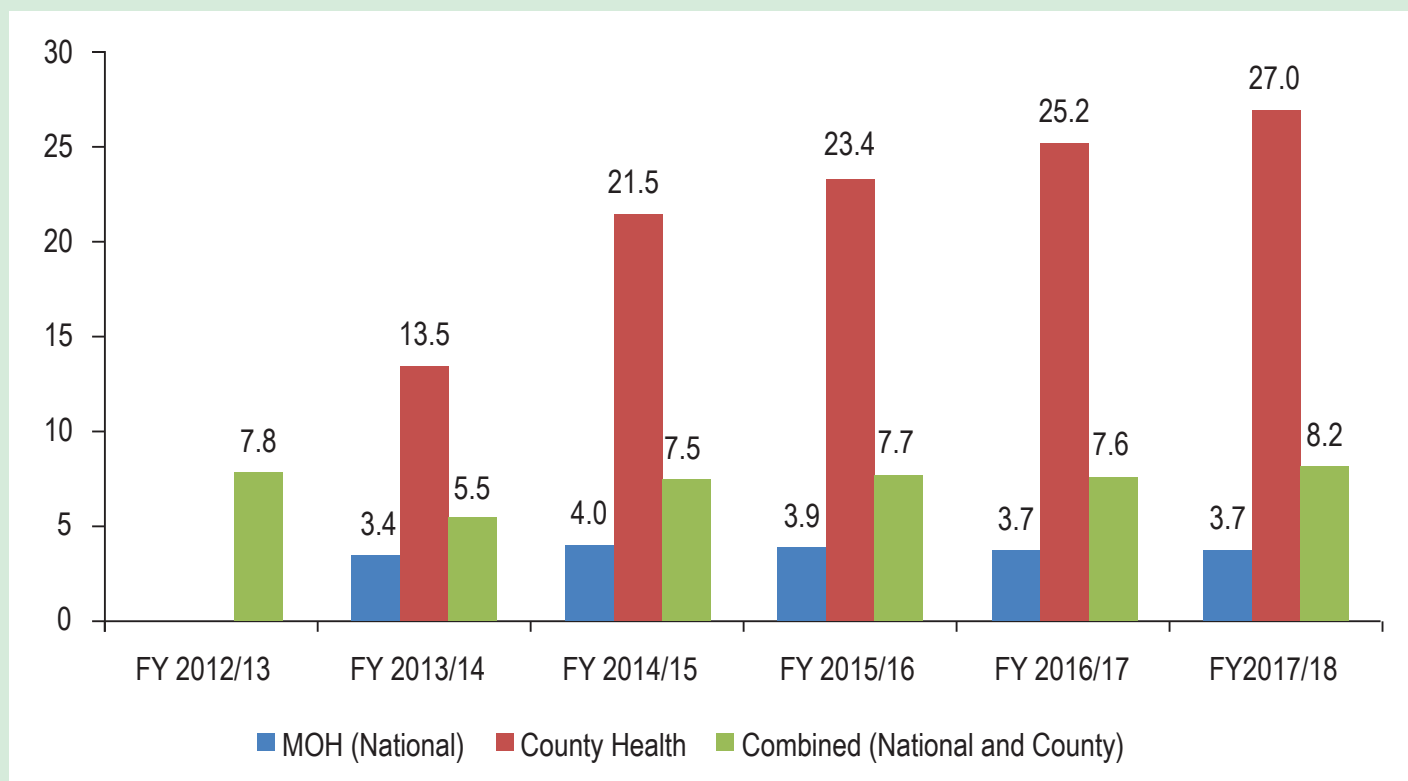
The policy's commitment is to progressively facilitate access to services by all by ensuring social and financial risk protection through adequate mobilization, allocation, and efficient utilization of financial resources for health service delivery. The primary responsibility of providing the financing required to meet the right to health lies with the national and county governments. This will be attained through ensuring equity, efficiency, transparency, and accountability in resource mobilization, allocation, and use. Efforts will be made to progressively build a sustainable political, national, and community commitment with a view towards achieving and maintaining universal health coverage through increased and diversified domestic financing options.

Total Government Budget Allocation to Health

The proportion of the combined discretionary public budget allocated to health by national and county governments during FY 2016/17 decreased to 7.6 percent from 7.7 percent the preceding year, below the pre-devolution level of 7.8 percent and below the Abuja declaration target of 15 percent. Previously, there had been a gradual increase from 5.5 percent in FY 2013/14 to 7.7 percent in FY 2015/16. While national government allocations to health flattened to about 7.6 percent over the FYs 2013/14 to 2016/17 period, county governments maintained a gradual increase from 13.5 percent to 25.2 percent over the same period⁹.

In FY 2016/17, county governments increased allocations to health as a percent of total county budgets to 25.2 percent (Ksh 92 billion), up from the previous year's 23.4 percent (or Ksh 85 billion) and 27.0 percent in 2017/18. While this indicates an increased commitment to health by county governments, the allocation is still below pre-devolution levels.

