Transparency and Accountability of National Health Insurance Fund Related Funds at the Sub-National Level: A Case of Machakos County
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1. Introduction and Background

The National Hospital Insurance Fund (NHIF) plays a pivotal role in providing health insurance to Kenyans. The mandate of NHIF is expanded to include health subsidy programmes that cover poor and vulnerable households that cannot afford health care. Linda Mama is a health subsidy programme targeting Kenyan mothers and covers ante-natal, delivery and post-natal services. Under this programme, mothers are covered for; pregnancy care, delivery in a health facility, post-delivery care, and outpatient baby care offered at Level 2. NHIF works with accredited health facilities which are either public, private or faith-based.

Machakos county has a population of 1.4 million people, making it the ninth most populated county according to the Population and Housing Census by the Kenya National Bureau of Statistics (KNBS). About 23 per cent of households in Machakos live in poverty, according to KNBS. This means that approximately 93,000 of Machako’s 402,000 households are poor. The county has 187 public health facilities, of which 96 percent are dispensaries and health centres.¹ Health insurance coverage in the county stands at 19 percent, with deliveries in health facilities at 92 percent. These indicators provide the picture of a county doing well in some respects, such as maternal health but also challenges in other areas such as health insurance and poverty. NHIF’s schemes across the county aim to ensure wider coverage of health insurance and cushion poor households from the negative impact of health costs. This study focuses on the information available on NHIF in Machakos county as presented in the county’s budget documents and through interviews with key health, finance, and legislators. The study focused on the Linda Mama Scheme in the county as one of the key programmes that NHIF.

2. Methodology

This study’s main goal was to understand the level of fiscal transparency of NHIF-related funds through publicly available information from the Fund itself and county government documents. The information sought included revenue receipts from NHIF expenditure trends and any challenges in the intergovernmental aspects between NHIF and the county. Further, it targets Linda Mama and examines the policy reforms and cashflow processes of NHIF in Machakos county. Notable, the Linda Mama scheme was a focus of the study to get a more in-depth understanding of revenue mobilization, execution, and evaluation in Machakos County.

In this study, desktop reviews and primary data were utilized. We reviewed Machakos County websites to check available public budget documents, policies, and Acts. The analysis was conducted on both quantitative and qualitative data that was found publicly available. Where information gaps were identified, the study utilized informant interviews to get more information from the county executive, assembly and four health facilities, i.e., levels 2,3,4,* and 5.2

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2 Katani Dispensary, Mlolongo Level III Athi River Level IV* (indicated as Level III) and Machakos Level 5.
3. Analysis and Findings

Our study found that most of the budget documents within the scope of the study were publicly available on the Machakos county websites, even though the level of information provided was limited in many aspects, especially on Linda Mama and NHIF.

Table 1: Transparency, what information is available to the public?

<table>
<thead>
<tr>
<th>What is publicly available</th>
<th>What was found through Access to Information</th>
<th>What was shared through Key Informant Interviews</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Budget Review and Outlook Paper FY 2018/19, FY 2019/20, FY 2020/21</td>
<td>None</td>
<td>The CBROP has one aggregate line for all its own source revenue. There is no disaggregation of the different components.</td>
<td></td>
</tr>
<tr>
<td>County Fiscal Strategy Paper FY 2018/19, FY 2019/20, FY 2020/21</td>
<td>None</td>
<td>The CBROP has one aggregate line for all its own source revenue. There is no disaggregation of the different components.</td>
<td></td>
</tr>
<tr>
<td>Programme Based Budget FY 2018/19, FY 2019/20, FY 2020/21</td>
<td>Access to information was not submitted because the budget documents are publicly available on a county government website</td>
<td>None</td>
<td>The own source revenue section is disaggregated and has a line for &quot;health revenue&quot;. It is unclear whether this includes all revenue, including those from NHIF, based on the feedback during the interviews that are handled differently from user fees collected by facilities.</td>
</tr>
<tr>
<td>Office of the Auditor General reports FY 2018/19 and FY 2019/20</td>
<td>None</td>
<td>They were available for only two of the three years, namely 2018/19 and 2019/20. The reports did not disclose information on NHIF Linda Mama Funds utilization.</td>
<td></td>
</tr>
<tr>
<td>Controller of Budget Implementation Review Report FY 2018/19, FY 2019/20, and FY 2020/21</td>
<td>These are documents from an independent office on budget execution across the four quarters in each financial year.</td>
<td>None</td>
<td>Lack of disaggregation on source revenue and no details of NHIF receipts and the amounts going towards Linda Mama.</td>
</tr>
</tbody>
</table>
3.1. Accredited Health Facilities offering Linda Mama

