



REPUBLIC OF KENYA

MINISTRY OF LABOUR AND SOCIAL
PROTECTION
STATE DEPARTMENT FOR SOCIAL
PROTECTION & SENIOR CITIZEN AFFAIRS

EXTENDING FORMS OF CONTRIBUTORY SOCIAL HEALTH INSURANCE TO UNDERSERVED & UNCOVERED WORKERS

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**KENYA
SOCIAL PROTECTION
CONFERENCE**





Context

- Health risks are among the major life risks tackled by social protection.
- In Kenya, sickness is one of the most frequent causes of poverty; and therefore poverty is one of the greatest health risks.
- The importance of good health and social health protection has been highlighted by several international resolutions and campaigns, such as the
 - i. “Resolution and Conclusions concerning Social Security, International Labour Conference (ILC) 2001” and
 - ii. the “Resolution on Sustainable Health Financing, Universal Coverage and Social Health Insurance, World Health Assembly (WHA) 2005
- Based on the core values of equity, solidarity and social justice, the ILO defines social health protection as:

“ a series of public or publicly organized and mandated private measures against social distress and economic loss caused by the reduction of productivity, stoppage or reduction of earnings, or the cost of necessary treatment that can result from ill health.”



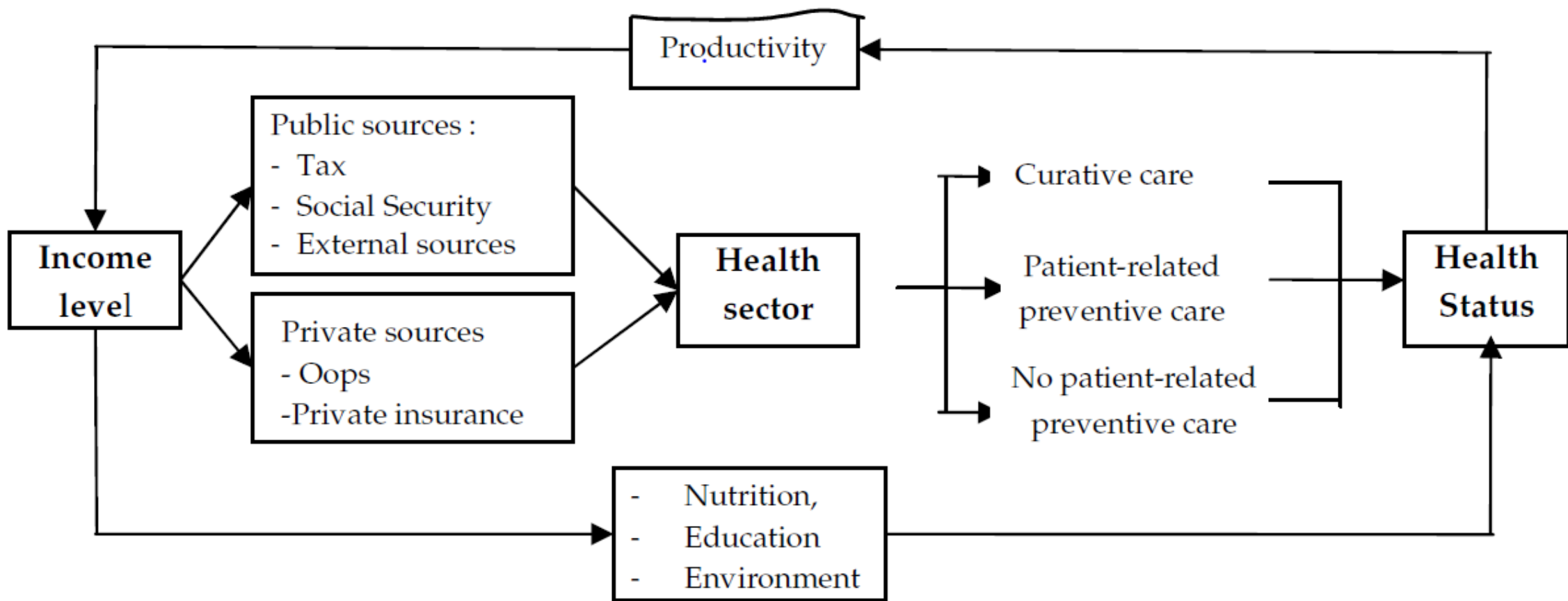


Health Insurance Coverage in Kenya

- **24% of Kenyans** have (26% of females and 27% of males) some form of health insurance.
