International Journal of Management and Leadership Studies
2020; 2(iii): 211-217
ISSN: 2311-7575

INSURANCE REFORMS AND PROVISION OF UNIVERSAL HEALTH CARE SERVICES IN KENYA

Faith Keitany Jematia[1], Gladys Mabonga[2]& Ann Kirigo Mwangi[3]
[1,2,3] Management University of Africa
Corresponding Author: [1]jematiaf@gmail.com.

Abstract

Universal health care is a vital part of Kenya that aims to ensure Kenyans receive quality health care services without suffering financial hardships. To address the problems in the health sector and make healthcare more accessible and affordable the government introduced various healthcare reforms, among them is establishing health insurance through National Hospital Insurance Fund (NHIF). In its early years NHIF focused mainly with the formal sector employees, those in the informal sector, in agriculture, small scale business people were left out. However the government has made reforms to ensure that there is equity and access to health services by the poor and those in the informal sector. In the recent years private insurance companies have established health insurance to ensure a wider coverage of health insurance. This paper offers insights on reforms in insurance towards attainment of Universal healthcare in Kenya. This paper reviews the experiences of other countries and draws lessons from those experiences. This paper will find out what Kenya has done in the health insurance sector in ensuring Universal health coverage, although there are other reforms that can be adopted from other countries towards realization of the right healthcare and steer he country towards the desired health goals. The paper recommends that the decision to introduce universal health insurance be premised on a careful and thorough assessment of all the issues being raised, and implementation based on clearly outlined stages.

Key words; Health insurance, universal health coverage, insurance reforms

Introduction

Universal Health Care (UHC) is a system in which everyone in a society can get the health care services they need without financial hardships. The underlying theory is that universal care can increase access to essential health services, improve financial protection and ultimately lead to better health outcomes. The definition of universal care embodies three related objectives: equity in access to health services-those who need the services should get them, not only those who can pay for them. That the quality of health services is good enough to improve the health of those receiving services and financial risk protection ensuring that the cost of using care does not put people at risk of financial hardship. UHC has two fundamental goals: maximizing health impact and eliminating or reducing impoverishment and bankruptcy due to healthcare costs (WHO, 2010). Health and wellbeing are affected by many factors, and those that are associated with ill health, disability, disease or death are known as risk factors.

Kenya has adopted universal health coverage as one of its big four agenda in 2017, hoping that by 2022 all people in Kenya will be able to access essential health services through a single combined benefit package without the risk of financial loss. UHC is based on principals of quality, equity and solidarity.

Ill health brings out the risk of incurring heavy medical expenses among individuals. This risk can be managed in various forms which include UHC; this refers to a health care system which provides health care and financial protection to all its citizens. It is organized around providing a specified package of benefits to all members of a society with the end goal of providing financial risk protection, improved access to health services, and improved health outcomes. This is usually provided by governments of various states for example its provision in Kenya through NHIF. The risk can also be managed through other various forms for example, private insurance, community-based health insurance, social health insurance and compulsory health insurance (WHO, 2010).

Purpose of the study

This study is aimed at examining health insurance reforms towards universal health care and finding out health insurance reforms in other countries and recommend reforms that can be adopted by Kenya health insurance sector to aid in attainment of UHC

Methodology

This review was carried out as a desktop study. Documents relevant to the study were identified and reviewed to provide required information on health insurance. This was method sought as it is suitable in gathering valuable information available that will help in the review of the paper. The study was conducted by reviewing health insurance in India and United States of America (USA) as they are developed in health the health sector. The study also examined insurance reforms in the Kenyan industry towards UHC. It is expected that this study will provide insights on reforms in health insurance that can be adopted by Kenya towards universal health care.

Health Insurance in other countries

INDIA

The health insurance sector in India provides a wide variety of health insurance covers to ensure that Indians can get a cover that meets their needs. The health insurance plans include; individual health insurance plans, family health insurance place, senior citizens health insurance plans, critical illness plans, maternity health plans, personal accident insurance plans, group health insurance cover, united link health insurance plans and corona virus health insurance plans.

