

Kenya:

Strategic purchasing strategies and early results



MAY 2020

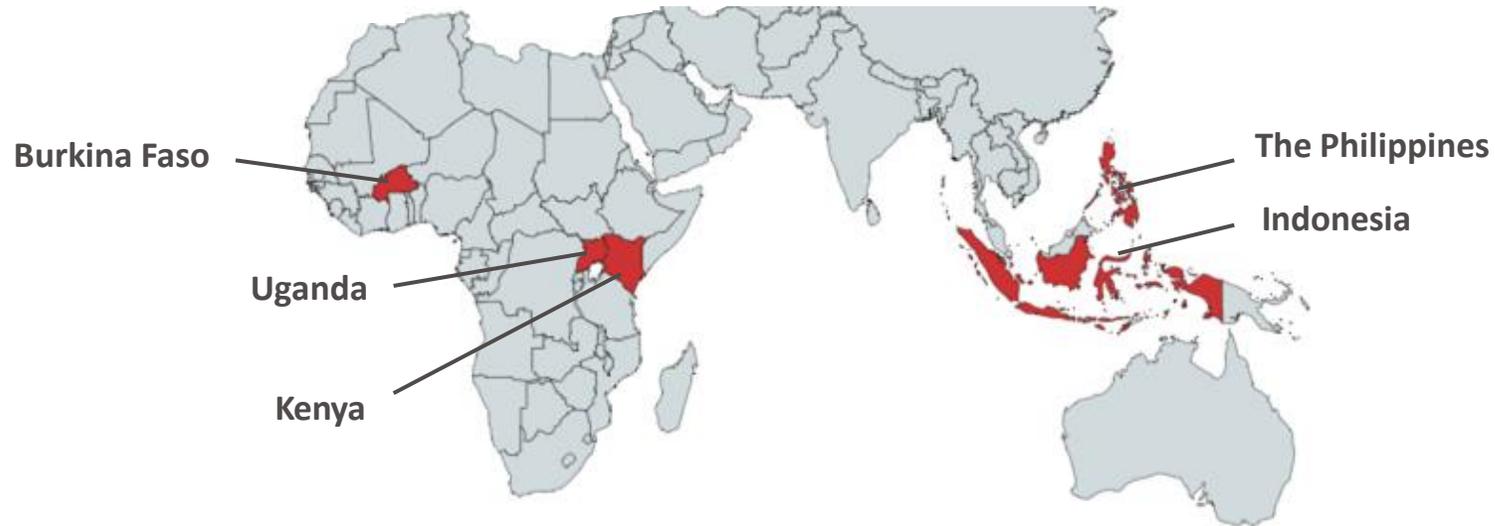
PROJECT OVERVIEW

SP4PHC

- An investment by the Bill & Melinda Gates Foundation (BMGF) implemented by ThinkWell with country learning partners
- Project duration from 2017 to 2022

Our Goal

- Leverage strategic purchasing to improve primary healthcare (PHC) delivery in 5 countries, with a focus on family planning (FP) and maternal, newborn and child health (MNCH)
- Facilitate learning on strategic purchasing for PHC, FP and MNCH – and the application of that learning to policy and practice – at the national and global levels



DECK OBJECTIVES

- 1 Review Kenyan context in terms of strategic purchasing for PHC, FP, and MNCH
- 2 Explain SP4PHC strategies
- 3 Showcase key results and findings to date



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Program Officer



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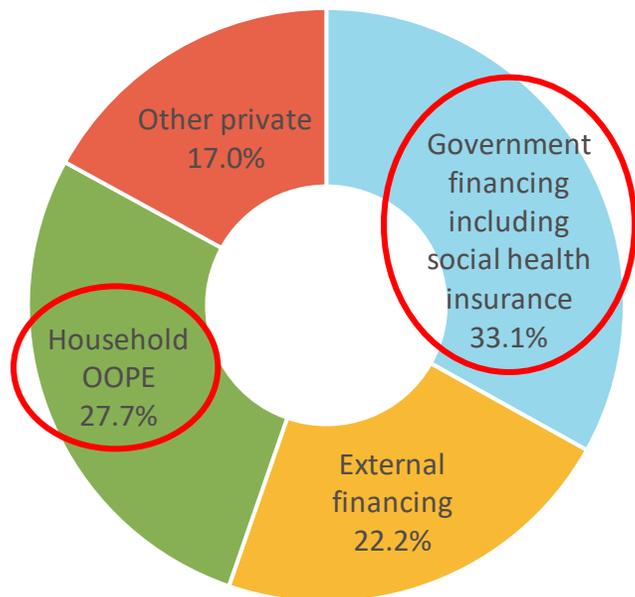
SECTION 2

Kenya: Country Context



ABOUT KENYA

- While Kenya achieved lower-middle income status in 2014, 36% of Kenyans are estimated to live below the poverty line.
- Government's share of current health spending is higher than average for sub-Saharan Africa, while out-of-pocket spending as a share of total health spending is lower.



Current health expenditure 2017 disaggregated by source (Source: WHO 2019)

Indicator	Value (2018)
Total population (million)	51.4
Population growth (annual %)	2.3
Urban/rural divide (% of population)	27.0/73.0
Population ages 0-14 (% of total population)	39.8
Population ages 15-64 (% of total population)	57.9
Population ages 65 and above (% of total population)	2.3
Life expectancy at birth (years)	65.9 (2017)
GDP growth (annual %)	6.3
GDP per capita, PPP (current international \$)	3,467.6
Poverty headcount ratio at national poverty lines (% of population)	36.1 (2015)