- The proportion of persons covered with any health insurance is **higher in urban areas** (39% among females and 41% among males) than in rural areas (20% among females and 19% among males).
- Health insurance coverage **increases with increasing wealth**, from 5% among females and males in the lowest wealth quintile to 56% among females and 60% among males in the highest wealth quintile.
- **Other indicators**
 - i. Kenya healthcare spending per capita is **\$83**
 - ii. Total health expenditure as a percent of GDP is 5.5%
 - iii. 17 percent of Kenya's population lived below 1.90 U.S. dollars per day. Over **8.9 million Kenyans** are extremely poor



Relationship between Income, Health Service & Health Status





Overview of NHIF

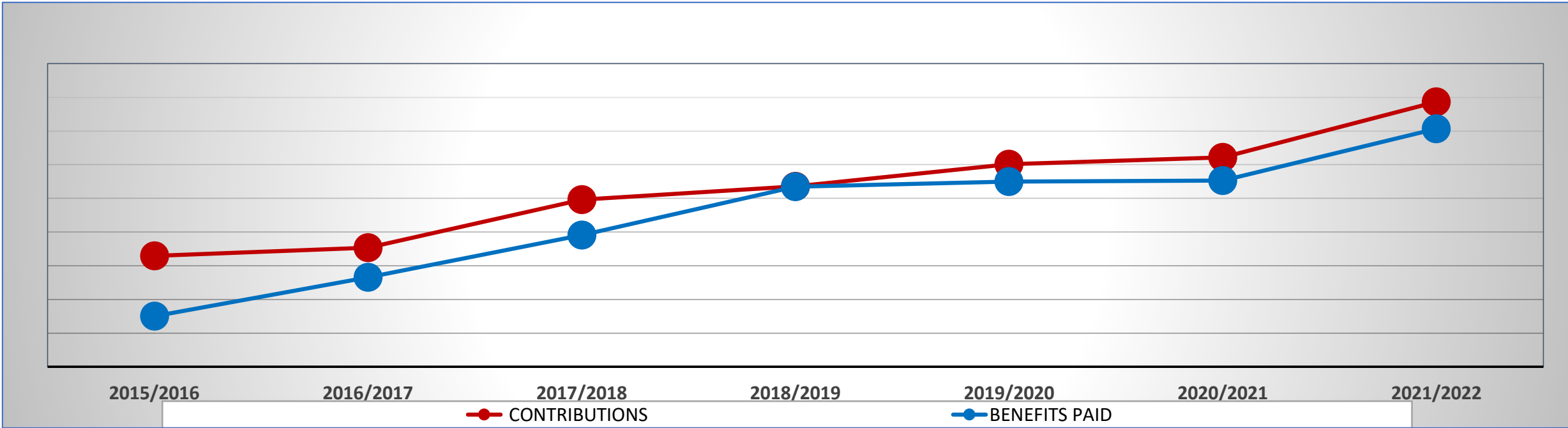
- Established in 1998 through an Act of Parliament
- National Health insurer for all Kenyans
- Contributory in nature; contributions based on graduated scale for formal sector workers and flat rate for informal sector and subsidy programs
- Located in all 47 counties
- Role of SHI is highlighted in the National Social Protection Policy particularly on
 - Improving the health status of Kenyans
 - – Preventing Catastrophic Healthcare Expenditure
 - – Ensuring the Poorer population is covered



NHIF Membership



Revenue Collection vs Benefits Pay-out Ratio Trends



REVENUE COLLECTION VS BENEFITS PAY-OUT TRENDS 2015/2016 TO 2021/2022 (Ksh. '000,000,000)

