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

In 2012, all UN member states agreed that by 2030, as part of the SDGs, they should have achieved universal health coverage. Kenya set an ambitious target coverage of 100% of its population by 2022, reaching 47.56 million Kenyans. This has been a challenge as the government has not made public its UHC financing and operational mechanism considering the complexity of the work and the high costs involved.

In 2018, the President launched a pilot UHC program in 4 counties: Machakos, Isiolo, Kisumu and Nyeri. Although GoK had planned for a contributory UHC scheme run through NHIF, it was deemed the public insurer could not handle such a project. In December of that year, the President thus launched a free and non-contributory pilot known as AfyaCare for the four counties aforementioned.

The cabinet secretary for Health later acknowledged that the way to deliver UHC was through NHIF on a premium basis as the free services model was unsustainable, and pooled insurance was the way to go. To this end, a task force to work on NHIF reforms and prepare the fund to handle the national rollout of UHC was formed. During the President’s Big Four agenda launch in January 2018, the Budget Policy Statement showed that GoK hoped to increase the number of people covered under NHIF from 16.5 million to 51.5 million, Kenya’s projected population by 2022.

In 2010, we promulgated a new constitution in which Article 43 (1) (a) provides all Kenyans with the right to quality healthcare. The NHIF amendment Act 2022 intends to facilitate the attainment of Universal Health Coverage with respect to the NHIF. Also, it reviews laws governing private insurers to boost investments and make health coverage affordable for all Kenyans. However, the question remains, what information is available to Kenyans to understand the health financing model for UHC under NHIF and its impact on accessing quality healthcare?
Methods of the Study

We conducted a study to evaluate the level of information provided by Nyeri county on NHIF, specifically on the revenue mobilization on Health, NHIF claims trends and expenditure trends. The study further understood the cash flow processes from MoH to NHI and then to health facilities at the county levels, targeting the Linda Mama programme. In addition, the study further reviewed policy reforms that directly impact funding, spending and health provider claims from NHIF and how these policies are communicated to the health facilities in Nyeri county.

Our research utilized qualitative and quantitative approaches. Taking three angles, the first being the secondary desktop reviews through finding the available information on NHIF and Linda Mama scheme on revenue, expenditure provided in key budget documents Nyeri county published on their websites from FY 2018/19 to FY 2020/21. The second part was the access to information of information that was not publicly available. Thirdly, key informant interviews were conducted in Gatitu dispensary and Nyeri County Referral Hospital. In addition, interviews were conducted in the county offices: County Assembly, Department of Health, County Economic Planning department and county’s UHC/NHIF Focal person.
1. Evaluation of Information Publicly Available on NHIF and Linda Mama Program

Most budget documents, Acts, and Regulations needed for this study were easily accessible from both the county executive and assembly official websites. The information on NHIF and Linda Mama scheme was evaluated in CIDP 2018-22, Auditor General reports, County Budget Review and Outlook Papers, Citizen Budgets, County Fiscal Strategy Papers, and implementation reports from the financial year 2018/19 to 2021/22. Since some programmes relevant to this study were carried out years earlier than the period covered, the study extended the time beyond the scope of 2018/19 to capture the Bima Afya program mentioned in the County Budget Review and Outlook Paper 2017 and Audit report 2016/17. Table 1 shows the information found on NHIF in Nyeri county and the gaps identified.

Table 1: Information found on NHIF in Nyeri county

<table>
<thead>
<tr>
<th>Information</th>
<th>Detailed description</th>
<th>Expected source of information</th>
<th>Information found publicly available</th>
<th>Gaps identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial information</td>
<td>i) Revenue</td>
<td>i) Department of Health ii) Department of Finance iii) County assembly iv) Health facilities</td>
<td>i) CIDP 2018-22 ii) Audit report 2016/17 iii) CBROP 2017 iv) Mwananchi guide 2018/19</td>
<td>i) Local revenue is not disaggregated into streams for health services. ii) Staff establishment is not clear on who is in charge of NHIF/Linda Mama. iii) Key indicators on BIMA AFYA, UHC or NHIF are missing. iv) Number of beneficiaries is not provided in the budget documents found publicly available.</td>
</tr>
<tr>
<td></td>
<td>ii) Expenditure</td>
<td>i) Department of Finance ii) Department of Finance iii) County assembly iv) Health facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>v) Official County websites vi) Key budget documents vii) NHIF Nyeri branch office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-financial information</td>
<td>i) Cashflow process</td>
<td>i) Department of Health ii) Department of Finance iii) County assembly iv) Health facilities</td>
<td>i) Nyeri County Health Service Act, 2015 ii) Nyeri County Health Service Fund Act, 2021 iii) NHIF Amendment Act 2022</td>
<td>i) Specific guidelines on NHIF/Linda Mama ii) How to capture EduAfya at levels 2&amp;3 iii) Who is responsible for sensitizing clients on policy changes iv) Process of identifying beneficiaries v) What amount of information should be published online</td>
</tr>
<tr>
<td></td>
<td>ii) Staff establishment</td>
<td>v) Official County websites vi) Key budget documents vii) NHIF Nyeri branch office</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii) Details of beneficiaries • BIMA AFYA • UHC</td>
<td>vii) NHIF Nyeri branch office v) Policies, laws, and guidelines</td>
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</tr>
</tbody>
</table>
2. Issues raised in the available key budget documents through interviews