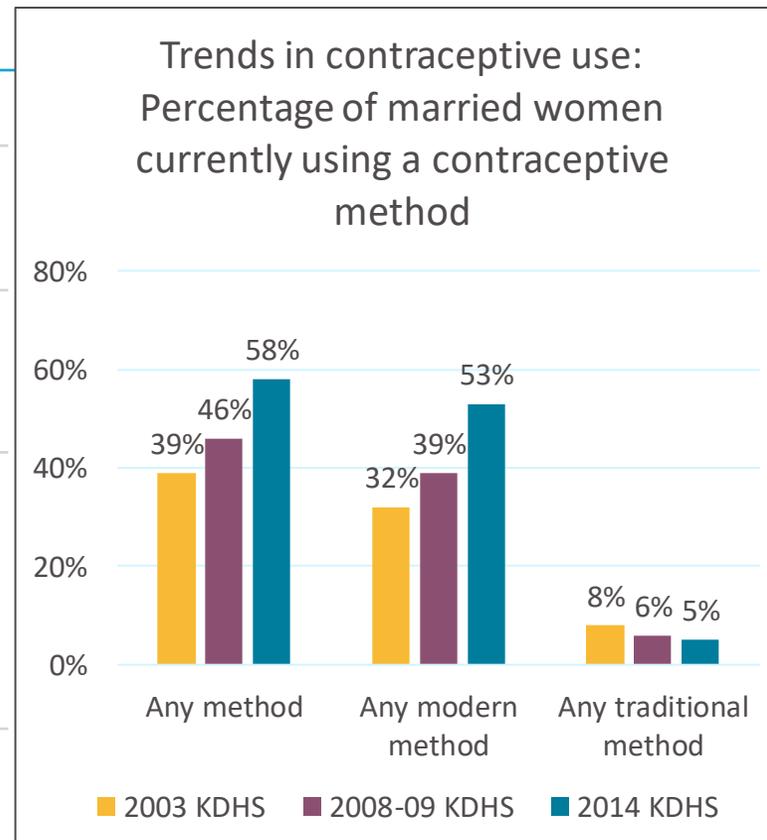
Source: World Bank 2019, UNDP 2019

FP CONTEXT: EXTREME SUB-NATIONAL VARIATION IN CONTRACEPTIVE PREVALENCE

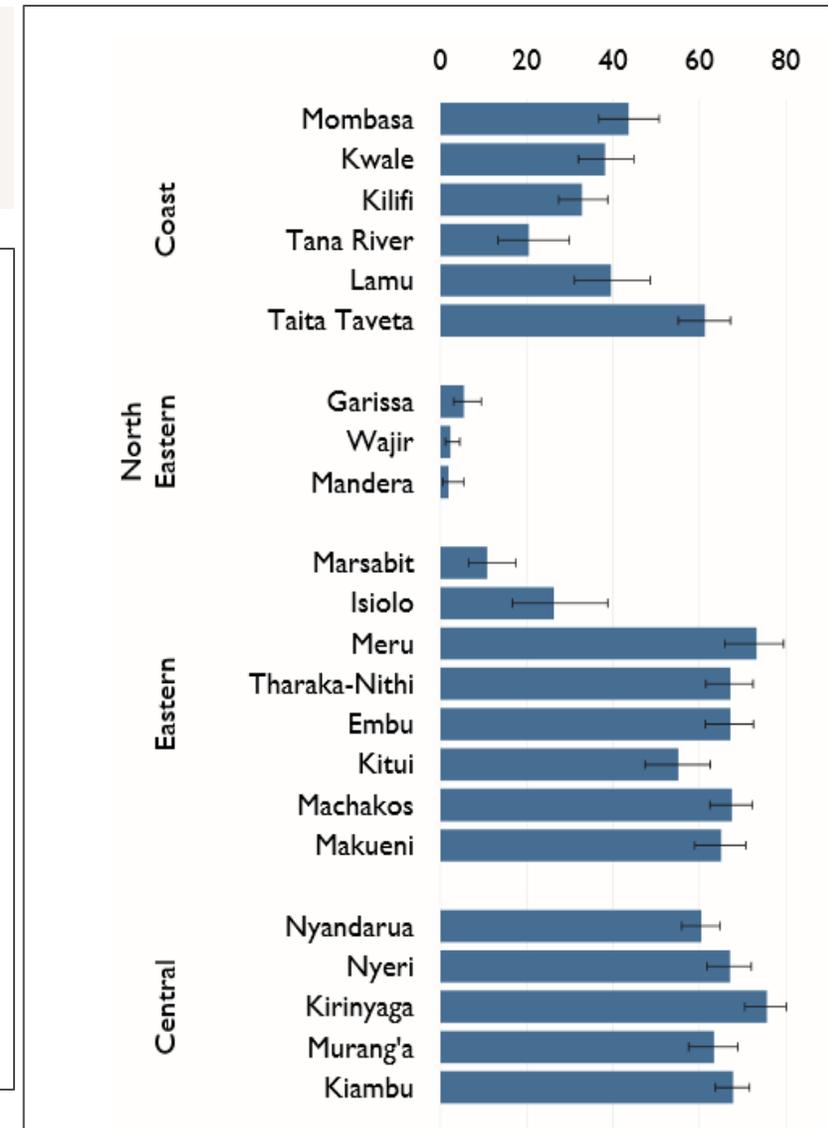
- The modern contraceptive prevalence rate (mCPR) in Kenya has been steadily increasing and was almost double the average for Africa in 2018.
- The national average however masks very large disparities between counties.

Indicator	Kenya	Africa
mCPR (married or in union)	58.3	29.5
Unmet need (married or in union)	20.3	25.6
% of women whose demand is satisfied with a modern method of contraception (married and in union)	74.2	53.6

Source: Track20

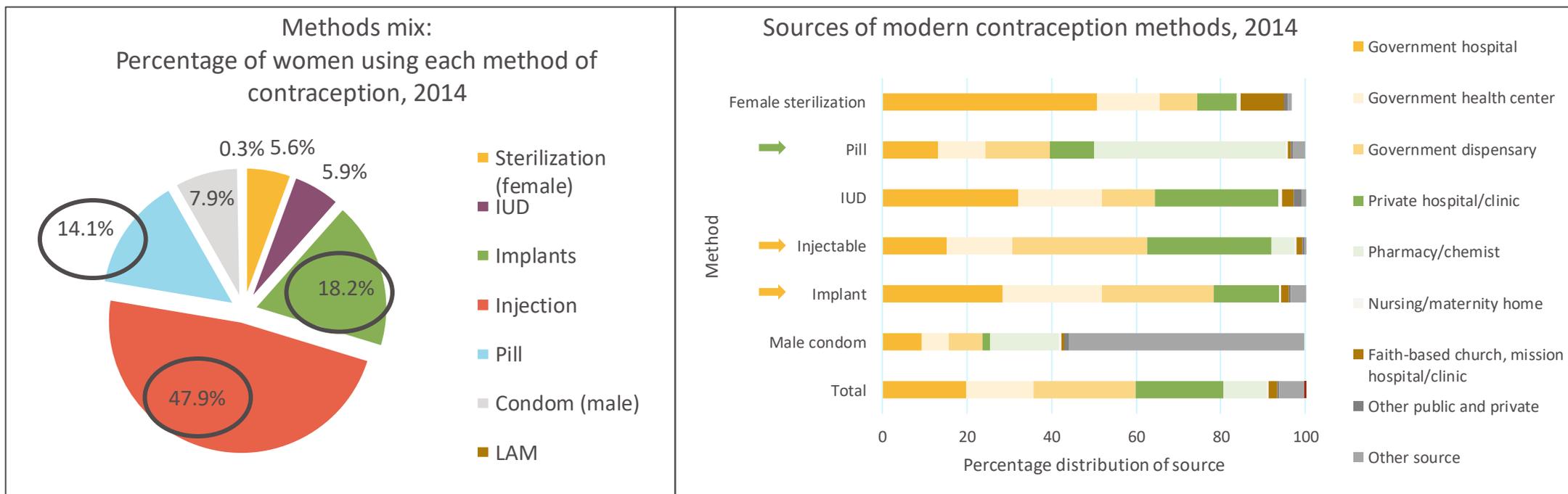


Source: Kenya DHS 2014



FP CONTEXT: PUBLIC FACILITIES ARE THE MAIN SOURCE FOR FP SERVICES

- Kenya has a relatively balanced method mix; % of women using long-acting and short-term methods in Kenya (24%, 70%) is comparable with neighboring Uganda (21%, 72%) and Tanzania (23%, 68%).
- The top 3 methods are injectables, implants and pills.
- Government health facilities account for over 60% of users of injectables, implants, IUDs and sterilization; private providers (e.g. pharmacies, shops) are the main source for pills.



Source: Kenya DHS 2014

MNCH CONTEXT: STAGNANT MATERNAL MORTALITY RATE DESPITE INCREASING COVERAGE OF MNCH UTILIZATION INDICATORS

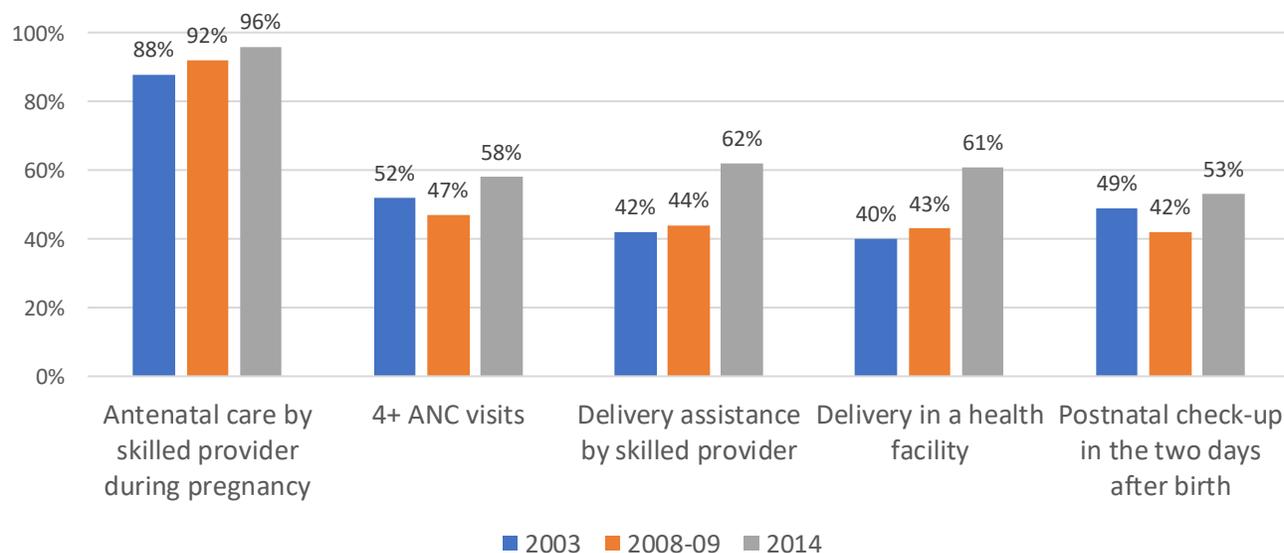
- Kenya did not reach its MDG target for maternal mortality; MMR was 362 deaths by 100,000 live births in 2014 compared to a target of 147 by 2015.
- Maternal mortality did not change between 1996 to 2009 and declined modestly between 2009 and 2014.
- This is despite coverage of most MNCH indicators having improved over time.
- Improving maternal health is a key priority for the Government of Kenya, as evidenced by the Free Maternity Program and the First Lady's Beyond Zero Campaign.



