Reforming the National Health Insurance Fund for Better Surgical Care Financing

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Health care financing can take several forms. In Kenya, majority of healthcare costs are financed as out of pocket payments by patients and their families (1). Private health insurance penetration is low and covers mainly those in formal employment in the major urban centers (1, 2). The National Health Insurance Fund (NHIF) is the national government state corporation tasked with public health care financing. Membership to the NHIF is mandatory for all formal sector employees in both the public and private sectors but voluntary for those in the informal sector. As of September 2018 there were at least 25 million Kenyans covered by NHIF courtesy of 7.6 million principal subscribers (3).

The NHIF has in the past concentrated on the provision of ambulances and paying for the bed charges for inpatients. It has however, recently commenced financing surgical care which has hitherto been financed by private insurance or out of pocket payments. Out of pocket payments have led to medical impoverishment, increased morbidity and mortality and poor quality of care (4, 5). Financial barriers to care include both direct and indirect costs. Direct costs are those directly related to care: surgical fees, supplies laboratory tests, drugs, transport, stay at hospital, and food. Indirect costs are the costs amassed because of the sickness or absence of the patient (6).

Without a medical cover such as NHIF a patient is expected to pay for the direct costs as well as bear the indirect costs. If the patient cannot mobilize these resources via an out-of-pocket payment, there will be limited or delayed access to surgery. Unaffordable surgical care leads to late presentations, and inability to pay for complete care including post-operative services that are needed to make a complete recovery (7). Low-income populations are most affected by the cost of care (8). Inability to pay for surgical care also leads to detainment in hospitals as the patients use social networks to put together the resources required. To protect themselves, private health institutions will routinely demand cash deposits or letters of guarantee of payment before providing non emergency surgical care (9).

NHIF began offering surgical care in 2016 (10). It covers a maximum of 5000 USD for specialized surgeries, 1300 USD for major surgeries and 500 USD for minor surgeries (11). Prior to this surgery costs were not covered by NHIF. In December 2017 NHIF published suggested revised charges for surgical procedures (11). This was met by resistance from professional bodies as the suggested rates are below the official medical board rates (12). Under the new suggested rates by NHIF, a basic surgical procedure such as an incision and drainage is reimbursed at 150 USD while the medical board charges are 250-600 USD for the same procedure (12). The payments for surgical care by NHIF need to balance the need for a decent wage and compensating for investment on one hand and the sustainability of the fund on the other hand to ensure its sustainability for the long term.

Proposed Reform

The principal aim of a restructured and expanded NHIF would be to ensure surgery is affordable and accessible especially for the poor who are most affected by lack of access to surgical care (8). A reform of NHIF should include expanding the coverage of NHIF to every Kenyan adult from the current 7.6 million principle subscribers (3). This would create a bigger pool from which to draw funds used for payments. It would also result in granting access to surgical care to a large proportion of the population that previously relied on out-of-pocket payments. The expanded coverage

should be targeted at the most vulnerable in society who would benefit most from being part of the pool.

The second element of the reform would be to create a sustainable financial structure to guarantee payments for surgical care. As it develops its payment for surgery any inefficiency would hamper its ability to finance surgical care over a long time. Ways to increase sustainability include controlling administrative costs (13). Financial efficiency can also be increased by additional compensation for early treatment. Early surgical treatment leads to less post-operative complications and shorter hospital stays (14). A paper by Ikol et al on pediatric surgery highlights the need for prompt surgical intervention to get better outcomes (15). NHIF should design a system where surgery even if not life saving, is offered promptly. NHIF can also reward less invasive surgical procedures in cases where they would give the same clinical outcomes as more invasive procedures. Minimally invasive surgeries should be encouraged as this leads to shorter operating time, shorter hospital stays and fewer complications (16). A paper by Olwadun et al in the current issue of the Annals of African Surgery proposes a way of reducing the pain experienced by patients in cannulation procedures (17). If innovations such as these with proven patient benefits were rewarded, surgeons would be more willing to incorporate them in care provision. Incorporating additional, more cost-efficient approaches to surgical procedures would make financing of surgical services sustainable over a long time on a large scale.

For NHIF to play a central role in making surgical care more accessible for a large population it would need to work with health institutions and the ministry of health to make surgery more affordable and efficient in the country as a whole. High volume cataract centers in India are an example of a context specific design of surgical provision that has changed the affordability and accessibility of cataract surgery (18). The cataract centers have increased the numbers of operations, while improving outcomes and controlling costs. Closer home, a paper by Makanga et al (19) in the current issue of this journal highlights the need for specialist centers for the management of urological conditions as this is likely to lead to better surgical outcomes. A financing model that allows such centers to be created and nurtured should be an integral part of the strategy by NHIF.

The suggested reform package of NHIF would combine expanded coverage of the population, sustainable financial structuring of surgical payments, a financial model that rewards more efficient care and additional context specific innovations. The reform package would aim to make surgical provision more efficient and will lead to affordable and accessible surgical care in Kenya for the disadvantaged population that need access to surgical care the most.

Other complementary actions in Kenya that would ensure access to surgery include: increased training of surgical professionals, increased investment in surgical equipment by health institutions and a robust country-wide surgical referral system with dedicated specialized centers for complex surgeries.

Effect of reform

With increased demand, high volumes and assured payment from NHIF health institutions are likely to invest in surgical infrastructure (20). Surgical equipment is a costly capital investment (21) and without assurance that there will be a return on investment through regular patients and adequate numbers institutions are unlikely to be willing to invest in it.

There will be an increased demand for professionals needed to provide surgical care. Increased access to surgical care will likely cause a gap between available professionals to provide the surgery and the increased demand.

Affordable, dependable access to surgical services will lead to reduced financial catastrophe, predictable ways for paying for surgical care, timely and adequate care as patients will seek care at the appropriate time and before seeking alternative less adequate treatment (22).

Increasing access to surgical care will address an emergent need in the country for conditions such as cancer (23) which are becoming more prevalent in Kenya and require surgical intervention.

Outcomes of the proposed reform

Several positive outcomes are to be anticipated. The suggested reform will involve both surgery specific changes but most of them will be boarder and will shore up the NHIF as a whole. In attempting to provide surgical care NHIF will emerge as a more sustainable and robust institution. Other options for increasing financing for surgical care such as asking for government funding earmarked for surgery would be a siloed approach that would not improve a central entity such as NHIF.

To provide surgery other hospital services such as blood transfusion, laboratory service and radiology must be available. These services will benefit the health institutions beyond the surgical unit.

We can also expect some negative outcomes of this reform. Increased demand and reduced supply could easily lead to system delays in accessing care. Patients would be put on waiting lists as the available resources funded by NHIF can only provide a certain number of surgeries at a given time

(24). Waiting lists would most likely affect elective surgeries (24).

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