Table 2 shows the information found through the key informant interviews conducted in Nyeri county with the issues aligned to the budget documents and acts.

Table 2: Information found on NHIF in Nyeri county

<table>
<thead>
<tr>
<th></th>
<th>What is publicly available online</th>
<th>What was shared through Key Informant Interviews (any budget document, policy, or Act)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CIDP 2018-2022</td>
<td>A discussion on how the next generation CIDP would capture UHC within the county in line with the direction National Government is taking using NHIF as the vehicle to deliver it.</td>
<td>County officials were not willing to share any documents or information beyond what is in the budget documents</td>
</tr>
<tr>
<td>2</td>
<td>Audit report 2016/17</td>
<td>A discussion with the county assembly BAC clerk showed that little information on audits of NHIF and Linda Mama ever reached the committees</td>
<td>The study moved beyond the scope of 2018/19 to capture audit queries on the Bima Afya program</td>
</tr>
<tr>
<td>3</td>
<td>CBROP 2017</td>
<td>A discussion about breaking down the information as an annexure happened. We were shown broken down records but got no printed information we could take away.</td>
<td>Own source revenue was not broken down beyond a bulk figure of health services.</td>
</tr>
<tr>
<td>4</td>
<td>Nyeri County Health Service Fund Act, 2021</td>
<td>This was discussed to understand how practically the fund works and if there are any successes in terms of ringfencing NHIF and Linda Mama funds</td>
<td>The Act has a section on Annual reports, which should be prepared by the Fund Administrators and submitted to CECM.</td>
</tr>
</tbody>
</table>

3. The flow of Funds and the Nyeri Health Service Fund

The NHIF Act guides the Department of Health. Reimbursement from NHIF is deposited directly in the health facility accounts. As per the Nyeri Health Service Fund Act 2015, the deposited funds are forwarded into the fund account. The funds are mixed up with other sources of revenue.

A fund board sits quarterly to appropriate the funds as per the guidelines in the Act, and their functions are clearly outlined. The fund administrator is also the finance director in the county health department. Levels 4 and 5 facilities retain 80 percent of the revenue, whereas 20 percent support primary healthcare facilities.

As per the regulations, 20 percent of the fund is divided among health centres and dispensaries as
follows. Basic equal share 60 percent, workload captured on DHIS 30 percent and affirmative action 10 percent for the health centres (due to maternity units) plus high-volume dispensaries.

The hospitals keep the claims records but forward receipts monthly to the finance director at the county health department. This information is captured in a tool provided to each facility; thus, they can capture receipts against claims.

*Figure 1: The diagrammatic flow of funds in Nyeri county*
4. Reforms and their impact on medical insurance and budget formulation

a) Bima Afya Program

On 7th October 2015, the Afya Mashinani NHIF program was launched, later dubbed Bima Afya. This was a collaboration between the county government and NHIF to provide medical insurance for the most vulnerable members of society. This program would be under the special programmes department. The initial target was 3,000 beneficiaries, 100 per ward, and the number would increase in budgetary allocations with an additional 6,000 beneficiaries totalling 9,000 by 2016.

The Department signed a contract with NHIF to ensure seamless funds transfer from the County Government of Nyeri to NHIF to provide medical cover to the vetted beneficiaries. The Department made a one-off payment of the entire amount allocated to cover a whole year to avoid penalty charges on default.

The program was halted in 2018 with the introduction of the universal health coverage pilot program and was never revived even after the end of the pilot phase.

b) Universal health coverage

In 2018/19, UHC was introduced in Nyeri alongside Isiolo, Kisumu and Machakos counties as a one-year pilot project. This necessitated a supplementary budget to reallocate funds from Bima Afya as the program had been deemed redundant.