NHIF Linda Mama registration, hospital and benefits



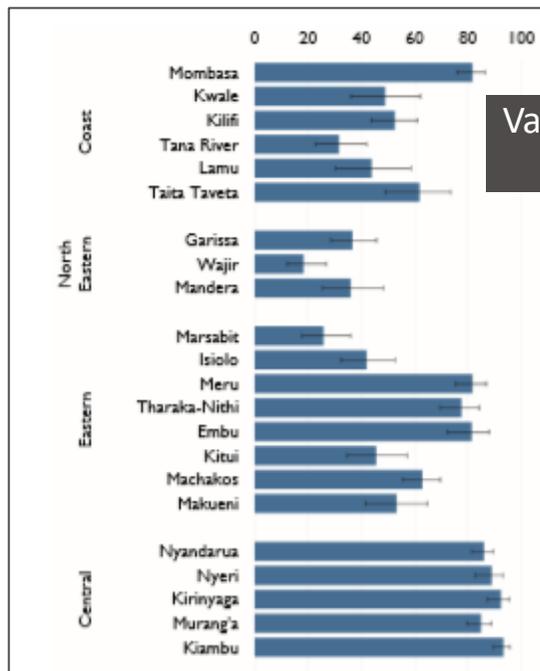
Trends in Maternal Health Care



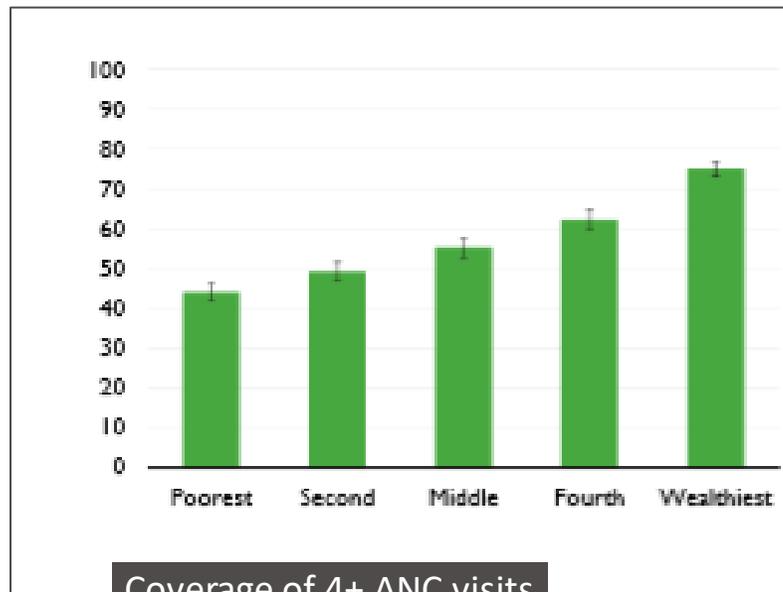
Sources: (data) KDHS; (photo) Kenya Monitor

MNCH CONTEXT: FOCUS NEEDED ON INEQUITIES AND QUALITY OF CARE

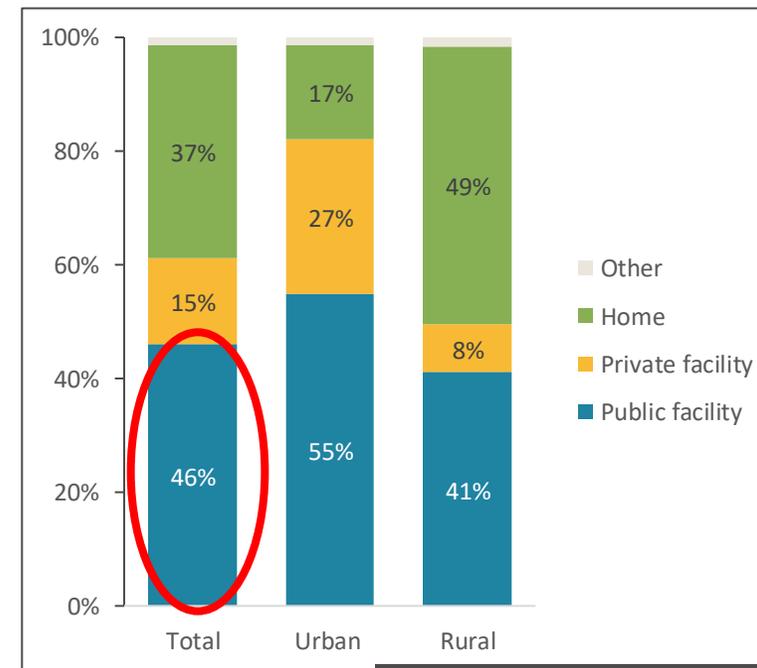
- There are significant differences in MNCH service coverage between wealth quintiles, counties, and urban versus rural areas.
- Increasing coverage but stagnant MMR also points to the need for a focus on quality, especially in public facilities which account for 46% of facility births nationally.



Variation in facility births by counties

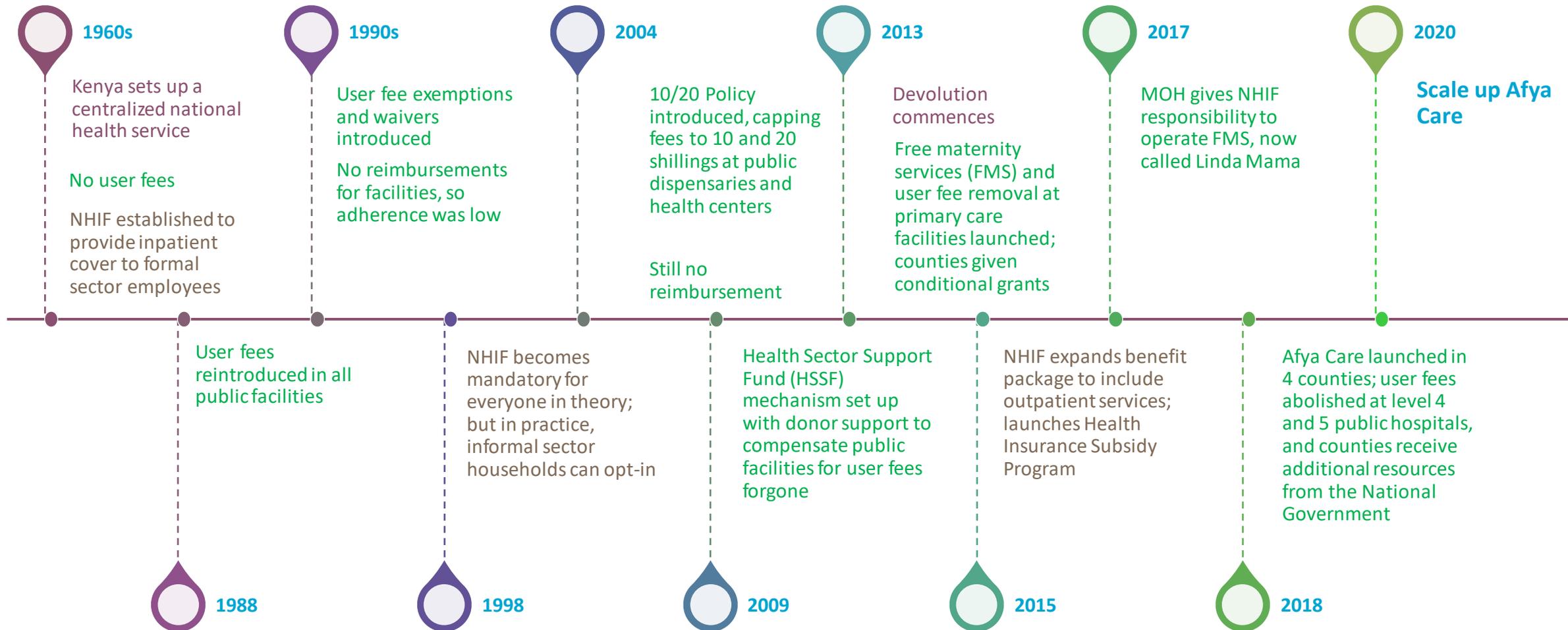


Coverage of 4+ ANC visits by wealth quintile



Rural versus urban variation in facility births

THE HISTORY OF HEALTH FINANCING REFORMS IN KENYA



PURCHASING LANDSCAPE IN KENYA: FRAGMENTED ROLES

- Kenya embarked on a process of devolution in 2013, transferring planning, budgeting, and management responsibilities for a range of services including health to 47 newly created counties.
- As a result, the country now has 49 public purchasers of health services: the national Ministry of Health, 47 county departments of health, and the National Hospital Insurance Fund (NHIF).



National Ministry of Health

- Oversees tertiary hospitals
- Transfers funds to counties to finance health service delivery
- Provides performance-based financing to counties under the GFF-funded Transforming Health Systems for Universal Care (THS-UC) project
- Finances the Linda Mama free maternity scheme implemented by NHIF, as well as the UHC Afya Care pilot



47 County Departments of Health

- Responsible for all primary and secondary care
- Pays for salaries, commodities, and other operating costs for public providers through input-based financing
- As per public financial management laws, can allow public facilities to retain and spend funds they collect



The National Hospital Insurance Fund

- Operates a range of insurance schemes (~20% of the population covered)
- Covers inpatient and outpatient services
- Manages the Linda Mama free maternity scheme
- Contracts both public and private providers for all schemes

