Kenya

Strategic purchasing strategies and emerging results

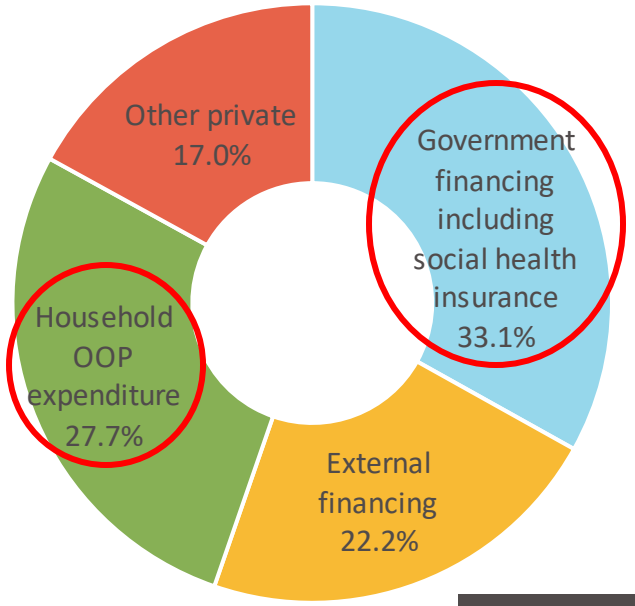
KENYA TEAM

APRIL 2022

SP/PHC
Strategic Purchasing for Primary Health Care

ABOUT KENYA

- While Kenya achieved lower-middle income status in 2014, 37% 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 (OOP) spending as a share of total health spending is lower.



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

Indicator	Value (2020)
Total population (million)	52.6
Population growth (annual %)	2.3
Urban/rural divide (% of population)	28/72
Population ages 0-14 (% of total population)	38.6
Population ages 15-64 (% of total population)	58.9
Population ages 65 and above (% of total population)	2.5
Life expectancy at birth (years)	66.7 (2019)
GDP growth (annual %)	-0.3
GDP per capita, PPP (current international $)	4,577.9
Poverty headcount ratio at $1.90 a day (% of population)	36.8 (2015)

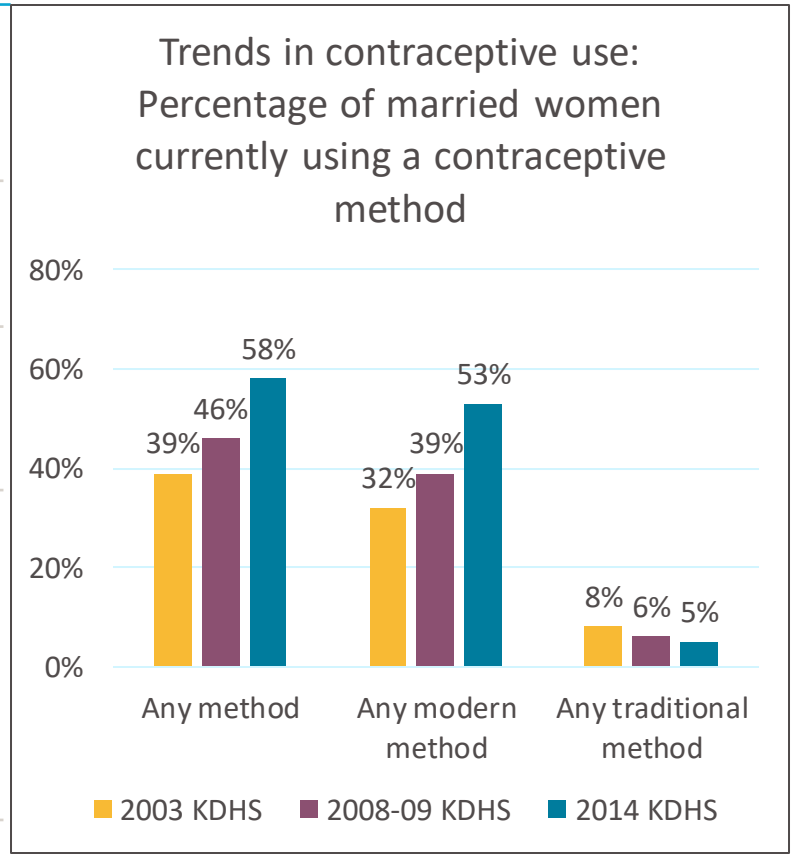
Source: World Bank 2022

FP CONTEXT: EXTREME SUB-NATIONAL VARIATION IN CONTRACEPTIVE PREVALENCE

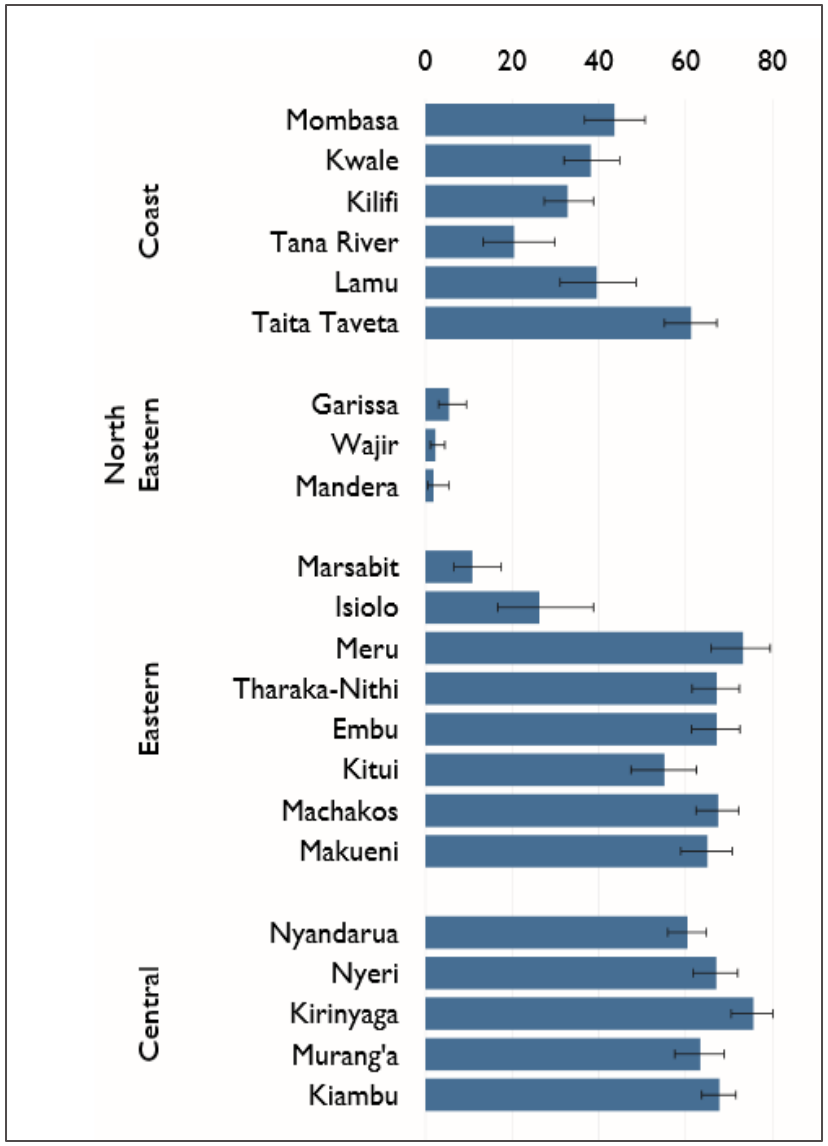
- The modern contraceptive prevalence rate (mCPR) in Kenya has been steadily increasing and was double the average for Sub-Saharan Africa in 2021.
- The national average however masks very large disparities between counties.

