

# National Hospital Insurance Fund

## STRIDES TOWARDS UNIVERSAL HEALTH COVERAGE FOR ALL KENYANS



### STATEMENT FROM THE CHAIRPERSON



**Mrs. Hannah W. Muriithi, EBS**  
Chairperson - Board of Directors

will all recall, this financial year was marked by a long electioneering period and poor weather conditions. These factors made our economy to take a downward trajectory thereby moving from a growth rate of 5.9 per cent in 2016 to a growth rate of 4.9 in 2017. In spite of these challenges, the organization remained focused in its mandate and was able to register good performance in member registration, revenue collection and in payment of benefits.

It is worth noting that the government instituted economic recovery measures under the 'Big Four' plan that was centered on achieving critical milestones in manufacturing, universal healthcare, affordable housing and food security. All these areas are closely related to health care business and so achieving superb results in them does equally translate to the Fund's success.

In keeping with the provisions of the Kenyan Constitution 2010; that guarantees the highest attainable standard of health as a basic right for every person, the NHIF board

has been extremely cautious to ensure that decisions that are made adhere to the letter and the spirit of our Constitution. In this regard more efforts have been put in place to ensure that all Kenyans and in particular those that find themselves in vulnerable circumstances are able to access quality healthcare services.

I am finally happy to report that the board has continued to support productive engagements with key stakeholders in the health sector in view of our noble responsibility to deliver universal health coverage to all Kenyans. In the last financial year, NHIF embarked on strengthening relations with County governments in a bid to harness collective energies in health care delivery. Indeed, these initiatives bore fruits when 21 County governments signed for a comprehensive medical scheme with NHIF.

As a board, we shall continue to engage with all key stakeholders both from the public and the private sector to steer the organization towards achievement of Universal Health Coverage.

### STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



**Geoffrey G. Mwangi**  
Chief Executive Officer

As an institution, we remain extremely dedicated to walk the Nation towards Universal Health Coverage. To this end, a number of initiatives were undertaken in the 2017/2018 financial year. These include accreditation of all public health facilities, putting more resources in the ongoing biometric registration as well as refocusing our energies in protecting the poor under the vulnerable and the Older Persons and Persons with Severe Disabilities Programs (OP&PWD).

In addition, NHIF continues to ensure safe delivery of mothers through Linda Mama Program and providing health insurance to the secondary school students through the Edu-afya program.

I wish to register my appreciation to all stakeholders who have played different roles, keeping us focused on our mandate. Let us all join hands and make a firm resolve to continue to play our individual and collective responsibilities towards building a healthy Kenya.

The end of the 2017/2018 financial year gives us yet another opportunity to reflect on the gains that we have been able to attain as an organization as well as to refocus on the future in line with our mandate to provide accessible, affordable, sustainable equitable and quality social health insurance to all Kenyans.

It is my great pleasure to present to you the financial report for the year 2017/2018. Once again, NHIF has demonstrated its commitment to deliver accessible & affordable health care to all Kenyans. As you

## Strategic Transformation Towards Universal Health Coverage In Kenya

The National Hospital Insurance Fund (NHIF) has continued to implement social health strategies with a view to achieving Universal Health Coverage (UHC) for the benefit of all Kenyans. Subsequently, the Fund has over the last three years developed and rolled out new benefit packages as a means towards expanding access to both the employed and self-employed sectors. At the same time the Fund has stepped up its member recruitment and public education drives across the country with a view of covering many families thus cushioning them against catastrophic health care expenditure. These among many other strategies, continue to bear positive impact with many Kenyans responding well with increased product uptake.

To enhance the national coverage and meet the demand for health insurance products, NHIF has adopted a transformational agenda through:

- Continuous assessment of benefits to stay ahead of customer needs and demands
- Sustained reforms and realignment of NHIF strategy to improve efficiency
- Enhanced strategic stakeholder alliances and partnerships for collaborative advantage
- Adoption of innovative technology and process improvement to enhance the Fund's performance and capacity.