SECTION 2

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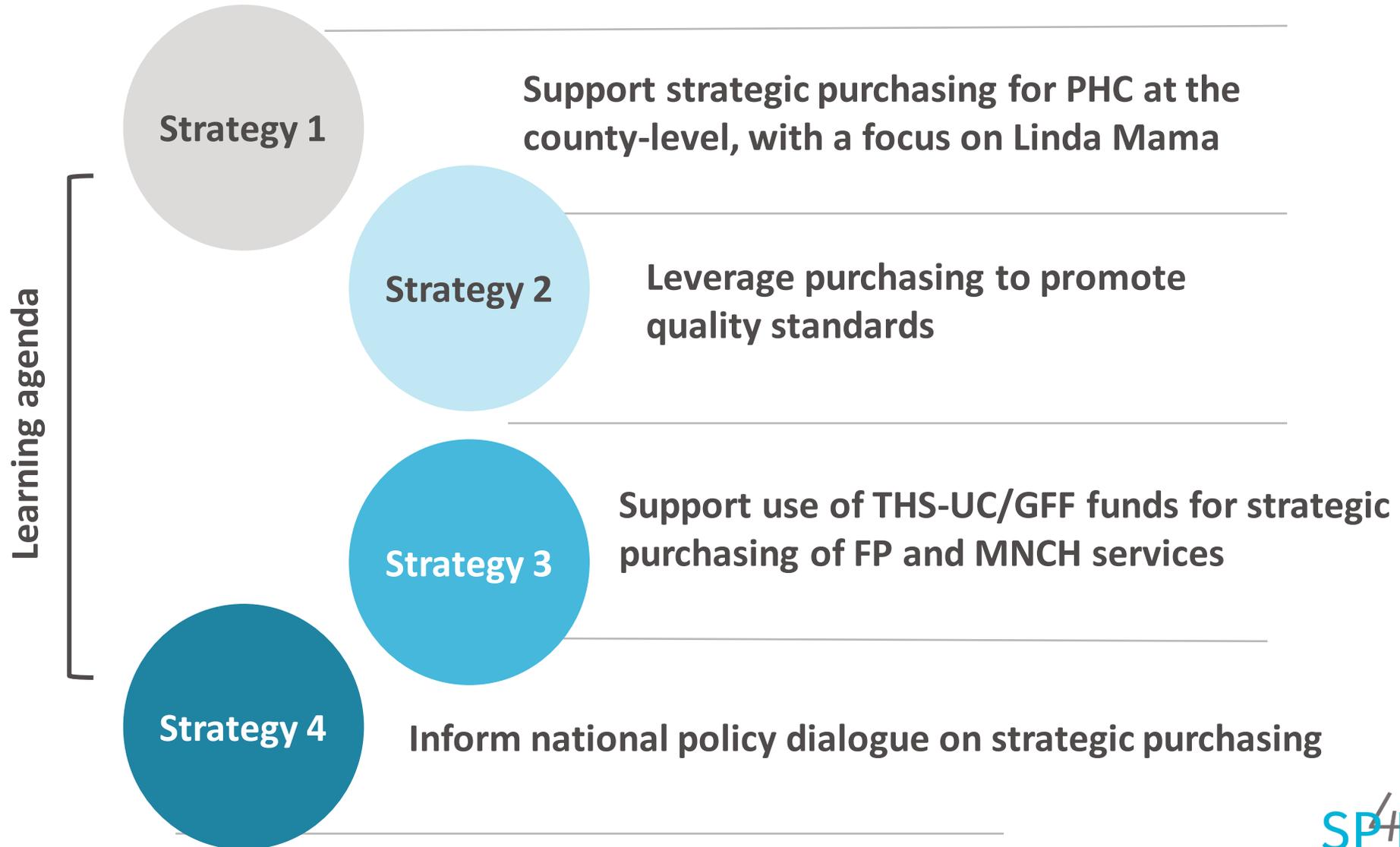
SP4PHC

Strategic Purchasing for
Primary Health Care

SP4PHC Strategies in Kenya



SP4PHC IN KENYA: KEY STRATEGIES





Strategy 1: support strategic purchasing for PHC at the county-level

Overview and early findings



SUPPORT STRATEGIC PURCHASING FOR PHC AT THE COUNTY-LEVEL

Strategy 1

CHALLENGES



County departments of health (CDOH) largely use traditional input-based financing to purchase PHC services

Counties do not allow all public facilities to retain and spend revenue from user fees and NHIF, which limits their incentive to participate

PHC facilities in the public sector have limited capacity to participate in Linda Mama

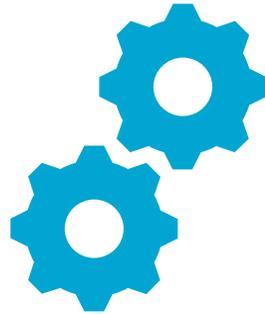
SP4PHC ACTIVITIES

Program officers in Kilifi, Isiolo and Makueni are supporting county governments to:

- Enable public facilities to register mothers to Linda Mama and claim reimbursement
- Channel more funds to health facilities and link them to facility performance
- Enhance financial autonomy for public facilities

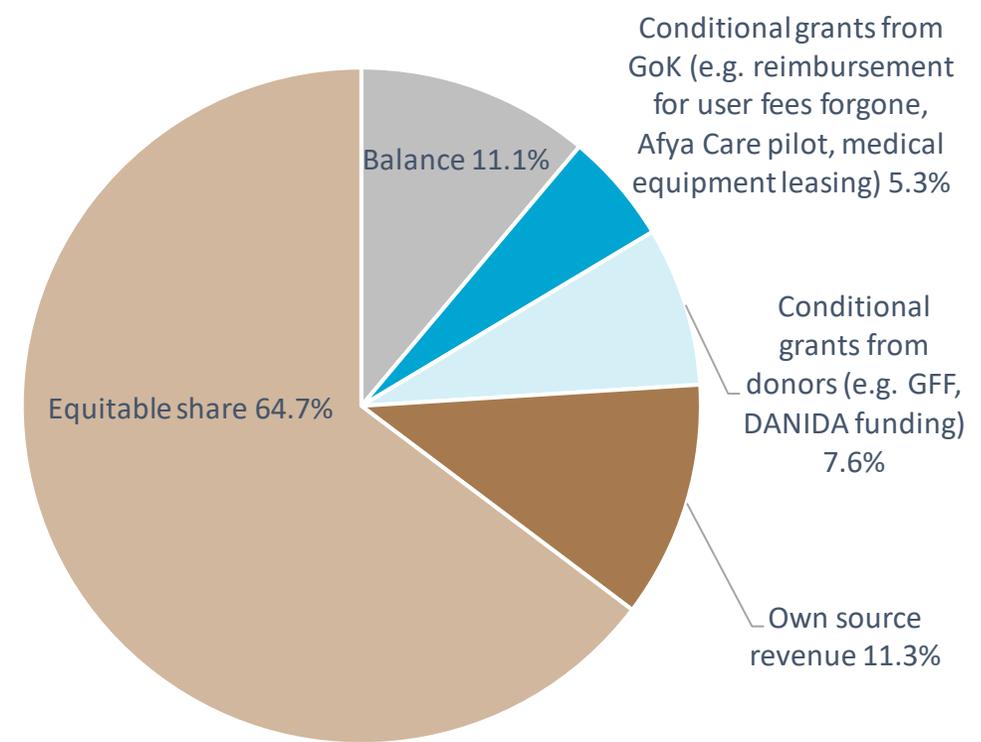
Learning partner KEMRI Wellcome Trust is undertaking a process evaluation of Linda Mama

Team to document and share information about best practices and intelligent failures to foster inter-county learning



COUNTY HEALTH FINANCING

FINDINGS FROM A RAPID SITUATION ANALYSIS OF COUNTY PURCHASING



County revenue

Source: Controller of Budgets, County Govts Annual Budget Implementation Review Report, FY2018-19

Conditional grant mechanism is still nascent

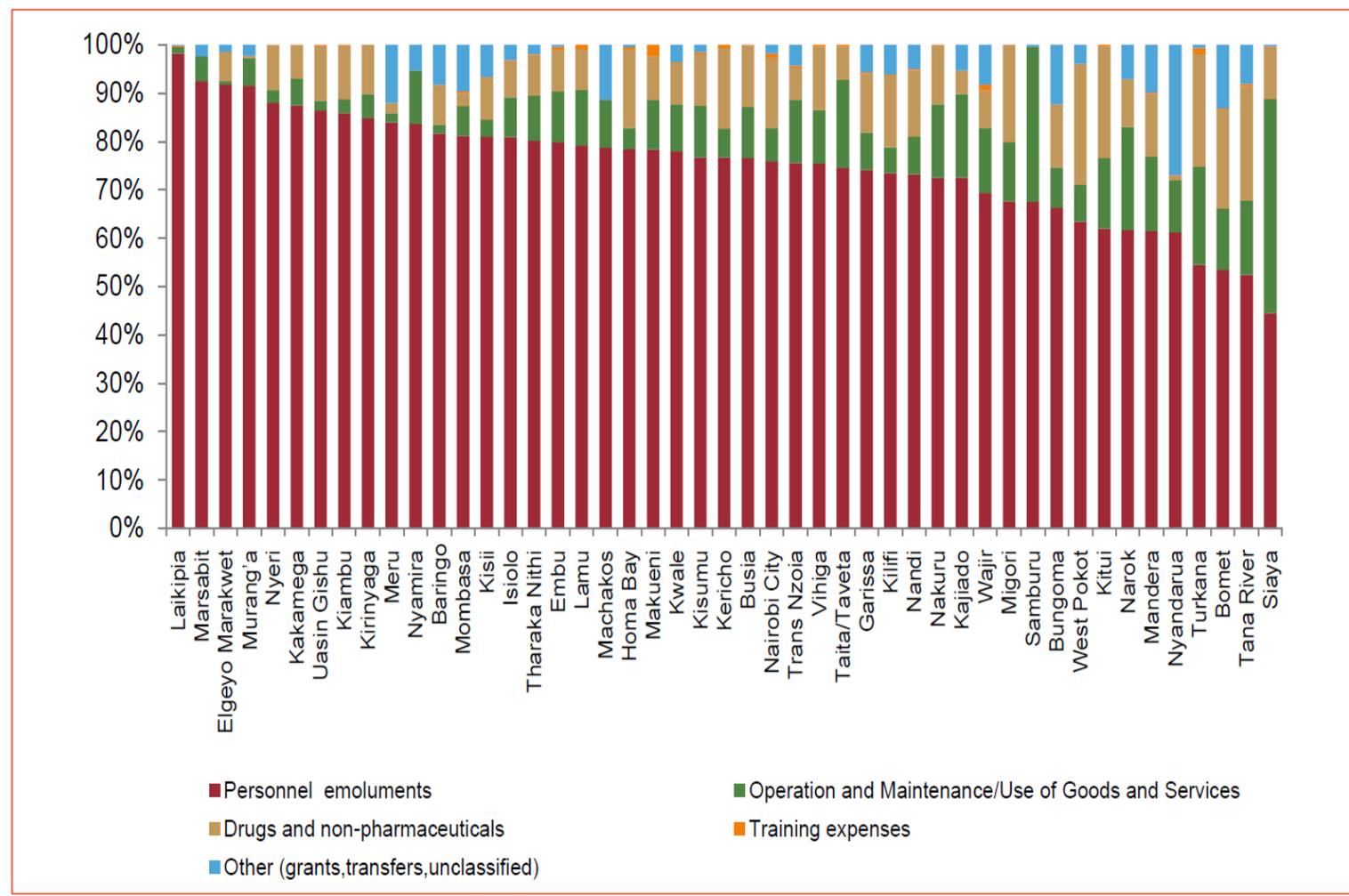
- Bulk of county health spending is financed from the block grant from the national government
- Counties generate a modest amount of own-source revenue; user fees from facilities are an important source
- All national government financing and on-budget donor funding for health are structured as conditional grants. This mechanism faces challenges:
 - Allocation formulas are not well documented and are typically not linked to county performance
 - Monitoring of conditions by the national government is weak
 - Only a few require funds to flow to health facilities