Indicator	Kenya	Sub-Saharan Africa
mCPR (all women)	42.4%	20.9%
Unmet need (married/in union)	18.3%	25.7%
% of women whose demand is satisfied with a modern method of contraception (married/in union)	76.1%	49.9%

Source: Track20

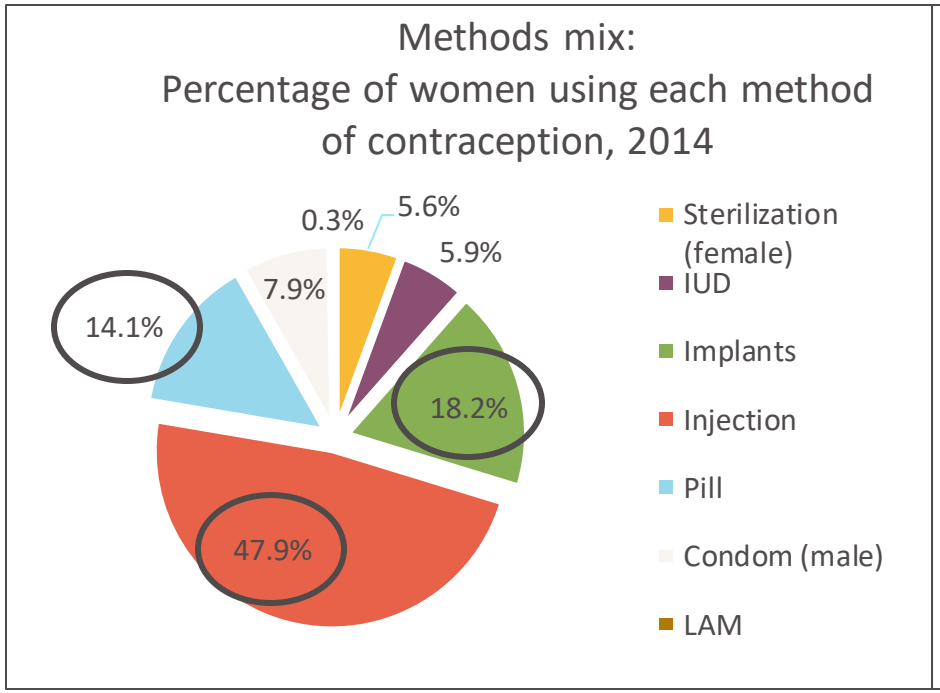


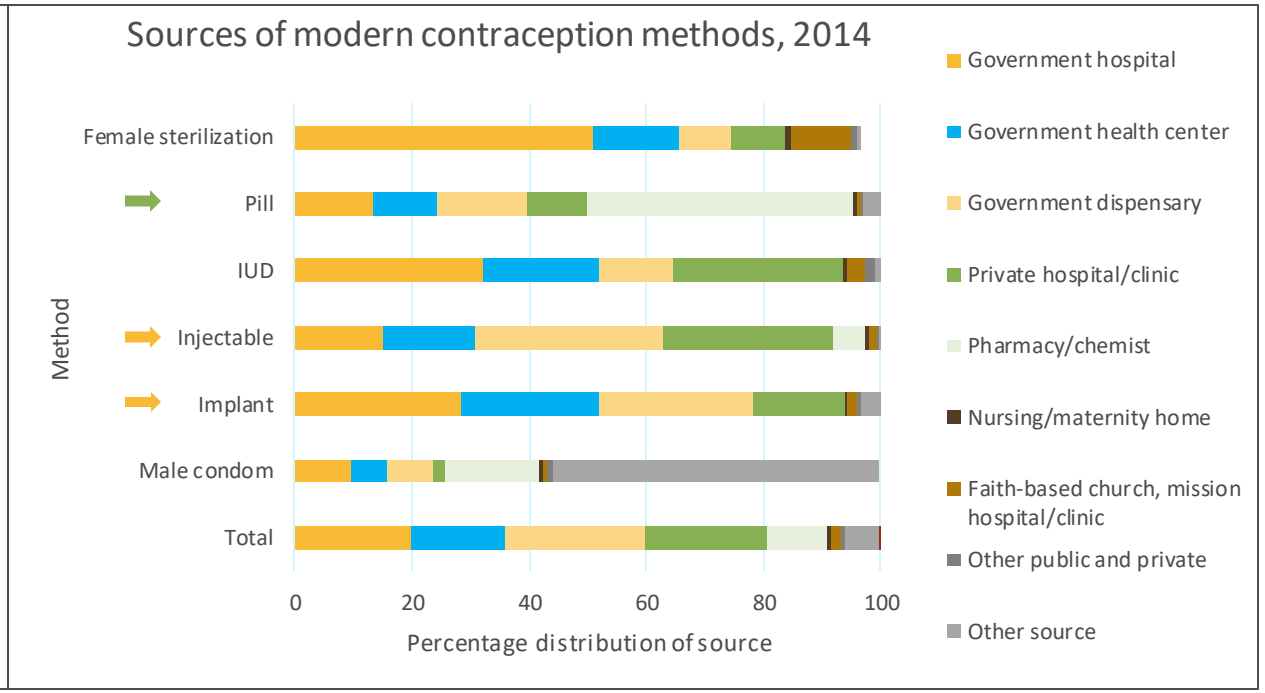
Source: Kenya DHS 2014



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, IUD, and sterilization; private providers (e.g., pharmacies, shops) are the main source for pills.





Source: Kenya DHS 2014

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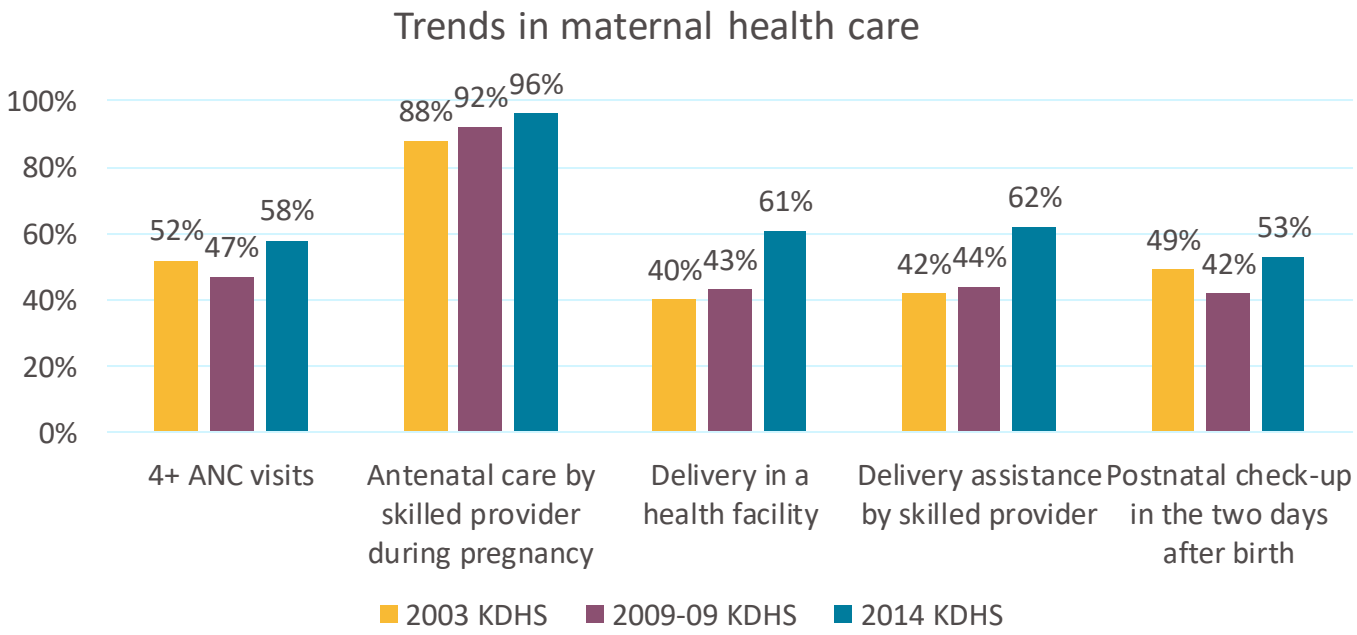
MNCH CONTEXT: STAGNANT MATERNAL MORTALITY RATE DESPITE INCREASING COVERAGE OF MNCH INDICATORS