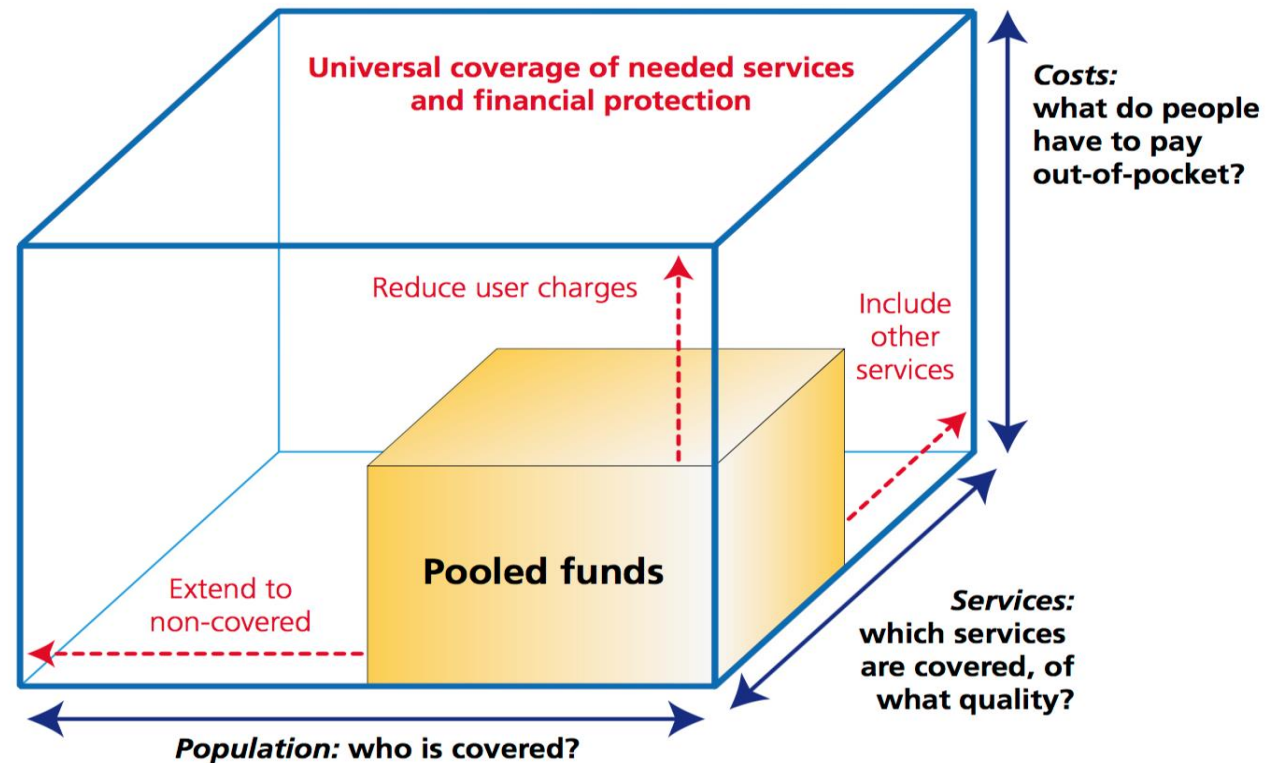
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
CONTRIBUTIONS	32.9	35.3	49.6	53.5	60.2	62.1	78.7
BENEFITS PAID	15.1	26.5	39.1	53.4	54.9	55.3	70.7
BENEFITS PAY-OUT RATIO	46%	75%	79%	100%	91%	89%	90%

Three dimensions of UHC

Population coverage: WHO?

Service coverage: WHAT?

Financial coverage: TO WHAT EXTENT?



Challenges of Extending SHI

- The taxonomy of SHI in Kenya is **contributory in nature**. Contributory health insurance is a system whereby workers make regular contributions towards their health insurance scheme.
- This means that for any Kenyan to access health services through NHIF, they must be an NHIF member.
- NHIF is most common type of health insurance in Kenya with **24% population coverage**
- **76%** of Kenyans are not covered by NHIF; majority of whom are uncovered or underserved workers.

Challenges of Extending SHI...Continued

1. High informality rate in Kenya where **>80%** of the workforce comprises the informal sector.
 - This leaves many Kenyan workers and their families underserved and uncovered in terms of SHI
 - These workers are often employed in informal economies, self-employed, part-time or temporary employees, and workers in micro-enterprises.
2. Remoteness and vastness of some counties
3. Poor infrastructure
4. Social-cultural and religious practices
5. Adverse selection
6. Retention rates
7. Voluntary membership
8. Accessibility and delivery of medical services; physical barriers, allocation of medical resources



So, what can we do to extend contributory SHI to these workers?

