THE ROAD TO UNIVERSAL HEALTH COVERAGE: REPOSITIONING NHIF

The Kenyan government has made a commitment to provide everyone with affordable access to health services through Universal Health Coverage (UHC) by 2022. Access to health care for all citizens regardless of their economic or social status is entrenched in Kenya's Constitution. Ongoing efforts by the Kenyan government to deliver on this mandate through UHC is a step in the right direction towards ensuring that every Kenyan citizen has access to essential and quality health services, wherever they may be, without running into financial catastrophe.

In December 2018, Kenya rolled out UHC in four pilot counties using a supply-driven model through the Kenya Medical Supplies Agency (KEMSA). Health insurance in Kenya is offered by the National Hospital Insurance Fund (**NHIF) (18% coverage of the population)** and private insurance as well as community based and micro insurance organisations (all at 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. Membership in to the NHIF is mandatory for formal sector workers, who pay an income rated monthly contribution through statutory deductions, whereas it is voluntary for informal sector workers, who pay a flat rate contribution directly to the NHIF As the largest national insurer, for quality health services, **NHIF** is best positioned to deliver **UHC** in Kenya. However, due to a number of corruption allegations, mismanagement, poor capacity, weak governance, as well as community accountability mechanisms; stakeholders doubted the NHIF's capacity.

In the past, reforms have been undertaken by the NHIF, and though well intentioned and having presented improvements in several areas, these reforms have raised equity, efficiency, feasibility, and sustainability concerns. As a result, there has been an increase in premium rates making the scheme unaffordable to the informal sector, inadequate service delivery infrastructure, geographical inequities in access to health services, unequal distribution of entitlements across population groups, perceived inadequacy of outpatient capitation rates, delayed disbursements of payments to facilities, inadequate monitoring of the quality of services offered in public hospitals, loopholes in NHIF processes presenting an opportunity for fraud by health care providers, and patients, as well as poor communication of service offerings to make citizens awareness of their obligations and entitlements.

Amref Health Africa proposes a number of recommendations that will go a long way in transforming NHIF into a strategic purchaser of health services in implementing UHC.

1. **Increasing revenue collection:** Kenya will not mobilise sufficient resources using a voluntary contributory mechanism. Though NHIF can feasibly mobilise resources from formal sector workers through payroll deductions, expanding national pools through public subsidy is key to expanding population coverage with prepayment financing in a setting like Kenya that is characterised by high informality and poverty. Kenya should consider allocating tax revenues to the NHIF to provide coverage to Kenyans. To provide subsidies for the poor,

Kenya will need to develop and implement a framework for targeting/identification of the poor at scale. Without a national framework for poverty identification, it will be impossible to scale up a health insurance subsidy program for the poor. NHIF should consider having incentives for microfinance institutions or community groups to enrol their populations and engaging the private sector for financing and delivery of primary health care.

2. **NHIF as a Strategic Purchaser:** Rather than playing both revenue collection (by collecting premiums from individuals) and purchasing roles, the NHIF's mandate could be restricted to strategic purchasing, with revenues collected through direct and indirect taxes by the country's tax collecting agency and allocated to the NHIF to purchase services for Kenyans. With regard to risk pooling, the NHIF should consider consolidating the CSS, national scheme, and HISP scheme into one pool. This will allow for greater cross-subsidization and minimize administrative costs.

3. **Improve the service delivery infrastructure of public hospitals:** Significant capacity is required to strengthen the delivery of services to its members. Specifically, the NHIF will require expanding the network of health care facilities contracted to provide services to its members. In doing this, attention should be paid to contracting facilities in poor, rural, and/or marginalized areas to remedy the pro-urban and pro-rich geographical distribution of contracted facilities. County governments should invest in improving the capacity of public healthcare providers to deliver good quality care. This includes ensuring the facilities have adequate human resources for health, medicines and medical equipment. This can be achieved through the enactment of Facility Improvement Fund bills that will ring-fence revenues raised by facilities including NHIF rebates.

4. **Fair selection and distribution of contracted health care providers:** The NHIF should re-orient its facility selection to create a balance between public and private facilities and between urban and rural facilities, to improve equity in geographical access. The NHIF can strengthen its quality management processes and the enforcement of contract terms such that providers are held accountable for providing good quality services to its members.

5. **Determination of provider payment rates:** This should be informed by evidence generated from rigorous costing and actuarial analysis, rather than recommendations from health care providers. The NHIF should avoid purchaser capture, where health care providers exert a high influence on provider payment rates, resulting in inflated costs of services that benefit providers but compromise the sustainability of the NHIF. Appropriately costed provider payment rates will enhance the financial sustainability of the NHIF.

6. **Ensure timely disbursement of payments to health providers:** The NHIF should ensure timely disbursements to healthcare providers for all the services under its benefit package.

7. **Good governance:** The NHIF should strengthen its governance system and invest in fraud minimisation strategies to address loopholes in their processes. Specifically:
    - a change in the tone at the top to inculcate a culture of zero tolerance to fraud

- automate authentication of card services by way of biometric registration of contributors and their dependants
- immediate corrective action and penalties for providers found to be presenting fraudulent claims
- provide the public with access to an independent hotline to report fraud for increased transparency and accountability
- continuously conduct fraud risk assessments to identify, monitor and manage risk
- a more representative NHIF board including representatives of employers, civil society representing citizens, and representation from professional associations
- Segregation of functions with a separate body to handle accreditation of facilities and provide oversight on quality improvement/assurance
- accountability of the fund to consumers and providers by providing both with access to online statements of their accounts.

8. **Develop a uniform benefit package across all the NHIF beneficiaries**: The NHIF should harmonise its benefit packages and develop one package that all its members are entitled to. This will reduce disparities in service entitlements that could entrench inequalities.

9. **Adopt effective communication strategies** to make NHIF customer-centric especially for those in the informal sector by bringing on board community-based health insurance schemes to collect contributions from households, collecting user feedback to inform provider performance and improved communication of NHIF service packages to citizens for increased awareness of their entitlements and for accountability. The NHIF should adopt communication strategies that are accessible not only to high income, educated, urban population groups, but also strategies that reach low income, less educated, rural population groups. The NHIF should also explicitly state the range of services offered in each benefit package.

10. **Reorient NHIF from *Hospital* to *Health*** to include annual screening for all members to promote early disease detection to what is covered by NHIF, in line with the recommendations of the health benefits panel.