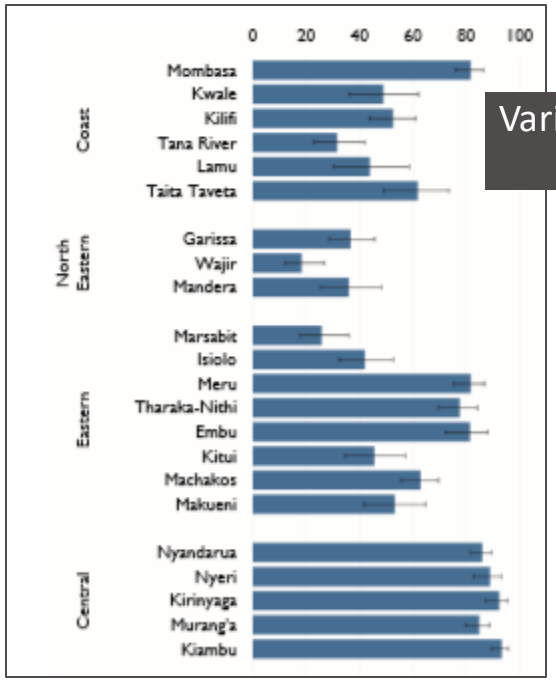
- Kenya did not reach its MDG target for maternal mortality rate (MMR); the MMR was 362 deaths by 100,000 live births in 2014 compared to a target of 147 by 2015.
- Maternal mortality did not change between 1996 to 2009 and declined modestly between 2009 and 2014.
- This is despite coverage of most MNCH 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

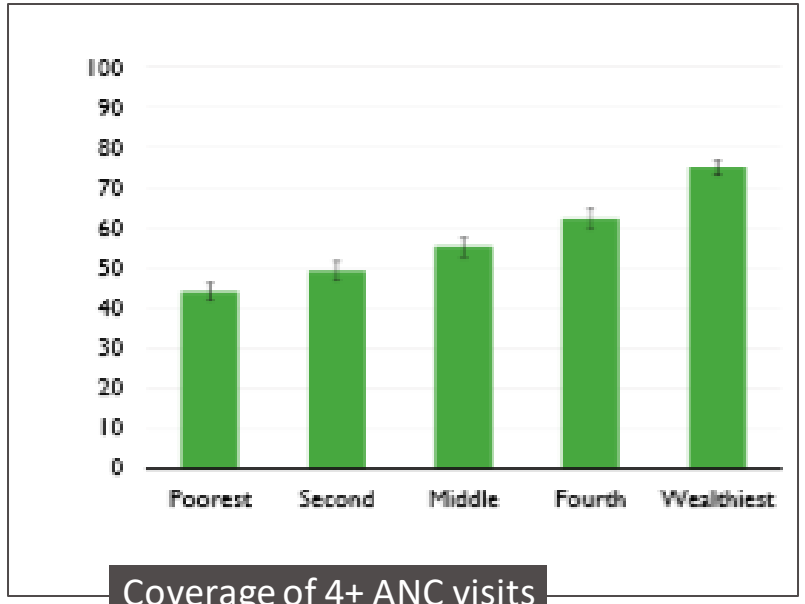


MNCH CONTEXT: FOCUS NEEDED ON INEQUITIES AND QUALITY OF CARE

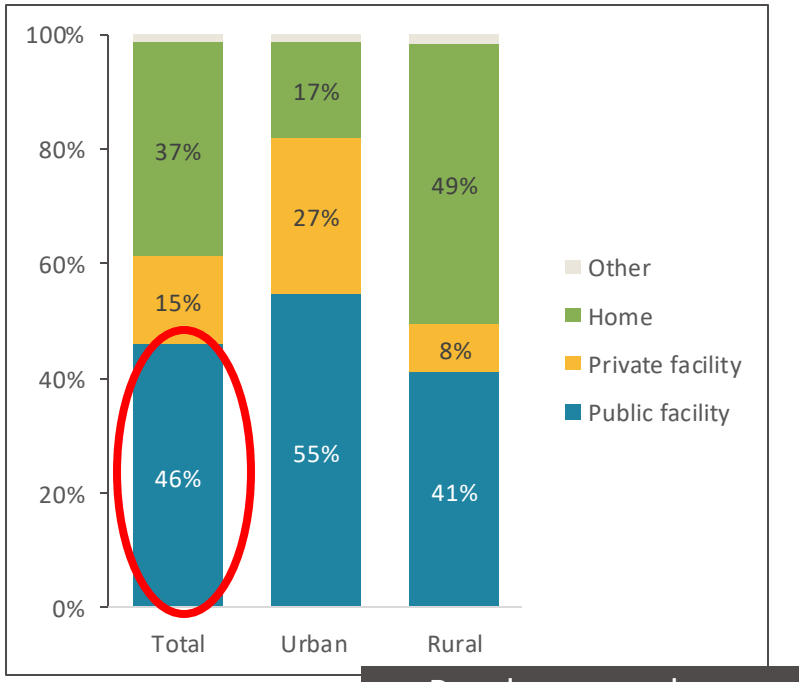
- There is considerable variation in MNCH service coverage between wealth quintiles, counties, and urban versus rural areas.
- Increasing coverage but stagnant MMR also points to the need for a focus on quality, especially in public facilities that account for 75% of facility births nationally.