With the rising numbers of workers who are underserved and uncovered, it is important that we find ways to provide them with access to necessary healthcare services.

✓ **Removal of legal barriers**

- NHIF Act Amended in and enacted in 2022 to be able to extend SHI to all Kenyans. Some key clauses include:-
 - i. Mandatory NHIF membership for every Kenyan above 18 yrs. All workers including those in the informal sector, would be required to contribute towards their health insurance scheme. Though this may be a challenging approach to implement, it has been proven to be effective in many countries
 - ii. Review of penalty rates for informal sector workers to encourage active membership
 - iii. National Government is mandated to subsidize NHIF contributions for the indigent and vulnerable persons identified as such by the relevant Government body



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Accelerating Inclusive and Integrated Social Protection

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enhancing synergies, improving lives

Other strategies to increase SHI Coverage

- 1. Health insurance subsidies;** NHIF has extended coverage to poor and vulnerable households identified by the State Department for Social Protection.
 - Current subsidies are targeted to OVCs, Older Persons, Person with severe disabilities and extremely poor households
 - NHIF is also implementing the Linda Mama Program that is providing access to free maternal and new-born health services to all pregnant women who are Kenyan citizens
- 2. We are educating** workers and Kenyans about the importance of NHIF
 - Many of these workers have been hesitant to contribute to NHIF due to a lack of understanding of how it works or because they may not see the immediate benefits of doing so
- 3. Review of NHIF benefit Package** in response to evolving health needs of the population; community based preventive and promotive care, critical care services, emergency evacuation, enhanced surgical and oncology care

Other strategies to increase SHI Coverage

4. Leveraging new technologies, such as mobile and online technologies enables workers in remote areas to purchase and access quality healthcare services.

- By leveraging technology, workers may be able to access affordable health insurance schemes and have access to quality healthcare services in remote areas.
 - NHIF members are able to use mobile and online registration platforms for registration into NHIF
 - The Fund deployed a biometric system of registration for improved access to benefits and ensure portability of services.
- **Bringing services closer to people;** over 150 NHIF service points and declaration and contracting of over 8,000 healthcare providers



Other strategies to increase SHI Coverage

- 5. Maternity Income Protection Benefit**
- NHIF successfully negotiated with International Labour Organization (ILO) to support a feasibility study, design, and costing of a maternity income benefit
 - This is a benefit highlighted in several ILO Conventions including
 - **C102; Social Security,**
 - **C183; Maternity Protection and**
 - **Recommendation 202; Social Protection Floors**
 - This is an **income replacement benefit** to be given to women working in the informal sector, uncovered or underserved workers and the poor and vulnerable who have no form of paid maternity leave.
 - Pregnant women will have the opportunity to protect their **health and safety**
 - This maternity benefit will also **protect women against economic vulnerability** due to pregnancy & maternity - income loss & health risks





Other strategies to increase SHI Coverage

5. Maternity Income Benefit Progress

1. Feasibility study completed in 2021
2. 1st Stakeholder engagement held in November 2021
 - **FKE, COTU, NSSF, National Treasury, State Department for Social Protection, UNICEF, ILO and the Foreign Commonwealth Development Office**
3. 1st Actuarial evaluation; draft zero report November 2022
4. NHIF and ILO workshop to discuss report on costing and design options held in November 2022
5. 2nd Actuarial evaluation report; May 2023
6. 2nd Stakeholder Engagement; June 2023
7. FY 2023/2024; implementation plan and pilot





In Conclusion

- ✓ Extending contributory social health insurance to underserved and uncovered workers is essential for ensuring that all workers have access to quality healthcare services.
- ✓ A mandatory health insurance scheme, subsidized health insurance scheme, partnership with private sector organizations, and leveraging new technologies are all potential approaches that can be used to achieve this goal
- ✓ In conclusion, extending forms of contributory social insurance to underserved and uncovered workers is a complex issue that requires a multifaceted approach.
- ✓ To achieve this, we require government incentives, technology, accessibility, and education to encourage workers to enrol in contributory social insurance programs.
- ✓ By doing so, we can help ensure that these workers have the safety net that they need to protect themselves and their families from economic risks, and ultimately promote social and economic stability.





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THANK YOU!