The information on public health facilities accredited to receive funds under the Linda Mama scheme is not publicly available and is only known by health facilities and NHIF. Information on five private health facilities offering Linda Mama in Machakos is publicly available on the NHIF website. However, the public cannot tell whether all the facilities are listed. Further discussions with an official from the County Executive revealed that not all levels 2 and 3 facilities are accredited to receive funds from Linda Mama.

3.2 Policy documents statement on transparency about funds and programmes

Various policy documents were assessed: Public Finance Management Regulations 2015, Machakos County Revenue Administration Act 2015, and Machakos County Health Services Act 2021. The County Public Finance Management Regulations 2015 clause 8 (1) states that "(1) The Chief Officer shall, within three months after the end of a financial year, prepare a statement of accounts of the Fund’s for that financial year and submit it to the County Assembly. (2) Every statement

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**Annual reporting by Director**

9. (1) For each financial year, the Director shall prepare and keep proper books of accounts in accordance with section 165 of the Public Finance Management Act.

(2) The Director shall prepare an annual revenue collection report indicating total collections in the different categories of revenue and an assessment of the operation and administration of all revenue laws.

(3) The Director shall submit the annual report to the County Executive Member responsible for finance within sixty days after the end of the year to which the report relates.

(4) The County Executive Member shall, not later than thirty days after the receipt of the report from the Director, submit it to the county assembly.

*Source: Machakos County Revenue Administration Act 2015*

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of account prepared under this regulation shall include details of the balances between the assets and liabilities of the Fund and shall indicate the financial status of the Fund as at the end of the financial year concerned.” It is worth noting that there is no statement in the policy document stating that this information should be made public. Thus, that statement will make it mandatory for the information to be publicized on the county assembly website. Also, the director is supposed to report annually, as shown.

The Machakos County Health Services Act 2021 creates a health fund to pool all resources received for health-related expenditures. This breakdown of sources for the revenue to the Fund includes receipts from health insurance agencies which, in this case, would have NHIF-related funds. On accountability, the law in a section has clause 48 (2) stating that financial statements shall be published. "within three months after the end of each financial year, the Chief Officer shall— (a) submit to the Auditor-General the accounts of the Committee for the year with copies to the County Treasury, Controller of Budget, and Commission on Revenue Allocation; and (b) Publish and publicize the financial statements. Therefore, the county has clear guidelines on the level of disaggregation in its health revenue and the requirement to be transparent on all resources received and spent out of the Fund. However, during the interviews with county officials, they indicated that the Act is not being fully implemented yet, which may explain the lack of transparency and the multiple ways that health funds are handled. For example, the law indicated that all revenue collected as user fees should be “ploughed” back into the facility. However, that revenue is currently collected into the County Revenue Fund, while funds from NHIF are sent directly to the facilities for spending, according to the key informant interviews.

### 3.3 Budget documents information on NHIF Linda Mama Program

The budget documents were accessed through submitting an Access to Information request to the county executive and review of the county assembly and county government websites. The following budget documents were examined, primarily the revenue, expenditure, and non-financial information on NHIF Linda Mama for the financial year 2018/2019, 2019/2020 and 2020/2021. The documents are County Budget Review and Outlook Paper (CBROP), County Fiscal Strategy Paper (CFSP), approved Program Based Budget (PBB), Office of the Auditor General reports, and Controller of Budget Implementation Review Report. Further scrutiny on revenue emanating from NHIF Linda Mama Program did not bear fruit since the revenue information provided was given as a broad figure and not disaggregated.