Variation in facility births by counties



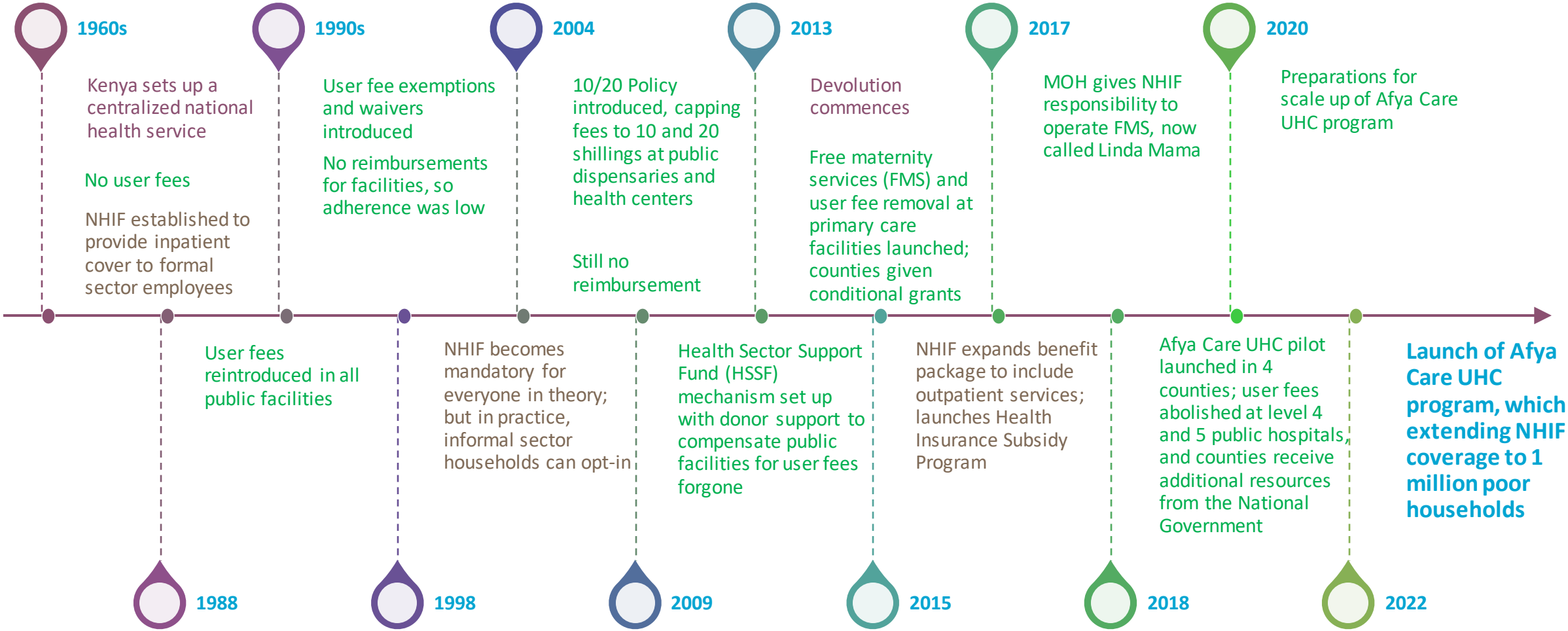
Coverage of 4+ ANC visits by wealth quintile



Rural versus urban variation in facility births

Source: Kenya DHS 2014

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 Health 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 project (THS-UCP)
- 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 Health Insurance Fund

- Operates a range of insurance schemes (~26% 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

*The institution was until recently called "National Hospital Insurance Fund."

KEY CONSIDERATIONS THAT HAVE INFORMED THE EVOLUTION OF OUR STRATEGIES

#1

Many partners working (or attempting to) on NHIF reforms.

#2

Counties are the main purchasers of PHC, FP and MNCH services

#3

Counties influence facility incentives and capacity to participate in Linda Mama, a universal entitlement program for MNCH

#4

Although MNCH service coverage has been increasing overtime, MMR is stagnating.

#5

Counties receive the bulk of GFF funds for improving RMNCAH

#6

Afya Care pilot channeled more resources to county governments; during scale-up it transformed to an insurance subsidy

SP4PHC IN KENYA: KEY STRATEGIES

Learning agenda

Strategy 1

Support strategic purchasing for PHC at the county-level, with a focus on Linda Mama

- Program officers in Isiolo, Kilifi, and Makueni are supporting county governments to enable public facilities to participate in the Linda Mama free maternity scheme, channel more funds to health facilities, and enhance facility autonomy in the public sector.
- Learning partner KEMRI Wellcome Trust is undertaking a multi-phase process evaluation of Linda Mama.

Strategy 2

Leverage purchasing to promote quality standards

- Team is analyzing quality infrastructure in Kenya and touch-points with county-level purchasing. Program officers will then engage with county officials to design reforms that link facility payments to quality metrics.
- Working with Jacaranda Health to explore how the purchasing lever can be used to promote service delivery redesign (SDR) to improve maternal and neonatal health outcomes in Kakamega county.

Strategy 3

Support use of THS-UCP/GFF funds for strategic purchasing of FP and MNCH services

- In 2019-2020, M&E expert embedded at the Council of Governors assisted GFF the program management team to track program performance and capture best practices.
- Program officers are supporting Isiolo, Kilifi, and Makueni counties to improve use of GFF funds through strategic purchasing.

Strategy 4

Inform national policy dialogue on strategic purchasing

- Team is supporting MOH design and implement UHC plans, drawing insights from county experience.
- Program officers working with Isiolo, Kilifi, and Makueni counties to roll out UHC program, and document experiences in real-time.

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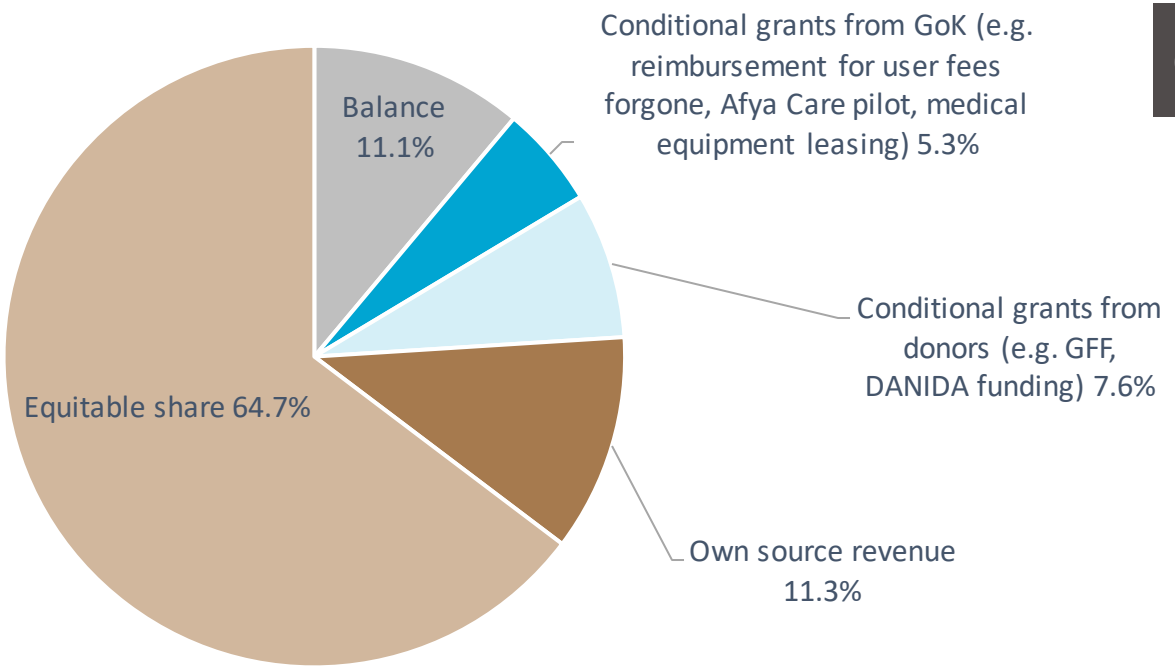
COUNTY HEALTH FINANCING

FINDINGS FROM A RAPID SITUATION ANALYSIS OF COUNTY PURCHASING

Strategy 1

In 2019, ThinkWell conducted a landscaping study to understand purchasing policies and practices at county level. We synthesized information from a detailed desk review of existing literature and interviews with key stakeholders about the following topics:

1. County governments as purchasers of health services
2. The flow of funds to public facilities at county level
3. Opportunities to strengthen county government purchasing policies and practices



County revenue

Source: Controller of Budgets, County Governments 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

