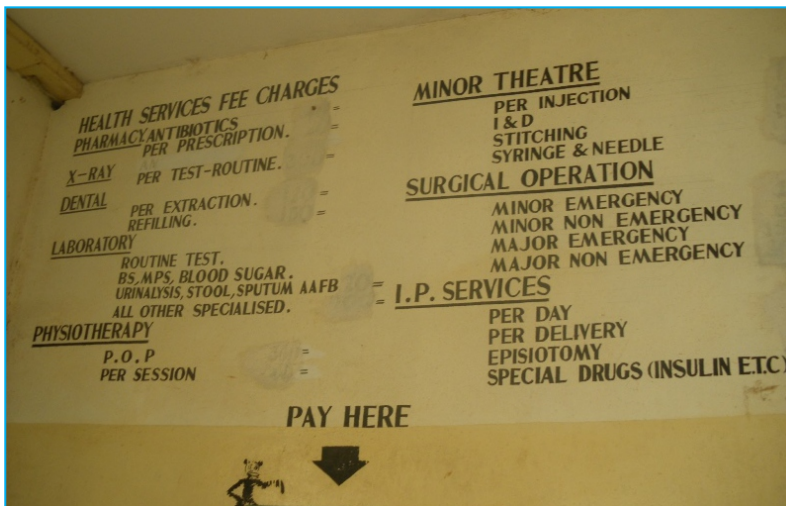


## Strategic Purchasing for Universal Health Coverage: A Critical Assessment County Departments of Health in Kenya



### Introduction

Purchasing refers to the process by which funds are allocated to healthcare providers to obtain services on behalf of identified groups or the entire population. Purchasing provides the critical link between resources mobilised for universal health coverage (UHC) and the effective delivery of quality services.

Healthcare purchasing in Kenya is carried out by the National ministry of health (MOH), the county departments of Health (CDOH), the National Hospital Insurance Fund (NHIF), and private and community-based schemes. The CDOH is the main healthcare purchaser in Kenya on account of controlling the greatest share of healthcare resources.

To achieve UHC, countries need to move away from passive purchasing, which entails merely following a predetermined budget or simply paying bills, to strategic purchasing, which entails structuring purchasing arrangements to promote the health system goals of equity, efficiency, and quality.

KEMRI-Wellcome Trust Research Programme conducted qualitative research in 10 counties in Kenya to examine the extent to which the purchasing practices of the CDOH are strategic. To this, we examined CDOH purchasing actions along three key relationships; the government and the CDOH, the CDOH and healthcare providers, and citizens and the CDOH. This brief presents the findings of this study, and makes recommendations on how purchasing by the CDOH in Kenya can be improved.

### Description of the purchasing mechanism

#### Who is the Purchaser

The CDOH has the responsibility to manage the delivery of public healthcare services in the counties.

#### What services are purchased?

CDOH purchase secondary, and preventive and curative primary healthcare services specified in the Kenya Essential Package of Health (KEPH).

#### Who uses the services?

Health services are available to all residents of the county who chose to use the services and also to non-residents.

#### Who provides the services?

The CDOH purchases services from public county hospitals, health centers, and dispensaries it owns. Some services are provided by private for profit and not for profit providers e.g. immunization.

#### How are providers paid?

The CDOH uses line-item budgets, and salaries for healthcare workers to purchase healthcare services from public healthcare providers. The CDOH also procures medicines and other healthcare commodities and supplies these to public healthcare providers.

# Purchasing actions

## Government Responsibilities in Strategic Purchasing

### Existence of policies and legal frameworks that guided purchasing by the CDOH

- Policies and legislation to guide purchasing by the CDOH exist. For example, services to be purchased are outlined in the Kenya Essential Package of Health (KEPH). The county governments have adopted these health policies in the development of the County Integrated Development Plans (CIDP) which informed annual priority setting of health service delivery for the CDOH.
- However, these frameworks are poorly implemented in part because of gaps in priority setting in the development of the policies.

### Inadequate service delivery infrastructure

- There is inadequate service delivery infrastructure blamed on budget constraints and poor prioritization during the budget making process.