The UHC model targeted the entire population of Nyeri and offered a free medical services package. As a result, the majority of clients in the informal sector pulled out of NHIF and stopped further premium payments to the insurer as they were covered for free under UHC. The programme covered vulnerable persons in Nyeri county and residents who could afford to pay NHIF premiums. In addition, the persons who could pay their NHIF...
were also covered, which was why they withdrew from keeping their premiums up to date.

At the end of the one-year pilot phase and six-month extension, most people had a hard time re-joining NHIF and paying the monthly premiums. Therefore, a portion of Nyeri’s population covered by NHIF now has to pay out of pocket for services, especially at Level 4 and 5 facilities. Interviews with health providers at the Nyeri Level 5 hospital showed that the proportion of applications for waivers has also increased. The amount lost through waivers for uncovered patients is too high, impacting service delivery. This was not the case before UHC.

ANNOUNCEMENT

UHC REGISTRATION EXERCISE
Please visit your nearest Public health facility and register for Universal Health Coverage (UHC). Ensure that you carry your National Identity Card and a Birth Certificate. For your dependants, please carry their passport photo/ID and birth certificates for registration. Registration is free for all residents of Nyeri County. Only those registered will have access to the benefits of UHC.
c) UHC indigent program

In October 2020, President Uhuru launched the biometric registration exercise meant to capture the one million households targeted under the universal health coverage scheme. This targeted mainly indigent Kenyans with little or no access to quality healthcare services due to economic hardships.

The e-claims system would ensure improved efficiency while at the same time curbing fraud and abuse of the indigent program. The biometric registration ensures that beneficiaries are identified when they seek services at the health facility and any NHIF branch.

County assemblies were also encouraged to enact legislation to ringfence NHIF funds and other monies generated by health facilities for expenses other than being ploughed back to the facilities. The county government of Nyeri was involved in the indigent identification exercise and forwarded about 13,000 households to be covered under NHIF.
d) The Nyeri health service fund

In 2021 the county government created the Health Service Fund through the Nyeri County Health Service Fund Act 2021, whose main objective is to ringfence revenue collected by health facilities. This has seen an increase in revenue collection (though data was not provided) as hospitals are aware they are to retain 80% of revenue generated. The Act also created the aspect of cost sharing for level 2 and 3 facilities to collect more revenue which they shall retain 100%. This created predictability and sustainability at the health facility level when formulating their budgets.

However, the analysis of the 2022/23 Program-Based Budget versus the CFSP 2022 showed a reduction of 60 million in recurrent expenditure. The justification (during the PBB public participation by the county assembly) was that the health fund is catering for certain items like drugs and commodities.
### Table 3: NHIF reforms in Nyeri county

<table>
<thead>
<tr>
<th>Reforms</th>
<th>Impact on medical insurance and budget formulation</th>
</tr>
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</table>
| Bima afya                                    | i) Launched in 2015, targeting 10,000 vulnerable beneficiaries  
   ii) One-off payment of Kshs. 60million made to avoid delay penalties  
   iii) Delayed reimbursement by NHIF affected service delivery  
   iv) The program was stopped in 2018 after the introduction of the UHC pilot phase. It was never restarted even after UHC ended.  
   v) The beneficiaries stopped paying premiums to NHIF, and few have restarted, leading to a loss of health revenue through waivers. |
| Universal Health Coverage, a pilot phase     | i) Launched in December 2018, targeting all Nyeri residents  
   ii) Supplementary budgets reallocate BIMA AFYA funds as this program had now been deemed redundant  
   iii) Kshs. 399million was deposited directly to KEMSA by MOH and Kshs. 319million deposited in the County Revenue Fund account.  
   iv) Registered residents stopped paying NHIF premiums as they were assured of a free benefits package under UHC  
   v) No one tracked the actual cost of services at this piloting stage.  
   vi) The workload increased significantly, stretching county resources like staffing, bed capacity and meals  
   vii) The program stopped in mid-2020, and most residents who had stopped paying premiums to NHIF did not resume payments.  
   viii) UHC disrupted Department of health financial plans as NHIF claims reduced as most residents have not restarted premium payments  
   ix) The Department has witnessed increased requests for waivers as patients cannot clear bills. |
| UHC indigent program                         | i) Launched in 2021, targeting 13,000 households in the county.  
   ii) National government to pay premiums to NHIF for the beneficiaries  
   iii) Successful beneficiaries have not been informed that their status has been activated, leading to losses for the county in cases where waivers are given to such persons  
   iv) The shift from manual to e-claims has led to the county procuring more equipment like computers and biometric machines.  
   v) A simulation by the Department of Health showed they lost about Kshs 60million from lack of claims from NHIF.  
   vi) Delayed reimbursements and the e-claims portal downtuns are affecting service delivery at the facility |
A look at the insurance programs in Nyeri County

This study focused on the level of information available on NHIF-related funds with a focus on the Linda Mama scheme, a subsidy programme managed through the agency. Every year NHIF signs contracts with all empanelled facilities across the county. Revenue from NHIF is treated as A-I-A and is part of revenue reported quarterly.