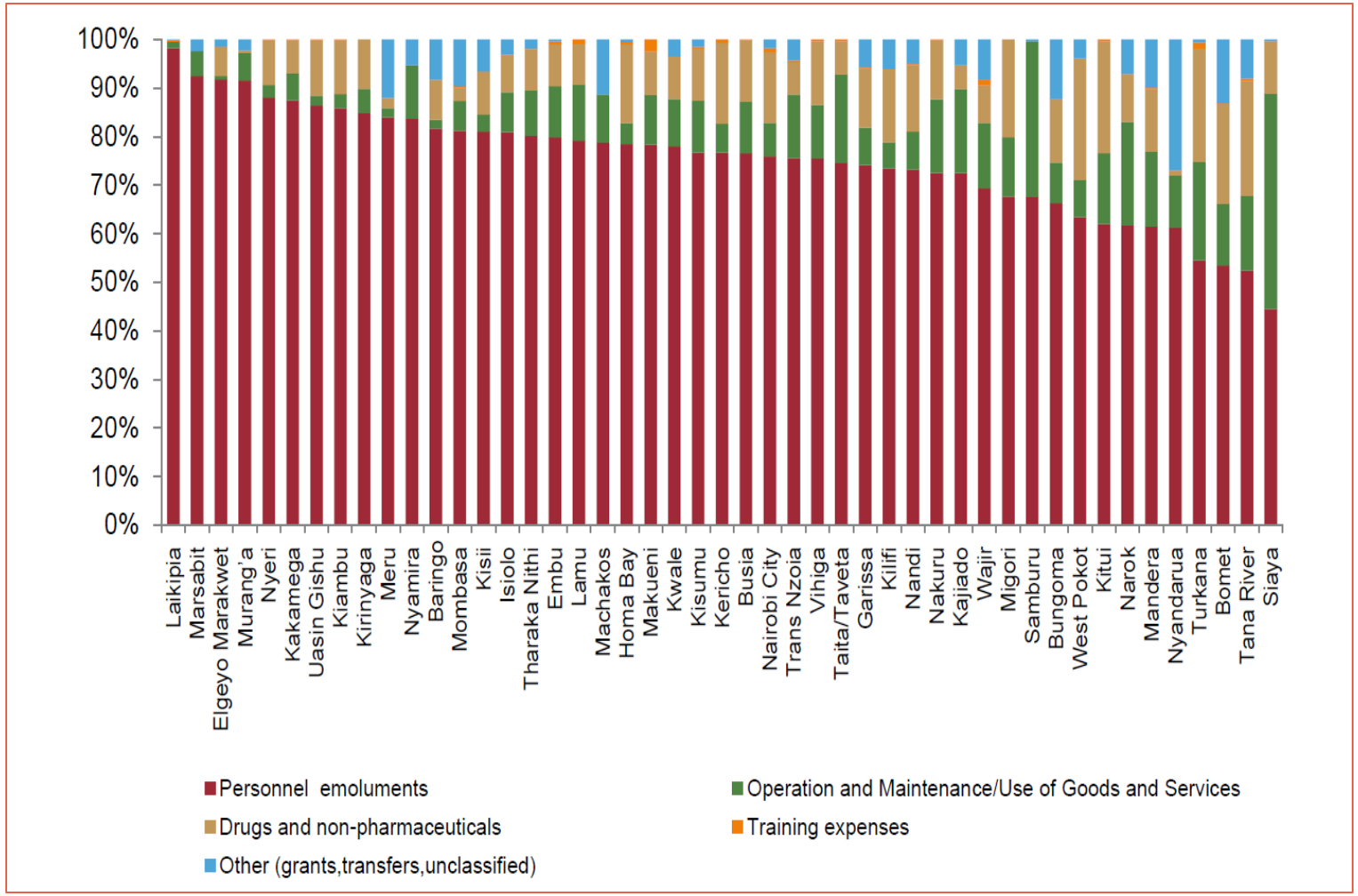
HOW COUNTIES SPEND HEALTH FUNDS

FINDINGS FROM A RAPID SITUATION ANALYSIS OF COUNTY PURCHASING

Strategy 1

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 (75.8%, 6.9%, and 9.7%, respectively), which the county pays directly.
- The conditional grants they receive (user fee forgone, THS-UCP, etc.) 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.

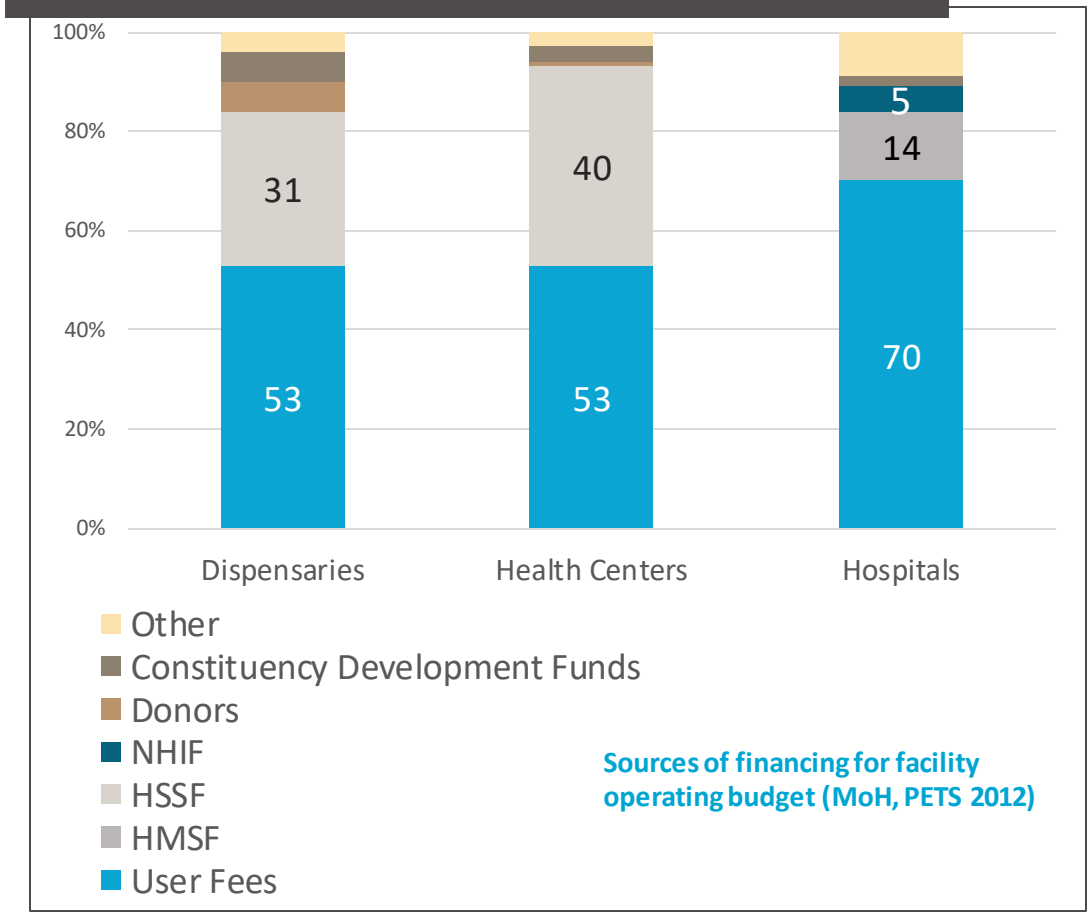


Source: MoH, National and County Health Budget Analysis FY 2018/19

FLOW OF FUNDS TO HEALTH FACILITIES

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

Before devolution



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

After devolution

- Our learning partner, KEMRI WT conducted a study in 2019 to track the flow of resources to public health facilities, and to document public financial management practices at the county level.
- 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 health centers to submit NHIF claims.