The Indian government planned its new National Health Insurance (NHI) system to achieve two essential objectives; providing equal access to health care for all citizens and controlling total health spending to a reasonable level. The NHI provides a comprehensive benefit package covering preventive and medical services, prescription drugs, dental services, Chinese medicine, and home nurse visits. The NHI incorporated a $5 co-payment for each outpatient visit to clinics, an $8 copayment for each visit to hospital outpatient clinics to decrease the premium paid to NHI, and 10 percent coinsurance for inpatient services but capped the total amount that a patient has to pay each year at 10 percent of the average national income per person (Jui-Fen R. L. & William C. H., 2003).

The schemes developed in India to increase uptake of insurance include Rashtriya Swasthiya Bima Yojana (RSBY), Employment State Insurance Scheme (ESIS), Central Government Health Scheme (CGHS), Aam Aadmi Bima Yojana (AABY), and Universal Health Insurance Scheme (UHIS), Ayushman Bharat. Health insurance policies introduced and implemented under the National Health Insurance Schemes are meant to serve and help those belonging to the financially weaker sections. These innovative schemes were designed after keeping in mind the growing hospitalization costs and the need to secure an insurance cover to the most vulnerable sections of the society (Wish policy, 2018).

According to (Policybazaar, 2020), health insurance in India covers; Inpatient hospital expenses, overnight stay in hospitals during injury, donor expense during organ transplants, pre-existing illnesses, maternity, pre and post hospitalization, health checkups, dare care and home based care.

Health insurance in India provides a comprehensive health insurance coverage including critical illnesses cover of up to 30 plus illness. It also comes with a renewal discount (no claim bonus) at the end of a claim free year.

USA

When the Affordable Care Act was first passed in USA, it included a health insurance mandate; all people who could afford adequate health insurance ("minimum essential coverage") throughout the year but chose not to purchase it, were required to pay a penalty fee. This fee was usually charged when it came time to file that year's taxes and was imposed on everyone in one's household who did not meet the minimum healthcare requirements. Affordable Care Act, there are ten (10) categories of health services that all Marketplace insurance plans are required to cover, called Essential Health Benefits including; pregnancy and childbirth services, prescription drug coverage, mental health services, outpatient hospital care, preventative care, emergency services, and more. Plans must also provide dental coverage to minors (adult dental coverage is optional).

However, beginning from 2019 plan year, this penalty—called the Shared Responsibility Payment—was reversed on a federal level. An individual is no longer responsible for this fee if one choose not to carry minimum coverage, and no exemption is necessary to avoid the penalty.

Several insurance companies in the USA provide a variety of health insurance to its members.Humana insurance company is abroad based health and well-being, it provides plans for chronic conditions including transitions from hospital stays to home based care and meals delivery. It is also among the companies that offer special needs policies for people with a severe or disabling chronic condition or living in an institution. Cigina health care provides global coverage to its members, members of the scheme can seek medical care from any hospital globally and the scheme will cover the bills.

Health sector in Kenya

According to (MoH, 2014), health facilities are wide spread across the forty seven (47) counties. There are total of five hundred and twelve (512) level 5 and level 6 hospitals in Kenya and eight thousand one hundred and four (8,104) level 2 and 3 health facilities in Kenya. Although there have been improvements in distribution of health facilities including human resource, the urban areas tend to be more equipped with facilities and personnel. The current structure health structure in Kenya consists of;

- Level 1: Community
- Level 2: Dispensaries
- Level 3: Health centers
- Level 4: Primary referral facilities
- Level 5: Secondary referral facilities
- Level 6: Tertiary referral facilities

Kenya has prioritized the attainment of universal health coverage (UHC) through the expansion of health insurance coverage by the National Hospital Insurance Fund (NHIF) and other insurance companies. NHIF was established in 1966 mainly to provide health insurance to formal sector employees, those in the informal sector, in agriculture, small scale business people were left out. The payment premiums were low and could not cater for many benefits including physiotherapy and daycare procedures. The National Hospital Insurance Fund has been transformed into a state corporation to improve effectiveness and efficiency. It has expanded its benefits package to include more clinical services and preventive and promotive services (MoH, 2014).