HOW COUNTIES SPEND HEALTH FUNDS

FINDINGS FROM A RAPID SITUATION ANALYSIS OF COUNTY PURCHASING

Counties have limited but important opportunities to link facility payments to performance

- Salaries, drugs and facility maintenance costs account for the bulk of the county health budget, which the county pays directly
- The conditional grants they receive (user fee forgone, THS-UC project, and Afya Care) offer an opportunity to link facility payments to performance
- ThinkWell’s program officers are supporting counties to channel more funds to health facilities and explore ways to link them to performance.

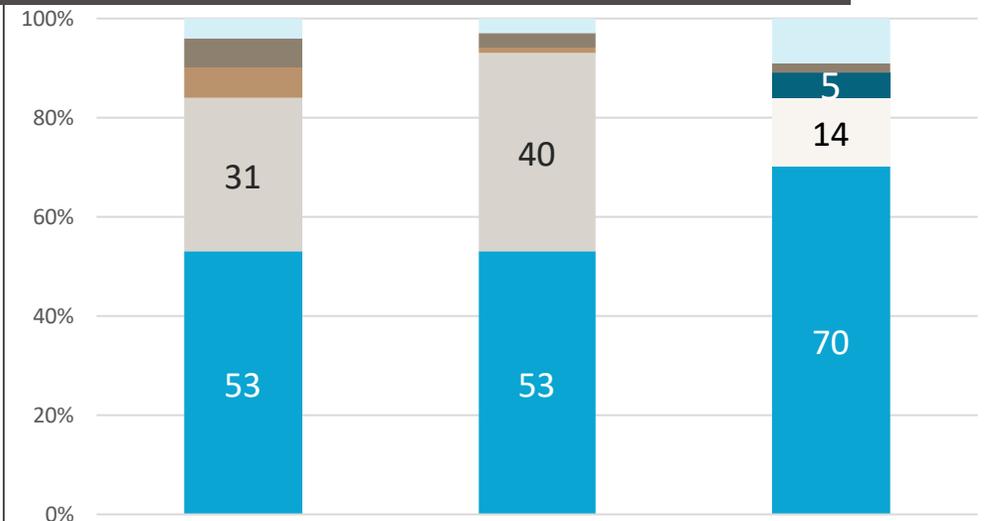


Source: MoH, National and County Health Budget Analysis FY 2018/19

FLOW OF FUNDS TO HEALTH FACILITIES

FINDINGS FROM SITUATION ANALYSIS AND KEMRI WT'S RESOURCE TRACKING STUDY

Before devolution



Dispensaries Health Centers Hospitals

- Other
- Constituency Development Funds
- Donors
- NHIF
- HSSF
- HMSF
- User Fees

Sources of financing for facility operating budget (MoH, PETS 2012)

After devolution

- Facility collections are an important source of local revenue for county governments
- Hospitals in most counties are required to remit funds they collect from user fees and NHIF reimbursements to the county government
- Makueni is an important exception; hospitals can retain NHIF payments and county reimburses them for user fees under Makueni Care.
- Level 2 and 3 facilities receive funds from NHIF (e.g. under Linda Mama) and from the county government (funded by DANIDA and user fee conditional grant) and can retain and spend them
- ThinkWell program officers are working with county governments to operationalize national guidelines to increase facility autonomy, and support PHC centers submit NHIF claims

IMPLEMENTATION OF LINDA MAMA: BENEFITS COVERED

FINDINGS FROM A PROCESS EVALUATION CONDUCTED BY KEMRI WT

The benefit package

Delivery, ANC (4 visits), PNC (4 visits), ambulance services for emergency referrals, and care for the newborn (within one year of program coverage)

Gaps in the benefit package

Does not include ultrasounds for the mother or abortion care. No reimbursement rates set for ambulance services or newborn care (beyond routine PNC)

Gaps in benefit package fidelity

Some services that should be covered are not (newborn care in 3 of 5 counties, post-partum FP, up to 4 PNC visits) due to poor understanding of the package and how the rates are structured

Facility type	Normal	Caesarian	ANC	PNC
Public Level 2 & 3	2500	--	1 st visit: 600; Rest: 300 per visit	200 per visit
Public Level 4 & 5	5000	5000	1 st visit: 1000; Rest: 300 per visit	
Public Level 6	17,000	17,000	1 st visit: 1000; Rest: 500 per visit	
Private Level 2 & 3	3500	--	1 st visit: 1000; Rest: 500 per visit	
Private Level 4 -6	6000	17,000		

IMPLEMENTATION OF LINDA MAMA: PAYMENTS TO FACILITIES

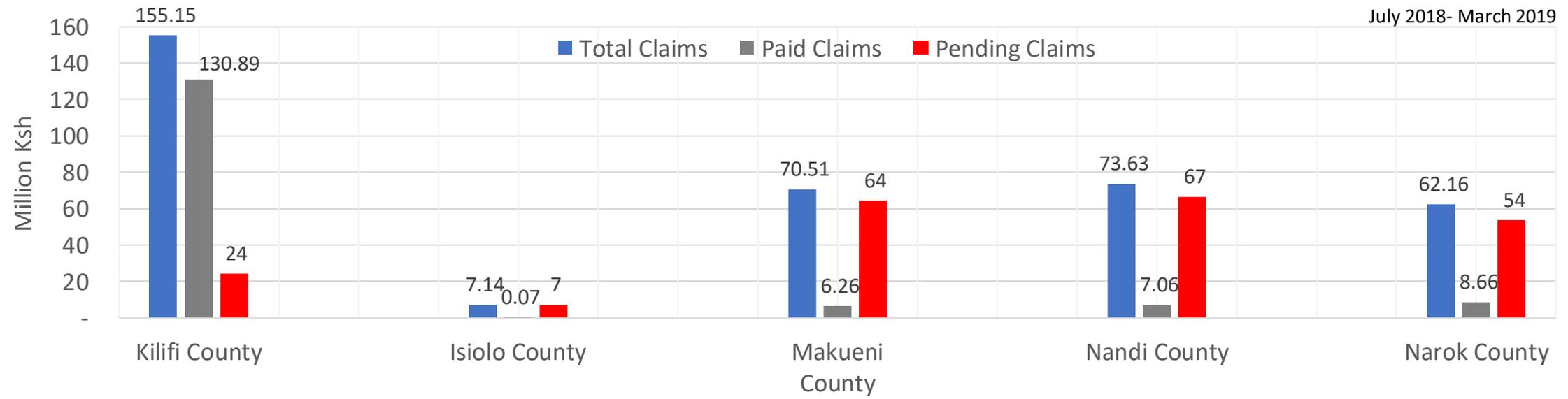
FINDINGS FROM A PROCESS EVALUATION CONDUCTED BY KEMRI WT

Claims submission

Facilities reported facing a range of challenges in all 5 counties: inadequate training, insufficient staff, no access to photocopiers. These are particularly acute for primary care facilities.

Payment by NHIF

NHIF reimbursement is slow and unpredictable.