- The public health facilities lack essential health commodities such as medicines and other medical commodities that are required for service delivery.

### Inadequate allocation and unpredictable disbursement of funds for service delivery

- County governments do not mobilize adequate funds to meet service delivery. Inadequate allocation of funds for service delivery also occurred during reallocation of the county health budgets into recurrent and development budgets. About 70% of the recurrent budget was spent on staff costs leaving little for other requirements for service delivery e.g. medicines.

Delays and unpredictability in the disbursement of funds from the national treasury to counties and from the county treasury to the CDOH undermined the availability of resources for service delivery.

*'The department of health has not been consulted whatsoever on what are their interests and priorities are. In a lot of the counties, this one included, the department of finance tends to do everything in the budget and more or less dictate terms to the other departments.'* Senior-level manager, County C



County governments do not mobilize adequate funds to meet service delivery

## Actions of Purchasers in Relation to Healthcare facilities

### Inadequate implementation of quality assurance mechanisms

- County governments owned public healthcare providers and had the responsibility of funding and equipping them.
- CDOH could therefore not choose not to purchase services from a public healthcare facility based performance or quality. They also not use contracts to specify performance expectations.
- Standard treatment guidelines and essential medicine lists are often not available at health facilities and where available, they are not often adhered to.
- Performance monitoring activities, such as supportive supervision, are not carried out regularly due to inadequate funding and by the lack of clear guidelines and reporting structures.

### Provider payment mechanisms do not incentivize quality and efficiency

- Line-item budgets mainly considered past patterns of expenditure and did not incentivize improvements in efficiency or quality of services.
- Delays in the disbursement of funds from the county treasury to healthcare facilities led to inconsistent funds availability with weakened health facility planning and compromised the delivery of healthcare services

### Weak management information system

- The use of health-related information to support planning and decision-making was undermined by poor quality of data. This was because of shortages in health records information staff, use of paper based systems, and internet connectivity challenges where computerized systems are available.
- Multiplicity of reporting requirements including those for vertical programs also undermined quality by causing a strain on the system and its resources.

## Strategic Purchasing Actions in Relation to Citizens

### Inadequate assessment of the service needs and preferences of the citizens

- While CDOH managers reported holding public meetings to obtain citizens needs and preferences, members of the public reported that the meetings were not regularly held, inadequately publicized or poorly located.

*'In public participation forums, you will find very few people and these are the people who have the information. But the grass root, the community people, are never represented in some of these forums so their views don't reach the county government.'* Civil society FGD,

### Inadequate delivery of service entitlements

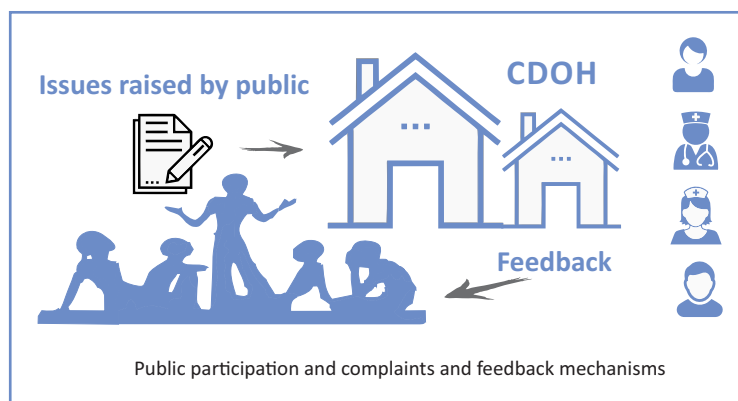
- None of the public healthcare providers studied offer the comprehensive range of health services outlined in the KEPH due to financial, infrastructure, and human resource constraints.
- Citizen's access to healthcare services was also impaired by financial barriers. For example, non-functional fee waiver mechanisms limited access to hospital care.

### Ineffective complaints and feedback mechanisms

- Mechanisms for providing complaints and feedback included: suggestion boxes; direct communication with facility managers, county managers, members of the county assembly and civil society organizations; and social media platforms such as county websites and Facebook pages. However, members of the public felt that these mechanisms did not assure anonymity or confidentiality which limited their use for fear of victimization.
- Complaint raised by the public are often not addressed making these mechanisms ineffective.
- In other instances, members of the public are not aware of the existence of these complaints and feedback mechanisms.