The NHIF now provides medical cover to its members and their stated dependents such as children and spouses. NHIF membership is open to anyone who is a Kenyan and is above the age of 18 years old. The fund contributors must earn at least Ksh. 1,000, hence caters for all range of income earns from low income earners to high income earners. NHIF has 60 branches across the country, the agency services are readily available to the majority of employees and members to access NHIF services, including payment of benefits to hospitals, members or employers.

According to (Obiero , 2020), NHIF supa cover is the largest, reliable, affordable, and accessible medical cover that makes sure members and their family enjoy unparalleled benefits. For a small amount of money each month (from as low as Ksh 500), all medical bills will be covered by the scheme. Hence, a registered member can access inpatient especially emergency services in any hospital country wide.

The NHIF revised premium contribution rates upwards with effect from 2015. This was done to cater for the rising cost of healthcare and to enable expansion of its benefits package. NHIF has also considered incorporation of the informal sector employees including; mama mboga and boda riders into the fund scheme where they can make voluntary payments of Ksh. 500 per month. NHIF contributions have adopted technology for ease of making monthly contributions. Employer is responsible for submitting the amount to NHIF every month. In case you are self-employed, one pays using M-Pesa and other alternatives. The Pay Bill number is 200222 and personal ID number as the account number. Deposit Ksh. 500 or Ksh. 6,000 for a whole year.

NHIF expanded its benefit cover to include both outpatient and in-patient services. Outpatient services are medical procedures and tests that can be done by a hospital without having to stay for an overnight. Most of them can be done in a few hours. This caters for: Consultation, Health education, Laboratory, Drugs and dispensation, Investigations, Physiotherapy services, Daycare procedures, Wellness and counselling, Immunization, Vaccines as per KEPI guideline. Inpatient services are medical treatment procedures provided by a hospital or any other facility that requires at least an overnight stay. They include: Emergency road evacuation services via ambulances, Any surgical procedure that entails transplants, Renal dialysis, Maternal care - Prenatal and antenatal care plus all the deliveries (Normal birth and caesarean section) Reproductive health services such as family planning, Overseas treatment for some specialized surgeries that are not available locally, Radiology imaging services such as X-rays, CT (Computerized tomography) scans, and MRI, Cancer treatment and Rehabilitation for drug abuse and substance misuse (NHIF, 2018).

Recently the agency upgraded its system to enable its members to access inpatient services from any facility countrywide. It means that a member can get emergency services that require at least an overnight stay from any accredited infirmary regardless of the location. It is contrary to the old system where one had to choose the preferred hospitals.

Table 1.1 Showing NHIF revised premium contribution rates upwards with effect from 2015

Salary Range	Contribution Amount
Ksh. 0 to Ksh. 5,999	Ksh. 150
Ksh. 6,000 to Ksh. 7,999	Ksh. 300
Ksh. 8,000 to Ksh. 11,999	Ksh. 400
Ksh 12,000 to Ksh. 14,999	Ksh. 500
Ksh. 15,000 to Ksh. 19,999	Ksh. 600
Ksh. 20,000 to Ksh. 24,999	Ksh. 750
Ksh. 25,000 to Ksh. 29,999	Ksh. 850
Ksh. 30,000 to Ksh. 34,999	Ksh. 900
Ksh. 35,000 to Ksh. 39,000	Ksh. 950
Ksh. 40,000 to Ksh. 44,999	Ksh. 1,000
Ksh. 45,000 to Ksh. 49,000	Ksh. 1,100

Table 1.1 Showing NHIF revised premium contribution rates upwards with effect from 2015 *(cont...)*

