Stakeholders Meeting on Healthcare Financing in Kenya

Health Care Financing Reforms in Kenya

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30th August, 2012
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 Heath 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


  – 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

- Revenue collection
- DONORS
- TAX (Poor)
- PREMIUMS
- Out-of-pocket
- CBHI/Private insurance

Pooling
Ministry of Health

Purchasing

Provision
Public Providers/Private providers
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