Figure 1: Trends in Health Allocations as a Percentage of Total Government Budget at National, County and Combined

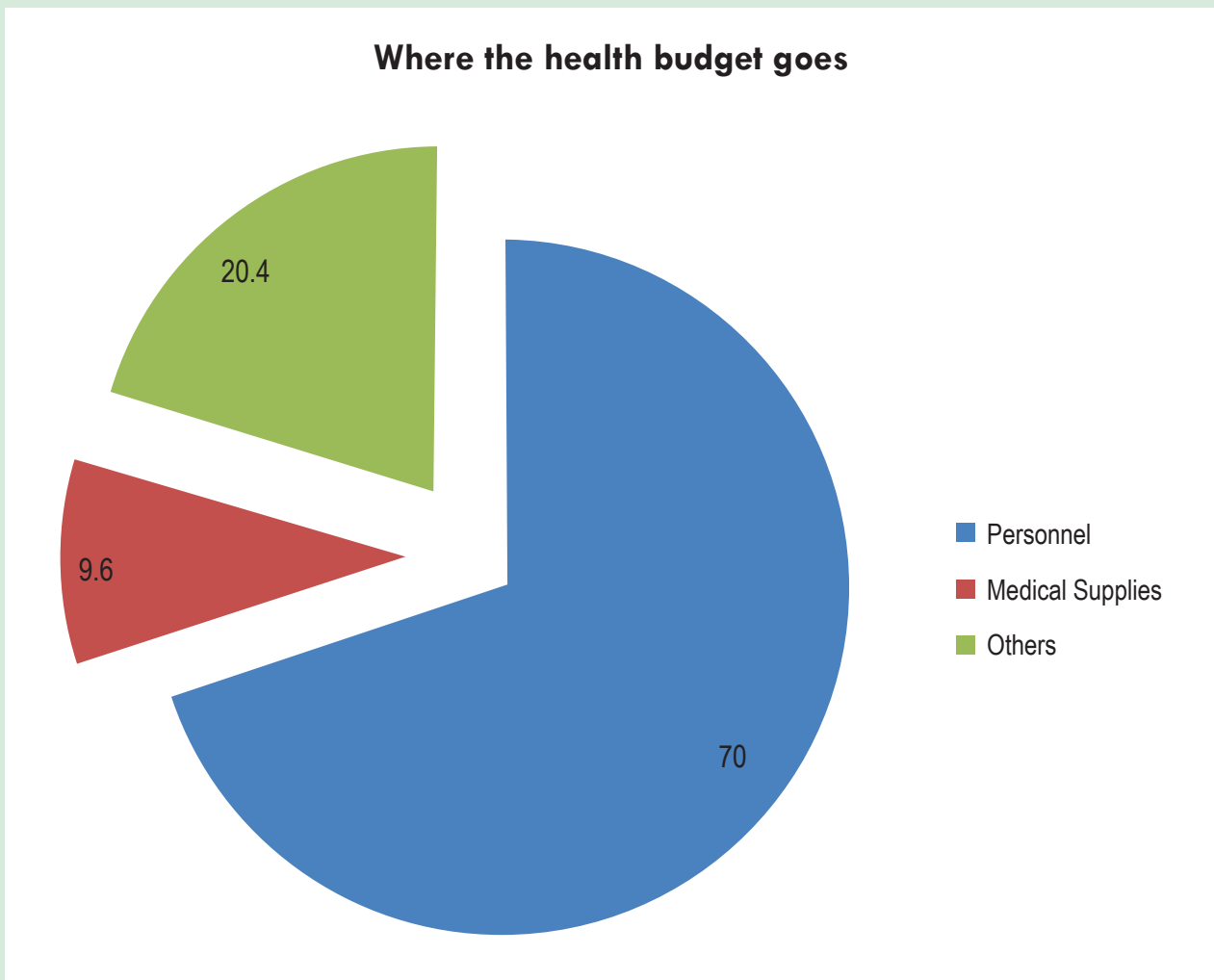


Source: Ministry of Health, 2017; National and county health budget analysis

The results summarized in Figure 1 show that the combined allocation to health in Kenya has remained almost constant at between 7.5 – 8.2 percent of total government budget over the last four fiscal years of devolution. After an initial drop to 5.5 percent in FY 2013/14 with the onset of devolution, the allocation to health increased to 7.5 percent in FY 2014/15 and has remained almost the same since then.

The monetary gains will not translate into progress unless they are paired with efficiency improvements and directed toward priority interventions. Costs associated with staff continue to use up around two-thirds of county health funds (around 70 percent) and medical supplies, on average, receive about 9.6 percent of the total health allocation in FY 2016/17¹⁰, leaving little for priority interventions and programming (Figure 2). As counties consider options for enhancing efficiency in resource allocation, efforts should be made to prioritize spending more on primary care to get better health outcomes at lower costs¹¹.

Figure 2. Budget Allocation for Health



Source: Ministry of Health 2017

County Governments Allocation to Health

In FY 2016/17, county governments increased allocations to health as a percent of total county budgets to 25.2 percent (or Ksh 92 billion), up from the previous year's 23.4 percent (or Ksh 85 billion). While this indicates an increased commitment to health by

county governments, the allocation is still below the recommended proportion of 35 percent in the pre-devolution period. Also per capita allocation on health has by county governments has increased to Ksh 2,020 (20 USD) per person in FY 2016/17, compared to Ksh 1,910 (20 USD then3) in FY 2015/16, an increase of just 6 percent in Kenya shillings, .Even with the small increase, there were variations within counties in per capita health budget allocations during FYs 2015/16 and 2016/17¹².