Salary Range	Contribution Amount
Ksh. 50,000 to Ksh. 59,999	Ksh. 1,200
Ksh. 60,000 to Ksh. 69,999	Ksh. 1,300
Ksh. 70,000 to Ksh. 79,999	Ksh. 1,400
Ksh. 80,000 to Ksh. 89,999	Ksh. 1,500
Ksh. 90,000 to Ksh. 99,999	Ksh. 1,600
Ksh. 100,000 and above	Ksh. 1,700

NHIF in collaboration with the government has additionally designed products targeting the various groups. They include: Linda Mama Program which is a free benefit package that ensures expectant mothers get ante-natal, delivery care, post- natal care, referral and infant care; Secondary School Cover where by the government launched and rolled out a free cover for all students in public secondary schools; the Health Insurance Subsidy Program (HISP) which targets the very poor, orphans and vulnerable children and the Health Insurance Subsidy Program (OPPD) which targets the very old and persons with severe disabilities (NHIF, 2020).

According to (Carrin G. Zipperer M., 2007) in order for NHIF to maximize choice of provision for the insured, was proposed that patients may visit one of 11 'high-cost' private hospitals, but with the NHIF reimbursing only up to the amounts paid for public, mission and other private facilities. Such patients would meet the balance of expenses through out of-pocket spending or private top-up insurance.

In recent years, there have been emergence of private insurance companies such as Britam insurance company which have been developed in the market to support the population in mitigating risks of financial loss due to health issues and other risks. Britam offers an array of health insurance solutions. Milele Health Plan and Kinga Ya Mkulima cover individuals and families and covers for critical illnesses, while Mediflex corporate cover offers a flexible inpatient cover and a fund- managed outpatient cover for employees and their dependants. Mediflex is ideal for registered companies, NGOs, as well as Chamas with more than 10 members, mediflex a corporate cover that covers Routine outpatient consultation. Diagnostic laboratory & radiology services. Prescribed drugs and dressings. Dental & optical services subject to sub-limits and terms. Prescribed physiotherapy. Chronic, recurring & pre-existing conditions. HIV/AIDS and related conditions and ARVs. Routine antenatal and postnatal care. Routine immunizations (Britam, 2020).

Britam also provides medical cover such as Afya Tele which is a unique corporate (group) medical insurance cover with an inbuilt funeral benefit. This policy can be taken as an Organization or as registered groups with minimum of 10 principal members. Member can include as many own children as they are in the family(Britam, 2020). Other insurance companies such as heritage insurance has provided medical cover to its members to cover them locally and nationally. Members of the scheme can receive medical care in any hospital both locally and internationally depending on the type of medical cover chosen. The medical covers include; Heritage flexi, Blue, Blue Lite, Blue Elite, Blue classic(Heritage Insurance, 2020).

In addition to inpatient and outpatient services, AAR insurance company Cover for medical injuries resulting from political violence, Local & International rescue & evacuation service, Nutritional Advice, 24-hour call center, Health camps and health alerts (AAR, 2020). These reforms are UHC-inspired reforms as they seek to expand the benefit package and population covered while reducing the costs of out-of-pocket (OOP) payments associated with the use of medical services with important implications for the health systems goals of equity, efficiency and quality

Recommendation and Conclusion

Drawing from these findings, it is recommended that those policy makers at the national and county governments as well as the insurance industry in Kenya, address flaws in the design and implementation of the reforms for recommendations to be successful. The National and county governments should improve the infrastructural capacity of public healthcare facilities to support the UHC- inspired insurance reforms. This includes priority attention to human resource for health, medicines, and medical equipment. The National and county governments should also find innovative ways of financing premiums for the poor, elderly, people with disabilities, unemployed and those in the informal sector in a bid to leave no one behind. This can be done through specific allocation of general government revenue or subsidizing cost of uptake of health insurance covers. The National and county governments should also ensure that insurance companies are in all counties for ease of access by people.