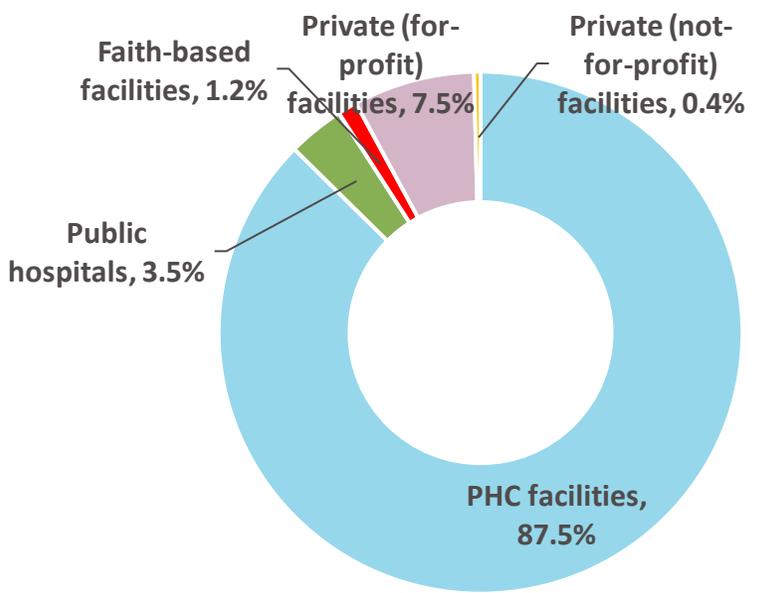


Where public hospitals have to remit funds to the county government (e.g. Nandi, Kilifi and Isiolo), they have limited motivation to submit all claims or track payments.

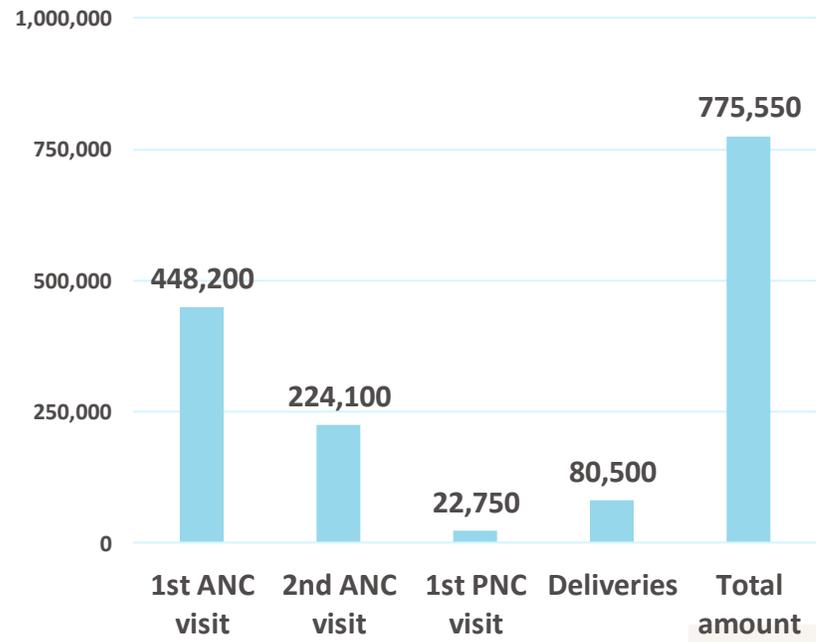
ESTABLISHING THE REVENUE POTENTIAL OF LINDA MAMA

RESULTS FROM MAKUENI COUNTY

- Though majority of health facilities empaneled for Linda Mama were PHC facilities, hospitals are responsible for 91% of the total value of claims.
- Out of the 20 PHC facilities surveyed in October 2019, half of them were not submitting claims (foregoing ~Ksh 0.8 million in revenue)



Facility empanelment (NHIF Local Branch Makueni 2019)

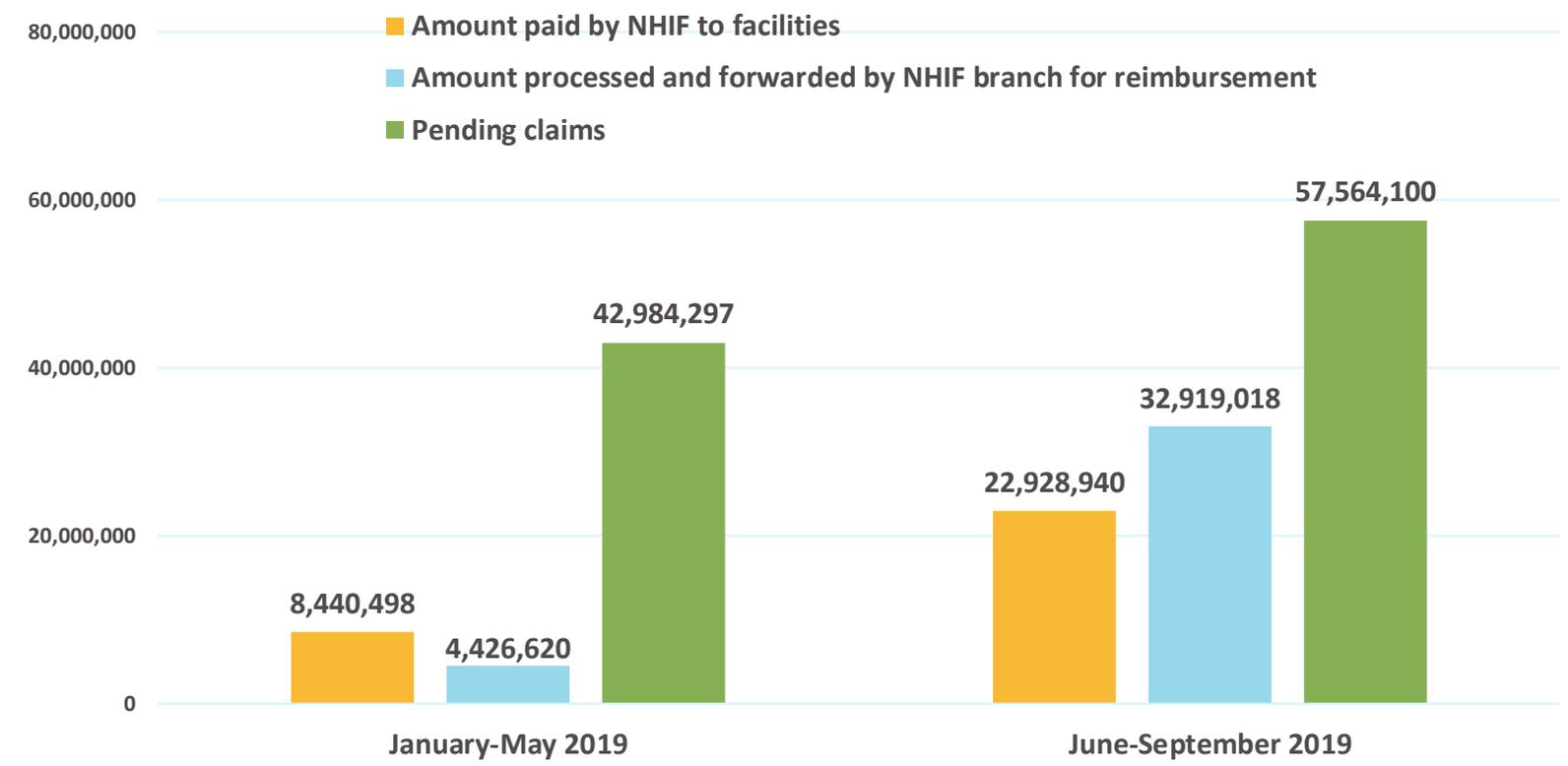


Estimated loss of revenue due to PHC facilities not claiming, FY 2018/19 (CDOH Makueni 2019)

SUPPORTING PUBLIC FACILITIES TO CLAIM REIMBURSEMENTS

RESULTS FROM MAKUENI COUNTY

- With support from ThinkWell, CDOH started tracking Linda Mama claims and payments by public facilities in mid-2019, which has resulted in a significant uptick in claims and payment
- Ongoing work to improve ability of PHC centers to submit claims.



Linda Mama claims in public facilities, KSh (CDOH Makueni 2019)

MAKUENI CARE: THE UNIVERSAL HEALTH CARE PROGRAM IN MAKUENI COUNTY



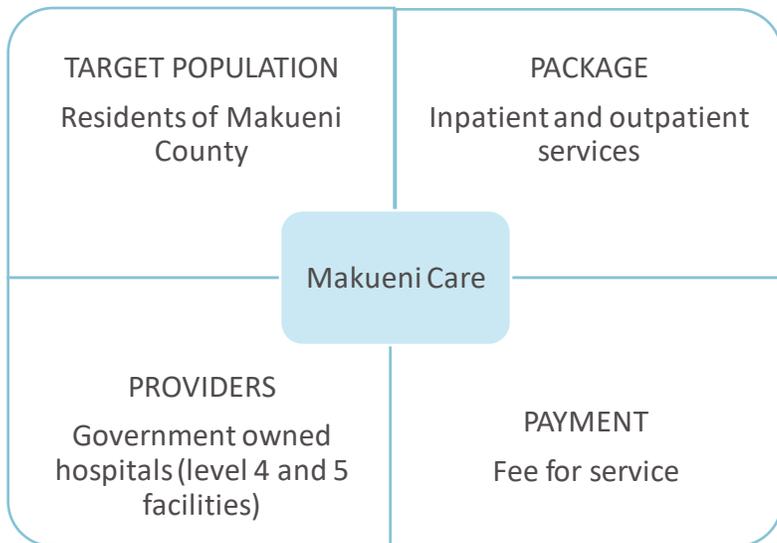
Mass UNIVERSAL HEALTHCARE

Registration for 2018

27th to 29th Dec 2017

- Registrations centres at the subward level
 - Amount: 500 per household per year
- DOCUMENTS FOR REGISTRATION**
- Principal member - National ID
- Dependants to present either of the following documents**
1. Birth notification
 2. Birth certificate
 3. National ID
 4. Marriage certificate where applicable.