In the Linda Mama program, all health facilities are empanelled by NHIF to provide Linda Mama services. Contracts are signed at the facility level by the officer in charge though they are not consulted as the contracts are being drawn up. As a policy, it has some grey areas, and the facility is not fully aware of what MOH and NHIF agreed. Linda Mama’s receipts are captured separately from NHIF reimbursements, and the Department of Health can account for how much was received from the program at each facility.

Table 4: NHIF and Linda Mama in Nyeri County

<table>
<thead>
<tr>
<th>Program</th>
<th>Details</th>
<th>Receipts and payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF</td>
<td>i) Every year, the county signs contracts with NHIF at all levels of the facilities.</td>
<td>i) Revenue from NHIF is treated as A-I-A and is part of quarterly revenue.</td>
</tr>
<tr>
<td></td>
<td>ii) Contracts are signed at the hospital level by the medical superintendent and witnessed by the county attorney.</td>
<td>ii) The creation of the Nyeri Health Service Fund has ringfenced all revenue raised from health facilities.</td>
</tr>
<tr>
<td></td>
<td>iii) Each level of the facility handles NHIF claims differently depending on the number of personnel.</td>
<td>iii) Level 4 and 5 facilities retain 80 percent of their revenue (NHIF included), whereas 20 percent support primary healthcare facilities.</td>
</tr>
</tbody>
</table>
|             | iv) Each health facility does the e-claims where they attach documentation and evidence required. This process requires internet and licenced biometric equipment. | iv) As per the regulations, 20 percent of the fund is divided among health centres and dispensaries as follows.  
  ● A basic equal share of 60 percent,  
  ● Workload captured on DHIS 30 percent and  
  ● Affirmative action 10 percent for the health centres (due to maternity units) plus high-volume dispensaries. |
|             | v) Reimbursements take two months, and in case of any issues, the facilities can easily reach out to the NHIF Nyeri branch for guidance. | v) There is a tool provided in all facilities to capture revenue from different streams in a disaggregated manner. |
|             | vi) Levels 2&3 do not have claims on NHIF as services are free at those levels. | vi) The finance director in the health department can receive monthly receipts from all the facilities. |
|             | vii) All facilities can receive reimbursement from EduAfya if the schools identify that specific facility. | vii) Each facility maintains records on its claims. |
| Linda Mama  | Same as above, only that levels 2&3 do receive Linda Mama reimbursements upon claims. | Same as above, only that  
  i) Receipts are captured separately from NHIF reimbursements, and the Department of Health can account for how much was received from the program at each facility.  
 ii) However, this information is not available publicly. |
Transparency and Accountability of National Health Insurance Fund Related Funds at the Sub-National Level: A Case of Nyeri County

Oversight and role of the county assembly on NHIF

Article 185 (3) of the constitution of Kenya 2010 provides that a county assembly, respecting the principle of separation of powers, may exercise oversight over the county executive member or any other county executive organs. They do this mainly through departmental/sectoral committees.

County assemblies have an important oversight role in revenue collection and management.

They are also required to develop clear rules and procedures for reviewing audited accounts on revenue for follow-up on issues raised by the Audit. They should also establish clear procedures for receiving, considering, and determining petitions by public members on revenue collection and management. Table 5 shows the committees involved in revenue generated by the public health facilities in Nyeri county.

Table 5: Committees in Decision Making on Revenue Generated in Nyeri County

<table>
<thead>
<tr>
<th>Committee</th>
<th>Role in line with health services revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Services Committee</td>
<td>i) Monitor the revenue generated and received by the Department.</td>
</tr>
<tr>
<td></td>
<td>ii) It plays oversight on the Department on all matters</td>
</tr>
<tr>
<td>Finance and Economic Planning Committee</td>
<td>i) It receives quarterly financial statements of the Health Services Fund, which it scrutinizes.</td>
</tr>
<tr>
<td></td>
<td>ii) The Fund financial statements capture all monies raised by health facilities and those received from NHIF and deposited.</td>
</tr>
<tr>
<td></td>
<td>iii) It then tables a report for adoption by the House with recommendations.</td>
</tr>
<tr>
<td>Public Accounts Committee</td>
<td>i) It reviews the Audit reports where the committee invites health officials to whom audit queries have been raised.</td>
</tr>
<tr>
<td></td>
<td>ii) A report is then tabled for adoption by the House with recommendations.</td>
</tr>
<tr>
<td></td>
<td>iii) However, the Assembly does not have direct access to reports from NHIF.</td>
</tr>
</tbody>
</table>
Challenges, recommendations, conclusion, and further research areas

Challenges

1. There is little to no information on NHIF or Linda Mama on the county websites and in the key budget documents. However, the county officials are open to interviews, which generated additional insights on issues related to NHIF. However, there is a hesitation to provide any documentation on the information shared verbally through the interviews.

