FACILITATOR'S NOTES ON:
"Kenya: Policy Development and Implementation of User Fees"

1. Objectives

This exercise is intended to allow consideration both of some key technical issues to consider in user fee design features, and of the factors that need to be considered when thinking about implementing user fee systems.

2. Description

The exercise used information drawn from the Kenyan experience of user fee implementation in the late 1980s-1990s. It is, however, presented through a hypothetical dialogue between two senior officials.

Small groups are asked to use the discussions between these two individuals as the basis for considering three questions. The small group discussions should be fed into a plenary session, wrapped-up with a summary of key issues by the facilitator.

3. Preparation and linkages

The exercise can be used before or after a broader introduction to user fee systems. Such an introduction should cover the objectives of user fee systems, key issues in user fee design, the key factors likely to influence their impacts, and the broader range of factors influencing their successful implementation. If used before such a session, participants would require some familiarity with health care financing issues and concerns in general. If used after such a session, the exercise would allow participants to apply knowledge already gained. The exercise can usefully form part of a series of sessions on health care financing topics.

If the issues around the design of user fee system are ignored, the exercise could also be used within a series of sessions considering how issues of the policy process affect implementation. In this case, it should be preceded by prior discussion of the nature of the policy process and the process factors influencing implementation.

4. Timing and logistics

Overall the exercise should take around 2 hours.

Initially participants should read through the dialogue individually, noting points for discussion in the small groups (15-20 minutes).

Then in small groups of 5-6 people, the three questions highlighted in the exercise should be discussed. Allow roughly 40-60 minutes for these discussions – and make sure the groups cover all questions!

Finally, allow 40 minutes or so for the plenary discussion and wrap-up. One approach to the plenary discussion is to discuss each question separately. Get one group to give an initial 5 minute input on their responses to the question, and then ask other groups to comment and add in more ideas. Then move onto the second and third questions, getting a different group to lead the discussion in each case. This

approach avoids duplication but allows all groups to have input. Allow a final 10 minutes or so to summarise and wrap up the discussions. Only highlight key points, and use this time to make the connections between the exercise and earlier sessions/sessions to come.

5. Points for discussion

Some of the issues to consider in facilitating the final plenary and preparing the wrap-up are listed below.

1) User fee design problems:
- *main concerns*: what is the influence of user fee levels on access/utilisation by different population groups (equity) and utilisation levels/patterns of health facility use (efficiency)? how much revenue can be generated without undermining utilization?
- note income distribution and poverty levels in the country and utilisation reductions after fees implemented
- mechanisms to protect poor in the 1989 user fee schedule look reasonable but did poor really benefit? how effectively were they implemented?
- revenue retention at facility may undermine mechanisms to protect poor (exemptions lead to less revenue, and so less benefit for facility)
- no by-pass charge for those who go direct to hospitals – might encourage unnecessary utilisation of hospitals? as might referral fee!
- payment of all-inclusive consultation fee when no drugs available undermined patient willingness to pay

2) User fee implementation problems:
- implementation eventually done very rapidly with little time for preparation
- limited capacity at national level to prepare for implementation
- limited capacity at district level to ensure implementation – DHMBs not functional
- Ministry of Finance reservations about MOH accounting procedures
- political interference in implementation once negative consequences clear
- weak implementation of parallel policies that support fee implementation, i.e. drug availability problems
- administrative procedures for collecting revenue from NHIF patients cumbersome and so difficult to implement
- banking and accounting procedures weakly implemented
- few exemptions/waivers offered in practice by heath workers because undermine revenue generation, and revenue not used to improve PHC services to benefit the poor

3) General issues to think about in implementation processes include:
- preparation e.g. building capacity at national and district level, developing procedures that are reasonable easy to implement, taking steps to ensure drug availability and quality improvements
- communication with implementors so know what supposed to do and why; offset concerns they may have
- communication with public so know what is changing and why, what they can expect and about what they can complain
- establishing procedures that allow learning from implementation to strengthen next steps e.g. phasing implementation over time or geographical areas, monitoring experience and feeding-back into implementation
- developing political support before change is implemented

4) The next steps actually adopted by the Kenyan government were:

- Strengthen capacity of the Health Financing Secretariat
- Phase implementation of new user fees over several years – starting with provincial hospitals and working down to health centres
- Develop new administrative systems and train staff in necessary skills – again to be phased
- Prepare a comprehensive health financing strategy for the country
- Allow fees to be spent on non-personnel expenditure to encourage quality improvements
- Promote public information campaign to dispel poor image of user fees
- Charge fees on the basis of treatment (no of drugs received)
- Perform full evaluation after a further two years.