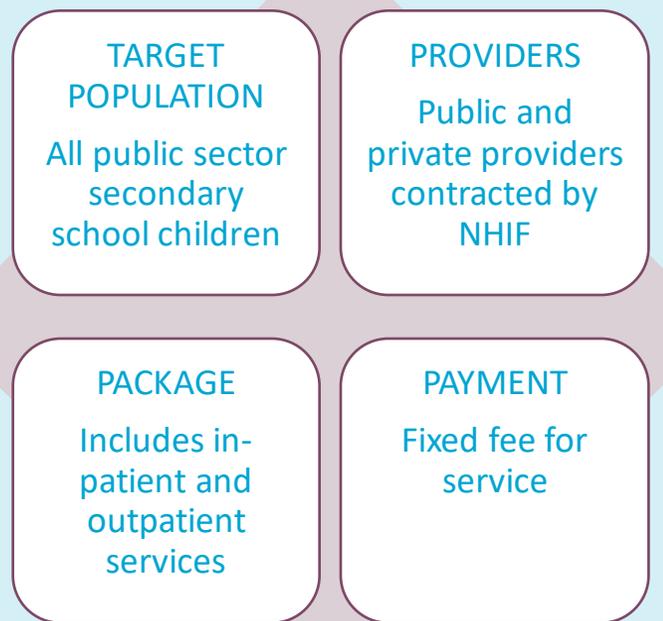
- Launched in 2016 to complement other existing programs in the county
- Two sources of funding:
 1. County Government
 2. Premiums paid by households



- ThinkWell identified several challenges:
 - Long-term financial sustainability
 - Risk of attracting more people at higher level facilities instead of lower-level PHC facilities
 - Hospitals are incentivized to over-provide services and favor more expensive interventions over simple, less expensive ones
 - One of many programs operating in the county
- Program Officer embedded in the County Government provides support to reform the program given the scale-up of Afya Care

NHIF'S EDUAFYA SCHEME: A MISSED OPPORTUNITY FOR FP

- Launched in May 2018
- Funded by Ministry of Education but implemented by NHIF
- Covered 2.7 million children in 2019



- ThinkWell conducted a review of EduAfya
- Scheme is widely credited for improving access to health services for secondary school children
- Its potential for extending access to sexual and reproductive health services for adolescent girls is hitherto untapped
 - Scheme is largely used for curative services of common ailments
 - Scheme procedures would typically discourage girls from using it to access FP (e.g. needing letter from the teacher)





Strategy 2: leverage purchasing to promote quality standards

(To be initiated in 2020)



LEVERAGE PURCHASING TO PROMOTE QUALITY STANDARDS (TO BE INITIATED IN 2020)

Strategy 2

CHALLENGES



Limited information about how purchasers do (or do not) integrate quality standards into their policies and practices

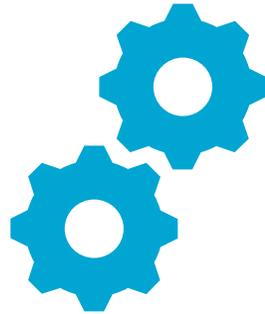
Limited understanding about how county governments can use purchasing to promote quality of PHC, FP and MNCH services

SP4PHC ACTIVITIES

Team to undertake a landscaping of the quality infrastructure in Kenya, and touch-points with purchasing

Document and share information about best practices and intelligent failures to foster learning

Program officers to engage county governments to explore ways for them to link facility payments to quality metrics





Strategy 3: support use of THS-UC funds for strategic purchasing of FP and MNCH services

Overview of activities



SUPPORT USE OF THS-UC FUNDS FOR STRATEGIC PURCHASING OF FP AND MNCH SERVICES

OPPORTUNITY

Under THS-UC, the National Government is providing results-based financing to county governments to improve RMNCAH services using government systems

INTERVENTIONS

SP4PHC M&E expert embedded at the Council of Governors is assisting the program management team to track program performance, as well as capture and share best practices

Program officers are supporting Isiolo, Kilifi and Makueni counties to improve use of THS-UC funds

Structure of the THS-UC grant

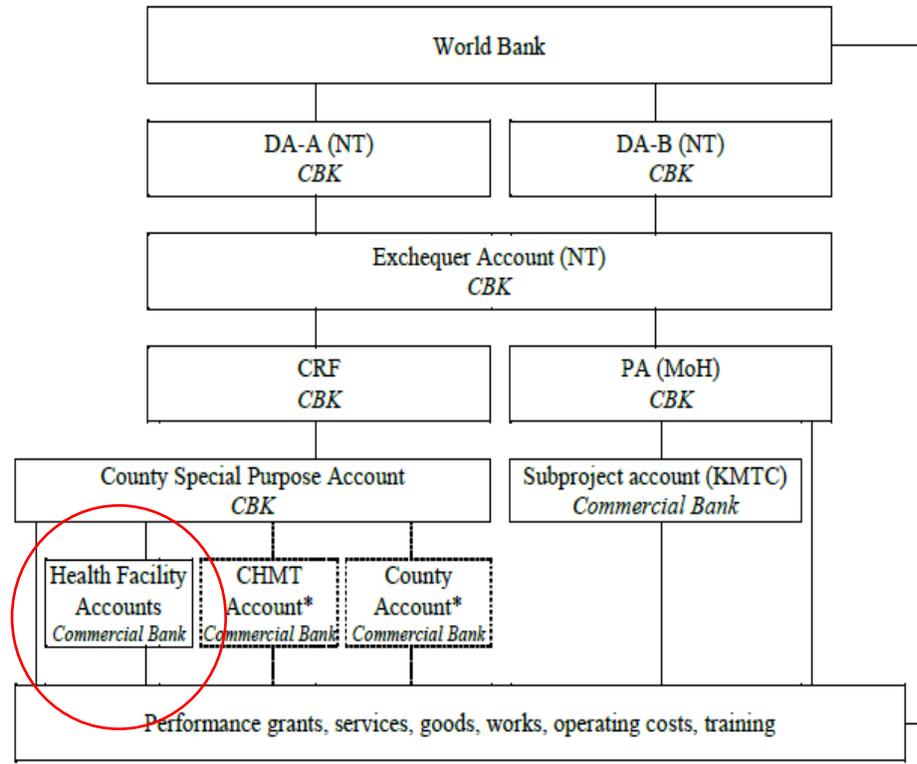
Allocation formula	<ul style="list-style-type: none">• Commission of Revenue Allocation Formula• Performance criteria
Eligibility conditions	<ul style="list-style-type: none">• Increase in the share of health budget• Submission of annual reports
Conditions	<ul style="list-style-type: none">• High impact and cost-effective RMNCAH interventions• Cannot be spent on salaries or capital projects above a threshold “negative list”

ADDRESSING THS-UC IMPLEMENTATION CHALLENGES AND DRAWING LESSONS

Targeted support to counties

- Consensus that county governments need more technical assistance
- Counties are typically using funds to procure medical equipment and commodities, undertaking community outreach campaigns, conducting trainings, supportive supervision etc.
- Use of funds to “purchase” services from facilities is rare
- SP4PHC program officers are supporting our target counties to explore results-based financing for public facilities, as well as contracting arrangements with private providers
- SP4PHC is also documenting lessons from THS-UC for improving intergovernmental transfer mechanisms, specifically conditional grants

Figure 3.3. Funds Flow Arrangements



Note: *Optional

Source: THS-UC Project Appraisal Document 2016

INFORM NATIONAL POLICY DIALOGUE ON PURCHASING

CHALLENGES



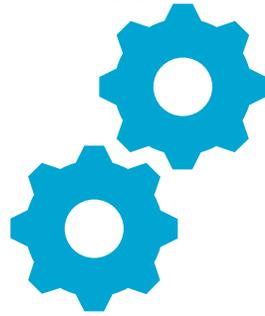
In a highly fragmented purchasing landscape, there is lack of clarity and limited discussion about how different purchasing approaches will be harmonized to achieve UHC

National dialogue on health financing requires timely information about county policies and practices, which vary considerably.