IMPLEMENTATION OF LINDA MAMA: BENEFITS COVERED

FINDINGS FROM **A PROCESS EVALUATION** CONDUCTED BY KEMRI WT IN 2019

Strategy 1

KEMRI WT collected information from 5 counties as part of a process evaluation of the Linda Mama free maternity scheme in 2019.

The benefit package

The scheme is meant to cover 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 post 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	2,500	--	1st visit: 600; Rest: 300 per visit	200 per visit
Public Level 4 & 5	5,000	5,000	1st visit: 1000; Rest: 300 per visit	
Public Level 6	17,000	17,000	1st visit: 1000; Rest: 500 per visit	
Private Level 2 & 3	3,500	--	1st visit: 1000; Rest: 500 per visit	
Private Level 4 -6	6,000	17,000		

IMPLEMENTATION OF LINDA MAMA: PAYMENTS TO FACILITIES

FINDINGS FROM **A PROCESS EVALUATION** CONDUCTED BY KEMRI WT IN 2019

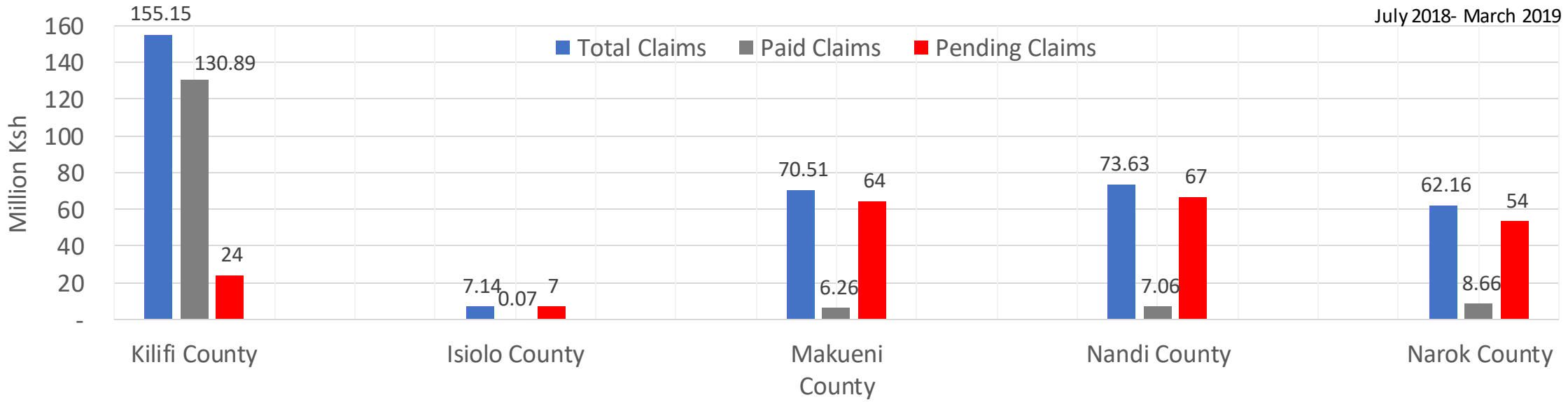
Strategy 1

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.

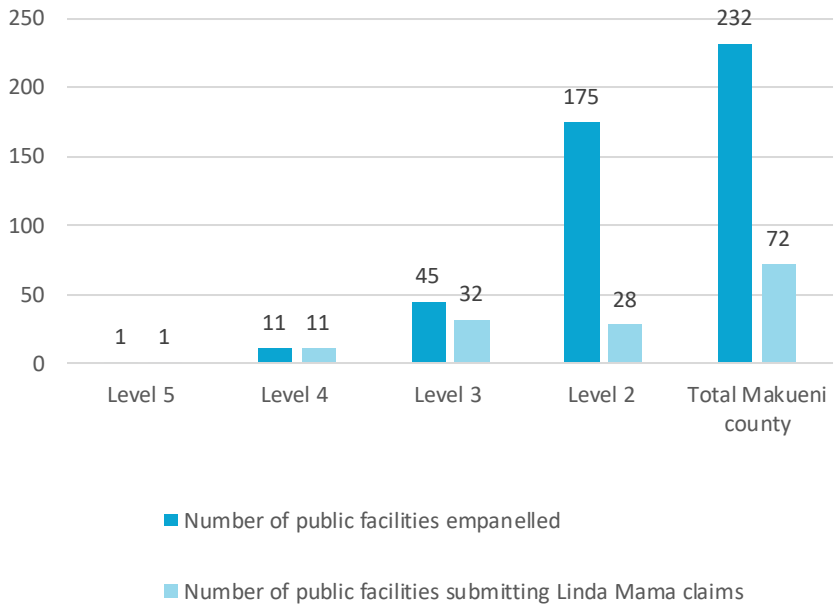


Where public hospitals have to remit funds to the county government (e.g., Nandi, Kilifi, and Isiolo), they have limited motivation to submit all claims or track payments.

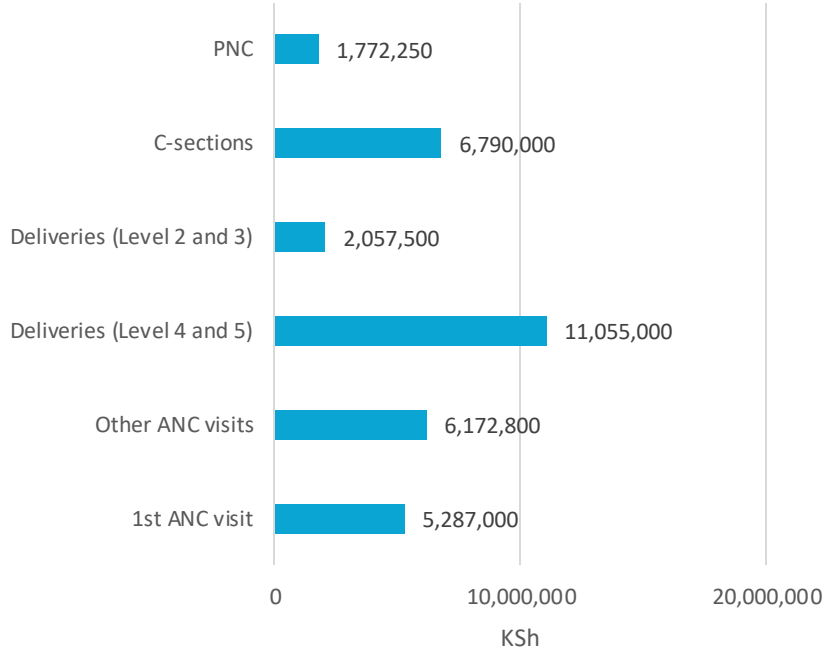
ESTABLISHING THE REVENUE POTENTIAL OF LINDA MAMA

RESULTS FROM THINKWELL'S SUPPORT TO MAKUENI COUNTY

- In 2019 and 2020,ThinkWell supported Makueni to assess the implementation of Linda Mama.
- Though majority of health facilities empaneled for Linda Mama were PHC facilities (levels 2 and 3), hospitals (levels 4 and 5) were responsible for around 90% of the total value of claims.
- Forty PHC facilities surveyed in 2020 lost ~Ksh 8 million by not submitting claims, while the value of unclaimed services by all facilities amounted to approximately KSh 33 million.