2. There are too many actors from the facility up to the Department. This poses a risk of duplication of efforts or, on the flip side, a lack of accountability when certain issues are not addressed.

3. There is limited communication to dispensaries on NHIF and how they can be empanelled and have some of their services covered through the fund. This is a net effect of the UHC pilot with a free health care mantra. However, the county has passed a law that seeks to re-introduce user fees, which is challenging due to the national policy on free health care at Level 2 and 3 facilities.

4. No hard or soft copies were availed on receipts and expenditures related to NHIF that were sought through the access to information process.

Recommendations

National Health Insurance Fund

1. NHIF should publish all details about claims in a publicly accessible platform that will help improve accountability through oversight by the public and the County Assembly.

2. Develop and disseminate IEC material, i.e., flowcharts with requirements for successful claims, roles of each actor in the chain, etc.

3. Rollout the e-payment in all health facilities to reduce the time and cost incurred during physical submissions.

4. There is a need to have a periodic update, the Department of Finance and Department of Health to address gaps and inconsistencies in claims made versus disbursements. The county treasury felt left out of all matters related to NHIF while it has the responsibility to account for all resources received and spent in the county.

County Government of Nyeri

1. Nyeri County government and NHIF should appraise dispensaries and health centres on how they can be empanelled and start making claims from NHIF for their services.

2. Put adequate systems for recording, tracking claims, and reporting NHIF cash flow at the facility and county levels.

3. Provide more information in all budget documents regarding revenue and expenditure on NHIF, including detailed disaggregation by source.
4. Increase and regularize allocations to health facilities, including supply of medical commodities.

5. Strengthen the Community Health Strategy for sensitization and mobilize for NHIF enrolment and utilization of public health facilities.

**Conclusion**

Nyeri is the most transparent county regarding its’ budgeting process, according to the County Budget Transparency Survey 2021. However, the level of information provided on revenue related to NHIF and the different schemes under it is minimal. Even with a health law that has created a fund to support pooling and strategic purchasing of health services, there is little information in the budget documents. The law and other PFM-related policies provide clear guidelines on providing information, even with timelines. Therefore, the county has sufficient legal support for being open and doing so consistently. In addition, some challenges are related to a siloed approach to engagement with NHIF, which presents risks of broken communication leading to missed synergies between the two levels of government.

**Case study: Gatitu Dispensary**

This is the busiest dispensary in the Nyeri Central constituency. It is located just off the Nyeri-Karatina highway at the Gatitu centre. The dispensary was part of this research, and key informant interviews were conducted with the nurse on duty. Several interesting dynamics stood out in the deliberations, as highlighted below.

- The facility does not generate any revenue at all. It offers free services to its patients. This is per the National policy where primary health facilities are to provide free services and receive a conditional grant from National Treasury known as user-fees foregone.

  - As such, they don’t deal with e-claims from NHIF or Linda Mama programs as they cannot claim services like the natal clinics; however, patients are advised to deliver at higher-level facilities.

  - They prepare their budgets and receive funds fully from the county government every quarter.

  - All procurement is done at the department level, whereas funds are deposited to the facility account with specific spending instructions, e.g., payment of casual labourers. The facility in charge thus cannot tell the source of those funds in terms of Linda Mama or NHIF reimbursements.

With the Nyeri Health Service Fund Act, 2021, level 2 facilities can charge a small fee for certain services. The dispensary management committee must conduct public participation for the public to ratify such charges. These monies raised would be retained fully by the facility. However, at the interview, the country was about to hold general elections, and any conversation about raising fees would create unnecessary political temperatures. This discussion shall be held after the elections.
For more information:
International Budget Partnership Kenya (IBP Kenya) office:
Kilimani Business Centre,
Office 9, Kirichwa Road
P.O. Box 21868-00505
Nairobi- Kenya
+254-79-1183600
infokenya@internationalbudget.org
IBPKenya
@IBPKenya

The International Budget Partnership (IBP) headquarters:
750 First Street NE, Suite 700
Washington, D.C. 20002
Tel: +1 202 792 6833

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info@internationalbudget.org or visit
www.internationalbudget.org