NHIF recognizes the importance of collaborations and public engagement with all partners and stakeholders and thus has forged partnerships across the country towards increasing value to the members while delivering on the core mandate.

#### HIGHLIGHTS OF NHIF MEDICAL INSURANCE BENEFITS

The Fund has continued to expand its offerings in terms of healthcare benefit packages to all its members. The NHIF Supacover is a comprehensive and affordable health insurance scheme that offers the following to the NHIF members:

- **Outpatient services:** - Consultation, laboratory investigations, daycare procedures, drugs & dispensation, health education, wellness and counseling, physiotherapy services, immunization / vaccines as per KEPI schedule.
- **Inpatient Services** - including bed charges, nursing care, consultation, prescribed drugs/medication, laboratory services, surgery, physiotherapy, specialist consultation and treatment. Inpatient payment rates are 100% in category A & B health care facilities. In high cost private hospitals, category C, the in patient payment are up to a maximum of KES 4,000 per day.
- **Maternity Services** - including prenatal care, child delivery - normal (Ksh. 10,000) and caesarean section

(Ksh. 30,000), postnatal care, Manual Vacuum Aspiration (MVA) and Family planning

- **Imaging Services - Basic x-rays and Ultrasound** are covered under the general outpatient and inpatient care while **MRI and CT scans** are available in designated contracted facilities (see list in [www.nhif.or.ke](http://www.nhif.or.ke)) under a referral system with a pre-authorization from NHIF under policy terms and conditions.

- **Drug and Rehabilitation services** at accredited rehabilitation centers at a maximum of one treatment session a year up to a maximum of Ksh. 60,000.

- **Renal Dialysis:** - this is covered per family; applicable for inpatient and outpatient care for pre-dialysis, intra dialysis & dialysis care. Renal dialysis offered at a maximum of KES 9,500 per session twice weekly.

- **Kidney transplant:** - Applicable for both local and overseas treatment: - pre-transplant, Intra-transplant, immediate post-transplant inpatient care and hospital stay for the donor. In this case, the applicable amount on the donor's card shall apply. This is limited to a package payment of KES 500,000

- **Surgical Package:** - Major, minor and specialised surgeries packages to a maximum of Ksh 500,000. Limits are subject to the level of hospitals and the procedure being conducted.

- **Oncology/Cancer Treatment:** - Radiotherapy

is covered at a maximum of KES 18,000 per week (five sessions) up to a maximum of 20 sessions per family per year. Chemotherapy Basic level at KES 25,000 per cycle capped at 6 cycles per family per financial year and Complex level up to KES 150,000 per cycle capped at 4 cycles per family per financial year.

- **Emergency rescue services** - Kenya Red Cross (E Plus) is contracted to provide Road Ambulance rescue and emergency services. This benefit is available to members round the clock (24/7) and is accessible through dedicated toll free number 1199 or 0700 395395.

- **Overseas treatment** for treatment not available locally up to a maximum of Ksh. 500,000 subject to approval by the Ministry of Health.

To enjoy the above benefits, the formal sector members' monthly contribution is between Kes. 150 to Kes.1,700 based on an individual's pay scale and a standard figure of Kes 500 monthly for the informal sector/self-employed contributors.

The expanded benefits package currently offered has increased health care access for NHIF members and at the same time boosted the health care providers' ability to provide more effective care to both NHIF members and the Kenyan citizen.