Number of public facilities empaneled vs. number of public facilities submitting Linda Mama claims FY 2019/20 (NHIF Local Branch Makueni 2019; CDOH Makueni 2020)



Estimated loss of revenue due to facilities not claiming, FY 2019/20 (CDOH Makueni 2020)

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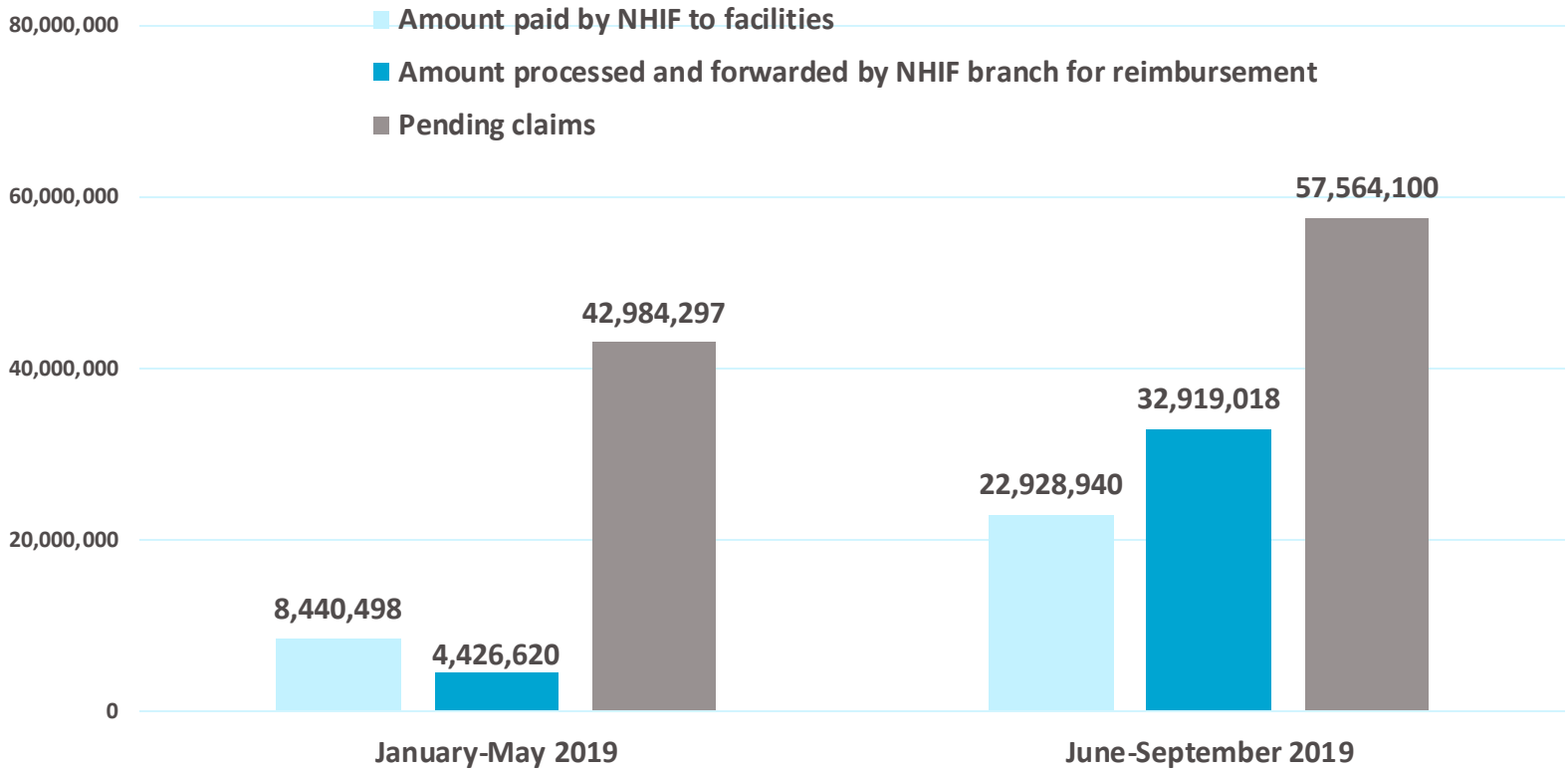
SUPPORTING PUBLIC FACILITIES TO CLAIM REIMBURSEMENTS

RESULTS FROM THINKWELL'S SUPPORT TO 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 (see more info here).
- Ongoing work to improve ability of PHC centers to submit claims.



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

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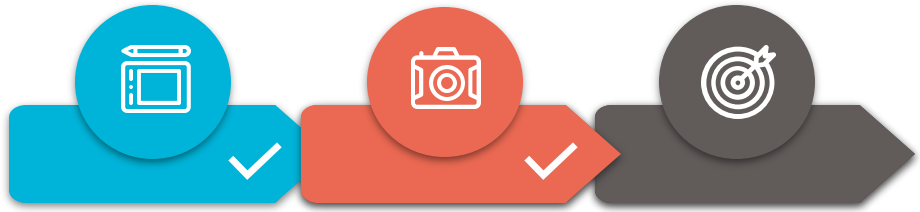
USING THE PURCHASING LEVER TO PROMOTE QUALITY

Strategy 2

Landscaping study

- Purchasers can re-enforce the country's quality standards through different levers such as selective contracting, paying for performance etc.
- ThinkWell is undertaking a rapid study in Kenya to understand the quality infrastructure and the role of counties to promote quality.



Develop assessment framework for exploring the quality infrastructure at the county-level

Collect information from national- and county-level stakeholders

Use findings to engage county government officials about policy options

Service delivery redesign pilot

- In partnership with Jacaranda Health, ThinkWell is working with the County Government of Kakamega to test service delivery re-design to improve maternal and newborn health, as proposed by the Lancet Global Health Commission on High-Quality Health Systems.

- Goals of the activity are to
  - Support Kakamega County Government to have effective and sustainable purchasing arrangements and increase fiscal space to undertake SDR to improve the quality of MNCH services.
  - Engage national stakeholders and other county governments.

Analytics to inform SDR design

Support implementation of the pilot

Use learnings to develop investment case and advocate for scale up of SDR

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STRENGTHENING QUALITY OF CARE IN KAKAMEGA COUNTY

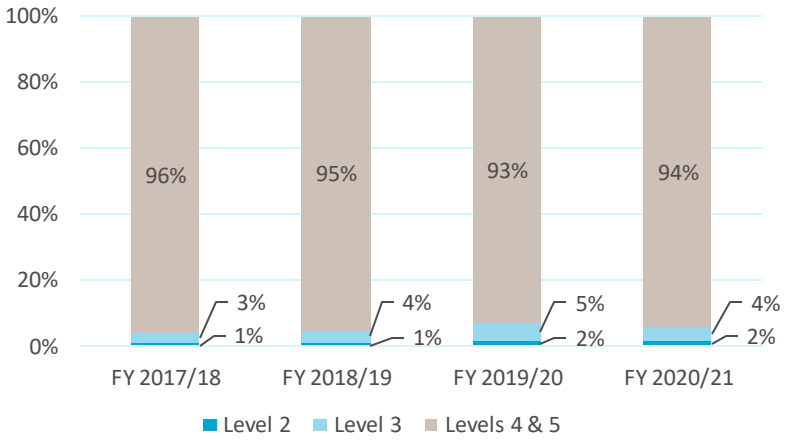
Strategy 2

Quality of services is affected by inadequate financing particularly at level 2 and level 3 facilities