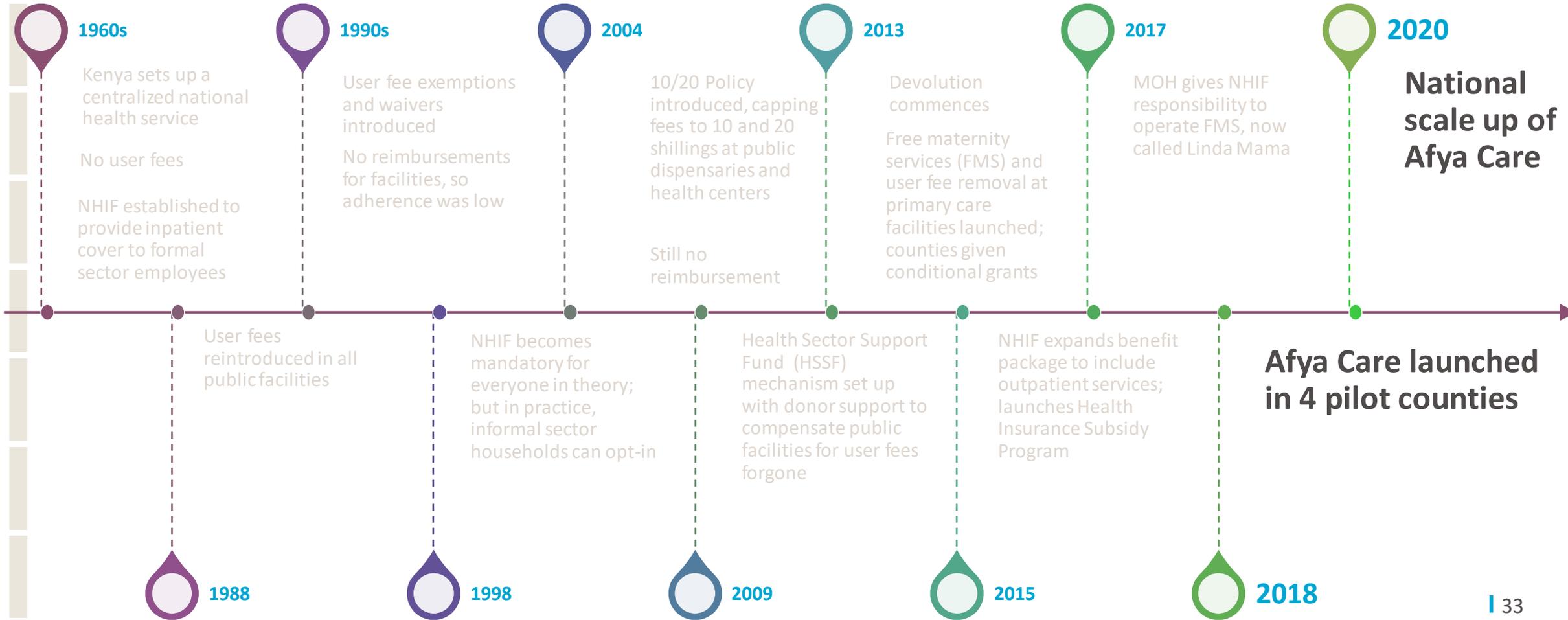
SP4PHC ACTIVITIES

The project is partnering with the Strategic Purchasing Africa Resource Center and KEMRI Wellcome Trust to convene and facilitate policy fora on strategic purchasing

Team in participating in national policy discussions, sharing information and insights from project counties



STATUS OF KENYA'S UHC PLANS



THE AFYA CARE PILOT

The UHC pilot

- 4 counties: Machakos, Nyeri, Isiolo, and Kisumu
- 1 year (Dec 2018- Dec 2019)

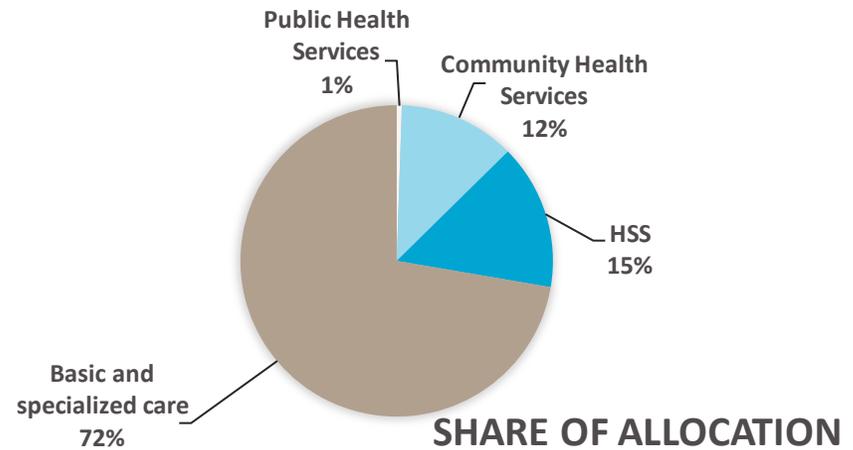
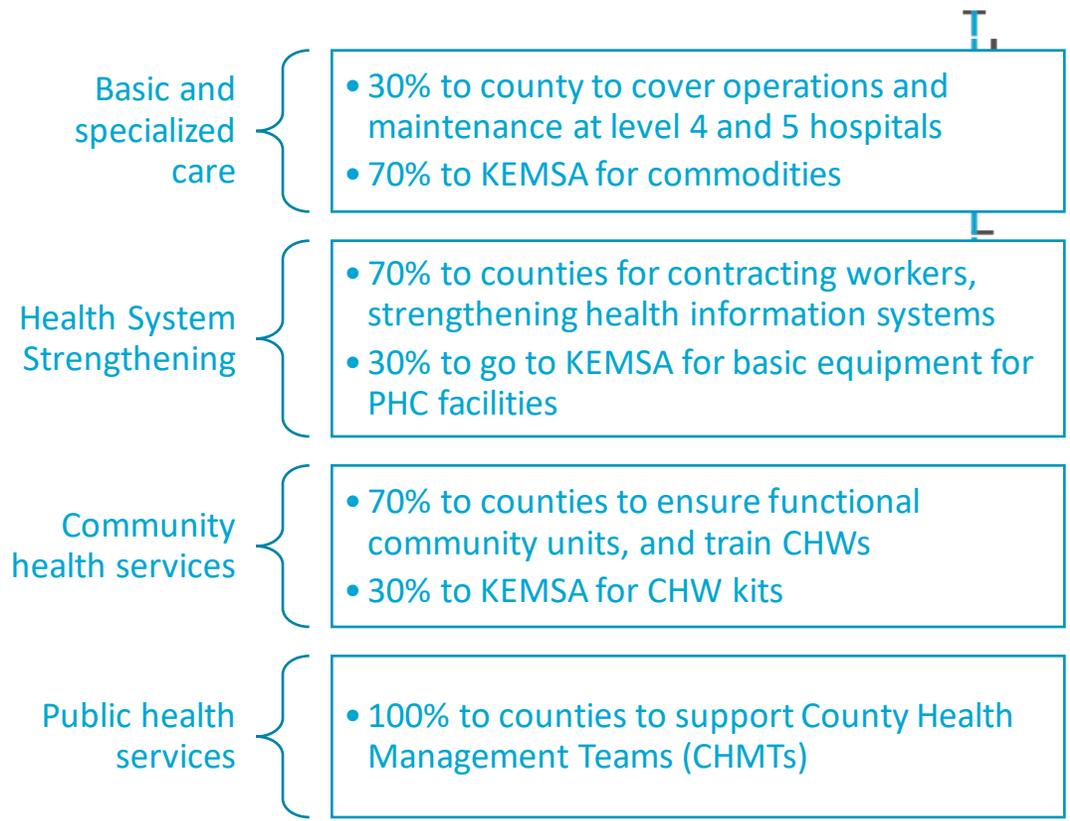
Key features

- Total spend was 4 billion shillings (~39 million USD, of which ~14 million USD was from the World Bank)
- Counties abolished user fees at level 4 and 5 public hospitals
- The 4 counties received a total of 3.1 billion shillings* for county health services, divided into 4 sub-programs (see list to the right)
- Of the 3.1 billion, 1.3 billion was transferred to the counties directly while 1.8 billion went to KEMSA

Afya Care scale up

- The National Government is signing agreements with counties for national scale up in FY 2020-21

* Remaining funds were allocated for national referral services



Conclusion



FINAL REFLECTIONS: SP4PHC's CONTRIBUTION (SO FAR)



Against the backdrop of Afya Care, strengthen county government purchasing policies and practices with a focus on FP and MNCH through direct support to 3 project counties, document best practices from other counties, and facilitating learning between counties



Use THS-UC experience to generate learnings about how intergovernmental transfers from the national government to counties can be linked to results



Influence national dialogue around greater coherence in the purchasing ecosystem, especially as it relates to improving the delivery of FP and MNCH services

Recommended Citation: ThinkWell Strategic Purchasing for Primary Health Care. 2020. "Kenya: Strategic Purchasing Strategies and Early Results." Washington, DC: ThinkWell.

SP4PHC is a project that ThinkWell is implementing in partnership with government agencies and local research institutions in five countries, with support from a grant from the Bill & Melinda Gates Foundation. For more information, please visit our website at <https://thinkwell.global/projects/sp4phc/>. For questions, please write to us at sp4phc@thinkwell.global.