Table 1 below illustrates the utilization of the NHIF benefits packages:-

**Table 1: Top expenditure per healthcare Benefits Packages**

Period	2017/2018 Unaudited	2016/2017 Audited	Growth
Healthcare Benefit Package	Amount ( Kes)	Amount ( Kes)	%
1. Inpatient Services	14,695,395,233	12,048,865,574	22%
2. Outpatient Services	7,512,551,228	5,075,532,866	48%
3. Surgeries (Major and Minor)	3,622,114,046	2,091,611,416	73%
4. Renal Dialysis	1,763,415,726	1,247,216,500	41%
5. Maternity Services	1,533,079,255	1,628,589,332	-6%
6. Free Maternity (Linda mama)	1,488,460,969	28,172,808	-
7. Cancer treatment	1,367,193,712	1,232,149,150	11%
8. Optical (Managed Schemes)	738,440,079	158,747,955	365%
9. Dental (Managed Schemes)	559,545,537	373,651,683	50%
10. Specialized Surgeries	548,059,958	274,110,673	100%
11. MRI	434,031,838	651,582,821	-33%
12. CT-Scan	285,069,617	311,512,561	-8%
13. Kidney Transplant	64,796,889	21,709,305	198%
14. Rehabilitation for Drugs & Substance Abuse	54,386,371	32,472,977	67%



# National Hospital Insurance Fund

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The above table highlight a comparison between FY 2016/17 (audited) and FY 2017/18 (unaudited) with free maternity having the highest growth (5183%), followed by optical benefits package mainly offered to the managed scheme members by (365%) then kidney transplants (198%) among others.

### Customer Foot Print

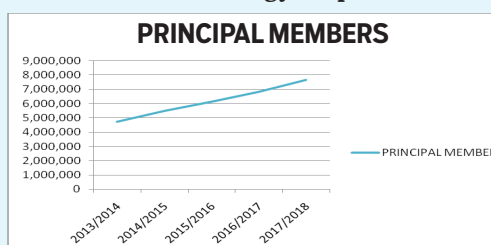
Several Strategies and initiatives have been directed at increasing member registration which has steadily risen in the last five years to 7,657,463 principal members by end of June 2018. With the over seven million principal members, NHIF health insurance a t total of over 25 million Kenyans. Registration of a member ensures that a spouse and all declared children are covered for their healthcare needs.

**Table 2: Principal Members Growth Pattern**

PERIOD	PRINCIPAL MEMBERS
2013/2014	4,713,662
2014/2015	5,475,180
2015/2016	6,136,256
2016/2017	6,817,888
2017/2018	7,657,463

**Five year Membership Growth from 2013/2014 Financial year to 2017/2018 Financial year.**

### Information Technology Adoption



Information technology remains pivotal in the Funds transformative agenda. Over the review period The Fund has focused on:

- Enhanced network in the 96 service points and 53 Huduma service centres country wide
- Enabling environment for businesses to submit contributions through the NHIF online platforms in-a-bid to enhance the ease of doing business in Kenya
- Digitization of registration, payments and claims processes for effective services
- Enabling members to register, make contributions, pay penalty and receive status updates via their mobile devices wherever they may be country wide.

In a bid to simplify access to health care, NHIF will leverage on technology to provide swift, secure and safe services. The Fund will soon be able to guarantee this through the use of biometrics.

### Vision 2030 Flagship Projects

NHIF plays a key role under the social pillar in the achievement of Vision 2030. Consequently, the Fund has been implementing the following program to enhance social protection and inclusivity.

The *Health Insurance Subsidy Program (HISP)* is a program targeting vulnerable segments of the population. A total of 181,415 households are registered under the program countrywide consisting of beneficiaries under the GOK's Cash Transfer Program for Orphans & Vulnerable Children who are accessing benefits. A 45% benefit payout ratio has been realized.

*Older Persons & Persons living with Severe Disabilities (OPSD)* has a total of 42,000 households registered under the program across the country consisting of beneficiaries under the GOK's Cash Transfer Program for Older Persons and persons living with severe disabilities. The benefit payout ratio achieved is at 50%. The members of the program were to access the National Health Scheme benefits package dubbed NHIF SUPACOVER.