How do Kenyan's access health care?

The informal sector workforce represents 83.3% of the total Kenyan workforce¹³. Unfortunately, few informal workers opt into the government's National Hospital Insurance Fund (NHIF) and only 2% of all workers carry private health insurance, primarily those who have formal employment.¹⁴ Therefore, the reality is that Kenya's working poor are largely uninsured, particularly for outpatient services. When low income Kenyans access healthcare through the private sector, they pay out-of-pocket (OOP).

Most informal sector workers and the general public have no health insurance, exposing entire families to impoverishment if one member suffers from a major illness. This slow uptake among the informal sector and general public is the result of a combination of factors including low awareness on the existence and importance of health insurance.

There is need to reduce government dependency on donor funding Health Financing Strategy for Universal health Coverage

Government dependency on donor funds to finance health care in the country has brought concerns to the health sector noting that Kenya has been stated as Low-Middle Income Country which will see a decline in donor funding for the health sector therefore reducing resources to provide universal health care. Donors contributed 63.4 percent (or Ksh 19.8 billion) of the Ministry of Health's development budget of Ksh 30.7 billion in FY 2016/17¹⁵. Much of this donor funding was allocated to HIV, reproductive health, immunization, and health systems support. The government therefore needs to mobilize resources locally through investments, pooling of premiums in order to finance health care adequately.

Healthcare Financing- Case of NHIF

The National health Insurance Fund (NHIF) was established in 1967 as a department within the Ministry of Health, by an Act of parliament. This has been reviewed over the years and it is now governed by Act No. 9 of 1998 - National Hospital Insurance Fund Act. The Health Insurance Act declares that both formal and informal sectors must enrol into the national healthcare program. Retirees, self employed persons and those working in the informal sector can openly and voluntarily register to contribute monthly, but all workers employed in the formal sector are required by law to

become members of NHIF.

The NHIF is the primary provider of health care insurance for Kenyans. The health insurer envisions a brighter future where accessing quality and affordable health services at a national hospital for all members will happen quickly and without much hustles. These include various in-patient and outpatient health services in addition to the ward bed-focused services the fund previously covered. With global medical costs rising, it appears that the changes were almost imminent. One thing that makes NHIF stand out is that, it does not discriminate when it comes to diseases. All diseases in Kenya are catered for by the National Health Insurance Fund. Patients under the NHIF fund in Kenya have packages covering comprehensive maternity and caesarean, dialysis among others not covered by private insurance schemes.

NHIF has been diversifying its services and one of the new innovative ways to provide insurance cover is targeting women during pregnancy and delivery through the Linda Mama initiative – a public funded health scheme that will ensure that pregnant women and infants have access to quality and affordable health services. Linda Mama provides a package of basic health services accessed by all in the targeted population on the basis of need and not ability to pay, positioning Kenya on the pathway to Universal Health Coverage (UHC).. Linda mama's goal is to "Achieve universal cases to maternal and child health services and contributes to the country's progress towards UHC".

Strategies to Improve Health financing

The Health Act 2015, clause 54 expressly singles out UHC as a top priority, stating that the "Ministry of Health shall ensure progressive financial access to universal health coverage" through various measures. One of the measures outlined in the Act includes developing a mechanism for an integrated national health insurance system, including making provisions for social health protection. The country's health insurance coverage stands at 20 per cent, according to data from the Ministry of Health. This is unacceptably low as many Kenyans lack financial protection in the event of huge medical costs. Consequently, the World Bank estimates that one million Kenyans fall into poverty annually due to healthcare related expenditure.

Primary healthcare can address 90 percent of the health issues¹⁶. Evidence from the World Health Organization (WHO) shows that if all women had access to antenatal care in pregnancy, skilled care during childbirth, and support in the weeks after childbirth, countries can achieve the goal of universal

health coverage.

WHO has calculated that in order to attain UHC in low and middle income countries by 2030, more than 50 percent of the additional health care spending in the coming years should be allocated to primary care, particularly to human resources, infrastructure, and equipment.

What can be done to achieve universal health care?

Investing in strong primary health care systems is one important solution for improving the health and well-being that will ensure effective, primary health care that can manage 90 percent of people's diverse health needs so that patients only require hospitals or specialists 10 percent of the time.

Eliminating out-of-pocket health care costs for health care services to reduce lack of access to health care among various income groups.

Affirmative action to make NHIF a health insurance for all including those who cannot afford the premiums by increasing awareness about health insurance, considering many of the uninsured are in hard-to-reach rural communities and the informal sector.

Citizen participation and accountability by both the county and the national government in health care spending will be essential to ensuring the achievement of UHC.

NCPD is a semi-autonomous government agency that formulates and Promotes population policy and coordinates related activities for sustainable development in Kenya.

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