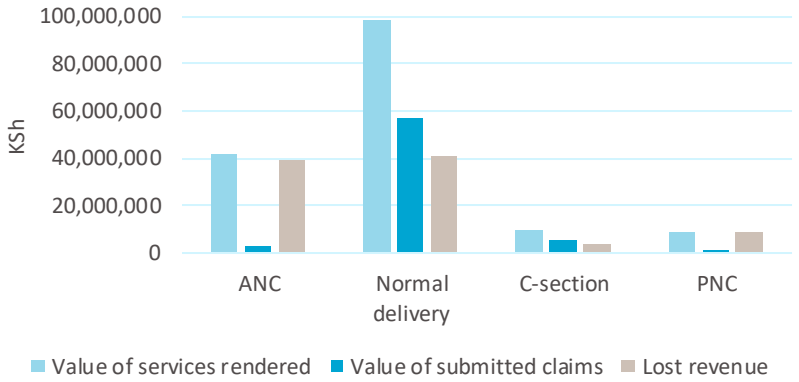
- Although health facilities have multiple revenue sources, they can only access funds coming from county grants. They are not allowed to retain the revenues they collect (e.g., from NHIF reimbursements). Instead, they must remit these revenues to the county government.
- Level 2 and 3 facility are severely underfunded, receiving less than 10% of the health allocation.

Facilities lost over half of their revenues by not submitting Linda Mama claims

- 90% of public health facilities in Kakamega county are empaneled by NHIF.
- In FY 2020/21, the value of unclaimed Linda Mama services amounted to KSh 92 million and NHIF reimbursed 73% of claims received.



Revenue share by facility level, FY 2017/18 - FY 2020/21



Linda Mama performance, FY 2020/21

"...last year, we claimed over half a million shillings from NHIF, but it was swept to the county account. This discouraged me and my staff and we have not raised a single claim since then."

Level 2 facility manager

"A few months ago, we had to close this facility for 2 weeks because we did not have any supplies, including soap. It was not possible to operate. If only we could retain the money we raise, we would not have gotten to that."

Level 4 facility manager

SUPPORTING IMPLEMENTATION OF GFF-FUNDED PROGRAM

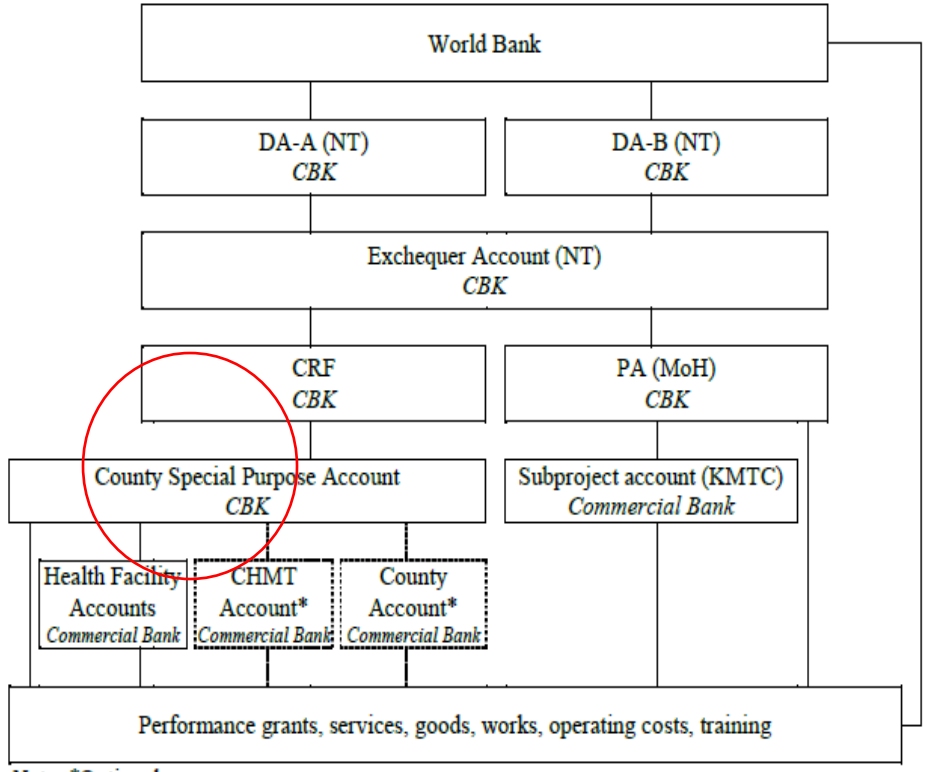
Strategy 3

- Under the GFF-funded THS-UCP, the national government gives counties funds based on them meeting certain condition as well as performance metrics.
- ThinkWell documented the project implementation (see brief), and county-level program officers are supporting the use of funds to promote strategic purchasing (see examples from Makueni and Kilifi).

Targeted support to counties

- Consensus that county governments need more technical assistance for implementing GFF-funded activities.
- They 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.
- ThinkWell program officers have been supporting our target counties to explore results-based financing for public facilities, as well as contracting arrangements with private providers.

Figure 3.3. Funds Flow Arrangements



Note: *Optional

Source: THS-UC Project Appraisal Document 2016

THE AFYA CARE UHC PROGRAM

Strategy 4

Afya Care pilot

- In December 2018, GoK piloted the Afya Care program in 4 counties including Isiolo.
- The County Governments discontinued user fees in level 4 and 5 facilities and received additional resources from the National Government.

Isiolo's experience

- ThinkWell undertook a rapid review of the pilot.
- Half of the funds were received on time in the first half of 2019; the rest were delayed.
- Initial delays in receiving commodities from KEMSA, but the situation improved with time.
- Funds flowed down to health facilities, which used them to improve infrastructure for providing better services.
- Stockouts of medicines and supplies at health facilities reduced considerably during the pilot.
- The majority of Isiolo's population was reached, granting them access to services free of charge.
- A few new staff were hired at facility level which resulted in increased workload of existing staff.
- County experienced issues around correctness of card holders' information.
- Not all health facilities had a verification system in place.

UHC scale up

- In late 2020, GoK announced plans to scale up the UHC program. But the design focuses on subsidizing NHIF cover for poor households, starting with 1 million households nation-wide.
- The UHC program was launched in February 2022.
- 1 million poor households were identified and registered.
- The new NHIF Act mandates all Kenyans to become NHIF members and increases employers' contributions.
- ThinkWell team is documenting the implementation of the program in our focus counties and using insights from that to influence national dialogue about UHC and building coherence in the purchasing landscape.

FINAL REFLECTIONS: THINKWELL's CONTRIBUTION THROUGH SP4PHC

Strengthen county government purchasing policies and practices with a focus on FP and MNCH through direct support to 4 project counties, document best practices from other counties, and facilitating learning between counties

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

In the content of Kenya's UHC plans, influence national dialogue around greater coherence in the purchasing eco-system especially as it relates to improving the delivery of FP and MNCH services

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Supporting the pandemic response in Kenya

As the COVID-19 pandemic rapidly spread around the world in 2020, the SP4PHC project pivoted to incorporate activities to respond to the crisis even as it continued to work towards its original mission.

In all five project countries, ThinkWell staff responded to government requests for support and more information on our COVID-related activities and learnings can be found here.

To stay updated on all the latest insights and events from the SP4PHC team, visit our Latest News page.

Recommended Citation: ThinkWell Strategic Purchasing for Primary Health Care. 2022. "Kenya: Strategic Purchasing Strategies and Emerging Results." Nairobi: 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.**