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4 [https://drive.google.com/file/d/17PkJA6mCpukHdZkPD0oSPICmZpFuj917s/view](https://drive.google.com/file/d/17PkJA6mCpukHdZkPD0oSPICmZpFuj917s/view)
**Table 2: The Information Provided in Machakos County on National Health Insurance Fund Specifically on Revenue, Expenditure and Non-Financial Information (Kshs. Million)**

<table>
<thead>
<tr>
<th>Budget Document</th>
<th>Key Information</th>
<th>FY 2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenditure</td>
<td>None</td>
<td>1,019,870,609 (1st half 2019/2020) from the health and emergency department</td>
<td>1,678,735,973 (1st half 2020/2021) recurrent expenditure from the health and emergency department</td>
<td>No disaggregation is provided to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Non-Financial Information</td>
<td>They have provided for other sectors except for health</td>
<td>None</td>
<td>None</td>
<td>No information provided</td>
</tr>
<tr>
<td>Programme Based Budget</td>
<td>Revenue</td>
<td>123,401,888 from health revenue</td>
<td>32,723,116 from health revenue</td>
<td>80,637,350 from health revenue</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>4,293,811,773 from health sector</td>
<td>3,904,764,283.10</td>
<td>4,447,058,568</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Non-Financial Information</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>No information provided</td>
</tr>
<tr>
<td>County Budget Review and Outlook Paper</td>
<td>Revenue</td>
<td>73,131,315.00 on health revenue 2017/18</td>
<td>60,902,769.00 on health revenue 2018/19</td>
<td>Only total OSR was provided of 1.38 billion 2019/20. No health revenue was indicated</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>550.64 health sector 2017/18</td>
<td>1,278,104,195 health and emergency services sector 2018/19</td>
<td>3,820,222,476</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Non-Financial Information</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>No information provided</td>
</tr>
<tr>
<td>Office of the Auditor General Reports</td>
<td>Revenue</td>
<td>13,329,971,403</td>
<td>12,261,310,976</td>
<td>Not published</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>11,778,408,758</td>
<td>11,358,202,252</td>
<td>Not published</td>
<td>No disaggregation to individual schemes like Linda Mama</td>
</tr>
</tbody>
</table>
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## Budget Document

<table>
<thead>
<tr>
<th>Key Information</th>
<th>FY 2018/19</th>
<th>2019/20</th>
<th>2020/21</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controller of Budget Implementation Review Report</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>World Bank THS 39,211,189</td>
<td>World Bank THS 129,858,778</td>
<td>World Bank THS 43,717,594</td>
<td>No disaggregation was provided to know funds going towards NHIF Linda Mama.</td>
</tr>
<tr>
<td>Danida</td>
<td>Danida 24,806,250</td>
<td>Danida 24,843,750</td>
<td>Danida 22,050,000</td>
<td></td>
</tr>
<tr>
<td>UHC</td>
<td>UHC 168,066,136</td>
<td>UHC 168,066,136</td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

**Expenditure**

- 2018/19: 11.65 billion
- 2019/20: 9.46 billion
- 2020/21: 10.96 billion

No disaggregation was provided to know funds going towards NHIF Linda Mama.

All deliveries are not necessarily funded through Linda Mama in Machakos County since some patients might have subscriptions from private insurers. As shown in Table 3, most mothers give birth through normal delivery, whereas the financial year 2019/20 recorded the highest number.

### Table 3: Number of deliveries in Machakos county

<table>
<thead>
<tr>
<th>Mode of Delivery in Health Facilities</th>
<th>FY 2018/19</th>
<th>FY 2019/20</th>
<th>FY 2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Delivery</td>
<td>20,801</td>
<td>20,864</td>
<td>20,505</td>
</tr>
<tr>
<td>Breach Delivery</td>
<td>247</td>
<td>202</td>
<td>239</td>
</tr>
<tr>
<td>Caesarian Section</td>
<td>5,800</td>
<td>5,678</td>
<td>6,088</td>
</tr>
<tr>
<td>Assisted Vaginal Delivery</td>
<td>39</td>
<td>50</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,887</strong></td>
<td><strong>26,794</strong></td>
<td><strong>26,849</strong></td>
</tr>
</tbody>
</table>