The *Free Maternity Program* tagged 'Linda Mama - Boresha Jamii' was launched in October 2016, followed by the signing of the MOU between the Government and the Fund

in February 2017. Services for registered mothers' begun thereafter on 1st May 2017. Beneficiaries of the Linda Mama Program is in phase 3 of implementation, with the benefit package expanded to cover ante natal and post-natal care services at all contracted healthcare providers since 1st March 2018. So far, there have been 395,918 mothers registered with 223,459 deliveries done across the country. All Kenyan Mothers who have not registered for the NHIF Supacover are eligible through registration via mobile phone using \*263#

### Social Sustainability

In a bid to give back to the society, the Fund has been engaging in Social Sustainability activities. During the year under review, the Fund undertook the following programs:

### Cardiac Program

The NHIF @50 Cardiac Program was rolled out in September 2016 with an aim to alleviate suffering amongst NHIF members who are in need of treatment interventions pertaining to cardiac conditions. A review of beneficiary cases in need of heart treatment and therapeutic interventions by NHIF at various accredited facilities demonstrated that treatment delays and lapses in disease complications and occasional discontinuity of enlisted beneficiaries to follow up on management of the diagnosed disease conditions to be attributed to the lengthened durations of waiting.



In October 2017, NHIF through a partnership with Agile Global Health, an international healthcare management company, funded the first of a series of local surgical operations, setting a new pace in heart treatment in Kenya that before this had heavily relied on overseas care. This was against a backdrop of a waiting list of about 1,435 in the country. Since then, over 644 cases ranging from open-heart surgery, interventional cardiology to diagnostic procedures have done under the package. This ambitious initiative enabled patients like Young Blessing Sila, who underwent open heart surgery locally, to receive a second chance in life.

Six hospitals namely; Mater Hospital, The Karen Hospital, Tenwek Hospital, Gertrude's Children Hospital, Nairobi Hospital and Coast Provincial General Hospital were involved in the NHIF Cardiac programme and combined, were able to handle over 644 open heart surgeries under the cover by the end of 2017. 49.5% of open heart surgeries were rheumatic heart diseases of both mitral and aortic valves. So far, over 400 patients have benefited, after undergoing various surgical and medical interventions.

### NHIF assists Baby Michelle

NHIF in 2017 assisted Baby Michelle Awour Otondi who had suffered 55% burns that left her severely incapacitated earlier on in 2015. NHIF dispatched an ambulance to Kisumu County and the child was taken to Kenyatta National Hospital to undergo specialized surgical care for the reconstruction of her face to enable her eyes see properly under light. NHIF has facilitated the treatment through hospital payments to KNH whose doctors have actively taken care of Baby Michelle. NHIF continues to stand with Baby Michelle in order to ensure that she gets all the relevant care.

### Medical Camps

NHIF supports local communities in informal settlements through free medical camps to identify common health problems and give free medical information to the community members. Community members are also advised on nutrition and checked on body mass index, hypertension, diabetes, flu and general wellness with further referral of specialized treatment.

### FINANCIAL STATEMENTS

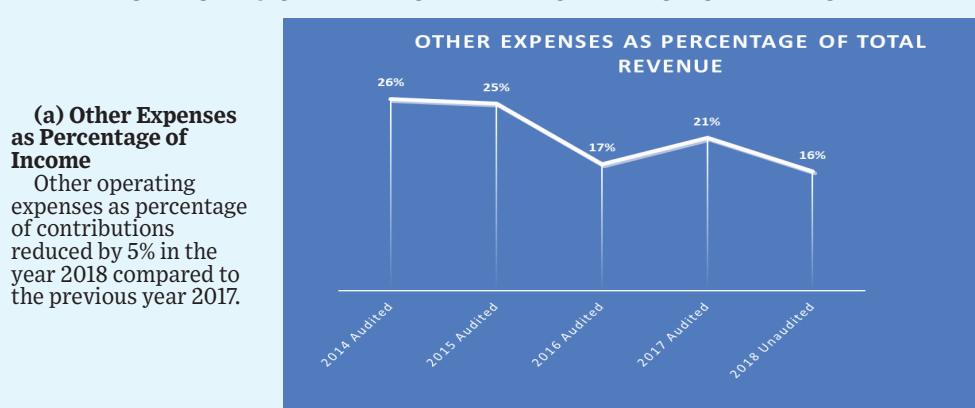
### STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2018