Insurance providers should incorporate home based care cover while developing products so as to cater for persons with critical illness who are cared for at home. Health insurance covers should also cater for mental illness, international medicines such as those from China, pandemic covers such as COVID-19 and global coverage to help those who seek medical attention outside Kenya cater for medical bills. The government should also ensure that all insurance companies offer all essential health benefits i.e. standard package to ensure insurance companies provide quality services to its clients due to competition.

The insurance industry should adopt communication strategies that reach low-income, less educated, rural population groups such as visits to homes and public places such as markets and places of religious worship. To increase uptake of health insurance. For its part, the insurance sector should first, re-orient its facility selection to create a balance between public and private facilities, and between urban and rural facilities to improve geographical access. Insurance industry should engage healthcare providers in determining provider payment rates and publicly avail information on how the rates are developed. This will improve provider acceptance.

Additionally, insurance providers should actively educate health workers on the services offered in the benefit package as they are the gatekeepers who provide access to health services. There is also a need for the insurance providers to ensure timely reimbursements to healthcare facilities to send the correct incentives for service delivery. Lastly, the Insurance sector should strengthen monitoring and supervision of healthcare providers and impose sanctions and rewards for quality of care provided.

In conclusion, the study shows that while the new reforms sought to expand population and health service coverage and reduce OOP. There are weaknesses that affect its implementation towards universal health coverage. For the reforms to accelerate the country's progress towards UHC, policy makers from the government (both national and county) as well as the insurance industry in Kenya should considerately put in efforts to align the design and implementation of such reforms with strategic purchasing actions that are aimed at improving equity, efficiency, and quality of health system delivery. The paper recommends that the decision to introduce universal health insurance be premised on a careful and thorough assessment of all the issues being raised, and implementation based on clearly outlined stages.

References

AAR. (2020). AAR Insurance. Retrieved from Individual and Family Medical Plans: https://aar-insurance.ke/

Barasa , E.; Chuma, J.; Mwaura, N.; Khama, R.;. (2018). Kenya National Hospital Insurance Fund Reforms: Implications and Lessons for Universal Health Coverage. Kenya: Health Systems and reforms.

Britam. (2020). Britam Milele health plan. Retrieved August 10, 2020, from Britam.

Carrin G. Zipperer M. (2007). Health financing reform in Kenya – assessing the social health insurance proposal. Soth Africa: South African Medical Journal.

Heritage Insurance. (2020). All products. Retrieved from Heritage insurance: https://www.heritageinsurance.co.ke/

Jui-Fen R. L. & William C. H. (2003). Does Universal Health Insurance Make Health Care Unaffordable? Lessons From Taiwan. Resear articles; health affairs, 1-15.

Kutzin J. (2001). A descriptive framework for country-level analysis of health care financing arrangements. National library of medicine, 1-5.

MoH. (2014). Kenya health policy 2014 - 2030. Kenya: MoH.

NHIF. (2018). Strides towards universal health coverage. Kenya: NHIF.

NHIF. (2020). NHIF profile. Retrieved August 27, 2020, from NHIF: www.nhif.or.ke

Obiero G. (2020, March 5). tuko. Retrieved from Kenya news: https://www.tuko.co.ke/335591-nhif-rates-2020-employees-benefits-penalties.html

Policybazaar. (2020). Health Insurance: Compare Medical Insurance Plans in India. Retrieved from policybazaar: https://www.policybazaar.com/

Rahab M, E. K. (2020). Examining purchasing reforms towards universal health coverage by the National Hospital Insurance Fund in Kenya. International Journal for Equity in Health, 1-6.

Rosenbaum S. (2011). The Patient Protection and Affordable Care Act: Implications for Public Health Policy and Practice. PMC; Public health records, 130-135.

WHO. (2010). Health system financing; the path to universal coverage. Switzerland: WHO Press.

Wish policy. (2018). What are the National Health Insurance Schemes in India. Retrieved from Wishpolicy: https://www.wishpolicy.com/