### Poor financial accountability of the CDOH to citizens

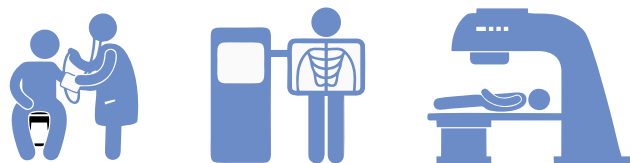
- Citizens had limited access to the budget documents, financial statements or implementation reports. The technical content of some of the reports made it difficult for members of the public to adequately judge the CDOH's fiscal performance.



## Conclusions and policy implications

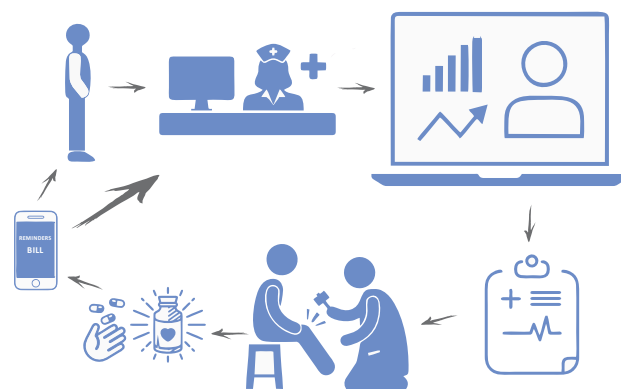
County departments of health (CDOH) do not carry out most of the strategic purchasing actions along the three purchaser relationships. Ensuring that the purchasing actions of CDOH are strategic should be prioritized given that they are the largest purchaser of healthcare services in Kenya. We recommend that;

- To ensure that the CDOH are not only accountable for resources, but also for service delivery, county governments should strengthen the accountability mechanisms between them and the county health departments through regular monitoring of and linking financing to performance.
- County governments should increase the funding allocation to the CDOH
- County governments should give financial autonomy and flexibility to the CDOH that will enhance efficiency.
- The national and county governments should review the legal framework to introduce elements of purchaser-provider split between the CDOH and public healthcare facilities. The relationship between the CDOH and healthcare facilities could be contractual with clear standards of performance on financial management, service delivery, and quality.
- County governments should assess the service delivery infrastructure needs of the CDOH and make appropriate investments to strengthen service delivery. In doing this, county governments should explore possibilities of inter-county collaboration to leverage on shared resources particularly for expensive medical equipment and highly specialized healthcare personnel.



Counties - assess service delivery needs, explore possibilities of inter-county collaboration to leverage on shared resources

- The national and county governments should review provider payment mechanisms with the aim of introducing elements that would incentivize efficiency and quality. This could include shifting from line-item budgets to global budgets initially, and then progressively considering other payment mechanisms such as capitation for primary healthcare services. It could also include moving from fixed salaries for all healthcare workers to hybrid systems that include fee for service for specialist services.
- The county government should strengthen the health management information system and incentivize providers to submit timely and good quality information. This can be done through financial incentives or sanctions for compliance or non-compliance respectively.
- County government should strengthen public participation and complaints and feedback mechanisms by incorporating these as part of monitoring and evaluation of provider and purchaser performance requirements.



Strengthen the health management information system and incentivize providers to submit timely and good quality information

## About the brief

### Based on

Rahab Mbau, Edwine Barasa, Kenneth Munge, Stephen Mulupi, Peter K Nguhiu, and Jane Chuma (2018). A critical analysis of healthcare purchasing arrangements in Kenya: A case study of the county departments of health. *International Journal of Health Planning and Management*. (Submitted).

### Related Resources

Munge K. et al (2015) RESYST working paper 7: A critical analysis of the purchasing arrangements in Kenya <http://resyst.lshtm.ac.uk/resources/WP7>

RESYST topic overview and fact sheet (2014) What is strategic purchasing for health?