	2017/2018 Unaudited	2016/2017 Audited
<b>REVENUE</b>	<b>Kes</b>	<b>Kes</b>
National Scheme - Member Contributions	32,937,431,608	29,858,615,338
Premiums from Special Medical Schemes	12,777,354,649	5,212,980,312
Income from Other Sources	2,174,394,001	2,108,495,639
<b>Total Revenue</b>	<b>47,889,180,259</b>	<b>37,180,091,289</b>
<b>RECURRENT EXPENDITURE</b>		
<b>Benefits &amp; Claims</b>		
Payment to Health Care Providers - National scheme	27,280,245,486	21,963,838,108
Payment to Health Care Providers - Special Medical Schemes	10,295,653,192	4,560,342,238
<b>Total Benefits and Claims</b>	<b>(37,575,898,678)</b>	<b>(26,524,180,346)</b>
Administration and Other Operating Costs	(8,313,109,576)	(8,304,320,856)
<b>Operating Surplus Before IBNR &amp; OCR</b>	<b>2,000,172,005</b>	<b>2,351,590,088</b>

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

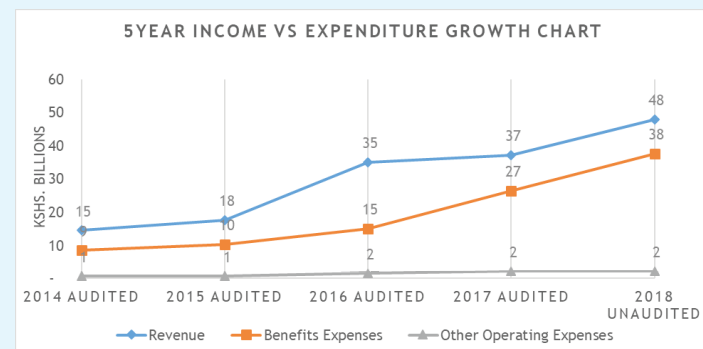
	2017/2018 Unaudited	2016/2017 Audited
<b>ASSETS</b>	<b>Kes</b>	<b>Kes</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	14,211,401,078	13,136,454,491
Investments	1,366,314,640	838,133,167
<b>Total Non-Current Assets</b>	<b>15,577,715,718</b>	<b>13,974,587,657</b>
<b>Current Assets</b>		
Trade and Other Receivables	4,477,028,312	5,317,399,455
Cash and cash equivalents	22,517,436,924	18,110,576,600
<b>Total Current Assets</b>	<b>26,994,465,237</b>	<b>23,427,976,055</b>
<b>TOTAL ASSETS</b>	<b>42,572,180,955</b>	<b>37,402,563,712</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and Reserves	36,609,062,459	34,608,890,455
Current Liabilities	2,051,658,605	1,658,393,537
Deferred Income	3,911,459,891	1,135,279,721
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>42,572,180,955</b>	<b>37,402,563,712</b>

### KEY HIGHLIGHTS ON FINANCIAL PERFORMANCE OF THE FUND



### (b) 5 Year Income versus Expenditure Growth

The graph below shows a steady growth in income and benefit expense for the past five years and a growth for administration and other operating expenses.



### (c) Message from the Board of Directors

The above financial statement are extracts from the financial records of the Fund. The complete set of the financial statements can be accessed on the institution's head office located at NHIF Building, Ragati Road, Upperhill, Nairobi and the Fund's official website: [www.nhif.or.ke](http://www.nhif.or.ke).

### FUTURE OUTLOOK

The Fund's results continue to be a clear reflection of the success of its strategic thrust. We remain focused on meeting the needs of our clients, and are confident in our ability to continue to provide value for all of our stakeholders whilst prudently managing our resources. We have already had a positive start to 2018/2019 and expect to continue to realize healthy, sustainable growth through the current year and beyond.