Source: DHIS2
4. Transparency of Linda Mama Funds

Efforts to reach the county executive in charge of finance at the executive and finance committee at the county assembly to follow up on revenue generated, received or collected did not bear fruit due to the unavailability of officers to share information on the allocation and utilization of NHIF Funds inclusive of Linda Mama. The county executive and county assembly website did not publicize information on Linda Mama, including beneficiaries, making it difficult for citizens to hold the government accountable for how funds were utilized. There have been efforts by the County Assembly to request for disaggregation of revenue information, including NHIF, from the county executive finance, but it has not been fruitful.

Also, there are challenges in the communication between NHIF and health facilities. However, county officials and officials in Machakos Level 5 indicated that they receive communication on policies from NHIF and the Ministry, often in good times. They only raised concerns that some adjustments are not communicated in good time, and others have cost implications that require budgetary allocation. For example, the county is not involved in planning and implementing biometrics.
5. Case Study: Athi River Level 4 Health Center

Athi River Level 4 Health Center, which offers Level 3 services, stood out from the facilities visited. It only identifies as Level 4 on paper but only offers Level 3 services, namely inpatient and outpatient services. It receives between 10-30 Linda Mama beneficiaries per day and serves neighbouring wards like Kinanie since not all health facilities in Mavoko Sub County are accredited to offer Linda Mama. The health Center prepares Authority to Incur expenditure which is sent to Machakos to enable them to receive advice on how to utilize funds. Services offered include ante-natal care, post-natal care, and normal and caesarian delivery. The health centre started filing claims in 2021, and they have an official assigned to file claims online. The facility has only received reimbursement once, yet they are supposed to receive quarterly payments. They only received the first payment in the 1st quarter of FY 2021/22 and are still waiting for reimbursement for subsequent quarters. The delay in claims reimbursement has affected service delivery at the facility.

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6. Conclusion and further areas of study

In its publicly available budget documents, the county does not provide information on the number of NHIF beneficiaries and does not disclose cash flow receipts on NHIF revenue, making it difficult to track the utilization of revenue. This is a challenge that can easily be rectified, generally, by following the guidance in the Machakos Health Services Act 2021. However, the challenge remains when the information is sought through key informant interviews. While the county officials were accessible, the limitations of their roles meant that it was challenging to fully understand the processes that entail the flow of NHIF-related resources to the county.

How can NHIF and the county government of Machakos be more transparent on health-related resources, especially funds received from NHIF?

**NHIF**

- The Fund should publish information on claims, capital, and disbursements across all the counties to provide the public and other stakeholders with details of the resources going to each and each facility.
- The Fund should aim to communicate in good time any updates or adjustments to its benefit packages to all levels of facilities to ensure there are no service disruptions.

- NHIF should expedite reimbursement to facilities, especially subsidy programmes to ensure that service delivery is not compromised.
- NHIF should second staff to health facilities to help train and help with the claims processes, especially in lower-level facilities.

**County Government**

- To make public the number of people benefiting from the NHIF Linda Mama Programme in budget documents
- To publicize a detailed breakdown of revenue receipts as prescribed in the Machakos Health Services Act NHIF revenue in budget documents
- Implement the Machakos County Health Services Act to support better coordination, transparency, and accountability of pooled health resources.

**County Department of Health**

- The Chief Officer should publish and publicize the financial statements on health-related funds within three months as stipulated in the Machakos County Health Services Act.
- The research observed that awareness of claims and reimbursement by facilities would increase
the number of facilities benefiting from NHIF. Therefore, there is a need for NHIF and the County Department of Health to publicize this information and support lower health facilities.

- The County Department of Health should also facilitate purchasing computers, printers, and Wi-Fi in the facilities. Lack of these is affecting uptake of Linda Mama Services since persons coming for 1st ANC visit when they are told to go photocopy, and they never come back.
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