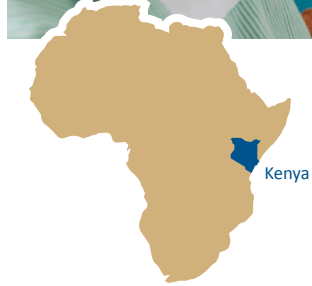


RESEARCH BRIEF



FREE CARE OR HEALTH INSURANCE?  
**ASSESSING THE IMPACT AND COST-EFFECTIVENESS  
 OF KENYA'S FREE HEALTHCARE PROGRAMS AND THE  
 COMMUNITY HEALTH PLAN IN NANDI COUNTY**



Waiving user fees and micro health insurance schemes are two different ways of improving access to healthcare and providing social protection. This brief describes a two-year research project in Kenya to compare the cost-effectiveness of these two approaches and to determine whether they can lead to more inclusive economic growth.

The study compares the Kenyan national free maternal and primary care program with The Community Health Plan (TCHP). The cost and impact of both programs are being measured in terms of reaching the poor and certain sub-groups, quality of care, health service utilization, and out-of-pocket expenditures. The study's goal is to provide evidence that can inform policy on the most cost-effective strategies to reach low-income populations with affordable, accessible healthcare.

Four of every ten Kenyans who need healthcare do not seek treatment from health facilities. Poor mothers and young children are particularly vulnerable. The World Bank's Health Equity & Financial Protection Report Kenya (2012) found that children and adults from poor households in Kenya are disproportionately affected by ill health. They also face a disproportional burden if

they have to pay for healthcare. In fact, the poor in Kenya spend a third of their total annual budget on healthcare.

High maternal mortality rates (488 per 100,000 in 2008) are a particular problem in Kenya. Despite efforts to achieve a 75% drop in maternal deaths between 1990 and 2015, Kenya's maternal mor-

**Main research questions**

A team of researchers from the African Population and Health Research Center (APHRC), the Amsterdam Institute for International Development (AIID), the Amsterdam Institute for Global Health and Development (AIGHD), the Health Policy Project (Kenya), and PharmAccess Foundation has launched a two-year project to assess the impact and cost-effectiveness of Kenya's free maternal care and free primary care policy compared to the TCHP insurance program.

The goal of the project is to provide evidence that can inform policy on the most cost-effective strategies to deliver quality care, increase healthcare utilization, and lower out-of-pocket expenditures for the poor, which ultimately should lead to social protection and inclusive growth.

*The main research questions include:*

- How well do the two programs reach the poor and subgroups within the poor?
- Is the quality of care similar across both programs?
- Have the utilization rates changed before and after the introduction of both programs?
- Did households' out-of-pocket expenditure on healthcare decrease because of the programs?
- How do the two programs compare in terms of effectiveness?
- How do the two programs compare in terms of costs of the program?
- How do the two programs compare in terms of their cost-effectiveness?

KEY COUNTRY FACTS

**44.4 m**  
 population (75% is rural)

**43.4%**  
 of people live on less than USD 1.25 /day

**44.6%**  
 of people's spending on healthcare is out-of-pocket

**6%**  
 of total government expenditure is spent on health (Abuja norm is 15%)

**43.8%**  
 of births are attended by skilled health staff

**6,300** = **400**  
 maternal deaths yearly = maternal deaths per 100,000 live births

– Based on 2012 and 2013 World Bank and World Health Organization data.

TCHP PROGRAM FACTS

**PROGRAM NAME**  
 The Community Health Plan

**PROGRAM LOCATION**  
 Nandi County

**2,976**  
 people are currently insured\*

**2011**  
 start year of the insurance program

**DONOR**  
 The Ministry of Foreign Affairs of the Netherlands

**INSURANCE PARTNER**  
 AAR Kenya

**IMPLEMENTATION PARTNER**  
 PharmAccess Foundation

\* Based on July 2015 data

tality ratio remains far from this Millennium Development Goal. For every woman who dies in childbirth, many others suffer serious injury or disability due to complications during pregnancy or delivery.

Lack of access to quality maternal health services, including antenatal care, delivery, and post-natal services is a key determinant of Kenya's high maternal mortality. Many women do not seek care from health facilities because these clinics are far from where they live, maternal service user fees are not affordable, or there are social and cultural barriers. The shortage of skilled birth attendants compounds the problem of access to quality maternal care.

### Free maternal and primary healthcare

Achieving equity in health and healthcare financing are policy priorities for the Government of Kenya. On June 1st, 2013, President Kenyatta announced the introduction of waiving all user fees for maternity services in all public health facilities. The policy is also progressively waiving fees for all services in public dispensaries and health centres. In July 2013, the government committed an annual budget of roughly KES 3.8 billion to fund a free maternal healthcare program, with an additional KES 700 million for free access to health centres and dispensaries.

Waiving fees for maternal care at all public facilities and for primary care at dispensaries and health centers can have knock-on effects on inclusive economic growth in Kenya. Saving lives means preserving productive employment and thus income because most women contribute to the family income. Maternal income improves children's chances of obtaining education; when mothers survive, children do not have to work to replace maternal lost income. Waving fees for maternal care in all public facilities and primary care in dispensaries and health centres can also build collective citizen rights and contribute toward reducing inequality, thereby further supporting inclusive growth.



### Health insurance for low-income groups

Offering low-income households health insurance is another way of increasing a family's access to quality healthcare. The Community Healthcare Plan in Nandi County in Kenya is such an insurance program for dairy farmers in the informal sector. This program, launched in 2011, offers a basic package including maternal care at KES 300 (2.7 euros) per month per family. A more comprehensive package that also covers inpatient care and surgeries costs KES 1,100 (9.7 euros) per household per month. The farmers pay their premium via deductions from the pay-out they receive from the dairy. In 2013 the program was extended to

the general population and expanded into new neighbouring areas of Nandi North.

The program is supported by the Health Insurance Fund, a non-for-profit fund that supports innovative and inclusive healthcare in Africa. AAR, the largest private healthcare company in the region runs the program. PharmAccess Foundation, a Dutch NGO, designed the health plan for the dairy farmers and their families and provides technical support to AAR on marketing and administrating the program. AAR handles the marketing, sales, and administration aspects of the program.

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